

CITY OF MOUNT PLEASANT, TEXAS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 POLICE ESCROW FIDUCIARY FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Balance September 2013	Additions	Deductions	Balance September 2014
Police Escrow				
ASSETS:				
Cash and cash equivalents	\$ 87,545	\$ 34,382	\$ 33,505	\$ 88,422
Total Assets	<u>87,545</u>	<u>34,382</u>	<u>33,505</u>	<u>88,422</u>
LIABILITIES:				
Other accrued liabilities	87,545	34,382	33,505	88,422
Total Liabilities	<u>\$ 87,545</u>	<u>\$ 34,382</u>	<u>\$ 33,505</u>	<u>\$ 88,422</u>

CITY OF MOUNT PLEASANT, TEXAS
 BALANCE SHEET
 MOUNT PLEASANT INDUSTRIAL DEVELOPMENT CORPORATION
 SEPTEMBER 30, 2014

	IDC Operating Fund
ASSETS	
Cash and cash equivalents	\$ 3,277,468
Receivables, net of allowance for uncollectibles	<u>216,645</u>
Total Assets	<u><u>3,494,113</u></u>
Liabilities	
Accounts payable	216,788
Accrued expenses	5,559
Other liabilities	<u>36</u>
Total Liabilities	<u>222,383</u>
Fund Balances	
Unassigned	<u>3,271,730</u>
Total Fund Balances	<u>3,271,730</u>
Total Liabilities and Fund Balances	<u><u>\$ 3,494,113</u></u>

**CITY OF MOUNT PLEASANT, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MOUNT PLEASANT INDUSTRIAL DEVELOPMENT CORPORATION
SEPTEMBER 30, 2014**

Total fund balances - governmental funds balance sheet **\$ 3,271,730**

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 6,222,052

Accumulated depreciation has not been included in the governmental fund financial statements. (987,298)

Accrued liabilities for OPEB obligation have not been included in the fund financial statements. (44,388)

Accrued liabilities for compensated absences have not been included in the fund financial statements. (21,275)

Notes Payable have not been included in the governmental fund financial statements. (2,856,190)

Net assets of governmental activities - statement of net position **\$ 5,584,631**

**CITY OF MOUNT PLEASANT, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
MOUNT PLEASANT INDUSTRIAL DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	IDC Operating Fund
REVENUE	
Sales taxes	\$ 1,250,342
Intergovernmental revenue	10,415
Investment income	<u>1,600</u>
Total Revenues	<u><u>1,262,357</u></u>
EXPENDITURES	
Current:	
Economic development	450,079
Capital outlay	375,878
Debt service:	
Principal retirement	201,876
Interest	<u>120,594</u>
Total Expenditures	<u><u>1,148,427</u></u>
Net change in fund balance	113,930
Fund Balance, October 1	<u>3,157,800</u>
Fund Balance, September 30	<u><u>\$ 3,271,730</u></u>

**CITY OF MOUNT PLEASANT, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
MOUNT PLEASANT INDUSTRIAL DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Net change in fund balance - statement of revenues, expenditures and changes in fund balance - governmental funds	\$ 113,930
--	-------------------

Amounts reported for governmental activities in the statement of activities are different because:

Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of recording the current year's depreciation is to decrease net assets.	(135,920)
---	-----------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount of capital outlay during the current period.	375,878
---	---------

Current year changes in long-term liability for compensated absences do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.	(21,273)
---	----------

Current year long-term debt principal payments on certificates of obligation are expenditures in the fund financial statements but are shown as a reduction in long-term debt in the government-wide financial statements.	201,876
--	---------

Change in net position - statement of activities	<u>\$ 534,491</u>
---	--------------------------

CITY OF MOUNT PLEASANT, TEXAS
 BUDGETARY COMPARISON SCHEDULE - INDUSTRIAL DEVELOPMENT CORPORATION
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUE				
Sales Taxes	\$ 1,156,524	\$ 1,156,524	\$ 1,250,342	\$ 93,818
Intergovernmental Revenue	-	-	10,415	10,415
Investment Income	2,200	2,200	1,600	(600)
Total Revenues	<u>1,158,724</u>	<u>1,158,724</u>	<u>1,262,357</u>	<u>103,633</u>
EXPENDITURES				
Current:				
Economic Development	557,669	557,669	450,079	107,590
Capital Outlays	-	-	375,878	(375,878)
Debt Service:				
Principal Retirement	202,194	202,194	201,876	318
Interest	120,276	120,276	120,594	(318)
Total Expenditures	<u>880,139</u>	<u>880,139</u>	<u>1,148,427</u>	<u>(268,288)</u>
Net Change in Fund Balance	278,585	278,585	113,930	(164,655)
Fund Balance, October 1	<u>3,157,800</u>	<u>3,157,800</u>	<u>3,157,800</u>	
Fund Balance, September 30	<u>\$ 3,436,385</u>	<u>\$ 3,436,385</u>	<u>\$ 3,271,730</u>	



STATISTICAL SECTION (UNAUDITED)



STATISTICAL SECTION

(unaudited)

This part of the City of Mount Pleasant's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the City's overall financial health.

Contents

Table #s

Financial Trends

These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

1,2,3,4,5

Revenue Capacity

These tables contain information to help the reader assess the City's two most significant local revenue sources; property and sales taxes.

6,7,8,9

Debt Capacity

These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

10,11,12,13,14

Economic and Demographic Information

These tables offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.

15,16

Operating Information

These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

17,18,19

Source: Unless otherwise noted, the information in these tables is derived from the Comprehensive Annual Financial Reports for the relevant year.

CITY OF MOUNT PLEASANT, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
 (Accrual basis of accounting)
 (Amounts express in thousands)

	FISCAL YEAR				
	2005	2006	2007	2008	2009
Governmental activities:					
Net investment in capital assets	\$ 13,176	\$ 15,346	\$ 17,881	\$ 18,876	\$ 19,226
Restricted	607	163	179	180	145
Unrestricted	8,127	8,924	8,934	8,877	1,722
Total governmental activities net position	<u>21,910</u>	<u>24,433</u>	<u>26,994</u>	<u>27,933</u>	<u>21,093</u>
Business-type activities:					
Net investment in capital assets	23,288	24,488	19,811	22,735	31,122
Restricted	-	273	818	4,677	4,001
Unrestricted	2,389	3,416	10,813	8,234	173
Total business-type activities net position	<u>25,677</u>	<u>28,177</u>	<u>31,442</u>	<u>35,646</u>	<u>35,296</u>
Primary government:					
Net investment in capital assets	36,464	39,834	37,692	41,611	50,348
Restricted	607	436	997	4,857	4,146
Unrestricted	10,516	12,340	19,747	17,111	1,895
Total primary government net position	<u>\$ 47,587</u>	<u>\$ 52,610</u>	<u>\$ 58,436</u>	<u>\$ 63,579</u>	<u>\$ 56,389</u>

Table 1

FISCAL YEAR				
2010	2011	2012	2013	2014
\$ 20,682	\$ 21,209	\$ 19,274	\$ 21,730	\$ 18,382
496	442	543	1,477	851
83	(888)	2,782	2,695	3,603
<u>21,261</u>	<u>20,763</u>	<u>22,599</u>	<u>25,902</u>	<u>22,836</u>
31,779	37,381	38,655	39,616	42,881
566	1,375	1,375	2,028	1,928
5,194	2,156	3,523	3,578	1,493
<u>37,539</u>	<u>40,912</u>	<u>43,553</u>	<u>45,222</u>	<u>46,302</u>
52,461	58,590	57,929	61,346	61,263
1,062	1,817	1,918	3,505	2,779
5,277	1,268	6,305	6,273	5,096
<u>\$ 58,800</u>	<u>\$ 61,675</u>	<u>\$ 66,152</u>	<u>\$ 71,124</u>	<u>\$ 69,138</u>

CITY OF MOUNT PLEASANT, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	FISCAL YEAR				
	2005	2006	2007	2008	2009
EXPENSES					
Governmental activities:					
General government	\$ 1,070,976	\$ 1,090,369	\$ 1,283,198	\$ 1,280,245	\$ 1,346,187
Public Safety	3,505,585	3,685,427	4,052,324	4,424,296	5,154,158
Development	387,642	600,734	388,354	858,365	449,828
Public Services	2,591,928	2,673,993	2,661,479	2,817,683	400,319
Parks and Recreation	327,547	369,974	736,348	600,649	661,703
Public Works	1,454,588	1,396,038	1,466,573	2,398,964	1,690,435
Library	190,904	227,497	300,073	276,983	318,521
Other	(4,700)	-	18,010	53,199	-
Interest and Agent Fees	44,523	37,798	31,259	26,815	214,731
Unallocated Depreciation	822,344	782,878	-	-	-
Total governmental activities expenses	10,391,337	10,864,708	10,937,618	12,737,199	10,235,882
Business-type activities:					
Water and Sewer	4,888,451	5,172,294	5,307,797	5,949,711	7,427,555
Airport Fund	853,401	992,446	1,178,710	1,329,657	925,797
Civic Center	279,268	200,967	263,134	298,228	304,972
Total business-type activities expenses	6,021,120	6,365,707	6,749,641	7,577,596	8,658,324
Total primary government expenses	16,412,457	17,230,415	17,687,259	20,314,795	18,894,206
PROGRAM REVENUES					
Governmental activities:					
Charge for services:					
General government	-	-	-	-	-
Public Safety	-	-	-	-	773,541
Public Services	1,275,845	1,174,394	839,664	358,054	18,507
Public Works	2,126,317	2,154,773	2,285,018	2,439,669	124,595
Parks and Recreation	37,574	34,512	36,781	48,378	39,970
Library	5,424	4,865	5,361	7,434	7,418
Other	332,051	329,141	345,214	320,988	-
Capital grants and contributions	123,441	50,415	982,291	-	17,709
Operating grants and contributions	106,841	28,769	38,551	35,986	20,434
Total governmental activities program revenues	4,007,493	3,776,869	4,532,880	3,210,509	1,002,174
Business-type activities:					
Charge for services					
Water and Sewer	7,180,938	7,153,561	7,504,058	7,633,306	9,529,053
Airport Fund	828,909	945,575	1,027,580	1,128,997	573,912
Civic Center	56,349	66,210	72,162	81,239	72,089
Operating grants and contributions	-	-	-	-	12,419
Capital grants and contributions	-	29,860	324,814	3,192,494	-
Total business-type activities program services	8,066,196	8,195,206	8,928,614	12,036,036	10,187,473
Total primary government program revenues	12,073,689	11,972,075	13,461,494	15,246,545	11,189,647
NET (EXPENSE)/REVENUE					
Governmental activities	(6,383,844)	(7,087,839)	(6,404,738)	(9,526,690)	(9,233,708)
Business-type activities	2,045,076	1,829,499	2,178,973	4,458,440	1,529,149
Total primary government program net expenses	\$ (4,338,768)	\$ (5,258,340)	\$ (4,225,765)	\$ (5,068,250)	\$ (7,704,559)

Table 2

FISCAL YEAR				
2010	2011	2012	2013	2014
\$ 1,419,361	\$ 1,580,066	\$ 710,022	\$ 1,005,623	\$ 1,035,616
5,528,736	5,542,704	5,454,951	5,949,251	5,918,178
-	-	-	-	-
550,832	560,268	589,987	644,860	711,463
645,176	589,451	636,896	635,751	699,388
1,888,613	1,712,499	2,027,932	1,986,283	5,366,980
317,184	345,792	429,421	789,171	562,332
-	-	-	-	-
14,278	140,926	191,196	193,767	278,887
-	-	-	-	-
10,364,180	10,471,706	10,040,405	11,204,706	14,572,844
7,712,928	7,892,475	7,814,169	7,967,467	8,637,099
1,058,856	1,254,857	1,417,079	1,448,971	1,426,482
332,033	352,766	335,127	390,400	501,263
9,103,817	9,500,098	9,566,375	9,806,838	10,564,844
19,467,997	19,971,804	19,606,780	21,011,544	25,137,688
-	5,900	96,024	20,240	27,081
1,096,930	822,194	742,336	640,974	851,275
21,799	19,086	23,164	26,731	49,334
111,243	109,390	130,850	127,103	147,847
46,975	57,973	56,012	54,941	50,167
6,380	5,858	5,856	7,722	8,492
-	-	-	-	-
90,680	42,939	-	115,798	35,000
11,434	44,016	127,092	455,778	551,299
1,385,441	1,107,356	1,181,334	1,449,287	1,720,495
10,920,944	10,727,984	11,352,828	11,137,004	9,838,779
738,353	805,360	890,522	1,033,470	968,808
67,397	77,367	69,904	97,670	102,401
5,134	3,451	6,799	2,497	15,432
79,516	1,521,436	259,637	670,989	1,264,583
11,811,344	13,135,598	12,579,690	12,941,630	12,190,003
13,196,785	14,242,954	13,761,024	14,390,917	13,910,498
(8,978,739)	(9,364,350)	(8,859,071)	(9,755,419)	(12,852,349)
2,707,527	3,635,500	3,013,315	3,134,792	1,625,159
\$ (6,271,212)	\$ (5,728,850)	\$ (5,845,756)	\$ (6,620,627)	\$ (11,227,190)

(continued)

CITY OF MOUNT PLEASANT, TEXAS
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	FISCAL YEAR					
	2005	2006	2007	2008	2009	2010
GENERAL REVENUES AND OTHER CHANGES						
IN NET POSITION						
Governmental activities:						
Taxes						
Property	\$ 2,061,432	\$ 2,081,762	\$ 2,106,528	\$ 2,329,224	\$ 2,434,536	\$ 2,599,962
Sales	3,866,290	3,871,773	4,186,940	4,246,476	4,925,639	3,377,527
Non-property	707,813	736,044	789,919	871,223	543,610	333,761
Franchise	1,179,472	1,312,937	1,445,317	1,337,432	1,289,741	1,324,057
Investment Income	186,169	464,326	463,537	282,970	75,320	17,323
Intragovernmental	-	136,687	46,093	120,536	299,460	-
Donations	218,650	21,000	-	-	1,950	-
Miscellaneous	772,330	123,648	91,443	124,488	706,811	88,359
Contractual Income	-	382,293	372,959	376,630	322,898	393,733
Royalties	-	-	-	-	-	332,918
Sale of Assets	(18,337)	(5,257)	12,063	136,844	11,035	35,838
Transfers	362,291	75,819	(549,075)	393,911	205,260	541,348
Total governmental activities	<u>9,336,110</u>	<u>9,201,032</u>	<u>8,965,724</u>	<u>10,219,734</u>	<u>10,816,260</u>	<u>9,044,826</u>
Business-type activities:						
Investment Income	52,119	109,053	280,799	262,560	94,341	21,041
Donations	1,375	1,835	1,550	1,450	-	-
Miscellaneous	68,706	55,252	228,754	103,212	126,610	83,327
Extraordinary Income	-	462,809	-	-	-	-
Intragovernmental Revenue	-	-	-	-	-	25,000
Sale of Assets	(709)	-	26,117	56,247	1,529	6,702
Transfers	(362,291)	(75,819)	549,075	(393,911)	(205,260)	(541,348)
Total business-type activities	<u>(240,800)</u>	<u>553,130</u>	<u>1,086,295</u>	<u>29,558</u>	<u>17,220</u>	<u>(405,278)</u>
Total primary government	<u>9,095,310</u>	<u>9,754,162</u>	<u>10,052,019</u>	<u>10,249,292</u>	<u>10,833,480</u>	<u>8,639,548</u>
CHANGE IN NET POSITION						
Governmental activities	2,952,266	2,113,193	2,560,986	693,044	1,582,552	66,087
Business-type activities	1,804,276	2,382,629	3,265,268	4,487,998	1,546,369	2,302,249
	<u>\$ 4,756,542</u>	<u>\$ 4,495,822</u>	<u>\$ 5,826,254</u>	<u>\$ 5,181,042</u>	<u>\$ 3,128,921</u>	<u>\$ 2,368,336</u>

Table 2
(continued)

FISCAL YEAR			
2011	2012	2013	2014
\$ 2,510,012	\$ 2,534,546	\$ 2,521,965	\$ 2,825,580
3,241,174	3,439,300	3,506,284	3,751,025
343,781	572,785	520,940	574,896
1,265,651	1,231,092	1,229,627	1,269,554
18,453	10,738	22,489	8,892
-	-	-	-
-	-	-	-
150,080	170,200	128,022	137,542
398,190	407,160	-	-
346,002	379,497	382,347	380,154
-	-	-	-
592,655	488,437	843,608	839,197
8,865,998	9,233,755	9,155,282	9,786,840
17,113	19,112	13,394	8,058
-	-	-	-
65,707	54,636	77,738	285,030
-	-	-	-
248,000	-	-	-
-	-	-	-
(592,655)	(488,437)	(843,608)	(839,197)
(261,835)	(414,689)	(752,476)	(546,109)
8,604,163	8,819,066	8,402,806	9,240,731
(498,352)	374,684	(600,137)	(3,065,509)
3,373,665	2,598,626	2,382,316	1,079,050
\$ 2,875,313	\$ 2,973,310	\$ 1,782,179	\$ (1,986,459)



CITY OF MOUNT PLEASANT, TEXAS
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

Table 3

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Other Taxes	Total
2005	\$ 2,061,342	\$ 3,866,290	\$ 1,179,472	\$ 707,813	\$ 7,814,917
2006	2,081,762	3,871,773	1,312,937	736,044	8,002,516
2007	2,106,528	4,186,940	1,445,317	789,919	8,528,704
2008	2,329,224	4,246,476	1,337,432	871,223	8,784,355
2009	2,434,536	4,925,639	1,289,741	543,610	9,193,526
2010	2,599,962	3,377,527	1,324,057	333,761	7,635,307
2011	2,510,012	3,241,174	1,265,651	343,761	7,360,598
2012	2,534,546	3,439,300	1,231,092	572,785	7,777,723
2013	2,521,965	3,506,284	1,229,627	520,940	7,778,816
2014	2,825,580	3,751,025	1,269,554	574,896	8,421,055

Note 1: The Mount Pleasant Industrial Development Corporation was reclassified as a discretely presented component unit during FYE 9.30.10. As such, the sales tax revenues presented above for fiscal years subsequent to 2009 only include the sales tax revenue reported in the Governmental Funds. All years up through FYE 9.30.09 include the sales tax revenue received by the Governmental Funds and the component unit.

CITY OF MOUNT PLEASANT, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	FISCAL YEAR				
	2005	2006	2007	2008	2009
General Fund					
Nonspendable-prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted					
Court use	-	-	-	-	101,778
Debt Service	-	-	-	-	-
Unassigned	3,769,085	3,903,590	3,929,646	3,331,839	2,921,056
Total General Fund	<u>3,769,085</u>	<u>3,903,590</u>	<u>3,929,646</u>	<u>3,331,839</u>	<u>3,022,834</u>
All other governmental funds					
Restricted for:					
Debt Service	614,917	1,746,840	604,274	-	-
Hotel/Motel	-	-	-	-	-
Business Development	-	-	-	-	-
Capital projects	-	413,584	(70,852)	-	42,958
Assigned to:					
Public Safety	-	5,231	5,231	-	-
Capital projects	576,909	1,517,896	2,874,441	3,503,803	3,641,851
Library	-	-	-	-	-
Parks	-	-	-	-	-
Other	-	185,201	260,653	434,084	156,688
Unassigned	4,519,510	1,665,486	1,316,608	2,048,894	2,356,786
Total all other governmental funds	<u>\$ 5,711,336</u>	<u>\$ 5,534,238</u>	<u>\$ 4,990,355</u>	<u>\$ 5,986,781</u>	<u>\$ 6,198,283</u>

Note 1: Airport fund was included in other governmental funds in previous years. It was reclassified to a proprietary fund in 2005.

Table 4

FISCAL YEAR				
2010	2011	2012	2013	2014
\$ 113,827	\$ 26,853	\$ 20,233	\$ 15,241	\$ 7,202
133,765	150,827	139,736	182,868	115,753
-	-	-	790,691	168,520
2,299,481	2,087,125	2,323,844	1,427,882	2,164,685
<u>2,547,073</u>	<u>2,264,805</u>	<u>2,483,813</u>	<u>2,416,682</u>	<u>2,456,160</u>
28,040	9,603	-	-	-
-	92,501	177,899	151,067	187,686
-	-	221,636	221,850	221,994
4,458,789	2,527,107	3,602	7,297,379	2,278,490
-	189,162	146,115	103,004	67,380
897,707	3,345,688	3,599,623	2,920,571	3,251,938
-	-	36,190	26,393	21,864
-	-	-	235,886	202,787
-	-	-	-	112,007
3,180,482	226,845	(53,431)	(106,717)	(134,924)
<u>\$ 8,565,018</u>	<u>\$ 6,390,906</u>	<u>\$ 4,131,634</u>	<u>\$ 10,849,433</u>	<u>\$ 6,209,222</u>

CITY OF MOUNT PLEASANT, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	FISCAL YEAR				
	2005	2006	2007	2008	2009
REVENUES					
Property taxes	\$ 2,061,342	\$ 2,081,762	\$ 2,106,528	\$ 2,329,225	\$ 2,235,914
Non-Property taxes	707,813	736,044	789,919	871,223	543,610
Sales tax	3,866,290	3,871,773	4,186,941	4,246,475	4,925,639
Franchise taxes	1,179,472	1,312,937	1,445,317	1,337,432	1,289,741
Fines and Forfeitures	7,424	5,915	7,911	8,934	780,959
Licenses and Permits	88,830	106,295	99,811	115,768	55,387
Charge for Services	3,350,906	3,191,433	3,057,660	2,689,823	127,685
Intergovernmental revenues-local & state	230,282	215,871	1,020,842	35,986	38,143
Grants	-	-	-	-	-
Donations	-	21,000	-	-	1,950
Contractual Income	-	382,293	372,959	376,630	322,898
Royalties	-	-	-	-	-
Intragovernmental	-	-	-	120,536	299,460
Investment Income	186,169	464,326	463,537	279,327	72,272
Miscellaneous	5,402,292	517,689	520,736	507,665	729,986
Total Revenues	17,080,820	12,907,338	14,072,161	12,919,024	11,423,644
EXPENDITURES					
General government	1,037,075	1,187,012	1,090,496	1,192,567	1,220,006
Public Safety	3,580,669	3,827,132	3,836,416	4,156,469	4,888,084
Public Works	3,663,879	2,263,354	1,538,019	2,049,886	2,658,388
Public Services and Operations	3,241,157	3,520,307	3,406,353	3,537,461	400,319
Parks and Recreation	-	77,561	-	260	577,867
Library	-	-	-	-	264,823
Economic Development	1,596,317	1,469,039	1,896,700	504,754	324,005
Other	7,477	-	-	-	-
Capital Outlay	-	30,000	1,585,423	815,497	601,649
Debt Service					
Principal Retirement	732,487	572,178	475,009	556,896	590,909
Interest and other charges	156,188	288,402	270,652	243,600	216,257
Total Expenditures	14,015,249	13,234,985	14,099,068	13,057,390	11,742,307
OTHER FINANCING SOURCES (USES):					
Transfers	354,589	92,606	(502,983)	247,606	205,260
Debt Proceeds	-	-	-	-	-
Debt Issuance Costs	-	-	-	-	-
Sale of Assets	3,630	3,600	12,063	174,468	17,069
Total other financing sources (uses)	358,219	96,206	(490,920)	422,074	222,329
NET CHANGE IN FUND BALANCES	\$ 3,423,790	\$ (231,441)	\$ (517,827)	\$ 283,708	\$ (96,334)
Debt service as a percentage of noncapital expenditures					
	6.77%	6.97%	6.34%	7.00%	7.81%

Table 5

FISCAL YEAR				
2010	2011	2012	2013	2014
\$ 2,645,678	\$ 2,499,765	\$ 2,549,057	\$ 2,634,672	\$ 2,745,472
333,761	343,781	572,785	520,940	574,896
3,377,527	3,241,174	3,439,300	3,506,284	3,751,025
1,324,057	1,265,651	1,231,092	1,249,867	1,296,635
1,103,310	828,052	748,191	648,697	752,660
41,225	39,300	58,924	55,023	74,102
138,792	147,149	151,102	153,752	173,247
93,156	78,575	114,148	374,681	476,189
-	-	-	68,160	35,222
8,957	8,380	12,944	12,937	39,888
393,733	398,190	407,160	-	-
332,918	346,002	379,497	382,347	380,154
-	-	-	-	-
14,886	18,453	10,738	22,489	8,892
123,744	171,448	218,758	128,020	182,215
9,931,744	9,385,920	9,893,696	9,757,869	10,490,597
1,003,716	889,954	819,678	935,336	951,490
5,227,464	5,236,970	5,121,102	5,430,193	5,682,460
1,370,795	1,095,753	1,291,359	1,201,706	4,803,732
550,832	560,268	589,987	632,170	686,206
570,569	581,013	570,019	562,024	596,964
260,577	285,258	289,086	301,417	313,559
-	-	-	-	-
-	-	-	-	-
2,428,539	3,571,300	3,734,979	1,750,310	2,243,319
190,000	115,000	80,000	240,000	410,000
8,764	106,341	191,196	257,064	312,713
11,611,256	12,441,857	12,687,406	11,310,220	16,000,443
541,348	592,656	488,437	843,608	839,197
4,500,000	-	-	7,160,000	-
(42,210)	-	-	-	-
132,721	5,900	265,009	195,211	69,917
5,131,859	598,556	753,446	8,198,819	909,114
\$ 3,452,347	\$ (2,457,381)	\$ (2,040,264)	\$ 6,646,468	\$ (4,600,732)
2.21%	2.56%	3.12%	5.48%	5.54%

CITY OF MOUNT PLEASANT, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST SEVEN FISCAL YEARS
(unaudited)

Table 6

Fiscal Year Ended Sept. 30	Real Property		Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value ¹ as a Percentage of Actual Value
	Residential Property	Commercial Property						
2008	\$ 344,979,828	\$ 372,361,440	\$ 216,962,284	\$ 193,715,363	\$ 740,588,189	\$ 0.309927	\$ 934,303,552	79.27%
2009	383,894,230	404,783,387	235,590,065	219,299,308	804,968,374	0.310000	1,073,303,703	78.59%
2010	400,602,235	453,232,169	236,708,994	248,789,262	841,754,136	0.310000	1,073,303,703	77.19%
2011	491,211,615	329,674,800	253,413,324	255,929,330	818,370,409	0.310000	1,073,303,703	76.18%
2012	372,323,968	454,511,662	218,024,227	251,304,726	793,555,131	0.316500	1,073,303,703	75.95%
2013	370,349,021	460,541,821	242,412,861	265,044,461	808,259,242	0.316500	1,073,303,703	75.31%
2014	382,278,082	505,820,208	196,777,198	268,324,956	816,550,532	0.343300	1,084,875,488	75.27%

Source: Titus County Appraisal District

Note 1: Tax rates are per \$100 of assessed value.

¹ Includes tax-exempt property

Note 2: Additional amounts will be added each year until ten years are reported.

**CITY OF MOUNT PLEASANT, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST SEVEN FISCAL YEARS
(PER \$100 OF ASSESSED VALUE)
(UNAUDITED)**

Table 7

Fiscal Year Ended Sept. 30	City Direct Rates			Overlapping Rates *			
	Operating/ General Rate	General Obligation Debt Service	Total Direct	Mt Pleasant Independent School District	Titus County	Northeast Texas Community College	Titus County Regional Medical Hospital
2008	\$ 0.291394	\$ 0.01853	\$ 0.309927	\$ 1.195	\$ 0.33928	\$ 0.091582	-\$ 0.1308
2009	0.285000	0.02500	0.310000	1.184	0.33900	0.097119	0.1287
2010	0.285000	0.02500	0.310000	1.184	0.33900	0.097119	0.1287
2011	0.285000	0.02500	0.310000	1.184	0.33900	0.097119	0.1287
2012	0.290900	0.02560	0.316500	1.225	0.38720	0.099997	0.1440
2013	0.288600	0.02790	0.316500	1.203	0.39990	0.100000	0.1440
2014	0.313500	0.02980	0.343300	1.212	0.41820	0.099500	0.1590

Source Titus County Appraisal District

Note 1. The City's basic property tax rate may be increased only by a majority vote of the City's residents. Rates for debt service are set based on each year's requirements.

Note 2. Additional amounts will be added each year until ten years are reported.

**CITY OF MOUNT PLEASANT, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
SEPTEMBER 30, 2014
(unaudited)**

Table 8

Taxpayer	Total Assessed Taxable Value 2014 Fiscal Year	Rank	Percentage of Assessed Taxable Value
Pilgrim's Pride Corp	\$ 69,085,710	1	8.46%
Priefert Manufacturing Co	39,183,320	2	4.80%
Dekoron Wire & Cable Inc	11,799,450	3	1.45%
Newly Weds Foods, Inc	9,367,380	4	1.15%
Wal-Mart Real Estate Business Trust	8,811,102	5	1.08%
AEP Southwestern Elec Power co	8,075,220	6	0.99%
Wal-Mart Stores East inc	7,803,319	7	0.96%
Lowes Home Center, Inc.	6,944,921	8	0.85%
Pilgrim Bank	6,456,629	9	0.79%
NIF's Enterprise LLC	<u>6,384,871</u>	10	<u>0.78%</u>
	<u>\$ 173,911,922</u>		<u>21.30%</u>
Total Assessed Valuation	<u>\$ 816,550,532</u>		

Source: Titus County Appraisal District

**CITY OF MOUNT PLEASANT, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST SEVEN FISCAL YEARS
(unaudited)**

Table 9

Fiscal Year Ended Sept. 30	Total Tax Levy for Fiscal Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	% of Levy		Amount	% of Levy
2008	\$	2,303,544	\$ 2,240,007	97.24%	54,648	\$ 2,294,655	99.61%
2009		2,409,604	2,313,054	95.99%	51,031	2,364,085	98.11%
2010		2,592,967	2,467,744	95.17%	37,610	2,505,354	96.62%
2011		2,474,082	2,403,455	97.15%	46,703	2,450,158	99.03%
2012		2,511,602	2,424,374	96.53%	59,243	2,483,617	98.89%
2013		2,558,141	2,424,374	94.77%	73,753	2,498,127	97.65%
2014		2,803,218	2,678,998	95.57%	97,243	2,776,241	99.04%

Source: Titus County Appraisal District

Note: Additional amounts will be added each year until ten years are reported.

**CITY OF MOUNT PLEASANT, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE
LAST SEVEN FISCAL YEARS
(unaudited)**

Table 10

Fiscal Year	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Certificates of Obligation	Other Obligations	General Obligation Bonds	Certificates of Obligation	Revenue Bonds (2)			
2008	\$ 370,000	\$ 4,344,214	\$ 4,550,000	\$ 175,000	\$ 8,370,000	\$ 17,809,214	8.36%	1,186
2009	190,000	3,933,305	3,550,000	120,000	8,100,000	15,893,305	7.37%	1,045
2010	4,500,000	-	2,535,000	60,000	12,838,986	19,933,986	9.24%	1,311
2011	4,385,000	-	1,290,000	-	22,017,139	27,692,139	11.55%	1,797
2012	4,305,000	-	-	-	30,685,490	34,990,490	14.05%	2,248
2013	11,303,617	-	-	-	29,528,277	40,831,894	15.87%	2,539
2014	10,887,111	-	-	-	28,346,064	39,233,175	15.22%	2,435

(1) See Table 15 for personal income and population data.

(2) Revenue bonds include the related issuance premium and discount.

Note 1: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Note 2: Additional amounts will be added each year until ten years are reported.

**CITY OF MOUNT PLEASANT, TEXAS
RATIOS OF OUTSTANDING DEBT
LAST SEVEN FISCAL YEARS
(unaudited)**

Table 11

Fiscal Year	Estimated Population	Taxable Assessed Value ²	Gross Bonded Debt ³	Less Debt Service Funds	Net Outstanding Debt	% of Net Outstanding Debt to Assessed Value	Net Outstanding Debt per Capita
2008	15,011	\$ 740,588,189	\$ 12,920,000	\$ 1,505,000	\$ 11,415,000	1.54%	\$ 760
2009	15,202	804,970,374	11,650,000	1,568,601	10,081,399	1.25%	663
2010	15,202	841,754,136	19,933,987	1,608,598	18,325,389	2.18%	1,205
2011	15,564	1,011,350,098	27,692,139	9,603	27,682,536	2.74%	1,779
2012	15,564	793,555,131	34,990,490	1,374,923	33,615,567	4.24%	2,160
2013	16,081	808,259,242	40,831,894	2,818,474	38,013,420	4.70%	2,364
2014	16,113	816,550,532	39,233,175	2,096,277	37,136,898	4.55%	2,305

Source:

- ¹ State of Texas
- ² Titus County Appraisal District
- ³ Schedule of Bonds Payable and Total Bonds for Fiscal Year

Note Additional amounts will be added each year until ten years are reported



CITY OF MOUNT PLEASANT, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2014
(unaudited)

Table 12

Governmental Subdivision	Net Bonded Debt	Percentage of Debt Applicable to Area	City Share of Overlapping Debt
Harts Bluff ISD	\$ -	32.12%	\$ -
Titus County	143,762,000 *	37.10%	53,335,702
Titus Co FWSD #1	-	0.85%	-
Titus Co Hosp Dist	-	34.69%	-
Northeast Texas Community College	8,770,506 *	18.75%	1,644,470
Mt Pleasant Independent School District	<u>43,687,991 *</u>	42.70%	<u>18,654,772</u>
	<u>\$196,220,497</u>		73,634,944
City of Mt Pleasant			<u>10,887,111</u>
			<u>\$ 84,522,055</u>
Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value)			<u>10.35%</u>
Per capita overlapping bonded debt			<u>\$ 5,246</u>

*Gross Debt

Source: "Texas Municipal Report" as of September 30, 2014, prepared by the Municipal Advisory Council.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Mount Pleasant. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using the taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the City's boundaries and dividing it by the overlapping government's total taxable assessed value.

CITY OF MOUNT PLEASANT, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(unaudited)

	FISCAL YEAR					
	2005	2006	2007	2008	2009	2010
Tax Rate Limit	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
Current Tax Rate	0.356	0.32432	0.309927	0.309927	0.3100	0.3100
Available Tax Rate	<u>\$ 2.1440</u>	<u>\$ 2.17568</u>	<u>\$ 2.19007</u>	<u>\$ 2.19007</u>	<u>\$ 2.1900</u>	<u>\$ 2.1900</u>

Table 13

FISCAL YEAR			
2011	2012	2013	2014
\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
0.3100	0.3165	0.3165	0.3437
<u>\$ 2.1900</u>	<u>\$ 2.1835</u>	<u>\$ 2.1835</u>	<u>\$ 2.1563</u>

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed value	\$ 816,550,532
Add back exempt real property	<u>268,324,956</u>
Total assessed value	<u>\$ 1,084,875,488</u>
Debt limit (10% of total assessed value)	\$ 108,487,549
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment	
of general obligation debt	<u>168,520</u>
Total net debt applicable to limit	<u>(168,520)</u>
Legal debt margin	<u>\$ 108,656,069</u>

CITY OF MOUNT PLEASANT, TEXAS
PLEDGED-REVENUE COVERAGE
LAST SEVEN FISCAL YEARS
(unaudited)

Table 14

Water and Sewer Revenue Bonds						
Fiscal Year	Total Revenues ^a	Less: Operating Expenses ^b	Net Available Revenue ^c	Debt Service Principal	Debt Service Interest	Times Coverage
2008	\$ 7,704,792	\$ 4,960,520	\$ 2,744,272	\$ 270,000	\$ 333,255	4.55
2009	9,595,035	5,982,739	3,612,296	215,000	325,055	6.69
2010	11,002,858	6,334,436	4,668,422	4,500,000	351,946	0.96
2011	11,742,128	7,942,319	3,799,809	1,530,000	405,109	1.96
2012	11,402,491	6,364,400	5,038,091	1,160,000	363,185	3.31
2013	12,402,521	7,856,676	4,545,845	1,185,000	339,910	2.98
2014	10,126,495	6,849,580	3,276,915	1,205,000	368,329	2.08

Note:

^a Total Revenues does not include non-operating revenues

^b Operating Expenses only-no transfers or depreciation

^c Includes Principal and Interest

Additional amounts will be added each year until ten years are reported.

**CITY OF MOUNT PLEASANT, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST SEVEN FISCAL YEARS
(unaudited)**

Table 15

<u>Fiscal Year</u>	<u>Estimated Population ¹</u>	<u>Personal Income</u>	<u>Per Capita Income ²</u>	<u>Average Age ³</u>	<u>Grade School Enrollment ⁴</u>	<u>Unemployment Rate ⁵</u>
2008	15,011	\$ 213,006,090	\$ 14,190	30.1	3,415	3.70%
2009	15,202	215,716,380	14,190	32.0	3,418	9.60%
2010	15,202	215,716,380	14,190	32.0	3,388	7.00%
2011	15,564	239,856,804	15,411	29.9	3,405	7.60%
2012	15,564	249,024,000	16,000	29.9	3,370	7.00%
2013	16,081	257,296,000	16,000	29.9	3,255	6.50%
2014	16,113	257,808,000	16,000	28.3	3,276	6.90%

Sources:

¹ State of Texas

² US Census

³ US Census

⁴ Mt. Pleasant ISD (K-8 grades)

⁵ Texas Workforce Commission

Note: Additional amounts will be added each year until ten years are reported.

**CITY OF MOUNT PLEASANT, TEXAS
PRINCIPAL EMPLOYERS
SEPTEMBER 30, 2014
(unaudited)**

Table 16

<u>Name of Employer</u>	<u>No. of Employees</u>
Pilgrim's Pride	3,200
Mount Pleasant ISD	989
Priefert Manufacturing Co	800
Titus Regional Medical Center	643
Big Tex Trailer World, Inc	436
Luminant	398
Wal-Mark SuperCenter	390
Diamond C Trailers	200
AEP Southwest Elec Power Co	170
City of Mount Pleasant	161

Source: Economic Development Office

CITY OF MOUNT PLEASANT, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST SEVEN FISCAL YEARS
(unaudited)

Table 17

Full-time Equivalent Employees for Fiscal Year

Function / Program	2008	2009	2010	2011	2012	2013	2014
General government	5	5	5	5	5	6	5
Public Safety							
<i>Municipal Court</i>	4	4	4	3	3	3	3
<i>Police</i>	40	42	42	42	42	42	40
<i>Fire</i>	23	23	23	23	23	23	23
Planning/Building & Development	4	4	4	1	1	1	1
Library	4	4	4	4	4	4	4
Parks and Recreation	7	8	8	8	7	7	7
Public Works							
<i>Streets</i>	10	10	10	10	10	10	10
<i>Engineering</i>	3	2	1	1	1	1	1
<i>Maintenance</i>	6	6	7	7	7	7	8
Public Services							
<i>Animal Control</i>	3	3	3	3	3	3	3
<i>Code Enforcement</i>	4	4	4	4	4	4	4
Water/Wastewater							
<i>Administration</i>	5	5	4	4	4	4	3
<i>Water</i>	8	8	7	7	8	8	9
<i>Wastewater</i>	2	3	3	3	3	3	3
<i>Utility Department</i>	15	15	14	14	15	15	15
Civic Center	4	4	4	4	4	4	4
Airport	3	3	3	3	3	3	3
Economic Development	1	1	1	1	1	2	2
	<u>151</u>	<u>154</u>	<u>151</u>	<u>147</u>	<u>148</u>	<u>150</u>	<u>148</u>

Source: City of Mt Pleasant's Operating Budget

Note: Additional amounts will be added each year until ten years are reported.

**CITY OF MOUNT PLEASANT, TEXAS
OPERATING INDICATORS BY FUNCTION
LAST SEVEN FISCAL YEARS
(unaudited)**

Table 18

Function/Program	2008	2009	2010	2011	2012	2013	2014
Public Safety							
Municipal Court							
Number of cases filed	8,055	6,347	7,594	6,096	5,310	7,318	7,517
Police							
Physical Arrests	1,560	1,630	1,535	1,632	1,469	1,416	1,256
Traffic Violations	5,159	4,002	4,385	3,984	3,568	3,610	3,493
Fire							
Number of calls answered	958	973	1,311	1,360	1,351	1,380	1,166
Number of inspections	569	778	472	474	242	330	488
Animal Control							
Number of calls	2,027	2,312	2,115	1,807	938	1,015	781
Public Works							
Number of streets maintained	272	264	272	272	272	293	293
Water							
New connections	26	14	25	12	28	23	25
Average daily consumption (millions of gallons)	7.3	6.7	7.1	7.9	7.2	7.3	7.8
Wastewater							
Average daily sewage treatment (millions of gallons)	1.9	2.1	1.6	1.4	1.6	1.8	1.7

Source: City departments

Note 1: Indicators are not available for the general government function

Note 2: Additional amounts will be added each year until ten years are reported

CITY OF MOUNT PLEASANT, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
LAST SEVEN FISCAL YEARS
(unaudited)

Table 19

Function/Program	2008	2009	2010	2011	2012	2013	2014
Public Safety							
Police							
Stations	1	1	1	1	1	1	1
Patrol Units	12	12	12	12	12	12	12
Fire Stations	2	2	2	2	2	2	2
Streets (miles)	85	85	85	85	85	105.3	105.9
Parks and Recreation							
Parks (acreage)	187.9	187.9	187.9	187.9	187.9	188.08	188.08
Number of playgrounds	6	6	6	6	6	6	6
Number of baseball/softball fields maintained	20	20	20	20	20	20	20
Water							
Water main (miles)	200	200	200	200	200	205	205
Number of fire hydrants	650	900	900	900	900	900	900
Storage capacity (millions of gallons)	6.2	6.2	6.2	6.2	6.2	7.2	7.2
Sewer							
Sanitary sewers (miles)	185	185	185	185	185	185	185
Airport							
Runways maintained (feet)	6,000	6,000	6,000	6,000	6,000	6,000	6,000

Source: City departments

Note 1: Additional amounts will be added each year until ten years are reported.



City of Mount Pleasant, Texas

Single Audit Reports Under
OMB Circular A-133

For the year ended September 30, 2014





Michael Conway, CPA
Neil Conway, CPA

Toll Free (800) 594-7951
Metro (903) 450-1200

CONWAY COMPANY CPAs PC
ACCOUNTANTS & ADVISORS

www.conwaycpas.com

PO Box 8234
Greenville, Texas 75404-8234

Member
American Institute of CPAs
Texas Society of CPAs

January 20, 2015

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To City Council
City of Mount Pleasant
Mount Pleasant, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Mount Pleasant, Texas ("City") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 20, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Mount Pleasant, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

1021 Park Street
Commerce, Texas 75428
Office (903) 886-2123
Fax (903) 886-6580

8910 Wesley Street
Greenville, Texas 75402
Office (903) 455-9898
Fax (903) 454-3181

603 South Goliad Street
Rockwall, Texas 75087
Office (972) 771-1065
Fax (972) 771-1022

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency: 2014-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Mount Pleasant, Texas' Response to Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

CONWAY COMPANY CPAs, P.C.

Conway Company CPAs, P.C.



Michael Conway, CPA
Neil Conway, CPA

Toll Free (800) 594-7951
Metro (903) 450-1200

CONWAY COMPANY CPAs PC
ACCOUNTANTS & ADVISORS

www.conwaycpas.com

PO Box 8234
Greenville, Texas 75404-8234

Member
American Institute of CPAs
Texas Society of CPAs

January 20, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To City Council
City of Mount Pleasant
Mount Pleasant, Texas

Report on Compliance for Each Major Federal Program

We have audited City of Mount Pleasant, Texas' compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the City of Mount Pleasant, Texas' major federal programs for the year ended September 30, 2014. The City of Mount Pleasant, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Mount Pleasant, Texas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Mount Pleasant, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Mount Pleasant, Texas' compliance.

1021 Park Street
Commerce, Texas 75428
Office (903) 886-2123
Fax (903) 886-6580

8910 Wesley Street
Greenville, Texas 75402
Office (903) 455-9898
Fax (903) 454-3181

603 South Goliad Street
Rockwall, Texas 75087
Office (972) 771-1065
Fax (972) 771-1022

Opinion on Each Major Federal Program

In our opinion, the City of Mount Pleasant, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

Report on Internal Control over Compliance

Management of the City of Mount Pleasant, Texas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Mount Pleasant, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Mount Pleasant, Texas' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Mount Pleasant, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements. We issued our report thereon dated which contained unmodified opinions on those financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Respectfully Submitted,
CONWAY COMPANY CPAs, P.C.

Conway Company CPAs, P.C.

CITY OF MOUNT PLEASANT, TEXAS
Schedule of Findings and Questioned Costs
For the year ended September 30, 2014

Section I. Summary of Auditors' Results:

Financial Statements

1. Type of auditors' report issued on the financial statements Unqualified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weakness(es)? X Yes _____ No
3. Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

4. Internal controls over major program:
- Material weakness(es) identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weakness(es)? _____ Yes X No
5. Type of auditor's report issued on compliance for major programs: Unqualified
6. Did the audit disclose findings that are required to be reported in accordance with section 510(a) of Circular A-133? _____ Yes X No
7. Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
DWSRF Texas Water Development Board Loan	66.468
Airport Improvements	20.106

8. Dollar Threshold used to distinguish between type A and type B programs: \$300,000
9. Auditee qualified as low-risk auditee: _____ Yes X No

Section II. Financial Statement Findings

14-01 The activity for the TxDot Airport Improvement grant occurs off the books; therefore, we noted that the activity is not being recorded in the City's accounting system.

Section III. Federal Award Findings and Questioned Costs:

None reported

CITY OF MOUNT PLEASANT, TEXAS
Schedule of Findings and Questioned Costs
For the year ended September 30, 2014

Section II. Financial Statement Findings

2014-01	The City did not include the activity from the airport improvement grant in the City's accounting system.
Criteria:	This practice causes the financial statements to be under or over stated.
Condition:	The City hired a company to oversee the construction of the project and administer the grant funds.
Effect:	The City's financial statements could be materially misstated.
Cause:	The City did not record the airport improvement grant activity in the City's accounting system.
Recommendation:	Record all activity of a financial nature in the City's accounting system.
Management Response:	The City chooses not to record this activity in its accounting system.

**CITY OF MOUNT PLEASANT, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
SEPTEMBER 30, 2014**

Finding/Recommendation

13-01 The activity for the TxDot Airport Improvement grant occurs off the books; therefore, we noted that the activity is not being recorded in the City's accounting system.

Current Status

The activity for the TxDot Airport Improvement grant occurred off the books again in fiscal year 2014 ; therefore, we noted that the activity was not in the City's accounting system for fiscal year 2014

Management Explanation

If Not Implemented

The airport improvement project is ongoing. The City chooses not to record this activity in its accounting system.

CITY OF MOUNT PLEASANT, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2014

	ARRA	CFDA Number	Pass Through Number	Program Expenditures
<u>U.S. Environmental Protection Agency</u>				
<i>Pass-through program from the Texas Water Development Board</i>				
Waterworks & Sewer System Revenue Bond Series 2008A		66.468	61405	\$ 1,955,000
Total U.S. Environmental Protection Agency				<u>1,955,000</u>
<u>U.S. Department of Transportation</u>				
<i>From the Federal Aviation Administration (FAA)</i>				
<i>Administered by the Texas Department of Transportation</i>				
Airport Improvement Grant - Construction		20.106	1319MTPLS	<u>1,264,583</u>
Total U.S. Department of Transportation				<u>1,264,583</u>
<u>National Highway Traffic Safety Administration</u>				
<i>Through the Texas Department of Transportation</i>				
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grant		20.601	142117519	<u>9,643</u>
Total National Highway Traffic Safety Administration				<u>9,643</u>
<u>U.S. Department of Justice</u>				
<i>Through the Office of the Attorney General</i>				
Victim Coordinator		16.710	1442466	<u>35,781</u>
Total U.S. Department of Justice				<u>35,781</u>
<u>U.S. Department of Transportation</u>				
<i>From the Federal Aviation Administration (FAA)</i>				
<i>Administered by the Texas Department of Transportation</i>				
Airport Ramp Grant - Construction		20.106	M1419MTPL	<u>15,432</u>
Total U.S. Department of Transportation				<u>15,432</u>
<u>U.S. Department of Justice</u>				
<i>Through the Office of the Attorney General</i>				
Officer Protection		16.710	2711101	<u>15,335</u>
Total U.S. Department of Justice				<u>15,335</u>
<u>Texas State Library and Archives Commission</u>				
Library book grant		45.310		<u>5,000</u>
Total Texas State Library and Archives Commission				<u>5,000</u>
Total Expenditures of Federal Awards				<u>\$ 3,300,774</u>