

City of Mesquite, Texas

**Required Supplementary Information (Unaudited)
September 30, 2019**

Retiree Healthcare Plan

Schedule of the City's Changes in Total OPEB Liability and Related Ratios

	Measurement Year 2018	Measurement Year 2019
Total OPEB liability:		
Service cost	\$ 748,034	\$ 770,475
Interest (on the Total OPEB Liability)	1,349,945	969,513
Difference between expected and actual experience	(674,886)	(2,617,929)
Change in assumptions	-	4,251,618
Benefit payments	(1,906,839)	(928,850)
Net change in total OPEB liability	(483,746)	2,444,827
Total OPEB liability - beginning	35,451,985	34,968,239
Total OPEB liability - ending	\$ 34,968,239	\$ 37,413,066
Covered employee payroll	\$ 64,280,893	\$ 66,209,320
Total OPEB liability as a percentage of covered-employee payroll	54.40%	56.51%

Notes to Schedule:

Changes of Benefit Terms:

None

Changes of Assumptions:

1) Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2018	3.83%
2019	2.75%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. Information has been determined as of the City's measurement date (September 30).

Combining and Individual Fund

Statements and Schedules

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City of Mesquite, Texas

Non-Major Governmental Funds

Special Revenue Funds:

Special Revenue funds are a governmental fund type used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specified purposes. Individual funds maintained are as follows:

Hotel/Motel Tax Fund - to account for funds received from a tax on the cost of occupancy in area hotels and motels, the revenues of which may be expended to promote tourism and the convention and hotel industry.

Confiscated Drug Fund - to account for funds awarded as a result of court forfeitures of contraband pursuant to Chapter 59 of the Texas Code of Criminal Procedure. The law provides for a special fund to be established and to be used solely for law enforcement purposes.

Mesquite Quality of Life Corporation (4B Sales Tax) Fund - to account for funds received from a one-half of one percent general sales tax, which can be utilized for public safety, transportation or parks and recreation purposes

Other Grants Fund- to account for grant funds received from state and local sources restricted for the purposes specified in the grant

Other Special Revenue Funds - to account for other miscellaneous non-major special revenue activities including 9-1-1 emergency service, court technology, recreation user programs, cemetery maintenance, and donation accounts.

City of Mesquite, Texas

**Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2019**

	Special Revenue			
	Hotel/Motel Tax	Confiscated Drug	Mesquite Quality of Life Corporation (4B Sales Tax)	Other Grants
ASSETS:				
Pooled cash and investments	\$ 2,441,277	\$ 1,823,181	\$ 2,165,764	\$ 752,967
Receivables (net of allowance for uncollectibles):				
Accounts receivable	-	-	-	-
Other taxes receivable	-	-	-	-
Intergovernmental	-	-	4,541,653	352,794
Prepays	2,628	6,122	-	-
Accrued interest	<u>3,092</u>	<u>2,398</u>	<u>3,011</u>	<u>27</u>
 Total Assets	 <u>\$ 2,446,997</u>	 <u>\$ 1,831,701</u>	 <u>\$ 6,710,428</u>	 <u>\$ 1,105,788</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ 65,524	\$ 98,631	\$ 838,558	\$ 43,912
Retainage payable	-	-	373,599	21,016
Deposits	-	616,267	-	-
Unearned revenue	-	-	-	27,425
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>169,843</u>
 Total Liabilities	 <u>65,524</u>	 <u>714,898</u>	 <u>1,212,157</u>	 <u>262,196</u>
 Deferred Inflows of Resources				
Unavailable Revenue	<u>-</u>	<u>-</u>	<u>2,595,763</u>	<u>-</u>
 Fund Balances:				
Nonspendable	2,628	6,122	-	-
Restricted	2,378,845	1,110,681	2,902,508	843,592
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Fund Balances	 <u>2,381,473</u>	 <u>1,116,803</u>	 <u>2,902,508</u>	 <u>843,592</u>
 Total Liabilities, Deferred Inflow of Resources and Fund Balances	 <u>\$ 2,446,997</u>	 <u>\$ 1,831,701</u>	 <u>\$ 6,710,428</u>	 <u>\$ 1,105,788</u>

<u>Other Special Revenue</u>	<u>Total Other Governmental Funds</u>
\$ 2,339,158	\$ 9,522,347
22,557	22,557
60,298	60,298
-	4,894,447
18,008	26,758
<u>3,472</u>	<u>12,000</u>
<u>\$ 2,443,493</u>	<u>\$ 14,538,407</u>

\$ 234,367	\$ 1,280,992
11,821	406,436
-	616,267
-	27,425
<u>-</u>	<u>169,843</u>
<u>246,188</u>	<u>2,500,963</u>

<u>-</u>	<u>2,595,763</u>
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119,120	127,870
1,572,121	8,807,747
<u>506,064</u>	<u>506,064</u>

<u>2,197,305</u>	<u>9,441,681</u>
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<u>\$ 2,443,493</u>	<u>\$ 14,538,407</u>
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City of Mesquite, Texas

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended September 30, 2019**

	Special Revenue			
	Hotel/Motel Tax	Confiscated Drug	Mesquite Quality of Life Corporation (4B Sales Tax)	Other Grants
REVENUES				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Sales tax	2,010,070	-	11,143,746	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	344,754	-	-
Investment income	52,504	48,437	33,507	209
Charges for services	-	-	-	-
Intergovernmental	-	-	-	1,523,193
Contributions and donations	-	-	20,000	-
Other revenues	-	-	2,810,616	167,437
Total Revenues	<u>2,062,574</u>	<u>393,191</u>	<u>14,007,869</u>	<u>1,690,839</u>
EXPENDITURES				
Current-				
General government	1,173,411	-	250,000	-
Fire services	-	-	-	148,503
Police services	-	704,027	-	48,172
Public works	-	-	465,674	-
Planning and community development	234,506	-	-	91,205
Library services	-	-	-	93
Parks and recreation	-	-	6,645,068	86,173
Housing and community services	-	-	-	1,089,781
Capital outlay	-	302,925	5,045,532	251,821
Total Expenditures	<u>1,407,917</u>	<u>1,006,952</u>	<u>12,406,274</u>	<u>1,715,748</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>654,657</u>	<u>(613,761)</u>	<u>1,601,595</u>	<u>(24,909)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(1,204,858)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,204,858)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	654,657	(613,761)	396,737	(24,909)
FUND BALANCES AT BEGINNING OF YEAR	<u>1,726,816</u>	<u>1,730,564</u>	<u>2,505,771</u>	<u>868,501</u>
FUND BALANCES AT END OF YEAR	<u>\$ 2,381,473</u>	<u>\$ 1,116,803</u>	<u>\$ 2,902,508</u>	<u>\$ 843,592</u>

<u>Other Special Revenue</u>	<u>Total Other Governmental Funds</u>
\$ 245,907	\$ 245,907
-	13,153,816
39,550	39,550
412,617	757,371
61,657	196,314
1,078,175	1,078,175
-	1,523,193
337,778	357,778
<u>-</u>	<u>2,978,053</u>
<u>2,175,684</u>	<u>20,330,157</u>
480,856	1,904,267
16,262	164,765
171,139	923,338
-	465,674
57,487	383,198
4,796	4,889
17,308	6,748,549
40,476	1,130,257
<u>116,907</u>	<u>5,717,185</u>
<u>905,231</u>	<u>17,442,122</u>
<u>1,270,453</u>	<u>2,888,035</u>
<u>(1,183,917)</u>	<u>(2,388,775)</u>
<u>(1,183,917)</u>	<u>(2,388,775)</u>
86,536	499,260
<u>2,110,769</u>	<u>8,942,421</u>
<u>\$ 2,197,305</u>	<u>\$ 9,441,681</u>

City of Mesquite, Texas

Hotel/Motel Tax Special Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For the Year Ended September 30, 2019
 With Comparative Actual Totals for the Year Ended September 30, 2018

	2019			Variance with Final Budget - Positive (Negative)	2018 Actual Amounts
	Budgeted Amounts		Actual Amounts		
	Original	Final			
REVENUES					
Hotel/Motel Occupancy Sales Tax	\$ 1,400,000	\$ 1,400,000	\$ 2,010,070	\$ 610,070	\$ 1,629,514
Investment income	18,000	25,000	52,504	27,504	26,316
TOTAL REVENUES	1,418,000	1,425,000	2,062,574	637,574	1,655,830
EXPENDITURES					
Other-					
Administration projects-					
Personal Service	52,600	52,600	10,742	41,858	12,672
Contractual services	282,400	282,400	223,575	58,825	235,912
	<u>335,000</u>	<u>335,000</u>	<u>234,317</u>	<u>100,683</u>	<u>248,584</u>
Convention and Visitor Bureau					
Personal services	291,140	291,140	285,092	6,048	260,771
Supplies	21,450	6,450	5,681	769	6,679
Contractual services	383,410	644,118	413,815	230,303	208,832
	<u>696,000</u>	<u>941,708</u>	<u>704,588</u>	<u>237,120</u>	<u>476,282</u>
Arts Council projects					
Contractual services	174,000	174,000	234,506	(60,506)	192,128
	<u>174,000</u>	<u>174,000</u>	<u>234,506</u>	<u>(60,506)</u>	<u>192,128</u>
Historic Commission projects-					
Contractual services	174,000	174,000	234,506	(60,506)	192,128
	<u>174,000</u>	<u>174,000</u>	<u>234,506</u>	<u>(60,506)</u>	<u>192,128</u>
TOTAL EXPENDITURES	1,379,000	1,624,708	1,407,917	216,791	1,109,122
EXCESS OF REVENUES OVER EXPENDITURES	39,000	(199,708)	654,657	854,365	546,708
OTHER FINANCING USES					
Transfers out	-	-	-	-	(58,000)
TOTAL OTHER FINANCING USES	-	-	-	-	(58,000)
NET CHANGE IN FUND BALANCE	\$ 39,000	\$ (199,708)	654,657	\$ 854,365	488,708
FUND BALANCE AT BEGINNING OF YEAR			1,726,816		1,238,108
FUND BALANCE AT END OF YEAR			\$ 2,381,473		\$ 1,726,816

City of Mesquite, Texas

Confiscated Drug Special Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For the Year Ended September 30, 2019
 With Comparative Actual Totals for the Year Ended September 30, 2018

	2019			Variance with Final Budget - Positive (Negative)	2018 Actual Amounts
	Budgeted Amounts		Actual Amounts		
	Original	Final			
REVENUES.					
Fines and forfeitures	\$ 430,000	\$ 100,000	\$ 344,754	\$ 244,754	\$ 55,289
Investment income	30,000	40,000	48,437	8,437	41,068
TOTAL REVENUES	460,000	140,000	393,191	253,191	96,357
EXPENDITURES:					
Police services-					
Supplies	95,000	343,025	327,677	15,348	327,686
Contractual services	235,800	497,800	376,350	121,450	218,637
Capital outlay	-	504,863	302,925	201,938	622,308
TOTAL EXPENDITURES	330,800	1,345,688	1,006,952	338,736	1,168,631
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	129,200	(1,205,688)	(613,761)	591,927	(1,072,274)
NET CHANGE IN FUND BALANCE	\$ 129,200	\$ (1,205,688)	(613,761)	\$ 591,927	(1,072,274)
FUND BALANCE AT BEGINNING OF YEAR			1,730,564		2,802,838
FUND BALANCE AT END OF YEAR			\$ 1,116,803		\$ 1,730,564

City of Mesquite, Texas

**Mesquite Quality of Life Corporation (4B Sales Tax) Special Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For the Year Ended September 30, 2019
 With Comparative Actual Totals for the Year Ended September 30, 2018**

	2019			Variance with Final Budget - Positive (Negative)	2018 Actual Amounts
	Budgeted Amounts		Actual Amounts		
	Original	Final			
REVENUES:					
Sales tax	\$ 10,940,000	\$ 10,940,000	\$ 11,143,746	\$ 203,746	\$ 10,947,601
Investment income	40,000	40,000	33,507	(6,493)	48,625
Intergovernmental	146,500	3,198,871	-	(3,198,871)	1,865,511
Contributions and donations	-	70,000	20,000	(50,000)	56,240
Other revenues	-	3,800,000	2,810,616	(989,384)	10,540
TOTAL REVENUES	<u>11,126,500</u>	<u>18,048,871</u>	<u>14,007,869</u>	<u>(4,041,002)</u>	<u>12,928,517</u>
EXPENDITURES					
Current-					
General government	250,000	250,000	250,000	-	250,000
Fire services	-	-	-	-	259
Public works	-	-	465,674	(465,674)	1,712,282
Parks and recreation	7,854,850	10,247,887	6,645,068	3,602,819	7,218,340
Capital Projects					
Public safety projects	1,136,000	1,142,861	35,422	1,107,439	28,880
Transportation projects	1,138,000	6,215,299	3,631,528	2,583,771	3,583,824
Parks and recreation projects	-	1,378,590	1,378,582	8	2,875,311
TOTAL EXPENDITURES	<u>10,378,850</u>	<u>19,234,637</u>	<u>12,406,274</u>	<u>6,828,363</u>	<u>15,668,896</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>747,650</u>	<u>(1,185,766)</u>	<u>1,601,595</u>	<u>2,787,361</u>	<u>(2,740,379)</u>
OTHER FINANCING USES					
Transfers Out	<u>(1,130,000)</u>	<u>(1,130,000)</u>	<u>(1,204,858)</u>	<u>74,858</u>	<u>(840,618)</u>
TOTAL OTHER FINANCING USES	<u>(1,130,000)</u>	<u>(1,130,000)</u>	<u>(1,204,858)</u>	<u>74,858</u>	<u>(840,618)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (382,350)</u>	<u>\$ (2,315,766)</u>	<u>396,737</u>	<u>\$ 2,862,219</u>	<u>(3,580,997)</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>2,505,771</u>		<u>6,086,768</u>
FUND BALANCE AT END OF YEAR			<u>\$ 2,902,508</u>		<u>\$ 2,505,771</u>

City of Mesquite, Texas

**Other Grants Special Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For the Year Ended September 30, 2019
 With Comparative Actual Totals for the Year Ended September 30, 2018**

	2019					2018 Actual Amounts
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)		
	Original	Final				
REVENUES						
Intergovernmental	\$ 1,099,865	\$ 1,493,060	\$ 1,523,193	\$ 30,133	\$ 1,525,655	
Investment income	-	-	209	209	-	
Other revenues	-	-	167,437	167,437	152,955	
TOTAL REVENUES	1,099,865	1,493,060	1,690,839	197,779	1,678,610	
EXPENDITURES:						
Current-						
Fire services	-	-	148,503	(148,503)	196,536	
Police services	-	-	48,172	(48,172)	45,606	
Library services	-	-	93	(93)	2,408	
Planning and community development	60,000	94,100	91,205	2,895	373,957	
Parks and recreation	-	-	86,173	(86,173)	83,600	
Housing and community services	1,039,865	1,398,960	1,089,781	309,179	940,796	
Capital Outlay	-	-	251,821	(251,821)	104,803	
TOTAL EXPENDITURES	1,099,865	1,493,060	1,715,748	(222,688)	1,747,706	
EXCESS OF REVENUES OVER EXPENDITURES	-	-	(24,909)	(24,909)	(69,096)	
NET CHANGE IN FUND BALANCE	\$ -	\$ -	(24,909)	\$ (24,909)	(69,096)	
FUND BALANCE AT BEGINNING OF YEAR			868,501		937,597	
FUND BALANCE AT END OF YEAR			\$ 843,592		\$ 868,501	

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City of Mesquite, Texas

Non-Major Enterprise Funds

Enterprise Funds.

Enterprise funds are a proprietary fund type used to account for activities that involve business-like interactions. Enterprise fund are used to account for any activity for which external users are charged a fee for goods and services. The following are the City's two non-major enterprise funds:

Municipal Airport Fund - to account for funds generated by the aeronautical activities at the airport such as fuel sales, hanger rentals, leases and other activities. The airport operates as a general aviation reliever airport for the Dallas-Ft.Worth system mainly serving corporate and general aviation activities

Municipal Golf Fund - to account for funds received from user fees for the golf course, pro shop and concessions. The City owns and operates the 154 acre 18 hole public facility.

City of Mesquite, Texas

**Combining Statement of Net Position
Non Major Enterprise Funds
September 30, 2019**

	Business-type Activities - Enterprise Funds		
	Non-Major Funds		
	Municipal Airport	Municipal Golf	Other Enterprise Funds Totals
ASSETS			
Current assets			
Pooled cash and investments	\$ 109,973	\$ 1,362	\$ 111,335
Receivables (net of allowance for uncollectibles)	38,009	23,703	61,712
Inventory	47,231	8,883	56,114
Prepays and other assets	549	-	549
Total current assets	<u>195,762</u>	<u>33,948</u>	<u>229,710</u>
Noncurrent assets:			
Capital assets-			
Land and construction in progress	8,126,004	1,408,432	9,534,436
Other capital assets (net of accumulated depreciation)	7,972,752	2,020,745	9,993,497
Total noncurrent assets	<u>16,098,756</u>	<u>3,429,177</u>	<u>19,527,933</u>
Total Assets	<u>16,294,518</u>	<u>3,463,125</u>	<u>19,757,643</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred pension contributions	46,116	46,116	92,232
Difference in projected and actual earnings on pension assets	113,281	113,281	226,562
Difference in assumption changes - pension	4,161	4,161	8,322
Difference in assumption changes - OPEB	15,944	15,944	31,888
Change in proportional share - pension	18,066	539,571	557,637
Total deferred outflows of resources	<u>197,568</u>	<u>719,073</u>	<u>916,641</u>
LIABILITIES:			
Current liabilities			
Accounts payable	61,119	47,384	108,503
Due to other funds	-	47,603	47,603
Deposits and other liabilities	38,095	-	38,095
Total other postemployment benefit liability	8,689	8,689	17,378
Total current liabilities	<u>107,903</u>	<u>103,676</u>	<u>211,579</u>
Noncurrent liabilities:			
Accrued compensated absences	6,933	121,371	128,304
Total other postemployment benefit liability	178,377	178,377	356,754
Net pension liability	739,622	739,623	1,479,245
Total noncurrent liabilities	<u>924,932</u>	<u>1,039,371</u>	<u>1,964,303</u>
Total Liabilities	<u>1,032,835</u>	<u>1,143,047</u>	<u>2,175,882</u>
DEFERRED INFLOWS OF RESOURCES			
Difference in expected and actual experience - pension	25,782	25,782	51,564
Difference in expected and actual experience - OPEB	11,842	11,842	23,684
Change in proportional share - pension	13,414	-	13,414
Total deferred inflows of resources	<u>51,038</u>	<u>37,624</u>	<u>88,662</u>
NET POSITION			
Net investment in capital assets	16,098,756	3,429,177	19,527,933
Unrestricted	(690,543)	(427,650)	(1,118,193)
Total Net Position	<u>\$ 15,408,213</u>	<u>\$ 3,001,527</u>	<u>\$ 18,409,740</u>

City of Mesquite, Texas

**Combining Statement of Revenues, Expenses, and
Changes in Fund Net Position
Non Major Enterprise Funds
For the Year Ended September 30, 2019**

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Non-Major Funds</u>		
	<u>Municipal Airport</u>	<u>Municipal Golf</u>	<u>Total Other Enterprise Funds</u>
Operating revenues:			
Customer charges	\$ 1,665,425	\$ 1,025,214	\$ 2,690,639
Total operating revenues	<u>1,665,425</u>	<u>1,025,214</u>	<u>2,690,639</u>
Operating expenses:			
Personal services	547,485	948,614	1,496,099
Supplies	655,233	133,059	788,292
Contractual services	371,274	243,919	615,193
Depreciation	<u>444,253</u>	<u>203,771</u>	<u>648,024</u>
Total operating expenses	<u>2,018,245</u>	<u>1,529,363</u>	<u>3,547,608</u>
Operating loss	<u>(352,820)</u>	<u>(504,149)</u>	<u>(856,969)</u>
Nonoperating revenues.			
Investment income	911	1,819	2,730
Gain/loss on sale of capital assets	2,359	(2,729)	(370)
Other nonoperating income (expense)	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total nonoperating revenues (expense)	<u>53,270</u>	<u>(910)</u>	<u>52,360</u>
Loss before transfers	(299,550)	(505,059)	(804,609)
Transfers in	74,858	-	74,858
Transfers out	<u>(199,810)</u>	<u>-</u>	<u>(199,810)</u>
Change in net position	<u>(424,502)</u>	<u>(505,059)</u>	<u>(929,561)</u>
Total net position - beginning of year	15,832,715	3,506,586	19,339,301
Total net position - ending	<u>\$ 15,408,213</u>	<u>\$ 3,001,527</u>	<u>\$ 18,409,740</u>

City of Mesquite, Texas

**Combining Statement of Cash Flows
Non Major Enterprise Funds
For the Year Ended September 30, 2019**

	<u>Business-type Activities - Enterprise Funds</u> <u>Non Major Funds</u>		
	<u>Municipal</u> <u>Airport</u>	<u>Municipal</u> <u>Golf</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,677,550	\$ 1,025,591	\$ 2,703,141
Cash paid to suppliers for goods and services	(1,009,450)	(402,463)	(1,411,913)
Cash paid to employees for services	(472,901)	(639,629)	(1,112,530)
Cash received from other operating sources	50,000	-	50,000
Net cash provided by (used for) operating activities	<u>245,199</u>	<u>(16,501)</u>	<u>228,698</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash loan from other City funds	-	14,525	14,525
Transfers out to other funds	(199,810)	-	(199,810)
Net cash provided by (used for) noncapital financing activities	<u>(199,810)</u>	<u>14,525</u>	<u>(185,285)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of capital assets	2,359	1,362	3,721
Transfers in from other funds for capital purchases	74,858	-	74,858
Acquisition and construction of capital assets	(85,619)	-	(85,619)
Net cash provided by (used for) capital and related financing activities	<u>(8,402)</u>	<u>1,362</u>	<u>(7,040)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on investments	861	1,976	2,837
Net cash provided by investing activities	<u>861</u>	<u>1,976</u>	<u>2,837</u>
NET INCREASE IN POOLED CASH AND CASH EQUIVALENTS	37,848	1,362	39,210
POOLED CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>72,125</u>	<u>-</u>	<u>72,125</u>
POOLED CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 109,973</u>	<u>\$ 1,362</u>	<u>\$ 111,335</u>
RECONCILIATION OF TOTAL POOLED CASH AND CASH EQUIVALENTS:			
Current assets:			
Pooled cash and investments	<u>\$ 109,973</u>	<u>\$ 1,362</u>	<u>\$ 111,335</u>

(Continued on following page)

City of Mesquite, Texas

**Combining Statement of Cash Flows
Non Major Enterprise Funds
For the Year Ended September 30, 2019**

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Non Major Funds</u>		
	<u>Municipal Airport</u>	<u>Municipal Golf</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating (loss)	\$ (352,820)	\$ (504,149)	\$ (856,969)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities-			
Depreciation	444,253	203,771	648,024
Miscellaneous income	50,000	-	50,000
Changes in assets, deferred outflows of resources, deferred inflows of resources, and liabilities -			
(Increase) decrease in accounts receivable	6,708	(84)	6,624
(Increase) decrease in inventory	(9,069)	1,086	(7,983)
(Increase) decrease in prepaid items	(549)	-	(549)
(Increase) decrease in deferred outflows of resources	(129,358)	81,368	(47,990)
Increase (decrease) in accounts payable	40,605	(8,709)	31,896
Increase (decrease) in deposits	5,417	461	5,878
Increase (decrease) in accrued compensated absences	6,933	20,160	27,093
Increase (decrease) in deferred inflows of resources	(49,000)	(42,485)	(91,485)
Increase (decrease) in total OPEB liability	12,225	12,225	24,450
Increase (decrease) in net pension liability	219,854	219,855	439,709
	<u>598,019</u>	<u>487,648</u>	<u>1,085,667</u>
 Total adjustments			
	<u>598,019</u>	<u>487,648</u>	<u>1,085,667</u>
 NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 245,199</u>	<u>\$ (16,501)</u>	<u>\$ 228,698</u>

MESQUITE

T E X A S

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City of Mesquite, Texas

Internal Service Funds

Internal Service Funds:

Internal Service funds account for the financing of goods or services provided by one department to another. The following are the City's two non-major internal service funds.

Group Medical Insurance Fund - to account for the City's medical insurance plans offered to City employees in various departments and retirees.

General Liability Insurance Fund - to account for the City's general liability insurance and workers compensation insurance costs that cover employees in various departments as well as City assets.

City of Mesquite, Texas

**Combining Statement of Net Position (Deficit)
Internal Service Funds
September 30, 2019
With Comparative Totals for September 30, 2018**

	Group Medical	General	<u>Totals</u>	
	<u>Insurance</u>	<u>Liability</u>	<u>2019</u>	<u>2018</u>
ASSETS:				
Current assets:				
Pooled cash and investments	\$ -	\$ 1,993,354	\$ 1,993,354	\$ 1,584,263
Accounts Receivable	56,748	77,428	134,176	89,082
Prepays and other assets	217,134	178,000	395,134	373,010
Accrued interest	<u>-</u>	<u>2,092</u>	<u>2,092</u>	<u>1,679</u>
Total Assets	<u>273,882</u>	<u>2,250,874</u>	<u>2,524,756</u>	<u>2,048,034</u>
LIABILITIES:				
Current liabilities				
Accounts payable	124,325	377,614	501,939	572,434
Estimated claims payable	1,285,465	566,737	1,852,202	1,718,165
Due to other funds	<u>3,213,006</u>	<u>-</u>	<u>3,213,006</u>	<u>3,428,252</u>
Total current liabilities	<u>4,622,796</u>	<u>944,351</u>	<u>5,567,147</u>	<u>5,718,851</u>
Noncurrent liabilities:				
Estimated claims payable	<u>-</u>	<u>1,822,004</u>	<u>1,822,004</u>	<u>1,410,083</u>
Total noncurrent liabilities	<u>-</u>	<u>1,822,004</u>	<u>1,822,004</u>	<u>1,410,083</u>
Total Liabilities	<u>4,622,796</u>	<u>2,766,355</u>	<u>7,389,151</u>	<u>7,128,934</u>
NET POSITION (DEFICIT):				
Unrestricted	<u>(4,348,914)</u>	<u>(515,481)</u>	<u>(4,864,395)</u>	<u>(5,080,900)</u>
Total Net Position (Deficit)	<u>\$ (4,348,914)</u>	<u>\$ (515,481)</u>	<u>\$ (4,864,395)</u>	<u>\$ (5,080,900)</u>

City of Mesquite, Texas

Combining Statement of Revenues, Expenses, and
Changes in Fund Net Position (Deficit)

Internal Service Funds

For the Year Ended September 30, 2019

With Comparative Totals for September 30, 2018

	Group Medical Insurance	General Liability	Totals	
			2019	2018
Operating revenues:				
Contributions - City				
Medical insurance	\$ 10,676,050	\$ -	\$ 10,676,050	\$ 10,370,000
Life and dental insurance	1,604,330	-	1,604,330	1,496,844
General liability	-	2,060,000	2,060,000	1,405,000
Workers' compensation	-	1,677,830	1,677,830	1,794,348
Total contributions - City	<u>12,280,380</u>	<u>3,737,830</u>	<u>16,018,210</u>	<u>15,066,192</u>
Contributions - Other				
Employees - medical insurance	1,906,950	-	1,906,950	1,843,839
Stop loss and other contributions	914,986	-	914,986	32,894
Other revenues	-	149,956	149,956	157,171
Total contributions - other	<u>2,821,936</u>	<u>149,956</u>	<u>2,971,892</u>	<u>2,033,904</u>
Total operating revenues	<u>15,102,316</u>	<u>3,887,786</u>	<u>18,990,102</u>	<u>17,100,096</u>
Operating expenses				
Claims incurred	11,281,651	2,505,020	13,786,671	11,229,014
Insurance premiums	2,419,908	841,886	3,261,794	3,241,592
Administrative fees	647,798	577,778	1,225,576	1,463,503
Other expenses	510,151	32,131	542,282	620,497
Total operating expenses	<u>14,859,508</u>	<u>3,956,815</u>	<u>18,816,323</u>	<u>16,554,606</u>
Operating income (loss)	<u>242,808</u>	<u>(69,029)</u>	<u>173,779</u>	<u>545,490</u>
Nonoperating revenues:				
Investment income	-	42,726	42,726	25,968
Total nonoperating revenues	<u>-</u>	<u>42,726</u>	<u>42,726</u>	<u>25,968</u>
Income(loss) before transfers	<u>242,808</u>	<u>(26,303)</u>	<u>216,505</u>	<u>571,458</u>
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,000</u>
Change in net position (deficit)	242,808	(26,303)	216,505	1,071,458
Total net position (deficit) - beginning	<u>(4,591,722)</u>	<u>(489,178)</u>	<u>(5,080,900)</u>	<u>(6,152,358)</u>
Total net position (deficit) - ending	<u>\$ (4,348,914)</u>	<u>\$ (515,481)</u>	<u>\$ (4,864,395)</u>	<u>\$ (5,080,900)</u>

City of Mesquite, Texas

**Combining Statement of Cash Flows
Internal Service Funds**

For the Year Ended September 30, 2019

With Comparative Actual Totals for the Year ended September 30, 2018

	Group Medical <u>Insurance</u>	General <u>Liability</u>	<u>Totals</u>	
			<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from City funds	\$ 12,280,380	\$ 3,737,830	\$ 16,018,210	\$ 15,066,192
Cash received from other operating sources	2,765,188	161,610	2,926,798	1,963,272
Cash paid to suppliers for goods and services	(3,821,012)	(1,301,259)	(5,122,271)	(5,384,078)
Cash paid to claimants	<u>(11,009,310)</u>	<u>(2,231,403)</u>	<u>(13,240,713)</u>	<u>(11,481,238)</u>
Net cash provided by operating activities	<u>215,246</u>	<u>366,778</u>	<u>582,024</u>	<u>164,148</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash loan (repaid to) other City funds	(215,246)	-	(215,246)	(342,891)
Transfers in from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,000</u>
Net cash provided by (used for) noncapital financing activities	<u>(215,246)</u>	<u>-</u>	<u>(215,246)</u>	<u>157,109</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	<u>-</u>	<u>42,313</u>	<u>42,313</u>	<u>24,819</u>
Net cash provided by investing activities	<u>-</u>	<u>42,313</u>	<u>42,313</u>	<u>24,819</u>
NET INCREASE IN POOLED CASH AND INVESTMENTS	-	409,091	409,091	346,076
POOLED CASH AND INVESTMENTS AT BEGINNING OF YEAR	<u>-</u>	<u>1,584,263</u>	<u>1,584,263</u>	<u>1,238,187</u>
POOLED CASH AND INVESTMENTS AT END OF YEAR	<u>\$ -</u>	<u>\$ 1,993,354</u>	<u>\$ 1,993,354</u>	<u>\$ 1,584,263</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED FOR OPERATING ACTIVITIES				
Operating income (loss)	\$ 242,808	\$ (69,029)	\$ 173,779	\$ 545,490
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities-				
Changes in assets and liabilities-				
(Increase) decrease in accounts receivable	(56,748)	11,653	(45,095)	(70,632)
(Increase) decrease in prepaid items	(22,124)	-	(22,124)	(66,786)
Increase (decrease) in accounts payable	(221,031)	150,537	(70,494)	8,300
Increase (decrease) in claims payable	<u>272,341</u>	<u>273,617</u>	<u>545,958</u>	<u>(252,224)</u>
Total adjustments	<u>(27,562)</u>	<u>435,807</u>	<u>408,245</u>	<u>(381,342)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 215,246</u>	<u>\$ 366,778</u>	<u>\$ 582,024</u>	<u>\$ 164,148</u>

City of Mesquite, Texas

Fiduciary Funds

Fiduciary Funds:

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City reports only one fiduciary fund, an agency fund

Agency Fund - Tax Clearing Fund - to account for ad valorem taxes collected on behalf of the Mesquite Independent School District.

City of Mesquite, Texas

Statement of Changes in Fiduciary Assets and Liabilities
 Fiduciary Fund
 For the Year Ended September 30, 2019

	Agency Fund - Tax Clearing Fund			
	Balance October 1, 2018	Additions	Deductions	Balance September 30, 2019
ASSETS:				
Current assets:				
Pooled cash and investments	\$ 126,616	\$ 186,496,906	\$ 186,439,013	\$ 184,509
Taxes receivable levied for other governments (net of allowance for uncollectibles)	<u>3,883,510</u>	<u>260,807,430</u>	<u>260,348,579</u>	<u>4,342,361</u>
Total Assets	<u>\$ 4,010,126</u>	<u>\$ 447,304,336</u>	<u>\$ 446,787,592</u>	<u>\$ 4,526,870</u>
LIABILITIES:				
Current liabilities:				
Accounts payable	\$ 126,616	\$ 322,799,169	\$ 322,857,062	\$ 184,509
Due to other governments	<u>3,883,510</u>	<u>260,348,579</u>	<u>260,807,430</u>	<u>4,342,361</u>
Total Liabilities	<u>\$ 4,010,126</u>	<u>\$ 583,147,748</u>	<u>\$ 583,664,492</u>	<u>\$ 4,526,870</u>

City of Mesquite, Texas

Statistical Section (Unaudited)

This part of the City of Mesquite's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	108
These schedules contain trend information to help the readers understand how the city's financial performance and well-being have changed over time.	
Revenue Capacity	120
These schedules contain information to help the reader assess the city's most significant local revenue sources, sales and property tax.	
Debt Capacity	129
These schedules 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.	
Demographic and Economic Information	134
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	
Operating Information	136
These schedules 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.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Mesquite, Texas

**Net Position by Component
Last Ten Fiscal Years**

(accrual basis of accounting)
(amounts expressed in thousands)
(Unaudited)

	Fiscal Year			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities.				
Net Investment in capital assets	\$ 147,492	\$ 141,703	\$ 136,034	\$ 130,543
Restricted	4,617	5,683	7,702	7,258
Unrestricted	<u>16,658</u>	<u>20,945</u>	<u>19,458</u>	<u>17,885</u>
Total governmental activities net position	<u>\$ 168,767</u>	<u>\$ 168,331</u>	<u>\$ 163,194</u>	<u>\$ 155,686</u>
Business-type activities				
Net Investment in capital assets	\$ 120,751	\$ 116,898	\$ 125,070	\$ 127,872
Restricted	3,042	3,121	3,064	3,109
Unrestricted	<u>13,499</u>	<u>20,925</u>	<u>17,090</u>	<u>14,328</u>
Total business-type activities net position	<u>\$ 137,292</u>	<u>\$ 140,944</u>	<u>\$ 145,224</u>	<u>\$ 145,309</u>
Primary government				
Net Investment in capital assets	\$ 268,243	\$ 258,601	\$ 261,104	\$ 258,415
Restricted	7,659	8,804	10,766	10,367
Unrestricted	<u>30,157</u>	<u>41,870</u>	<u>36,548</u>	<u>32,213</u>
Total primary government net position	<u>\$ 306,059</u>	<u>\$ 309,275</u>	<u>\$ 308,418</u>	<u>\$ 300,995</u>

Notes

(1) The City implemented GASB Statement No 68 "Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No 27" in 2015, and beginning amounts were restated.

(2) The City implemented GASB Statement No 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" in 2018, and beginning amounts were restated

Schedule 1

Fiscal Year					
<u>2014</u>	<u>2015 (1)</u>	<u>2016</u>	<u>2017</u>	<u>2018 (2)</u>	<u>2019</u>
\$ 129,187	\$ 122,230	\$ 119,854	\$ 119,708	\$ 131,473	\$ 144,527
7,467	8,329	9,199	23,620	27,208	27,940
<u>18,704</u>	<u>(56,876)</u>	<u>(65,812)</u>	<u>(90,141)</u>	<u>(128,928)</u>	<u>(137,491)</u>
<u>\$ 155,358</u>	<u>\$ 73,683</u>	<u>\$ 63,241</u>	<u>\$ 53,187</u>	<u>\$ 29,753</u>	<u>\$ 34,976</u>
\$ 129,832	\$ 130,785	\$ 131,551	\$ 139,837	\$ 148,215	\$ 151,897
3,064	2,690	3,387	3,507	3,210	3,798
<u>13,494</u>	<u>13,008</u>	<u>18,647</u>	<u>23,386</u>	<u>25,970</u>	<u>30,146</u>
<u>\$ 146,390</u>	<u>\$ 146,483</u>	<u>\$ 153,585</u>	<u>\$ 166,730</u>	<u>\$ 177,395</u>	<u>\$ 185,841</u>
\$ 259,019	\$ 253,015	\$ 251,405	\$ 259,545	\$ 279,688	\$ 296,424
10,531	11,019	12,586	27,127	30,418	31,738
<u>32,198</u>	<u>(43,868)</u>	<u>(47,165)</u>	<u>(66,755)</u>	<u>(102,958)</u>	<u>(107,345)</u>
<u>\$ 301,748</u>	<u>\$ 220,166</u>	<u>\$ 216,826</u>	<u>\$ 219,917</u>	<u>\$ 207,148</u>	<u>\$ 220,817</u>

City of Mesquite, Texas

Change in Net Position Last Ten Fiscal Years

(accrual basis of accounting)
(amounts expressed in thousands)
(Unaudited)

	Fiscal Year			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses				
Governmental activities:				
General government	\$ 23,832	\$ 22,552	\$ 26,028	\$ 26,194
Fire services	24,541	24,532	25,330	25,570
Police services	32,280	31,965	31,995	32,994
Field services	13,499	21,767	14,348	13,826
Public works	7,802	(569)	3,766	4,703
Planning and community development	5,737	3,020	3,706	3,182
Housing and community services	14,146	14,159	14,900	14,206
Library services	2,034	2,137	1,942	1,905
Parks and recreation	10,122	10,510	10,475	11,368
Interest on long-term debt	4,514	5,010	5,032	4,796
Total governmental activities	<u>138,507</u>	<u>135,083</u>	<u>137,522</u>	<u>138,744</u>
Business-type activities:				
Water and sewer	34,905	38,216	37,665	41,293
Drainage utility	1,677	2,436	1,806	1,523
Municipal airport	1,691	1,766	1,922	2,319
Golf course (2)	-	-	-	-
Total business-type activities	<u>38,273</u>	<u>42,418</u>	<u>41,393</u>	<u>45,135</u>
Total primary government	<u>\$ 176,780</u>	<u>\$ 177,501</u>	<u>\$ 178,915</u>	<u>\$ 183,879</u>
Program Revenues				
Governmental activities:				
Charges for services				
Field Services	\$ 7,054	\$ 7,612	\$ 7,670	\$ 7,922
Planning and community development	4,702	4,790	4,361	4,692
General government	5,418	7,131	6,048	6,483
Other charges for services	8,907	11,140	13,178	10,833
Operating grants and contributions	16,184	15,791	14,616	13,463
Capital grants and contributions	8,075	2,735	960	480
Total governmental activities	<u>50,340</u>	<u>49,199</u>	<u>46,833</u>	<u>43,873</u>
Business-type activities:				
Charges for services				
Water and sewer	39,492	45,965	44,231	44,859
Drainage utility	2,165	2,153	2,196	2,169
Municipal airport	1,328	1,609	1,568	1,979
Golf course (2)	-	-	-	-
Operating grants and contributions (1)	-	-	-	-
Capital grants and contributions	1,255	1,149	1,874	753
Total business-type activities	<u>44,240</u>	<u>50,876</u>	<u>49,869</u>	<u>49,760</u>
Total primary government	<u>\$ 94,580</u>	<u>\$ 100,075</u>	<u>\$ 96,702</u>	<u>\$ 93,633</u>

Fiscal Year					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 24,919	\$ 29,905	\$ 35,751	\$ 38,015	\$ 31,854	\$ 30,100
26,105	26,679	27,167	28,820	28,918	30,502
32,112	32,829	35,089	36,382	36,952	40,496
9,312	9,839	-	-	-	-
8,769	10,253	19,722	20,007	20,675	23,490
3,551	3,513	2,991	3,294	3,532	3,301
14,487	15,005	15,425	15,981	16,942	17,962
2,015	2,074	2,064	2,168	2,264	2,157
11,004	12,732	12,252	9,805	10,481	11,400
3,498	3,745	5,093	6,081	5,711	8,892
<u>135,772</u>	<u>146,574</u>	<u>155,554</u>	<u>160,553</u>	<u>157,329</u>	<u>168,300</u>
42,614	45,496	49,822	51,545	55,859	62,786
1,412	1,618	1,876	1,829	2,196	2,832
2,235	1,981	1,900	1,997	2,018	2,018
-	-	-	943	1,582	1,529
<u>46,261</u>	<u>49,095</u>	<u>53,598</u>	<u>56,314</u>	<u>61,655</u>	<u>69,165</u>
<u>\$ 182,033</u>	<u>\$ 195,669</u>	<u>\$ 209,152</u>	<u>\$ 216,867</u>	<u>\$ 218,984</u>	<u>\$ 237,465</u>
\$ 7,527	\$ 7,795	\$ -	\$ -	\$ -	\$ -
5,490	5,148	6,603	7,759	8,146	3,056
6,436	7,586	7,921	7,158	4,985	7,103
13,316	10,312	19,412	18,668	18,400	25,070
13,954	13,825	14,052	14,995	15,899	16,414
112	409	603	1,125	4,322	5,755
<u>46,835</u>	<u>45,075</u>	<u>48,591</u>	<u>49,705</u>	<u>51,752</u>	<u>57,398</u>
46,795	53,559	59,677	63,465	67,609	69,274
2,798	3,366	3,795	3,965	3,966	4,055
1,681	1,602	1,548	1,644	1,809	1,665
-	-	-	1,037	1,089	1,025
-	-	23	67	283	53
969	603	674	1,025	3,830	982
<u>52,243</u>	<u>59,130</u>	<u>65,717</u>	<u>71,203</u>	<u>78,586</u>	<u>77,055</u>
<u>\$ 99,078</u>	<u>\$ 104,205</u>	<u>\$ 114,308</u>	<u>\$ 120,908</u>	<u>\$ 130,338</u>	<u>\$ 134,454</u>

(Continued Next Page)

City of Mesquite, Texas

**Change in Net Position
Last Ten Fiscal Years**

(accrual basis of accounting)
(amounts expressed in thousands)
(Unaudited)

	Fiscal Year			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net (Expenses)/Program Revenues				
Governmental activities	\$ (88,167)	\$ (85,884)	\$ (90,689)	\$ (94,871)
Business-type activities	<u>5,967</u>	<u>8,458</u>	<u>8,476</u>	<u>4,625</u>
Total primary government net expenses	<u>\$ (82,200)</u>	<u>\$ (77,426)</u>	<u>\$ (82,213)</u>	<u>\$ (90,246)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Ad valorem taxes	\$ 38,304	\$ 36,572	\$ 35,787	\$ 35,074
Gross receipts taxes	7,637	7,931	7,760	7,865
Sales taxes	34,920	36,154	37,440	39,736
Investment income	505	245	145	75
Gain (loss) on sale of capital assets	82	(327)	109	38
Transfers	<u>3,983</u>	<u>4,873</u>	<u>4,310</u>	<u>4,575</u>
Total governmental activities	<u>85,431</u>	<u>85,448</u>	<u>85,551</u>	<u>87,363</u>
Business-type activities:				
Investment income	228	113	73	36
Gain (loss) on sale of capital assets	5	(45)	41	-
Transfers	<u>(3,983)</u>	<u>(4,873)</u>	<u>(4,310)</u>	<u>(4,575)</u>
Total business-type activities	<u>(3,750)</u>	<u>(4,805)</u>	<u>(4,196)</u>	<u>(4,539)</u>
Total primary government	<u>\$ 81,681</u>	<u>\$ 80,643</u>	<u>\$ 81,355</u>	<u>\$ 82,824</u>
Change in Net Position				
Governmental activities	\$ (2,736)	\$ (436)	\$ (5,136)	\$ (7,508)
Business-type activities	<u>2,217</u>	<u>3,653</u>	<u>4,279</u>	<u>86</u>
Total primary government	<u>\$ (519)</u>	<u>\$ 3,217</u>	<u>\$ (857)</u>	<u>\$ (7,422)</u>

Notes:

- (1) Operating grants and contributions for business-type activities presented separately starting with fiscal year 2016.
- (2) The golf course became a separate fund beginning in fiscal year 2017. It was previously included as part of parks and recreation in the governmental activities.

Schedule 2
(Continued)

Fiscal Year					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ (88,937)	\$ (101,499)	\$ (106,963)	\$ (110,848)	\$ (105,577)	\$ (110,901)
<u>5,982</u>	<u>10,035</u>	<u>12,119</u>	<u>14,889</u>	<u>16,931</u>	<u>7,890</u>
<u>\$ (82,955)</u>	<u>\$ (91,464)</u>	<u>\$ (94,844)</u>	<u>\$ (95,959)</u>	<u>\$ (88,646)</u>	<u>\$ (103,011)</u>
\$ 35,172	\$ 36,710	\$ 38,328	\$ 44,479	\$ 49,921	\$ 57,413
8,633	8,081	7,806	7,698	7,988	7,810
41,180	42,848	44,761	45,476	45,700	46,869
67	151	392	741	1,330	2,687
85	(33)	-	257	268	549
<u>3,706</u>	<u>4,866</u>	<u>5,235</u>	<u>2,143</u>	<u>4,537</u>	<u>797</u>
<u>88,843</u>	<u>92,623</u>	<u>96,522</u>	<u>100,794</u>	<u>109,744</u>	<u>116,126</u>
33	71	179	339	799	1,344
36	54	38	60	124	14
<u>(3,706)</u>	<u>(4,866)</u>	<u>(5,235)</u>	<u>(2,143)</u>	<u>(4,537)</u>	<u>(797)</u>
<u>(3,637)</u>	<u>(4,741)</u>	<u>(5,018)</u>	<u>(1,744)</u>	<u>(3,614)</u>	<u>561</u>
<u>\$ 85,206</u>	<u>\$ 87,882</u>	<u>\$ 91,504</u>	<u>\$ 99,050</u>	<u>\$ 106,130</u>	<u>\$ 116,687</u>
\$ (94)	\$ (8,876)	\$ (10,441)	\$ (10,054)	\$ 4,167	\$ 5,223
<u>2,345</u>	<u>5,294</u>	<u>7,101</u>	<u>13,145</u>	<u>13,317</u>	<u>8,451</u>
<u>\$ 2,251</u>	<u>\$ (3,582)</u>	<u>\$ (3,340)</u>	<u>\$ 3,091</u>	<u>\$ 17,484</u>	<u>\$ 13,674</u>

City of Mesquite, Texas

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

(Unaudited)

	Fiscal Year			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund:				
Reserved	\$ 1,063	\$ -	\$ -	\$ -
Nonspendable	-	858	962	725
Assigned	-	6	50	221
Unreserved/Unassigned	<u>16,672</u>	<u>16,153</u>	<u>16,026</u>	<u>16,460</u>
Total General Fund	<u>\$ 17,735</u>	<u>\$ 17,017</u>	<u>\$ 17,038</u>	<u>\$ 17,406</u>
All other governmental funds:				
Reserved for:				
Encumbrances	\$ 14,142	\$ -	\$ -	\$ -
Debt service	563	-	-	-
Unreserved, reported in:				
Special revenue funds	5,493	-	-	-
Capital projects	24,227	-	-	-
Nonspendable for:				
Prepays	-	866	-	-
Cemetery trust principal	-	-	-	-
Restricted for:				
Debt Retirement	-	61	56	138
Purpose of grantors, trustees, and donors	-	1,141	1,844	1,836
4B Sales Tax projects	-	3,905	6,283	5,698
Promotion of Tourism	-	-	-	-
Law Enforcement	-	5,024	5,294	5,315
Capital Projects	-	12,256	11,056	6,862
Community Access Projects	-	258	164	400
Road Surface Repairs	-	290	97	103
Tax Increment Financing Districts	-	8,224	3,961	4,830
Public Improvement Districts	-	-	-	-
Hike and Bike Trail	-	3,583	3,603	2,755
Developer's Deposits	-	1,511	1,505	1,511
Capital Replacement	-	212	84	21
Other Purposes	-	373	374	376
Assigned to				
Promotion of Tourism	-	102	52	184
Other Capital Projects	-	729	2,099	1,918
Other Purposes	<u>-</u>	<u>185</u>	<u>194</u>	<u>227</u>
Total of all other governmental funds	<u>\$ 44,425</u>	<u>\$ 38,720</u>	<u>\$ 36,666</u>	<u>\$ 32,174</u>

Note: The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011.

Fiscal Year					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
775	764	1,183	1,813	1,919	1,926
300	41	90	105	98	56
<u>16,076</u>	<u>15,897</u>	<u>17,003</u>	<u>18,312</u>	<u>18,896</u>	<u>20,713</u>
<u>\$ 17,151</u>	<u>\$ 16,702</u>	<u>\$ 18,276</u>	<u>\$ 20,230</u>	<u>\$ 20,913</u>	<u>\$ 22,695</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	146	27
-	-	101	101	101	101
483	471	85	599	46	4
1,865	2,192	2,418	2,691	2,610	3,086
6,321	7,078	8,025	6,087	2,506	2,903
-	440	753	1,238	1,719	-
5,593	4,750	4,127	3,139	2,043	1,388
11,659	21,253	44,978	25,433	49,456	37,188
564	738	658	745	623	620
159	130	219	521	239	220
6,373	7,599	9,778	12,126	14,441	12,314
-	-	-	-	7,203	27,385
680	454	457	460	40	-
1,576	1,682	1,621	1,594	1,647	1,694
39	157	321	505	700	585
557	574	557	608	585	2,490
253	-	-	-	-	-
1,815	1,136	1,176	1,524	1,384	1,208
<u>287</u>	<u>251</u>	<u>1,124</u>	<u>469</u>	<u>1,308</u>	<u>539</u>
<u>\$ 38,224</u>	<u>\$ 48,905</u>	<u>\$ 76,398</u>	<u>\$ 57,840</u>	<u>\$ 86,797</u>	<u>\$ 91,752</u>

City of Mesquite, Texas

**Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years**

(modified accrual basis of accounting)
(amounts expressed in thousands)
(Unaudited)

	Fiscal Year			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues				
Taxes	\$ 80,891	\$ 80,656	\$ 81,028	\$ 82,740
Licenses and permits	985	1,159	1,090	1,172
Fines and forfeitures	3,365	4,358	4,522	4,925
Investment income	480	236	138	71
Charges for services	16,492	17,064	17,089	17,254
Intergovernmental	17,147	15,743	14,794	13,426
Contributions and donations	4,242	2,771	779	447
Other revenues	952	2,425	3,219	1,595
Total revenues	<u>124,554</u>	<u>124,412</u>	<u>122,659</u>	<u>121,630</u>
Expenditures				
General government	16,195	14,883	18,845	15,294
Fire services	23,396	23,540	23,608	24,024
Police services	30,438	30,474	30,936	32,125
Field services (1)	10,001	13,864	10,967	10,771
Public works	6,618	2,586	2,711	3,089
Planning and community development	5,186	3,711	3,665	3,150
Housing services	11,996	11,543	12,406	11,722
Library services	2,012	2,089	1,927	1,876
Parks and recreation	9,371	9,752	9,614	10,408
Community services	2,477	2,327	2,252	2,290
Housing and community services	-	-	-	-
Capital outlay	11,029	20,970	7,812	10,355
Debt service - principal	7,519	7,006	6,314	6,353
Debt service - interest and bond issuance costs	4,614	4,924	5,323	5,016
Total expenditures	<u>140,852</u>	<u>147,669</u>	<u>136,380</u>	<u>136,473</u>
Deficiency of revenues under expenditures	<u>(16,298)</u>	<u>(23,257)</u>	<u>(13,721)</u>	<u>(14,843)</u>
Other financing sources (uses)				
Transfer in	20,272	18,875	19,056	19,272
Transfers out	(15,456)	(13,834)	(13,998)	(14,193)
Capital lease proceeds	-	-	-	-
Bond proceeds	12,340	11,575	7,235	5,450
Notes payable proceeds	-	-	-	-
Proceeds of refunding bonds	1,320	12,715	3,765	7,635
Premium on debt	137	1,163	236	539
Payment to refunded bond agent	(1,257)	(13,660)	(3,724)	(7,985)
Gain on sale of Capital Assets	-	-	-	-
Total other financing sources (uses)	<u>17,356</u>	<u>16,834</u>	<u>12,570</u>	<u>10,718</u>
Net change in fund balances	<u>\$ 1,058</u>	<u>\$ (6,423)</u>	<u>\$ (1,151)</u>	<u>\$ (4,125)</u>
 Debt service as a percentage of noncapital expenditures	 9.49%	 9.60%	 9.17%	 9.12%

Note: (1) Field services expenditures are presented with Public works expenditures starting in fiscal year 2016

Fiscal Year					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 85,011	\$ 87,368	\$ 90,911	\$ 97,633	\$ 103,468	\$ 112,214
1,146	1,728	2,236	2,399	2,281	2,598
4,126	3,226	3,586	3,772	3,295	4,087
65	147	388	733	1,304	2,645
17,683	19,701	20,926	21,302	16,672	18,605
13,566	13,353	14,299	15,204	19,936	18,279
374	788	313	346	1,703	1,658
<u>2,656</u>	<u>1,338</u>	<u>2,421</u>	<u>1,537</u>	<u>1,730</u>	<u>4,139</u>
<u>124,627</u>	<u>127,649</u>	<u>135,080</u>	<u>142,925</u>	<u>150,389</u>	<u>164,225</u>
15,387	16,285	15,330	15,316	16,737	14,463
24,600	24,811	25,631	27,573	28,082	29,529
30,980	31,267	33,267	36,907	37,060	38,551
10,121	10,191	-	-	-	-
3,203	3,244	13,158	14,189	14,316	15,592
3,389	3,458	2,874	3,173	3,535	3,318
11,540	11,585	-	-	-	-
1,931	2,022	1,917	2,055	2,083	2,056
9,425	10,717	10,437	8,126	8,662	9,753
3,226	2,347	-	-	-	-
-	-	15,268	16,001	16,711	17,770
8,317	9,984	16,879	33,453	36,255	39,229
6,747	7,897	9,019	11,185	13,383	14,080
<u>4,812</u>	<u>5,001</u>	<u>5,214</u>	<u>6,557</u>	<u>6,829</u>	<u>10,274</u>
<u>133,678</u>	<u>138,809</u>	<u>148,994</u>	<u>174,535</u>	<u>183,652</u>	<u>194,616</u>
<u>(9,051)</u>	<u>(11,160)</u>	<u>(13,914)</u>	<u>(31,610)</u>	<u>(33,263)</u>	<u>(30,391)</u>
17,038	17,686	21,099	24,375	26,728	23,501
(11,912)	(12,285)	(15,823)	(18,383)	(22,692)	(22,704)
-	-	-	-	-	-
9,715	14,835	35,085	8,285	53,810	34,655
-	-	-	-	-	-
9,080	2,935	17,295	7,600	960	-
963	1,265	5,232	1,477	5,136	565
(10,038)	(3,044)	(19,907)	(8,607)	(1,039)	-
-	-	-	257	-	1,111
<u>14,846</u>	<u>21,392</u>	<u>42,981</u>	<u>15,004</u>	<u>62,903</u>	<u>37,129</u>
<u>\$ 5,795</u>	<u>\$ 10,232</u>	<u>\$ 29,067</u>	<u>\$ (16,606)</u>	<u>\$ 29,640</u>	<u>\$ 6,737</u>
9.34%	9.97%	10.77%	12.58%	13.71%	15.67%

City of Mesquite, Texas

General Governmental Tax Revenues By Source Last Ten Fiscal Years

(modified accrual basis of accounting)
(amounts expressed in thousands)
(Unaudited)

Year Ended September	Total	Ad Valorem Taxes	Sales Taxes		
			General	Liquor	Hotel/Motel
2010	80,891	38,334	33,911	194	815
% Total	100.0	47.4	42.0	0.3	1.0
2011	80,656	36,571	35,069	194	891
% Total	100.0	45.3	43.5	0.2	1.1
2012	81,028	35,828	36,357	173	910
% Total	100.0	44.2	44.9	0.2	1.1
2013	82,412	35,138	38,497	199	1,040
% Total	100.0	42.6	46.7	0.2	1.3
2014	84,767	35,198	39,780	250	1,150
% Total	100.0	41.5	46.9	0.3	1.4
2015	87,368	36,439	41,310	271	1,267
% Total	100.0	41.7	47.3	0.3	1.5
2016	90,912	38,345	43,191	274	1,296
% Total	100.0	42.2	47.5	0.3	1.4
2017	97,633	44,459	43,664	273	1,539
% Total	100.0	45.5	44.7	0.3	1.6
2018	103,468	49,780	43,790	279	1,630
% Total	100.0	48.1	42.3	0.3	1.6
2019	112,214	57,535	44,575	284	2,010
% Total	100.0	51.3	39.7	0.3	1.8

Gross Receipts Taxes					
<u>Electrical</u>	<u>Gas</u>	<u>Telephone</u>	<u>Cable TV</u>	<u>Sanitation</u>	<u>Other</u>
3,905	1,175	566	1,264	693	34
4.8	1.5	0.7	1.6	0.9	0.0
4,483	1,020	550	1,182	662	34
5.6	1.3	0.7	1.5	0.8	0.0
4,138	845	526	1,518	698	35
5.1	1.0	0.6	1.9	0.9	0.0
3,994	966	519	1,310	710	39
4.8	1.2	0.6	1.6	0.9	0.0
4,172	1,305	473	1,442	958	39
4.9	1.5	0.6	1.7	1.1	0.0
4,041	1,157	-	1,556	975	352
4.6	1.3	-	1.8	1.1	0.4
4,007	943	-	1,510	1,001	344
4.4	1.0	-	1.7	1.1	0.4
4,051	1,072	-	1,259	1,022	294
4.1	1.1	-	1.3	1.0	0.3
4,146	1,255	-	1,230	1,079	279
4.0	1.2	-	1.2	1.0	0.3
3,961	1,144	-	1,230	1,189	286
3.5	1.0	-	1.1	1.1	0.3

City of Mesquite, Texas

Taxable Sales by Category Last Ten Fiscal Years

(amounts expressed in thousands)
(Unaudited)

	Fiscal Year			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Merchandise Stores	218,240	224,141	235,820	240,520
Eating and Drinking Establishments	199,660	213,021	223,860	233,982
Clothing and Apparel Stores	158,831	165,529	174,670	191,244
Building Materials, Garden Equipment, and Supplies	97,458	108,653	124,763	130,072
Home Furnishings and Appliances	102,210	119,292	125,966	129,970
Automotive Dealers, Service, and Supplies	46,046	49,545	55,177	58,316
Food and Grocery Stores (2)	33,058	34,237	44,979	53,449
Gas Stations	21,269	26,068	37,021	38,120
Other Retail Stores	127,059	133,170	138,624	147,084
All Other Outlets	<u>673,199</u>	<u>731,278</u>	<u>654,958</u>	<u>705,904</u>
Total Taxable Sales (1)	<u>1,677,030</u>	<u>1,804,934</u>	<u>1,815,838</u>	<u>1,928,661</u>
City Direct Sales Tax Rate	2.0%	2.0%	2.0%	2.0%

Notes:

- (1) Sales tax filing information obtained from Texas Comptroller of Public Accounts. Taxable sales calculated by dividing sales taxes reported by the City's direct sales tax rate.
- (2) General grocery items are not taxable, the sales tax applies only to prepared food items and nonfood items.
- (3) Data subject to change as more precise reporting becomes available. Total sales tax received in FY19 will not tie to the financial statements from this schedule due to taxpayers' amended returns and late filers.

Schedule 6

Fiscal Year					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019 (3)</u>
235,681	256,248	282,485	284,451	298,272	280,841
240,528	259,762	273,022	281,283	286,661	290,527
193,470	196,123	198,003	212,609	190,250	206,658
126,543	133,744	155,725	149,725	127,790	149,031
114,419	134,511	152,402	138,242	158,791	132,850
60,449	64,477	68,707	67,741	64,476	86,346
53,765	54,923	56,981	59,041	67,033	42,939
41,399	45,480	48,377	49,944	51,453	56,808
158,885	168,257	181,988	185,967	191,585	189,601
<u>789,761</u>	<u>764,131</u>	<u>746,715</u>	<u>775,586</u>	<u>818,658</u>	<u>822,433</u>
<u>2,014,900</u>	<u>2,077,656</u>	<u>2,164,405</u>	<u>2,204,589</u>	<u>2,254,969</u>	<u>2,258,034</u>
2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Sales Tax Revenue Payers by Industry
Current Year and Nine Years Ago
(Unaudited)

	<u>2019</u>		<u>2010</u>	
	<u>Number of Filers</u>	<u>Tax Liability</u>	<u>Number of Filers</u>	<u>Tax Liability</u>
Retail Trade	2,816	\$28,216,750	1,272	\$19,913,215
Services	2,527	6,846,096	1,412	5,616,708
Transportation and Utilities	113	2,761,232	84	3,751,045
Wholesale Trade	1,369	2,705,065	910	1,244,374
Manufacturing	1,103	1,943,491	638	1,267,591
Construction	828	1,596,375	544	1,200,119
Finance, Insurance, and Real Estate	352	922,579	294	474,655
Agricultural	6	3,898	4	3,439
Mining	9	121,990	6	98
Public Administration	7	43,203	9	69,374
Total	<u>9,130</u>	<u>45,160,677</u>	<u>5,173</u>	<u>33,540,618</u>

Source: Texas Comptroller of Public Accounts

**Sales Tax Rates - Direct and Overlapping
Last Ten Fiscal Years**

(Unaudited)

Fiscal <u>Year</u>	City of Mesquite				State <u>of Texas</u>	Total Sales <u>Tax Rate</u>
	<u>Economic Development - 4B</u>	<u>Property Tax Relief</u>	<u>Regular Rate</u>	<u>Total COM</u>		
2010	0.50%	0.50%	1.00%	2.00%	6.25%	8.25%
2011	0.50%	0.50%	1.00%	2.00%	6.25%	8.25%
2012	0.50%	0.50%	1.00%	2.00%	6.25%	8.25%
2013	0.50%	0.50%	1.00%	2.00%	6.25%	8.25%
2014	0.50%	0.50%	1.00%	2.00%	6.25%	8.25%
2015	0.50%	0.50%	1.00%	2.00%	6.25%	8.25%
2016	0.50%	0.50%	1.00%	2.00%	6.25%	8.25%
2017	0.50%	0.50%	1.00%	2.00%	6.25%	8.25%
2018	0.50%	0.50%	1.00%	2.00%	6.25%	8.25%
2019	0.50%	0.50%	1.00%	2.00%	6.25%	8.25%

Source. Texas Comptroller of Public Accounts

Note: Overlapping rates are those of local, county, and state governments that apply within the city.

City of Mesquite, Texas

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

(amounts expressed in thousands)

(Unaudited)

Fiscal Year	Assessed and Actual Value of Property (1)					Total Assessed Value
	Real Property Residential	Real Property Commercial	Real Property Other	Utilities Real and Personal	Personal Property	
2010	4,310,504	1,804,704	217,121	107,363	736,717	7,176,409
2011	4,059,862	1,735,638	225,977	105,015	714,087	6,840,579
2012	3,990,016	1,754,347	231,151	102,613	746,505	6,824,632
2013	3,883,652	1,749,220	205,574	103,260	757,902	6,699,608
2014	3,837,683	1,810,542	225,413	102,909	779,653	6,756,200
2015	4,026,866	1,905,028	206,709	111,081	826,306	7,075,990
2016	4,254,661	1,983,357	209,767	109,107	833,635	7,390,527
2017	4,784,452	2,111,684	207,429	113,444	895,405	8,112,414
2018	5,433,038	2,252,673	206,414	114,705	966,735	8,973,565
2019	6,167,059	2,412,704	253,364	133,646	1,035,854	10,002,627

Source. Dallas Central Appraisal District and Kaufman Central Appraisal District

Notes.

- (1) Assessed value is 100% of estimated actual value for all years as determined by the appraisal districts. Values are as of January 1 of the calendar year prior to the fiscal year-end date.
- (2) Exemptions are granted by the City within the constraints of Texas Constitutional law.
- (3) Total taxable valuation here is based on the certified roll and is net of Tax Incentive Financing Districts (TIF) in the amount of \$232,249. The taxable value upon which the tax levy was based, noted in footnote 4 in the Notes to Basic Financial Statements, includes the TIF value.
(\$7,832,341 + \$232,249= \$8,064,590)
- (4) Tax rate is per \$100 assessed valuation

Less. Exemptions, Abatements, and TIFs (2)

<u>Exemptions Granted</u>	<u>Tax Abatements</u>	<u>Tax Incentive Financing Districts (TIF)</u>	<u>Total Exemptions</u>	<u>Total Taxable Valuation (3)</u>	<u>Tax Rate (4)</u>
967,223	5,040	156,261	1,128,524	6,047,885	64000
990,882	10,199	129,621	1,130,702	5,709,877	64000
1,065,133	10,207	121,721	1,197,061	5,627,571	.64000
1,092,748	-	128,565	1,221,313	5,478,295	64000
1,143,482	-	148,404	1,291,886	5,464,314	.64000
1,189,509	-	150,640	1,340,149	5,735,841	.64000
1,253,159	-	174,807	1,427,966	5,962,562	.64000
1,384,473	-	200,471	1,584,944	6,527,470	.68700
1,651,691	-	222,549	1,874,240	7,099,325	.68700
1,938,037	-	232,249	2,170,286	7,832,341	73400

**Property Tax Rates –
Direct and Overlapping Governments
(Per \$100 Assessed Valuation)
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	City of Mesquite			Overlapping Rates (1)					Total Direct & Overlapping Rates
	General	Debt Service	Total	Dallas County	Dallas Hospital District	Dallas Community College District	Dallas County School Equalization	Mesquite Independent School District	
2010	.48443	15557	64000	2281	.2740	.09490	.005210	1.42	2.66221
2011	.47076	16924	.64000	.2431	.2710	.09923	.010000	1.42	2.68333
2012	.46859	17141	64000	2431	2710	.09967	.010000	1.42	2.68377
2013	.46225	17775	64000	.2431	.2710	.119375	.009937	1.42	2.70341
2014	.45953	18047	64000	2431	2760	.1247	.010000	1.41	2.70380
2015	.46220	17780	64000	2431	2860	.124775	.010000	1.41	2.71388
2016	.43637	20363	64000	2431	2860	12365	.010000	1.41	2.71275
2017	.45542	.23158	68700	.2431	2794	.122933	.009271	1.46	2.80170
2018	44972	.23728	68700	.2431	2794	.12424	010000	1.46	2.80374
2019	48792	.24608	.73400	.2431	2794	12400	010000	1.52	2.91050

Source: (1) Budget Department and Dallas Central Appraisal District, Tax Unit Rates

Notes: Overlapping rates are those of local and county governments that apply to property owners within the city. Not all overlapping rates apply to all city property owners (e.g., the rates for the Mesquite Independent School District apply only to the proportion of the city's property owners whose property is located within the Mesquite I.S.D. geographical boundaries.) A small percent of city property owners are within the boundaries of the Dallas I.S.D. or Garland I.S.D.

**Principal Property Taxpayers
Current Year and Nine Years Ago**

(Unaudited)

Taxpayer	2019			Per 2010 CAFR		
	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Valuation
Town East Mall	\$ 136,090,990	1	1.74%	\$ 123,465,240	1	2.04%
Pepsi Cola	70,261,310	2	0.90%	42,592,800	3	0.70%
Market East Associates LLC	66,500,000	3	0.85%	-	-	-
Ashley Furniture Ind	65,899,420	4	0.84%	-	-	-
Oncor Electric Delivery	49,439,750	5	0.63%	45,105,440	2	0.75%
Ocean Barons LP	46,500,000	6	0.59%	-	-	-
IRIS USA Inc	40,164,910	7	0.51%	-	-	-
United Parcel Service	36,377,110	8	0.46%	-	-	-
SPI Mission Ranch LLC	34,100,000	9	0.44%	-	-	-
BRE DDR Marketplace	34,000,000	10	0.43%	21,234,720	10	0.35%
Sun Life Asure Co of Can	-	-	-	37,295,640	4	0.62%
Barons Investors II LP	-	-	-	27,500,000	5	0.45%
Alliance WE LP	-	-	-	25,225,000	6	0.42%
American Multicinema Inc	-	-	-	23,828,740	7	0.39%
CURCI Mesquite Prop LP	-	-	-	22,084,590	8	0.37%
Southwestern Bell	-	-	-	21,508,710	9	0.36%
Total	\$ 579,333,490		7.40%	\$ 389,840,880		6.45%
Total Taxable Assessed Valuation	\$ 7,832,341,299			\$ 6,047,885,000		

Source: Tax Division, Finance Department
Total Taxable Assessed Valuation from Schedule 9 and 15.

**Property Tax Levies and Collections
Last Ten Fiscal Years**

(Unaudited)

Fiscal Year Ended September 30	Adjusted Current Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2010	38,362,233	37,683,829	98.23	540,284	38,224,113	99.64
2011	36,392,283	35,761,897	98.27	484,010	36,245,907	99.60
2012	35,677,427	35,225,462	98.73	314,859	35,540,321	99.62
2013	34,819,001	34,336,926	98.62	319,409	34,656,335	99.53
2014	34,961,217	34,457,251	98.56	308,934	34,766,185	99.44
2015	36,282,438	35,805,787	98.69	217,340	36,023,127	99.29
2016	37,960,913	37,517,675	98.83	186,695	37,704,370	99.32
2017	43,954,143	43,411,278	98.76	256,839	43,668,117	99.35
2018	48,024,985	47,447,876	98.80	236,133	47,684,009	99.29
2019	55,708,582	54,944,161	98.63		54,944,161	98.63

Note: Collections do not include penalty and interest on delinquent taxes

Current year collections for fiscal year 2019 are net of the amount collected for the Tax Incentive Financing District (TIF) in the amount of \$1,714,079.

(\$54,876,010 + \$1,714,079 = \$56,590,089; see amount in Note 4)

Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

Governmental Activities								
Fiscal Year	General Obligation Bonds	Certificates of Obligations	Special Assessment Bonds	Net Premium/ (Discount) on Bonds (2)	Public Property Finance Contractual Obligations	Notes Payable	Capital Lease Obligations	Total
2010	34,790,000	72,485,000	-	-	4,975,000	4,422,953	280,234	116,953,187
2011	37,180,000	77,115,000	-	-	3,075,000	3,931,712	238,445	121,540,157
2012	37,545,000	79,950,000	-	-	1,505,000	3,420,915	160,428	122,581,343
2013	38,415,000	80,035,000	-	-	390,000	2,889,779	78,809	121,808,588
2014	41,355,000	80,605,000	-	-	-	2,337,487	5,973	124,303,460
2015	40,995,000	88,355,000	-	3,830,389	-	1,763,191	25,644	134,969,224
2016	79,340,000	74,945,000	-	8,521,721	-	1,166,008	-	163,972,729
2017	82,210,000	69,235,000	-	9,385,301	-	578,096	-	161,408,397
2018	108,940,000	76,200,000	7,245,000	12,808,171	-	-	-	205,193,171
2019	100,740,000	80,385,000	31,835,000	11,634,912	-	-	-	224,594,912

Business-Type Activities								
Fiscal Year	Water/ Sewer Revenue Bonds	Drainage Utility District Revenue Bonds	Net Premium/ (Discount) on Bonds (2)	Water/ Sewer Capital Lease Obligations	Total	Total Primary Government	Percentage of Effective Buying Income (1)	Per Capita (1)
2010	71,500,000	5,905,000	-	48,455	77,453,455	194,406,642	7.84%	1,390.37
2011	72,615,000	5,010,000	-	71,294	77,696,294	199,236,451	7.96%	1,424.44
2012	72,445,000	3,950,000	-	56,700	76,451,700	199,033,043	7.85%	1,422.17
2013	72,095,000	3,335,000	-	41,052	75,471,052	197,279,640	7.52%	1,406.73
2014	73,633,158	2,947,686	-	24,274	76,605,118	200,908,578	7.08%	1,412.76
2015	72,195,000	2,485,000	2,276,216	6,282	76,962,498	211,931,722	8.21%	1,490.06
2016	73,105,000	2,060,000	3,344,683	-	78,509,683	242,482,412	9.04%	1,696.27
2017	75,100,000	1,625,000	4,376,177	-	81,101,177	242,509,574	8.74%	1,695.16
2018	76,525,000	1,175,000	4,773,464	-	82,473,464	287,666,635	10.18%	2,006.74
2019	85,650,000	8,725,000	5,642,059	-	100,017,059	324,611,971	10.82%	2,238.24

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

- (1) See Schedule 18 - Demographic and Economic Statistics for effective buying income and population data
- (2) Net premium/discount on bonds payable is presented starting with fiscal year 2015

**Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years**

(Unaudited)

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Taxable Assessed Value (in 000s) (2)</u>	<u>General Bonded Debt</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Net General Bonded Debt</u>	<u>Percentage of Taxable Value of Property</u>	<u>Net General Bonded Debt Per Capita</u>
2010	139,824	6,047,885	112,250,000	563,067	111,686,933	1.85%	798.77
2011	139,870	5,709,877	117,370,000	61,150	117,308,850	2.05%	838.70
2012	139,950	5,627,571	119,000,000	56,293	118,943,707	2.11%	849.90
2013	140,240	5,478,295	118,840,000	138,486	118,701,514	2.17%	846.42
2014	142,210	5,464,314	121,960,000	483,072	121,476,928	2.22%	854.21
2015	142,230	5,735,842	133,180,389	470,685	132,709,704	2.31%	933.06
2016	142,950	5,962,561	162,806,721	85,167	162,721,554	2.73%	1,138.31
2017	143,060	6,527,470	160,830,301	599,175	160,231,126	2.45%	1,120.03
2018	143,350	7,099,325	205,193,171	45,694	205,147,477	2.89%	1,431.10
2019	145,030	7,832,341	224,594,912	4,167	224,590,745	2.87%	1,548.58

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

Sources: (1) See Schedule 15
(2) See Schedule 9

Direct And Overlapping Governmental Activities Debt
As of September 30, 2019
(Unaudited)

<u>Taxing Jurisdiction</u>	<u>Total Outstanding Debt (1)</u>	<u>Estimated Percent Applicable (2)</u>	<u>Direct and Estimated Overlapping Debt</u>
Direct-			
City of Mesquite	\$ 224,594,912	100.00%	\$ 224,594,912
Overlapping-			
Dallas County	151,495,000	3.02%	4,575,149
Dallas County Community College District	182,800,000	3.02%	5,520,560
Dallas County Hospital District	671,290,000	3.02%	20,272,958
Dallas County Schools	36,801,240	3.02%	1,111,397
Kaufman County	59,287,925	0.09%	53,359
Mesquite Independent School District	612,357,767	86.39%	529,015,875
Dallas Independent School District	2,676,385,000	0.15%	4,014,578
Forney Independent School District	281,424,514	0.20%	562,849
Garland Independent School District	554,170,000	0.03%	166,251
Total overlapping	<u>5,226,011,446</u>		<u>565,292,976</u>
Total direct and estimated overlapping bonded debt	<u>\$ 5,450,606,358</u>		<u>\$ 789,887,888</u>

Ratio, direct and estimated overlapping debt to fiscal 2019 taxable assessed valuation (3) 10.08%

Per capita direct and estimated overlapping bonded debt (4) \$5,446

Notes

- (1) Including bonds payable, notes payable and capital leases. Source is most recent Texas Municipal Reports, publication of the Municipal Advisory Council of Texas.
- (2) The methodology for deriving overlapping percentages is to determine the estimated shared assessed valuation of the overlapping taxing body(s) and the City's, divide the shared value by the total assessed value of the overlapping taxing body.
- (3) Fiscal 2019 taxable assessed valuation (Net of TIF): \$7,832,341,299
- (4) Based on 2019 population of 145,030

**Computation of Legal Debt Margin
September 30, 2019**

(Unaudited)

As a home rule city, the City of Mesquite is not limited by law in the amount of debt it may issue. The City's charter (Article 5, Section 2) states:

"The city council shall have the power and is hereby authorized and made its duty to levy, assess, and collect annually for general purposes authorized by laws and for the purpose of paying the interest and providing the sinking fund on the bonded indebtedness of the City of Mesquite now in existence or which may hereafter be created an ad valorem tax on real, personal or mixed property in such amounts and at such rates as shall be determined by the city council subject to applicable limitations and prohibitions now or hereafter contained in the Constitution of the State of Texas."

Article 11, Section 5 of the State of Texas Constitution states in part:

"but no tax for any purpose shall ever be lawful for any one year, which shall exceed two and one-half percent of the taxable property of such city."

The tax rate at September 30, 2019, is \$0.73400 per \$100 of assessed valuation with assessed valuation being 100% of market value.

**Pledged-Revenue Coverage
Last Ten Fiscal Years**

(Unaudited)

Year Ended <u>September</u>	Operating Revenue and Other (1)	Less Operating Expense and Other (2)	Net Available Revenue	Total Debt Payments Required (3)	Years Remaining	Average Annual Debt Payment	Coverage (4)
<u>WATER AND SEWER BONDS</u>							
2010	39,705,639	27,830,065	11,875,574	96,880,248	20	4,844,012	2.5
2011	46,068,546	31,283,576	14,784,970	97,779,815	20	4,888,991	3.0
2012	44,339,863	30,452,086	13,887,777	95,751,908	20	4,787,595	2.9
2013	44,892,336	34,046,541	10,845,795	94,114,740	20	4,705,737	2.3
2014	46,909,102	34,731,035	12,178,067	92,892,214	20	4,644,611	2.6
2015	53,676,246	37,584,068	16,092,178	93,172,648	20	4,658,632	3.5
2016(5)	59,870,312	46,899,920	12,970,392	93,973,373	20	4,698,669	2.8
2017	63,876,537	49,921,956	13,954,581	97,269,491	20	4,863,475	2.9
2018	68,430,178	52,242,775	16,187,403	99,859,175	20	4,992,959	3.2
2019	70,519,694	54,779,163	15,740,531	111,838,664	20	5,591,933	2.8
<u>DRAINAGE UTILITY DISTRICT BONDS</u>							
2010	2,184,301	693,285	1,491,016	7,242,523	12	603,544	2.5
2011	2,162,146	869,181	1,292,965	5,666,423	11	515,129	2.5
2012	2,201,193	943,626	1,257,567	4,481,859	10	448,186	2.8
2013	2,171,118	661,823	1,509,295	3,763,916	9	418,213	3.6
2014	2,804,769	687,903	2,116,866	3,237,015	8	404,627	5.2
2015	3,380,515	717,806	2,662,709	2,739,938	7	391,420	6.8
2016(5)	3,818,308	888,855	2,929,453	2,243,100	6	373,850	7.8
2017	4,013,757	1,039,904	2,973,853	1,747,556	5	349,511	8.5
2018	4,062,964	1,139,921	2,923,043	1,249,744	4	312,436	9.4
2019	4,168,327	1,385,229	2,783,098	11,721,457	20	586,073	4.7

Notes

- (1) Includes operating and nonoperating revenues.
- (2) Includes operating and non-operating expenses exclusive of depreciation and interest expense
- (3) Includes principal and interest of revenue bonds only. Principal and interest amounts represent the amounts payable in subsequent fiscal years.
- (4) The Water and Sewer Bond coverage requirement is 1.5 and the Drainage Utility District Bond coverage requirement is 1.25. The coverage calculation is Net Revenue Available divided by the Average Annual Debt Payment.
- (5) Effective with Fiscal Year 2016, transfers out are included in the Operating Expense and Other amounts.

**Demographic and Economic Statistics
Last Ten Fiscal Years**

(Unaudited)

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Total Retail Sales (in thousands of dollars) (2)</u>	<u>Effective Buying Income (EBI) (in thousands of dollars) (2)</u>	<u>Median Household EBI (2)</u>	<u>Number of Households (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2010	139,824	N/A	2,478,391	51,217	48,390	36,687	8.7%
2011	139,870	N/A	2,503,265	51,368	48,732	37,137	8.5%
2012	139,950	N/A	2,536,152	51,773	48,986	38,118	6.8%
2013	140,240	N/A	2,624,125	51,763	50,695	38,609	6.3%
2014	142,210	N/A	2,836,910	55,076	51,509	39,220	5.2%
2015	142,230	N/A	2,581,622	49,871	51,766	39,527	4.3%
2016	142,950	N/A	2,683,515	52,395	51,217	41,067	3.9%
2017	143,060	N/A	2,774,535	54,440	50,965	41,025	3.2%
2018	143,350	N/A	2,824,625	55,890	50,539	41,022	3.7%
2019	145,030	N/A	2,999,387	59,149	50,709	39,638	3.5%

- Sources:
- (1) Population count for 2010 was from the official US Census Bureau; 2011 forward were determined by official ordinance adopted by City Council as of October 1 of each year.
 - (2) Effective Buying Income estimated based on median household EBI and number of households; information obtained from the City Economic Development Department.
 - (3) Mesquite Independent School District
 - (4) Texas Workforce Commission

Principal Employers
Current Year and Nine Years Ago
(Unaudited)

<u>Employer</u>	<u>2019</u> <u>Range</u>	<u>2010</u> <u>Range</u>
Town East Mall	1,000+	
Mesquite Independent School District	1,000+	
City of Mesquite	1,000+	1,000 +
United Parcel Service Inc	1,000+	1,000 +
Dallas Regional Medical Center (Formerly Mesquite Community Hospital)	500-999	1,000 +
Pepsi Beverages Co	500-999	
Walmart Supercenter	500-999	100-499
Eastfield College	500-999	1,000 +
Ashley Furniture	500-999	
Morrison Products	100-499	
Integra Color		100-499
Texas Dept of Transportation-Dallas District		100-499
Christian Care Center		100-499
Macy's		100-499
Dillards		100-499
<hr/>		
Total Estimated City Employment	75,046	70,100

Source: GISPlanning (a data company) and the City of Mesquite Economic Development Division, Business Retention and Expansion data collected by in-person interviews

Note. Employees listed by employer are estimates.

City of Mesquite, Texas

**Full-time Equivalent City Government Employees
Last Ten Fiscal Years**

(Unaudited)

	Fiscal Year				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
By Functions					
General government	102.00	112.00	111.13	113.25	117.25
Fire services	206.50	207.00	207.00	208.00	206.00
Police services	315.50	315.50	315.00	315.00	314.50
Field services	130.00	129.00	129.00	129.00	129.00
Public works	21.00	24.00	24.00	24.00	23.00
Planning and Community development	37.50	37.60	37.40	35.40	36.40
Housing services	20.50	21.40	21.60	21.60	21.10
Library services	31.45	31.45	32.08	32.08	32.08
Parks and recreation	128.59	120.66	123.68	123.68	123.54
Community services	28.00	28.00	28.10	28.10	27.85
Water and Sewer	107.07	107.07	107.07	109.07	109.07
Drainage utility district	7.00	7.00	7.00	7.00	7.00
Municipal airport	7.38	7.38	7.38	8.05	7.90
Total employees by function	<u>1,142.49</u>	<u>1,148.06</u>	<u>1,150.44</u>	<u>1,154.23</u>	<u>1,154.69</u>
By Departments					
Administration	14.00	29.50	28.50	30.00	31.00
City Secretary	3.00	3.00	3.00	3.00	3.00
City Attorney	7.00	7.00	7.00	7.00	8.00
Human Resources	15.00	14.00	14.00	14.00	15.00
Budget and Research	2.00	2.00	2.00	2.00	1.00
Finance	55.00	54.50	54.63	57.25	58.25
Information Technology	19.00	15.00	15.00	15.00	16.00
Fire service	206.50	207.00	207.00	208.00	206.00
Police Service	315.50	315.50	315.00	315.00	314.50
Public Works	252.07	254.07	254.07	254.07	253.07
Housing and community service	48.50	49.40	49.70	49.70	48.95
Planning and Community development	37.50	37.60	37.40	35.40	36.40
Parks/ Recreation/Building service	128.59	120.66	123.68	123.68	123.54
Library service	31.45	31.45	32.08	32.08	32.08
Airport service	7.38	7.38	7.38	8.05	7.90
Total employees by department	<u>1,142.49</u>	<u>1,148.06</u>	<u>1,150.44</u>	<u>1,154.23</u>	<u>1,154.69</u>
By Fund					
General	1,000.04	1,002.21	1,004.39	1,005.51	1,007.62
Grants	21.00	22.40	22.60	22.60	21.10
Water and Sewer	107.07	107.07	107.07	109.07	109.07
Drainage Utility District	7.00	7.00	7.00	7.00	7.00
Municipal Airport	7.38	7.38	7.38	8.05	7.90
Golf Course (1)					
Hotel/Motel	-	2.00	2.00	2.00	2.00
Total employees by fund	<u>1,142.49</u>	<u>1,148.06</u>	<u>1,150.44</u>	<u>1,154.23</u>	<u>1,154.69</u>

Source: Current and prior year City of Mesquite Annual Operating Budget documents

Notes:

(1) Golf Course fund created in 2017.

Schedule 20

Fiscal Year				
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
118.50	124.86	131.61	135.39	139.24
207.00	207.00	212.00	214.00	217.00
314.50	324.50	327.50	331.50	333.50
129.00	129.00	131.00	130.00	134.00
22.00	22.00	23.00	23.00	24.00
36.40	42.95	45.05	48.25	52.25
20.60	20.55	19.45	18.50	18.50
31.71	31.72	32.72	32.72	32.72
117.47	121.09	120.09	122.09	131.79
27.35	18.35	18.35	17.35	18.35
109.07	109.07	112.07	117.57	112.57
7.00	7.00	7.00	7.00	10.00
<u>7.90</u>	<u>7.90</u>	<u>7.90</u>	<u>7.90</u>	<u>9.48</u>
<u>1,148.50</u>	<u>1,165.99</u>	<u>1,187.74</u>	<u>1,205.27</u>	<u>1,233.40</u>
33.50	38.00	42.25	42.25	42.50
3.00	4.00	4.00	4.00	4.00
8.00	8.00	9.00	9.00	9.60
14.00	13.00	14.50	14.50	14.50
1.00	-	-	-	-
58.00	60.86	60.86	63.14	63.14
16.00	16.00	16.00	16.50	17.50
207.00	207.00	212.00	214.00	217.00
314.50	324.50	327.50	331.50	333.50
252.07	252.07	258.07	263.57	268.57
47.95	38.90	37.80	35.85	36.85
36.40	42.95	45.05	48.25	52.25
117.47	121.09	120.09	122.09	131.79
31.71	31.72	32.72	32.72	32.72
<u>7.90</u>	<u>7.90</u>	<u>7.90</u>	<u>7.90</u>	<u>9.48</u>
<u>1,148.50</u>	<u>1,165.99</u>	<u>1,187.74</u>	<u>1,205.27</u>	<u>1,233.40</u>
1,000.43	1,017.72	1,036.32	1,032.58	1,064.13
20.60	20.30	19.45	18.50	18.50
110.07	110.57	113.57	119.07	111.57
7.00	7.00	7.00	7.00	10.00
7.90	7.90	7.90	7.90	9.48
		16.72	16.72	16.72
<u>2.50</u>	<u>2.50</u>	<u>3.50</u>	<u>3.50</u>	<u>3.00</u>
<u>1,148.50</u>	<u>1,165.99</u>	<u>1,204.46</u>	<u>1,205.27</u>	<u>1,233.40</u>

City of Mesquite, Texas

Operating Indicators by Function Last Ten Fiscal Years

(Unaudited)

	Fiscal Year			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Functions				
Fire services				
Number of calls answered	14,058	12,151	15,247	15,086
Inspections	8,461	4,151	4,784	3,279
Police services				
Reported index crimes	7,273	6,997	6,940	6,865
Criminal arrests	4,788	5,207	5,316	5,086
Traffic citations	31,254	36,745	38,477	42,330
Field services				
Residential solid waste customers	38,000	37,500	37,500	37,500
Annual tons recycled	33,850	31,268	32,124	35,556
Work hours per mile of streets and alleys	77.38	81.51	80.62	79.08
Public works				
Traffic studies conducted	201	355	314	313
Engineering Information requests	16,988	52,845	55,998	52,744
Housing services				
Number of HUD allocated unit months	16,190	15,156	16,848	16,848
Community development				
Residential building permits	1,208	1,375	1,272	1,414
Commercial building permits	197	252	147	166
Environmental code violations	18,012	12,791	20,205	15,094
Food inspections conducted	1,868	1,949	1,806	1,411
Library services				
Library visits per capita	2.78	2.61	2.52	2.42
Registered borrowers per capita	0.30	0.28	0.33	0.33
Parks and recreation				
Work hours per acre of park land	59.84	59.84	59.84	60.13
Athletic program participants	13,054	20,417	15,020	2,111
Aquatic program participants	79,678	99,350	92,738	76,242
Tennis program participants	7,437	7,200	6,000	8,589
Recreation centers programs offered	854	850	1,010	1,000
Community services				
Number of health clinic clients	4,850	3,709	3,787	2,844
Number of volunteer hours	46,250	49,483	54,622	59,564
Arts center events	516	489	601	486
Arts center participants	80,530	95,002	67,227	57,318
Animals processed by animal shelter	7,896	6,605	7,419	6,523
Water and Sewer				
Number of gallons of water pumped (000s)	6,312,198	6,893,829	6,164,038	5,789,895
Water main breaks	225	334	237	306
Miles of sewer mains cleaned	120	167	129	128

Source: Prior and Current year City of Mesquite Annual Operating Budget

Schedule 21

Fiscal Year					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
16,823	17,693	18,539	18,691	18,558	18,726
3,077	2,493	1,250	1,812	3,068	2,809
6,237	6,346	6,323	5,923	5,798	5,698
4,737	4,679	4,749	4,996	6,147	6,510
33,970	24,965	18,116	26,912	31,188	37,111
37,540	37,540	37,500	37,600	37,600	38,500
37,804	37,850	37,850	40,296	40,084	40,193
84.10	82.25	298.10	289.06	249.07	63.24
302	330	355	648	554	831
41,377	107,853	371,971	486,417	937,595	971,341
16,848	16,848	16,848	16,848	16,848	16,848
1,344	1,580	2,229	2,181	2,744	3,387
299	626	633	720	890	470
15,685	15,881	14,132	25,701	20,472	19,469
1,917	1,909	2,072	2,128	2,198	2,232
2.24	2.32	2.06	1.89	1.83	1.77
0.31	0.31	0.22	0.23	0.21	0.20
60.13	59.23	59.41	60.24	36.04	40.46
2,945	3,100	3,515	3,523	3,182	3,093
76,301	85,000	78,586	78,247	73,516	74,318
8,691	8,500	9,327	8,500	6,500	2,780
1,100	1,000	1,037	1,135	900	1,672
2,624	2,430	2,187	2,307	2,713	3,731
65,733	68,868	80,843	74,945	83,075	61,021
588	1,206	1,180	1,330	1,050	640
70,925	138,225	167,850	174,300	143,660	80,840
6,648	6,592	6,070	5,567	6,001	6,543
5,516,359	5,855,090	5,973,641	5,346,643	5,787,400	6,066,383
286	276	395	105	243	172
116	82	118	126	155	150

City of Mesquite, Texas

Capital Asset Statistics by Function Last Ten Fiscal Years

(Unaudited)

	Fiscal Year			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Functions				
Police services				
Police vehicles	220	233	223	226
Field services				
Miles of streets	440	440	440	440
Miles of alleys	220	220	220	220
Number of vehicles in City fleet	681	715	702	690
Parks and recreation				
Parks acreage	1,430	1,430	1,430	1,450
Number of parks	69	68	68	68
Water and Sewer				
Water system miles	567	567	567	567
Water system connections	54,828	54,921	54,961	54,000
Sewer system miles	493	493	493	493
Sewer system connections	54,674	53,677	53,750	53,700

Source: Current and prior year City of Mesquite Annual Operating Budget documents

Schedule 22

Fiscal Year					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
262	221	226	217	220	235
440	440	440	440	440	440
220	220	220	220	220	220
760	734	660	702	675	722
1,450	1,650	1,650	1,700	1,700	1,700
69	70	70	70	70	70
567	568	568	585	485	602
54,964	55,135	55,174	54,608	52,688	55,725
493	494	494	483	498	485
53,714	53,764	53,803	52,604	52,688	55,725

MESQUITE

T E X A S

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**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***

Independent Auditor's Report

The Honorable Mayor, City Council and City Manager
City of Mesquite, Texas
Mesquite, 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, each major fund and the aggregate remaining fund information of the City of Mesquite, Texas (City), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 18, 2020.

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's 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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Honorable Mayor, City Council and City Manager
City of Mesquite, Texas

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Dallas, Texas
March 18, 2020

Report on Compliance for Each Major Federal and State Program and Report on Internal Control Over Compliance

Independent Auditor's Report

The Honorable Mayor, City Council and City Manager
City of Mesquite, Texas
Mesquite, Texas

Report on Compliance for Each Major Federal and State Program

We have audited the City of Mesquite, Texas' (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and State of Texas *Uniform Grant Management Standards* (UGMS) that could have a direct and material effect on each of the City's major federal and state programs for the year ended September 30, 2019. The City's major federal and state 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 federal and state statutes, regulations and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal and state 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and UGMS, issued by the Texas Comptroller of Public Accounts. Those standards, the Uniform Guidance and UGMS 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 and state program occurred. An audit includes examining, on a test basis, evidence about the City's 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 and state program. However, our audit does not provide a legal determination of the City's compliance.

The Honorable Mayor, City Council and City Manager
City of Mesquite, Texas

Opinion on Each Major Federal and State Program

In our opinion, the City 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 and state programs for the year ended September 30, 2019.

Report on Internal Control Over Compliance

Management of the City 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's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state 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 and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and UGMS, 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's 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 or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 or state 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state 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. 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 the Uniform Guidance and the UGMS. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Dallas, Texas
March 18, 2020

City of Mesquite, Texas
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2019

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Housing and Urban Development				
Direct Programs				
<i>CDBG - Entitlement Grants Cluster</i>				
Community Development Block Grants/Entitlement Grants	14 218		\$ 123,252	\$ 1,391,600
<i>Housing Voucher Cluster</i>				
Section 8 Housing Choice Vouchers	14 871		-	13,617,013
Total Department of Housing and Urban Development			123,252	15,008,613
Department of Homeland Security				
Passed through from				
Texas Office of the Governor				
Homeland Security Grants Division				
Homeland Security Grant Program	97 067	EMW-2017-SS- 00005, EMW-2018- SS-00022-S01	-	177,459
Total Department of Homeland Security			-	177,459
Department of Transportation				
Direct Program				
<i>Federal Transit Cluster</i>				
Federal Transit -- Formula Grants	20 507		-	167,486
Passed through from				
Texas Department of Transportation				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	20 205	0918-47-143	-	189,040
<i>Highway Safety Cluster</i>				
State and Community Highway Safety	20 600	2017-Mesquite-S-1YG-0082 2017-Mesquite-IDM-	-	36,938
National Priority Safety Programs	20 616	00010	-	11,234
<i>Total Highway Safety Cluster</i>			<i>-</i>	<i>48,172</i>
Total Department of Transportation			-	404,698

The accompanying notes are an integral part of this schedule.

City of Mesquite, Texas
Schedule of Expenditures of Federal Awards (Continued)
Year Ended September 30, 2019

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Justice				
Direct Program				
Equitable Sharing Program	16 922		\$ -	\$ 184,452
Passed through from				
The City of Dallas				
Edward Byrne Memorial Justice Assistance Grant Program	16 738	2015-H2659-TX-DJ	-	7,251
Total Department of Justice			<u>-</u>	<u>191,703</u>
Department of Health and Human Services				
Passed through from				
Dallas Area Agency on Aging				
Aging Cluster				
Special Programs for the Aging Title III, Part C Nutrition Services	93 045	N/A	-	86,173
Total Department of Health and Human Services			<u>-</u>	<u>86,173</u>
Institute of Museum and Library Services				
Passed through from				
Texas State Library and Archives Commission				
Grants to States (Library Impact Grant)	45 310	475-17005	-	5,679
Total Institute of Museum and Library Services			<u>-</u>	<u>5,679</u>
Total Federal Awards Expended			<u>\$ 123,252</u>	<u>\$ 15,874,325</u>

The accompanying notes are an integral part of this schedule

City of Mesquite, Texas
Schedule of Expenditures of State Awards
Year Ended September 30, 2019

State Agency / Pass-Through Entity	Grant Number	Total State Expenditures
Texas Department of Transportation		
State Section 5307 Urban Public Transportation Project Grant	51309012618	\$ 142,455
Routine Airport Maintenance Program (RAMP) Grant	M118MSQTE	<u>50,000</u>
Total Texas Department of Transportation		<u>192,455</u>
Texas Commission on Environmental Quality		
Passed through from.		
North Central Texas Council of Governments (NCTCOG) Sustainable Development Infrastructure Grant	0918-47-020	<u>1,197,923</u>
Total Texas Commission on Environmental Quality		<u>1,197,923</u>
Total State Awards Expended		<u>\$ 1,390,378</u>

The accompanying notes are an integral part of this schedule

City of Mesquite, Texas
Notes to Schedules of Expenditures of Federal and State Awards
Year Ended September 30, 2019

Notes to Schedule

1. The accompanying schedules of expenditures of federal and state awards include the federal and state award activity of the City of Mesquite, Texas (City) under programs of the federal and state government for the year ended September 30, 2019. The information in these schedules are presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Rewards* (Uniform Guidance) and the State of Texas *Uniform Grant Management Standards* (UGMS) issued by the Texas Comptroller of Public Accounts. Because the schedules present only a selected portion of the operations of the City, they are not intended to and do not present the financial position, changes in net position or cash flows of the City.
2. Expenditures reported on the schedules of expenditures of federal and state awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or UGMS, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

City of Mesquite, Texas
Schedule of Findings and Questioned Costs
Year Ended September 30, 2019

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

Unmodified Qualified Adverse Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies)? Yes None reported

Material weakness(es)? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit?

Yes No

Federal Awards

4. The independent auditor's report on internal control over compliance for the major federal award program disclosed:

Significant deficiency(ies)? Yes None reported

Material weakness(es)? Yes No

5. The opinion expressed in the independent auditor's report on compliance for the major federal award program was:

Unmodified Qualified Adverse Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)?

Yes No

City of Mesquite, Texas
Schedule of Findings and Questioned Costs
Year Ended September 30, 2019

7. The City's major federal program was:

Cluster/Program	CFDA Number
<i>Housing Voucher Cluster</i>	
Section 8 Housing Choice Vouchers	14.871

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.

9. The City qualified as a low-risk auditee? Yes No

State Awards

10. The independent auditor's report on internal control over compliance for the major state award program disclosed:

Significant deficiency(ies)? Yes None reported

Material weakness(es)? Yes No

11. The opinion expressed in the independent auditor's report on compliance for the major state award program was:

Unmodified Qualified Adverse Disclaimer

12. The audit disclosed findings required to be reported by the State of Texas *Uniform Grant Management Standards*?

Yes No

City of Mesquite, Texas
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2019

13. The City's major state program was:

Program

Sustainable Development Infrastructure Grant

14. The threshold used to distinguish between Type A and Type B programs as those terms are defined in the State of Texas *Uniform Grant Management Standards* was \$300,000.

15. The City qualified as a low risk auditee as that term is defined in the State of Texas *Uniform Grant Management Standards*?

Yes

No

City of Mesquite, Texas
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2019

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
	No matters are reportable.

Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
	No matters are reportable.

Findings Required to be Reported by the State of Texas *Uniform Grant Management Standards*

Reference Number	Finding
	No matters are reportable.

City of Mesquite, Texas
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2019

Reference Number	Summary of Finding	Status
-----------------------------	---------------------------	---------------

No matters are reportable.

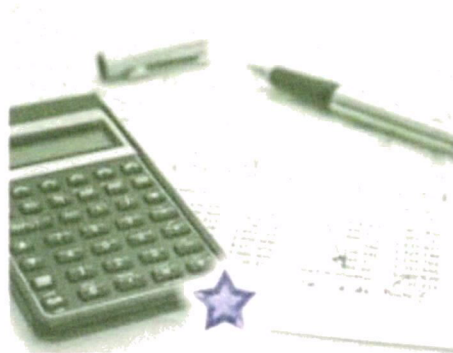
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About The Stars



Traditional Finances



Contracts and Procurement



Economic Development



Public Pensions



Debt Obligations

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City of Mesquite

P.O. Box 850137

Mesquite, TX 75185-0137

Accounting Office

Phone: 972-288-7711

www.cityofmesquite.com

Attachment I

Water System Management Agreement between Mesquite and Markout

WATER SYSTEM MANAGEMENT AGREEMENT

THIS WATER SYSTEM MANAGEMENT AGREEMENT (“Agreement”) is made and entered into by and between **MARKOUT WATER SUPPLY CORPORATION**, a Texas non-profit water supply corporation (“Markout”), and **THE CITY OF MESQUITE**, a home rule municipality in the State of Texas (“Mesquite”) (collectively the “Parties”).

RECITALS:

A. Markout is a retail public utility and currently provides water service under Certificate of Convenience and Necessity No. 10846 (“CCN No. 10846”) to certain areas within Kaufman County, Texas, and Mesquite is also a retail public utility and currently provides water service under Certificate of Convenience and Necessity (CCN) No. 10060 to certain areas; and

B. Markout has hired Inframark, LLC (“Contract Operator”) to operate and maintain the Markout water supply system and to provide those services outlined in the January 15, 2019 Services Contract between Markout and Inframark, LLC (“Services Contract”); and

C. Markout desires to convey to Mesquite, and Mesquite desires to acquire from Markout, the Markout water system and its customers and Markout intends to wind down operations upon the transfer of the system; and

D. Before the transfer is completed, the Parties have agreed that it would be in the best interest of both Parties for Mesquite to assume certain management functions of Markout to help with the transition of the Markout water system and customers to Mesquite; and

E. Other functions, such as the operation and maintenance of the Markout water system and the posting and holding of meetings of the Markout Board of Directors, will be performed by the Contract Operator, Markout’s general counsel, or Markout’s Board of Directors, or its designee.

NOW, THEREFORE, the foregoing recitals are incorporated herein and constitute material terms of this Agreement, and for good and valuable consideration and the mutual promises and covenants herein expressed, the receipt and sufficiency of which is hereby acknowledged, Markout and Mesquite contract, covenant and agree as follows:

ARTICLE 1 MANAGEMENT SERVICES

1.1 Provision of Management Services. Mesquite agrees to provide management services to Markout as those services are described in **Exhibit A** of this Agreement. Mesquite agrees to provide the management services in accordance with applicable law, and in a good and competent manner. Mesquite will begin providing the management services on October 1, 2020. Markout, or its Contract Operator or other Markout designee, shall continue to provide those services described in **Exhibit B** of this Agreement.

- 1.2 Compensation. Markout agrees to pay to Mesquite \$5,000.00 per month for the management services described in Section 1.1. The compensation payments shall be made to Mesquite by the 30th day of each month, with the first payment being due on or before October 30, 2020; no invoice or billing is required. If this Agreement terminates prior to the end of the month, the amount owed to Mesquite for that partial month shall be prorated based on the number of days management services were provided to Markout during that partial month.
- 1.3 Markout Employee and Use of Mesquite Offices. Mesquite will provide office space for one Markout employee to facilitate the transition of management functions from Markout to Mesquite. Such space shall be made available to the Markout employee through December 31, 2020. Mesquite shall have no right to manage any Markout employee and Markout agrees to ensure that the Markout employees will cooperate with Mesquite to ensure the efficient and smooth transition of management functions from Markout to Mesquite. Markout will continue to pay all employees and the payments made by Markout to the employees will be completed by Markout.
- 1.4 Communications. The Parties agree to work cooperatively with one another during the Term of this Agreement to ensure water services are provided to the customers of Markout. Mesquite agrees to provide monthly reports to the Markout Board of Directors regarding the management services provided by Mesquite, and to regularly communicate with the Contract Operator and with Markout's officers regarding the operation and maintenance of the Markout water system and the management services provided by Mesquite.
- 1.5 Rights to Direct.
 - 1.5.1 Markout shall be responsible for conferring with Markout's attorney on legal matters, and for requesting legal services from its attorney(s).
 - 1.5.2 Mesquite shall be responsible for overseeing the work of the Contract Operator to ensure the Contract Operator is complying with the Services Contract, and operating and maintaining the Markout water system in accordance with the Services Contract and with state law and regulatory requirements.
- 1.6 Term and Termination. This Agreement is effective as of the date of the last signatory of this Agreement ("Effective Date"). Either Party may terminate this Agreement for any reason by providing thirty (30) days written notice to the other Party. This Agreement shall terminate on the earlier of date Mesquite and Markout close on the transfer of the Markout water supply system and customers, ninety (90) days after date the Public Utility Commission of Texas (PUC) denies the sale, transfer, merger application to be filed with the PUC to transfer the Markout water system and customers to Mesquite, or ninety (90) days after the date either Party terminates the Water System Asset Transfer Agreement the Parties may execute upon approval of by the Parties' governing bodies or members.

ARTICLE II MISCELLANEOUS

- 2.1 Regulatory Requirements. This Agreement is subject to all applicable federal, state, and local laws and any applicable ordinances, rules, orders, and regulations of any local, state, or federal governmental authority having jurisdiction.
- 2.2 Remedies. It is not intended hereby to specify (and this Agreement shall not be considered as specifying) an exclusive remedy for any default by either Party, but all such other remedies existing at law or in equity shall be cumulative including, without limitation, specific performance may be availed of by either Party. The prevailing Party shall be entitled to any reasonable attorney's fees, court costs or other expenses incurred in bringing or defending any suit alleging such default or claim. Except as provided in this section, no Party shall be in default under this Agreement until notice of the alleged failure of such Party to perform has been given (which notice shall set forth in reasonable detail the nature of the alleged failure) and until such Party has had a reasonable time to cure the alleged failure (such reasonable time determined based on the nature of the alleged failure, but in no event less than 15 days after written notice of the alleged failure has been given). In addition, no Party shall be in default under this Agreement if within the applicable cure period the Party to whom notice was given begins performance and thereafter diligently and continuously pursues performance until the alleged failure has been cured within a reasonable period of time. Notwithstanding the foregoing, nothing herein prevents Mesquite from recovering any amount due from Markout for a delinquent payment under Section 1.2 above as adjudged in a final judgment.
- 2.3 Actual Damages. If an event of default shall occur, then the aggrieved Parties shall be entitled to specific performance, and injunctive relief. No party shall be liable or have any responsibility to the other for any indirect, special, consequential, punitive or delay-related or performance-related damages including, without limitation, lost earnings or profits. Such limitation on liability shall apply to any claim or action, whether it is based on whole or in part on agreement, negligence, strict liability, tort, statute or other theory of liability.
- 2.4 Assignability. Neither Party may not assign its rights or obligations under this Agreement without first obtaining the written consent of the other Party, which consent shall not be unreasonably withheld or delayed.
- 2.5 No Third Party Beneficiaries. This Agreement does not create any third party benefits to any person or entity other than the signatories hereto and their authorized successors in interest, and is solely for the consideration herein expressed.
- 2.6 Due Authorization and Binding Obligation. This Agreement has been duly authorized, executed and delivered by all necessary action of the Parties. This Agreement, and the terms, covenants, and conditions herein contained, shall inure to the benefit of and be binding upon the heirs, personal representatives, successors, and assigns of each of the Parties hereto.

- 2.7 Severability. If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, administrative rule, regulation or finding, rule of public policy, or for any other reason, this Agreement shall remain in effect and be construed as if the invalid, inoperative, or unenforceable provision had never been in the Agreement, and such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.
- 2.8 Waiver and Amendment. Failure to enforce or the waiver of any provision of this Agreement or any breach or nonperformance by either Party shall not be deemed a waiver by the other Party of the right in the future to demand strict compliance and performance of any provision of this Agreement. No officer or agent of either Party is authorized to waive or modify any provision of this Agreement. No modifications to or recession of this Agreement may be made except by a written document signed by all Parties' authorized representatives.
- 2.9 Force Majeure. If for any reason of force majeure, either Party is rendered unable, wholly or in part, to carry out its obligations under this Agreement, then that Party shall give notice of the reasons in writing to the other Party within a reasonable time after the occurrence of the force majeure event. The obligation of the Party giving the notice, so far as it is affected by the force majeure and provided the cause is not reasonably within its control, shall be suspended during the continuance of the inability then claimed, but for no longer period and to no greater extent than the force majeure causes such inability. The term "force majeure" as used in this Agreement shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, order or actions of any kind of government of the United States or the State of Texas, or any civil or military authority, insurrection, riots, epidemics, pandemics, landslides, lighting, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, explosions, breakage or accident to dams, machinery, pipelines, canals, or other structures, partial or entire failure of water supply including pollution (accidental or intentional), and any other cause not reasonably within the control of either Party.
- 2.10 Captions. The sections and captions contained herein are for convenience and reference only and are not intended to define, extend or limit any provision of this Agreement.
- 2.11 Necessary Documents and Actions. Each Party agrees to execute and deliver all such other and further instruments and undertake such actions as are or may become necessary or convenient to effectuate the purposes and intent of this Agreement.
- 2.12 Applicable Law and Venue. This Agreement shall be construed and enforced in accordance with the laws of the State of Texas. The obligations contained within this Agreement are performable in Kaufman County, Texas. Any action in law or equity

brought to enforce or interpret any provision of this Agreement shall be brought in a court of competent jurisdiction with venue in Kaufman County, Texas.

- 2.13 Negotiation by Counsel. The Parties acknowledge that each party and its counsel have reviewed and revised this Agreement, and agree that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or exhibits hereto.
- 2.14 Counterparts and Electronic Transmissions. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original and all of which shall constitute the same instrument. In making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart. A telecopied or emailed electronically transmitted facsimile of an executed counterpart of this Agreement shall be sufficient to evidence the binding agreement of each party to the terms hereof. However, each party agrees to promptly deliver to the other party an original, duly executed counterpart of this Agreement.
- 2.15 Legal Construction. Whenever context requires, the singular will include the plural and neuter include the masculine or feminine gender, and vice versa.
- 2.16 Notices. Any notice required or contemplated by this Agreement shall be deemed given (i) if mailed via Certified Mail Return Receipt Requested, on the earlier of the date actually received or five business days after mailed, and (ii) if deposited with a private delivery service (such as U.P.S. or FedEx), when delivered, as evidenced by a receipt signed by a person at the delivery address, when received at the delivery address. All notices shall be addressed as follows:

If to Mesquite:

City of Mesquite, Texas
Attn: City Manager
1515 N. Galloway
Mesquite, TX 75149
Phone: 972-216-6293

And

City of Mesquite, Texas
Attn: City Attorney
1515 N. Galloway
Mesquite, TX 75149
Phone: 972-216-6272

If to Markout:

Markout Water Supply Corporation
Attn: President
P.O. Box 907
Forney, TX 75126
Phone: 972-564-1250

And

The Law Office of James W. Wilson
Attn: James Wilson
103 W. Main Street
Allen, TX 75013
Phone: 972-727-9904
FAX: 972-755-0904

The Parties hereto shall have the right from time to time to change their respective addresses, and each shall have the right to specify as its address any other address within the United States of America by at least five (5) days' written notice to the other party.

- 2.17 Business Days. In the event that any date or any period provided for in this Agreement shall end on a Saturday, Sunday or legal holiday, the applicable period shall be extended to the first business day following such Saturday, Sunday or legal holiday. As used herein, the term "legal holiday" means any state or federal holiday for which financial institutions or post offices are generally closed in the State of Texas.

IN WITNESS WHEREOF, this Agreement has been duly executed in multiple counterparts (each of which is to be deemed original for all purposes) by the parties hereto on the date appearing opposite each party's signature.

[Signatures on next pages]

MARKOUT WATER SUPPLY CORPORATION

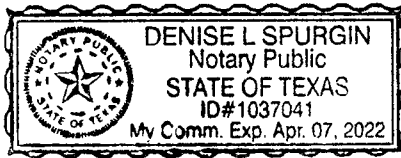
Date: Sept 14 . 2020

By: *Brian Andrews*
Brian Andrews. President

STATE OF TEXAS §
 §
COUNTY OF KAUFAM §

BEFORE ME, the undersigned authority, on this day personally appeared Brian Andrews, President of Markout Water Supply Corporation, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the MARKOUT WATER SUPPLY CORPORATION, and that he executed the same as the act of the MARKOUT WATER SUPPLY CORPORATION for the purposes and consideration therein expressed, and in the capacity therein stated.


GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 14 day of September . 2020.




Denise L. Spurgin
Notary Public
The State of Texas

CITY OF MESQUITE, TEXAS

Date: Sept. 23, 2020

By: 
Cliff Keheley, City Manager

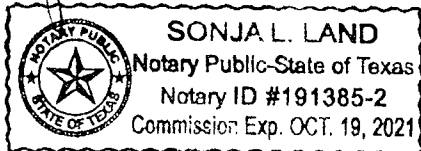
APPROVED AS TO FORM:


David Paschall, City Attorney
City of Mesquite, Texas

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Cliff Keheley, City Manager of the City of Mesquite, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the CITY OF MESQUITE, and that he executed the same as the act of the CITY OF MESQUITE for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 23 day of September 2020.



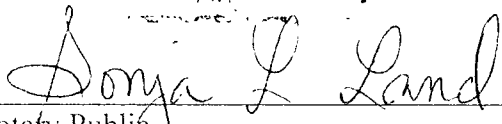

Notary Public
The State of Texas

Exhibit A

Management Services

1. Provide the following Accounting Services
 - a. Manage the accounts receivable
 - b. Manage the accounts payable
 - c. Provide billing and collection services
 - d. Provide for an annual audit
 - e. Prepare tax returns
 - f. Prepare and manage budget
 - g. Manage and reconcile bank accounts
 - h. Reconcile credit card postings and deposits

2. Provide the following Other Services
 - a. Process mail
 - b. Provide work orders to the Contract Operator for maintenance, disconnections, reconnections, and new customer connections
 - c. Manage existing contracts and vendors
 - d. Maintain software and computer systems
 - e. Maintain Markout's office building
 - f. Manage and maintain Markout's insurance policies
 - g. Maintain and renew licenses, registrations, and subscriptions
 - h. Provide notices to customers as required by state law and Markout's tariff and bylaws
 - i. File easements in real property records

Exhibit B

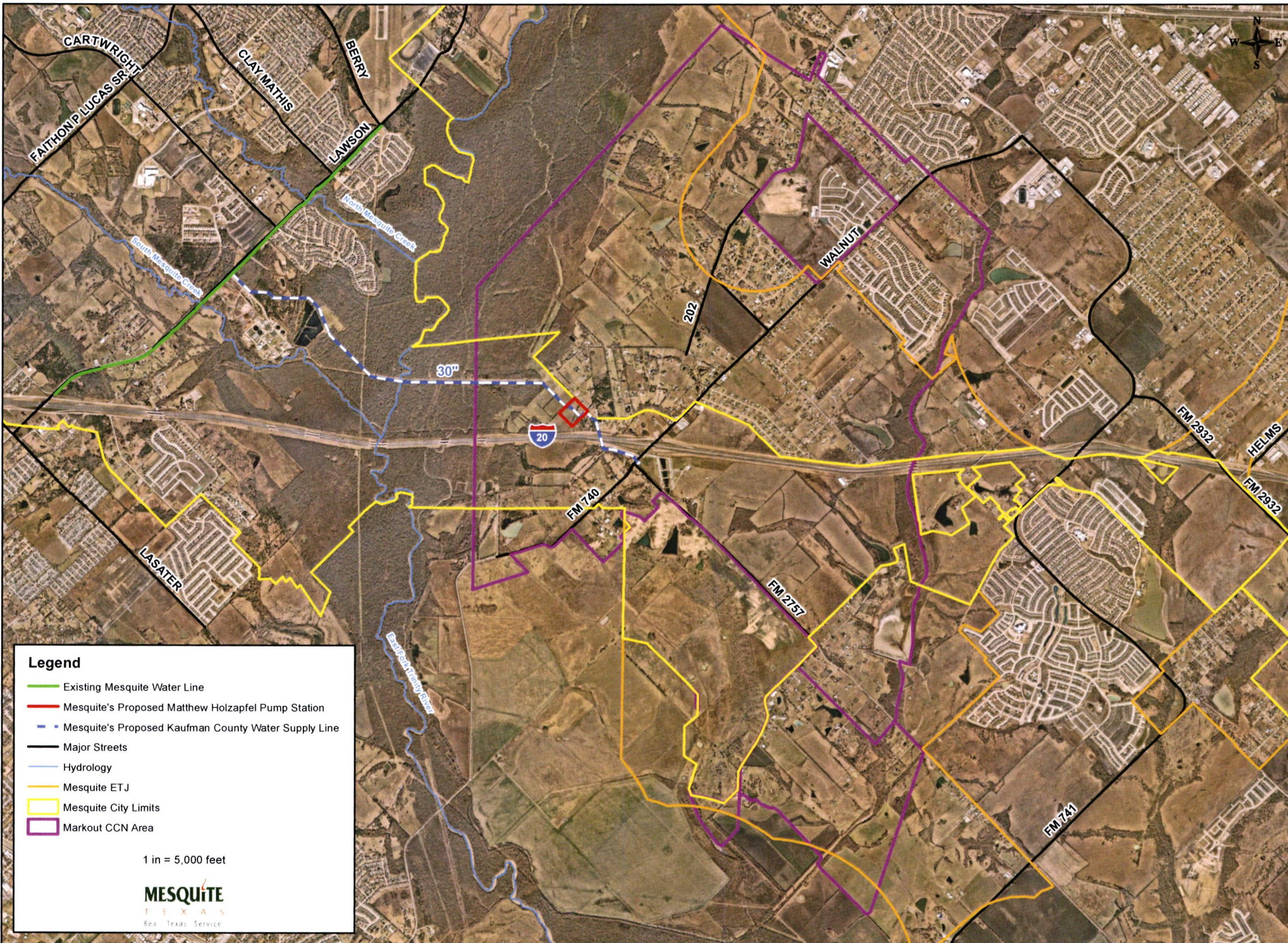
Services and Tasks Retained by Markout

1. Operate and maintain the Markout water system
2. Connect and disconnect Markout water system customers
3. Read master meter and email reading to the City of Forney
4. Take water samples and deliver samples to North Texas Municipal Water District
5. Prepare Board meeting agenda and post meeting agenda
6. Prepare for and conduct Board meeting
7. Prepare Board meeting minutes and update minute book
8. Prepare and send notices to members regarding open director positions and annual meetings
9. Prepare agendas for annual meetings and ballots for director elections
10. Prepare payroll and payroll taxes due to the IRS
11. Prepare Worker's Compensation payment and return due to the IRS
12. Read customer meters
13. Generate monthly operating reports
14. Review and update Markout's policies, monitoring plans, tariff, safety manuals, personnel policies
15. Create Consumer Confidence Reports
16. Review and update rates and fees
17. Prepare and send to the City of Forney Markout's Water Conservation Plan/Report
18. Conduct storage tank inspections
19. Update the Capital Improvements Plan
20. Review and update the Drought Contingency Plan and Water Conservation Plan
21. Conduct asbestos testing
22. Place updates regarding drought stages
23. Order chemicals and other supplies needed as part of the operation and maintenance of the Markout water system
24. Notify the Public Utility Commission and the Markout water system members of any rate changes

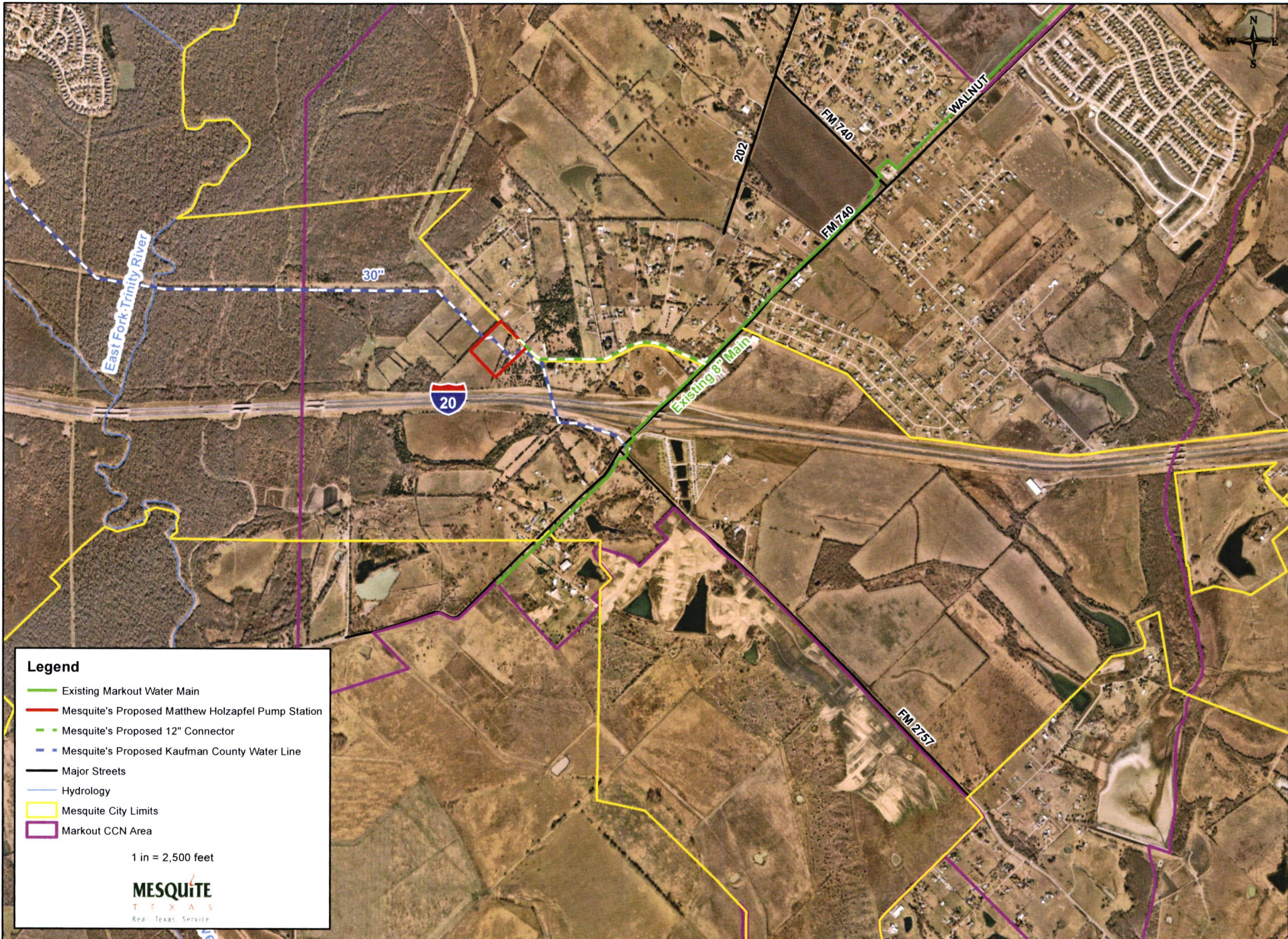
Attachment J

Proposed Extension of Mequite's System to Markout

30" Water Supply Line to Matthew Holzapfel Pump Station (Kaufman County)



Waterline Connection from Matthew Holzapfel Pump Station to Markout WSC



Attachment K

North Texas Municipal Water District Regional
Water Supply Facilities Amendatory Contract and
Amendment No. 1 to that Contract

NORTH TEXAS MUNICIPAL WATER DISTRICT
REGIONAL WATER SUPPLY FACILITIES AMENDATORY CONTRACT

THE STATE OF TEXAS

:

NORTH TEXAS MUNICIPAL WATER DISTRICT :

THIS AMENDATORY CONTRACT (the "Contract") made and entered into as of the 1st day of AUGUST, 1988 (the "Contract Date"), by and between NORTH TEXAS MUNICIPAL WATER DISTRICT (the "District"), a conservation and reclamation district and political subdivision of the State of Texas, created and functioning under Article 16, Section 59, of the Texas Constitution, pursuant to Chapter 62, Acts of the 52nd Legislature, Regular Session, 1951, as amended (the "District Act"), and the following:

CITY OF FARMERSVILLE, IN COLLIN COUNTY, TEXAS,
CITY OF FORNEY, IN KAUFMAN COUNTY, TEXAS,
CITY OF GARLAND, IN DALLAS COUNTY, TEXAS
CITY OF MCKINNEY, IN COLLIN COUNTY, TEXAS,
CITY OF MESQUITE, IN DALLAS COUNTY, TEXAS,
CITY OF PLANO, IN COLLIN AND DENTON COUNTIES, TEXAS,
CITY OF PRINCETON, IN COLLIN COUNTY, TEXAS,
CITY OF RICHARDSON, IN DALLAS AND COLLIN COUNTIES, TEXAS,
CITY OF ROCKWALL, IN ROCKWALL COUNTY, TEXAS,
CITY OF ROYSE CITY, IN ROCKWALL AND COLLIN COUNTIES, TEXAS, and
CITY OF WYLIE, IN COLLIN COUNTY, TEXAS

(collectively the "Initial Contracting Parties").

W I T N E S S E T H

WHEREAS, each of the Initial Contracting Parties is a duly incorporated city and political subdivision of the State of Texas operating under the Constitution and laws of the State of Texas; and

WHEREAS, the District and the Initial Contracting Parties are authorized to enter into this Contract pursuant to the District Act, Vernon's Ann. Tex. Civ. St. Article 4413(32c) (the "Interlocal Cooperation Act"), and other applicable laws; and

WHEREAS, the District presently owns water rights in Lavon Reservoir on the East Fork of the Trinity River in Collin County, Texas, and owns and operates other water supply and treatment facilities which serve the Initial Contracting Parties (the "Existing System"); and

WHEREAS, the District has duly issued and delivered the following described bonds (the "Outstanding Bonds") which were issued to acquire and construct, and to refund bonds issued to acquire and construct, the Existing System:

North Texas Municipal Water District Water System Revenue Bonds, Series 1985, dated August 1, 1985, now outstanding in the aggregate principal amount of \$78,967,321.45; and

North Texas Municipal Water District Water System Revenue Bonds, Series 1987, dated March 1, 1987, now outstanding in the aggregate principal amount of \$24,565,000; and

WHEREAS, the District presently supplies and sells treated water from the Existing System to the Initial Contracting Parties under eleven separate treated water supply contracts, including various amendments thereto, now in effect; and it is acknowledged and agreed that the Existing System is inadequate to provide known future treated water requirements of the Initial Contracting Parties, thus making this Contract

necessary to enable the District to acquire and construct additional treated water supply and treatment facilities and make it possible for the District to supply such requirements; and

WHEREAS, the existing treated water supply contracts recognize that the District has assumed the responsibility for supplying all treated water needs of the Initial Contracting Parties; and

WHEREAS, each of said existing treated water supply contracts originally was dated as of December 12, 1953, except for the City of Richardson contract originally dated as of April 7, 1965, and each is similar in form and substance, and such contracts, including all amendments thereto, collectively presently provide the principal source and security for the payment of the District's Outstanding Bonds; and

WHEREAS the District proposes to acquire, construct, and complete additional surface water supply and treatment facilities from the following additional sources: Lake Texoma on the Red River, Cooper Dam and Reservoir in Hopkins and Delta Counties, Texas, a proposed new Bonham Dam and Reservoir in Fannin County, Texas, and other facilities wherever located to enable the District to supply treated water as needed to Contracting Parties and others (the "Projects"); and

WHEREAS, it is deemed necessary and advisable by the parties hereto that each of the eleven separate existing

treated water supply contracts, and amendments thereto, between the District and each Initial Contracting Party be amended and completely replaced with this single Contract so that the entire relationship between the District and all of the Initial Contracting Parties with respect to the System and the Bonds (as such terms are hereinafter defined) will be set forth in this Contract; and

WHEREAS, it is specifically represented, certified, and covenanted by the District that none of the amendments or modifications to the aforesaid existing treated water supply contracts with the Initial Contracting Parties which will occur as a result of entering into this Contract will in any way have an adverse affect on the operation of the System or the rights of the owners of any Bonds; and that this Contract will provide security for the owners of all Bonds and obligate the Initial Contracting Parties to make and assume unconditional specific payments with respect to the System and the Bonds; and

WHEREAS, the provisions of this Contract are similar in concept, essence, and intent to the provisions of the aforesaid existing treated water supply contracts and basically restate, reorganize, and expand same, including certain clarifications and updating, and establishing certain billing procedures and adjustments between the parties with respect to the use of, and payments with respect to, treated water from the System, which billing procedures and adjustments are solely between the

Initial Contracting Parties and do not affect the unconditional obligations of such parties with respect to the System and Bonds; and

WHEREAS, it is expected by the parties hereto that after the execution of this Contract, Bonds for parts of the Projects will be issued as soon as deemed advisable and necessary by the District.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the District agrees to use its best efforts to acquire, construct, and complete the Projects and other System facilities, when and as the District deems it advisable, and to supply treated water to Contracting Parties and others from the System, upon and subject to the terms and conditions hereinafter set forth, and, subject to the provisions of Section 13(b) and (c) hereof, the District and the Initial Contracting Parties agree that each of the eleven presently existing treated water supply contracts described above between the District and the Initial Contracting Parties are hereby amended, modified, combined, and consolidated so as henceforth to be in their entirety and for all purposes as follows, to-wit:

Section 1. DEFINITION OF TERMS. The following terms and expressions as used in this Contract, unless the context clearly shows otherwise, shall have the following meanings:

(a) "Additional Contracting Party" means any party not defined as one of the Initial Contracting Parties with which the District makes a contract similar to this Contract for supplying treated water from the System, provided that after execution of any such contract such party shall become one of the Contracting Parties for all purposes of this Contract.

(b) "Annual Payment" means the amount of money to be paid to the District by each of the Contracting Parties during each Annual Payment Period as its proportionate share of the Annual Requirement.

(c) "Annual Payment Period" means the District's fiscal year, which currently begins on October 1 of each calendar year and ends on September 30 of the next following calendar year, but which may be any twelve consecutive month period fixed by the District; and the first Annual Payment Period under this Contract shall be the period of October 1, 1988, through September 30, 1989.

(d) "Annual Requirement" means the total amount of money required for District to pay all Operation and Maintenance Expenses of the System, and to pay the Bond Service Component of the Annual Requirement as described in Section 9(a) hereof, including debt service on its Bonds, and any sums required to pay or restore any amounts required to be deposited in any special or reserve funds required to be established and/or maintained by the provisions of the Bond Resolutions.

(e) "Bond Resolution" means any resolution of the District which authorizes any Bonds.

(f) "Bonds" means the Outstanding Bonds listed in the preamble to this Contract, and all bonds hereafter issued by the District, whether in one or more series or issues, and the interest thereon, to acquire, construct, complete, improve, and/or extend the System or any System facilities, including the Projects, and/or otherwise to improve or extend the System, and any bonds issued to refund any Bonds or to refund any such refunding bonds.

(g) "Contracting Parties" means the "Initial Contracting Parties", as defined in the first paragraph of this Contract, together with any other party or parties which hereafter becomes one of the Contracting Parties by becoming an Additional Contracting Party.

(h) "Contracting Party" means any one of the Contracting Parties.

(i) "District" means the "District" as defined in the preamble to this Contract.

(j) "Existing System" means the "Existing System" as defined in the preamble to this Contract.

(k) "MGD" is an abbreviation for "million gallons of water per day" and means a quantity of water during a period of time expressed for convenience in terms of an average annual daily quantity during an Annual Payment Period. The value of 2

MGD, for example, is calculated as follows: two million gallons multiplied by the number of days in an Annual Payment Period.

(l) "Operation and Maintenance Expenses" means all reasonable costs and expenses of operation and maintenance of the System, including (for greater certainty but without limiting the generality of the foregoing) repairs and replacements, operating personnel, the cost of utilities, the amounts required to pay the U.S. Army Corps of Engineers or any other federal, state, or local agency for water storage rights or other interests in water in any reservoir, or for the purchase of water, or for the use or operation of any property or facilities, the costs of supervision, engineering, accounting, auditing, legal services, insurance premiums, supplies, services, administration of the System, and equipment necessary for proper operation and maintenance of the System, and payments made by District in satisfaction of judgments resulting from claims not covered by District's insurance arising in connection with the acquisition, construction, operation, and maintenance of the System. The term also includes the charges of the bank or banks acting as paying agents and/or registrars for any Bonds. The term does not include depreciation.

(m) "Outstanding Bonds" means the Outstanding Bonds, as defined in the preamble to this Contract.

(n) "Projects" means the "Projects" as defined in the preamble to this Contract.

(o) "System" means collectively the Existing System and the Projects, and all of the District's existing water rights, and water storage, treatment, transportation, distribution, and supply facilities, including all dams, reservoirs, and other properties or interests therein wherever located, which heretofore have been acquired or constructed with the proceeds from the sale of the Outstanding Bonds, or the bonds refunded by same, or with any other bonds or other obligations of the District payable from and secured by a lien on and pledge of any part of the revenues of the System, or with revenues from said System, together with all future improvements, enlargements, extensions, and additions to any of the foregoing, and all future new facilities and/or water rights, which are acquired or constructed with the proceeds from the sale of any Bonds or revenues from the System, and any water supply or treatment facilities which are deliberately and specifically, at the option of the District, made a part of the System by resolution of the Board of Directors of the District, and all repairs to or replacements of the System. Said terms do not include any District facilities which provide wastewater treatment or disposal services, or solid waste disposal services, of any kind. Said terms do not include any facilities acquired or constructed by the District with the proceeds from