

**PARIS ECONOMIC DEVELOPMENT CORPORATION**  
**(A Component Unit of the City of Paris, Texas)**

**Annual Financial Report**

**Year Ended September 30, 2016**

PARIS ECONOMIC DEVELOPMENT CORPORATION  
(A Component Unit of the City of Paris, Texas)  
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September 30, 2016

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**Independent Auditors' Report**

**Board of Directors**  
**Paris Economic Development Corporation**  
**Paris, Texas**

We have audited the accompanying financial statements of the governmental activities and each major fund of Paris Economic Development Corporation (PEDC), a component unit of the City of Paris, Texas, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the PEDC's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
Paris Economic Development Corporation

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of PEDC as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not presented Management's Discussion and Analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the PEDC basic financial statements. The Continuing Disclosure Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Continuing Disclosure Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not provide an opinion or any assurance on them.

*McClanahan and Holmes, LLP*  
Certified Public Accountants

February 7, 2017  
Paris, Texas

PARIS ECONOMIC DEVELOPMENT CORPORATION  
(A Component Unit of the City of Paris, Texas)  
Governmental Funds Balance Sheet/Statement of Net Position  
September 30, 2016

	General Fund	Debt Service Fund	Total Governmental Funds	Adjustments*	Total Governmental Activities
<b>Assets</b>					
Cash and Cash Equivalents	\$ 2,523,029	\$ -	\$ 2,523,029	\$ -	\$ 2,523,029
Certificates of Deposit	-	-	-	-	-
Taxes Receivable	243,678	-	243,678	-	243,678
<b>Restricted Assets:</b>					
Bond Debt Service Fund					
Cash and Cash Equivalents	-	30,569	30,569	-	30,569
Bond Reserve Fund					
Cash and Cash Equivalents	-	374,276	374,276	-	374,276
Land Development Costs	1,908,522	-	1,908,522	-	1,908,522
<b>Total Assets</b>	<b>\$ 4,675,229</b>	<b>\$ 404,845</b>	<b>\$ 5,080,074</b>	<b>-</b>	<b>5,080,074</b>
<b>Liabilities</b>					
Accounts Payable	\$ -	\$ -	\$ -	-	-
Intergovernmental Payable	1,613	-	1,613	-	1,613
<b>Liabilities Payable from Restricted Assets</b>					
Current Portion of Bonds Payable	-	-	-	(325,000)	325,000
Accrued Interest Payable	-	-	-	(2,354)	2,354
Bonds Payable (Net of Current Portion)	-	-	-	(340,000)	340,000
<b>Total Liabilities</b>	<b>1,613</b>	<b>-</b>	<b>1,613</b>	<b>(667,354)</b>	<b>668,967</b>
<b>Fund Balance/Net Position</b>					
<b>Fund Balance:</b>					
Nonspendable-Land Development Costs	1,908,522	-	1,908,522	1,908,522	-
Restricted for Debt Service	-	404,845	404,845	404,845	-
Committed to Industrial Incentives	1,007,355	-	1,007,355	1,007,355	-
Unassigned	1,757,739	-	1,757,739	1,757,739	-
<b>Total Fund Balance</b>	<b>4,673,616</b>	<b>404,845</b>	<b>5,078,461</b>	<b>5,078,461</b>	<b>-</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 4,675,229</b>	<b>\$ 404,845</b>	<b>\$ 5,080,074</b>		
<b>Net Position:</b>					
Restricted for Land Development Costs				(1,908,522)	1,908,522
Restricted for Debt Service				(77,491)	77,491
Restricted for Industrial Incentives				(1,007,355)	1,007,355
Unrestricted				(1,417,739)	1,417,739
<b>Total Net Position</b>				<b>\$ (4,411,107)</b>	<b>\$ 4,411,107</b>

\*Primarily long-term liabilities are not reported in the funds.

The notes to financial statements are an integral part of this statement.

PARIS ECONOMIC DEVELOPMENT CORPORATION  
(A Component Unit of the City of Paris, Texas)  
Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities  
Year Ended September 30, 2016

	General Fund	Debt Service Fund	Total Governmental Funds	Adjustments*	Total Governmental Activities
<b>Revenues</b>					
Sales Taxes	1,410,415	\$ -	\$ 1,410,415	\$ -	\$ 1,410,415
Investment Earnings	6,804	173	6,977	-	6,977
<b>Total Revenues</b>	<u>1,417,219</u>	<u>173</u>	<u>1,417,392</u>	<u>-</u>	<u>1,417,392</u>
<b>Expenditures/Expenses</b>					
<b>Current:</b>					
Personnel	110,034	-	110,034	-	110,034
Administration	130,547	-	130,547	-	130,547
Job Training	2,529	-	2,529	-	2,529
Marketing and Promotion	26,187	-	26,187	-	26,187
Direct Business Incentives	100,000	-	100,000	-	100,000
<b>Debt Service:</b>					
Principal	-	315,000	315,000	(315,000)	-
Interest	-	40,221	40,221	(998)	39,223
Fees	-	750	750	-	750
<b>Total Expenditures/Expenses</b>	<u>369,297</u>	<u>355,971</u>	<u>725,268</u>	<u>(315,998)</u>	<u>409,270</u>
<b>Excess (Deficiency) of Revenues Over Expenditures/Expenses</b>	<u>1,047,922</u>	<u>(355,798)</u>	<u>692,124</u>	<u>(315,998)</u>	<u>1,008,122</u>
<b>Other Financing Sources (Uses)</b>					
Transfers - Internal Activities	(352,511)	352,511	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(352,511)</u>	<u>352,511</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances/Net Position</b>	695,411	(3,287)	692,124	(315,998)	1,008,122
<b>Fund Balances/Net Position - Beginning</b>	<u>3,978,205</u>	<u>408,132</u>	<u>4,386,337</u>	<u>983,352</u>	<u>3,402,985</u>
<b>Fund Balances/Net Position - Ending</b>	<u>\$ 4,673,616</u>	<u>\$ 404,845</u>	<u>\$ 5,078,461</u>	<u>\$ 667,354</u>	<u>\$ 4,411,107</u>

\*Primarily long-term liabilities not reported in the funds.

The notes to financial statements are an integral part of this statement.

PARIS ECONOMIC DEVELOPMENT CORPORATION  
(A Component Unit of the City of Paris, Texas)  
Notes to the Financial Statements  
September 30, 2016

I. Summary of Significant Accounting Policies

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities are supported by taxes, intergovernmental revenues, and other nonexchange transactions. The statement of activities reports both the gross and net cost of Paris Economic Development Corporation's (PEDC) function (economic development). Economic development is supported by general government revenues (sales tax and interest on investments).

B. Reporting Entity

The Paris Economic Development Corporation is a governmental non-profit corporation established July 19, 1993, funded by a quarter percent sales tax. PEDC was organized exclusively for the purpose of benefiting and accomplishing public purposes of the City of Paris, Texas, by promoting, assisting, and enhancing economic development activities as provided by the Development Corporation Act of 1979. PEDC is a component unit of the City of Paris, Texas, and the business and affairs are managed by a five-member board of directors appointed by the governing body of the City of Paris, Texas.

C. Basis of Presentation – Government-Wide and Fund Financial Statements

The fund financial statements provide information about PEDC's funds. However, the financial statements include both government-wide (reporting the unit as a whole) and fund financial statements (reporting PEDC's major funds).

PEDC reports the following major governmental funds

General Fund - The General Fund is the general operating fund and is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transaction or events for recognition in the financial statements.

In the Statement of Net Position, the governmental activities column is reported using the accrual basis of accounting and an economic resources measurement focus, which recognizes all long-term assets and receivables as well as long-term debt and obligations, if any. Net position is reported in various categories based on current financial reporting pronouncements. The reporting policy regarding committed classification is that when a contractual obligation is created by the governing board, the amount of the incentive is considered committed. When payments are made, they are considered to have been paid from the fund balance classification in which they were accumulated.

PARIS ECONOMIC DEVELOPMENT CORPORATION  
(A Component Unit of the City of Paris, Texas)  
Notes to the Financial Statements (Continued)  
September 30, 2016

I. Summary of Significant Accounting Policies (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

The financial transactions of PEDC are reported in two individual funds in the combined financial statements using the current financial resources measurement focus and the modified accrual basis of accounting. These funds are accounted for by providing a separate set of self-balancing accounts that comprise their assets, liabilities, fund equity, revenues, and expenditures. The focus of the governmental funds' measurement (in the fund statements column) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. PEDC considers all revenues available if they are collected within sixty days after year end and expenditures are recognized when the related liability is incurred.

E. Budgetary Information

1. Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and the debt service fund.

2. Excess of Expenditures Over Appropriations

For the year ended September 30, 2016, expenditures did not exceed appropriations (budget) in any function or line item.

F. Assets, Liabilities, and Fund Balance/Net Position

1. Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

PEDC's investments in the public funds investment pools in Texas (Pools) are reported at an amount determined by the fair value per share of the Pool's underlying portfolio, unless the Pool is 2a7-like, in which case they are reported at share value. A 2a7-like Pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Financial statements for the Texas CLASS investment pool can be found at [TexasClass.com](http://TexasClass.com). Information on the Lone Star investments can be found at [FirstPublic.com](http://FirstPublic.com).

3. Net Position Flow Assumption

Sometimes PEDC will fund outlays for a particular purpose from both restricted (e.g., restricted bond proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the PEDC's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.



PARIS ECONOMIC DEVELOPMENT CORPORATION  
(A Component Unit of the City of Paris, Texas)  
Notes to the Financial Statements (Continued)  
September 30, 2016

I. Summary of Significant Accounting Policies (Continued)

F. Assets, Liabilities, and Fund Balance/Net Position (Continued)

4. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the PEDC's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

5. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. PEDC itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the PEDC's highest level of decision-making authority. The governing board is the highest level of decision-making authority for the PEDC that can commit fund balance. Once adopted, the limitation imposed by the board remains in place until a similar action is taken to remove or revise the limitation.

6. Restricted Assets and Fund Balance Reserves

Certain resources set aside for repayment of revenue bonds and related interest are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The Bond Debt Service Fund is used to accumulate resources for debt service payments over the next twelve months. Governmental funds report reservations of fund balances for amounts that are not considered a current financial resource.

The Bond Reserve Fund is accumulated for the purpose of retiring the last of any bonds as they become due or for debt service when the Bond Debt Service Funds are insufficient.

7. Land Development Costs

PEDC has acquired land and added improvements to develop an industrial park which is to be divided and sold to businesses wanting to locate their facilities in such an area. Land and added improvements are not depreciated because they are expected to be sold or used as incentives and are not used in PEDC's ongoing activities.

II. Detailed Notes on All Activities and Funds

A. Cash Deposits with Financial Institutions

Custodial credit risk for deposits is the risk that in the event of a bank failure, the entity's deposits may not be returned or PEDC will not be able to recover collateral securities in the possession of an outside party. PEDC's policy requires deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance (FDIC). Deposited funds may be invested

PARIS ECONOMIC DEVELOPMENT CORPORATION  
(A Component Unit of the City of Paris, Texas)  
Notes to the Financial Statements (Continued)  
September 30, 2016

II. Detailed Notes on All Activities and Funds (Continued)

A. Cash Deposits with Financial Institutions (Continued)

in certificates of deposits in institutions that are domiciled in the State of Texas. Collateral agreements must be approved prior to deposit of funds as provided by law.

As of September 30, 2016, PEDC was not exposed to custodial credit risk since deposits are insured or collateralized with securities pledged held in the name of the entity. The entity's carrying amount of demand deposits was \$1,984,101 and the bank balance was \$1,994,359.

B. Investments

The public funds investment pools in Texas are established under authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the Act), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the Pool and other persons who do not have a business relationship with the Pool and are qualified to advise the Pool; 2) maintain a continuous rating of no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service; 3) maintain the market value of its underlying investment portfolio within one-half of one percent of the values of its shares.

Investments at September 30, 2016, are invested in Lone Star Investments, \$372,560, (Texas Political Subdivisions Investment Pool) and Texas CLASS, \$570,912. These investments are reported with the bank accounts as Cash and Cash Equivalents. Investments in the Lone Star investment pool and Texas CLASS investment pool are not insured or guaranteed by the FDIC or any other government agency.

Statutes authorize PEDC to invest in obligations of the U.S. Treasury, direct obligations of the State of Texas, other obligations guaranteed or insured by the State of Texas or the United States, obligations of states and political subdivisions of any state meeting certain rating requirements, certificates of deposit, and fully collateralized direct repurchase agreements having a defined termination date.

C. Receivables

PEDC reports Taxes Receivable for sales tax collected by the State Comptroller.

D. Pension Plan

PEDC contributes to a simplified employee pension plan for the Director, administered by Edward Jones. The contribution rate is 10% and amounted to \$8,079 during the year ended September 30, 2016.

E. Commitments

PEDC has extended several incentive agreements to various companies and other commitments:

1. Commercial Dairy - The incentive is to provide cash payments for creating 150 new jobs in Paris and Lamar County for five years. This amount is estimated to be \$664,300 and expected to begin in 2017.
2. Producer – In September 2015, the Board of Directors reached an incentive agreement with a producer of engineered glass materials for training reimbursement and cash for capital investment in manufacturing space and new equipment and new jobs for \$45,000, of which \$24,000 remains outstanding at September 30, 2016.

PARIS ECONOMIC DEVELOPMENT CORPORATION  
(A Component Unit of the City of Paris, Texas)  
Notes to the Financial Statements (Continued)  
September 30, 2016

II. Detailed Notes on All Activities and Funds (Continued)

E. Commitments (Continued)

3. In connection with a first lien loan by a bank to a commercial operation in the amount of \$5,800,000, PEDC has entered into a Guaranty of Collection agreement. The loan payment is guaranteed by an individual (and a related company), and in addition, PEDC has guaranteed the full and prompt collection of the principal and interest due under the note together with limited cost of collection. If the lender makes demand under the Guaranty of Collection agreement, the lender will allow PEDC to satisfy its liability in monthly installments as specified in the original note. The agreement is dated September 23, 2010, and will terminate when the note is paid or the expiration of ten years.
4. Retail and Office Structure - Incentive is to participate in reimbursement of sewer line construction to the extent of \$250,000.
5. Powder Coated Engineered Wood Manufacturer – In December 2014, the Board of Directors reached an incentive agreement with a manufacturer of powder coated engineered wood to convey eight acres of the industrial park for construction of a building. The incentive agreement was valued at \$33,999, the cost of the land to PEDC. An additional 16 acres has been provided as an incentive to complete the construction and for further expansion within five years. The 16 acre incentive is valued at PEDC's cost of \$69,055 and remains outstanding at September 30, 2016. Subsequent to year end, Powder Industries did not fulfill their incentive agreement and therefore PEDC received the deed to the property back.

F. Risk Management

PEDC is exposed to various risks of loss and has obtained insurance related to general liability, loan enforcement liability, errors and omissions liability, and automobile liability.

G. Long-Term Liabilities

Bonds Payable

PEDC has outstanding Paris Economic Development Corporation Sales Tax Revenue Refunding Bonds, Series 2010, originally issued at \$2,685,000, bearing interest at 4.1% to 4.39%. Principal payments are due serially in varying annual amounts to September 1, 2018, from \$325,000 to \$340,000.

Sales and Use Taxes (one-quarter of one percent) levied by the City of Paris, Texas, within its boundaries under the Development Corporation Act of 1979, are pledged for payment of bonds and interest. The resolution authorizing the issuance of the bonds requires that monthly deposits be made to the Debt Service Fund in an amount sufficient to pay the next maturing bonds and interest.

PARIS ECONOMIC DEVELOPMENT CORPORATION  
(A Component Unit of the City of Paris, Texas)  
Notes to the Financial Statements (Continued)  
September 30, 2016

II. Detailed Notes on All Activities and Funds (Continued)

G. Long-Term Liabilities (Continued)

Bonds Payable (Continued)

A Reserve Fund is required to be maintained with a balance of at least \$354,466, the average annual principal and interest requirements of the bonds. At September 30, 2016, the balances in the Debt Service Fund and Reserve Fund are \$30,569 and \$374,276, respectively.

Debt Service requirements related to the bonds are as follows for the years ended September 30:

Years	Bonded Debt Requirements		
	Principal	Interest	Total
2017	\$ 325,000	\$ 28,251	\$ 353,251
2018	340,000	14,926	354,926
	\$ 665,000	\$ 43,177	\$ 708,177

A summary of long-term liability transactions for the year ended September 30, 2016, is as follows:

Balance 9/30/15	Additions	Reductions	Balance 9/30/16	Due Within One Year
\$ 980,000	\$ -	\$ 315,000	\$ 665,000	\$ 325,000

H. Interfund Transfers

During the year, transfers are used to move revenues from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due. The interfund transfers are reported as Other Financing Sources (Uses).

**PARIS ECONOMIC DEVELOPMENT CORPORATION**  
 (A Component Unit of the City of Paris, Texas)  
 Required Supplementary Information  
 Budgetary Comparison Schedule - General Fund  
 Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Sales Taxes	\$ 1,320,000	\$ 1,320,000	\$ 1,410,415	\$ 90,415
Investment Earnings	1,500	1,500	6,804	5,304
<b>Total Revenues</b>	<u>1,321,500</u>	<u>1,321,500</u>	<u>1,417,219</u>	<u>95,719</u>
<b>Expenditures</b>				
<b>Current:</b>				
Personnel	200,000	114,923	110,034	4,889
Administration	101,900	177,930	130,547	47,383
Job Training	109,371	109,371	2,529	106,842
Marketing and Promotion	75,000	75,000	26,187	48,813
Direct Business Incentives	529,000	465,000	100,000	365,000
<b>Total Expenditures</b>	<u>1,015,271</u>	<u>942,224</u>	<u>369,297</u>	<u>572,927</u>
<b>Excess of Revenues Over Expenditures</b>	<u>306,229</u>	<u>379,276</u>	<u>1,047,922</u>	<u>668,646</u>
<b>Other Financing Sources (Uses)</b>				
Transfers to Debt Service Fund	(355,971)	(355,971)	(352,511)	3,460
Interest Income	13,500	13,500	-	(13,500)
<b>Total Other Financing Sources (Uses)</b>	<u>(342,471)</u>	<u>(342,471)</u>	<u>(352,511)</u>	<u>(10,040)</u>
<b>Net Change in Fund Balances</b>	(36,242)	36,805	695,411	658,606
<b>Fund Balances - Beginning</b>	<u>3,978,205</u>	<u>3,978,205</u>	<u>3,978,205</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 3,941,963</u>	<u>\$ 4,015,010</u>	<u>\$ 4,673,616</u>	<u>\$ 658,606</u>

PARIS ECONOMIC DEVELOPMENT CORPORATION  
(A Component Unit of the City of Paris, Texas)  
Notes to the Required Supplementary Information  
September 30, 2016

**Note 1: Budgetary Data**

PEDC's fiscal year commences October 1st and ends September 30th. A budget for the forthcoming fiscal year shall be submitted to, and approved by, the Board of Directors in June and delivered to the City of Paris on or before June 30th. After Board approval, the budget on appropriate forms is submitted to the City Manager for inclusion in the annual budget of the City of Paris. The budget is to include projected operating expenses and such other budgetary information as shall be useful to or appropriate for the Board and the City of Paris.

The proposed budget shall contain such classifications and shall be in such form as may be prescribed from time to time by the City Council of the City of Paris. The budget shall not be effective until it has been approved by the City Council.

The Budgetary Comparison Schedule presented as Required Supplementary Information for the General Fund is presented to provide a meaningful comparison of actual results with the budget. For the year ended September 30, 2016, expenditures did not exceed appropriations (budget) in any function or line item.

PARIS ECONOMIC DEVELOPMENT CORPORATION  
(A Component Unit of the City of Paris, Texas)  
Continuing Disclosure Information  
September 30, 2016  
(Unaudited)

**Sales Tax Collections**

The following table shows Sales Tax Collections for the Paris Economic Development Corporation's 1/4% sales tax for the five years ended September 30:

	Fiscal Year Ended September 30,				
	2016	2015	2014	2013	2012
October	\$ 109,886.41	\$ 102,247.58	\$ 97,701.57	\$ 97,310.53	\$ 95,420.37
November	130,424.24	126,651.61	114,348.83	112,362.90	107,894.61
December	104,932.82	271,091.93	100,022.29	87,692.97	85,472.54
January	102,686.14	109,169.19	99,144.63	93,398.77	95,604.34
February	149,309.76	146,289.70	139,328.22	135,537.65	128,112.10
March	96,097.44	107,721.75	83,304.86	87,514.04	86,791.28
April	104,000.13	90,699.77	94,682.24	92,841.95	89,313.73
May	135,580.28	123,770.44	127,251.18	123,708.09	116,340.62
June	107,853.86	106,900.07	99,797.86	98,039.23	90,696.91
July	104,464.42	106,493.68	100,455.16	106,267.35	97,350.69
August	137,823.65	129,212.16	116,746.73	114,731.18	111,539.71
September	119,744.32	97,054.93	103,766.17	106,635.71	98,234.76
Totals	<u>\$ 1,402,803.47</u>	<u>\$ 1,517,302.81</u>	<u>\$ 1,276,549.74</u>	<u>\$ 1,256,040.37</u>	<u>\$ 1,202,771.66</u>

**Pro Forma Bonded Debt Service Coverage**

Maximum Annual Debt Service Requirement (2018)	\$ 354,926
Projected Annual Sales Tax Receipts 2016-17 (Pledged Revenues are Gross 1/4 Cent Sales Tax)	\$ 1,383,000
Estimated Pro Forma Coverage	3.90 x
Average Annual Remaining Debt Service at September 30, 2016	\$ 354,089
Projected Annual Sales Tax Receipts 2016-17 (Pledged Revenues are Gross 1/4 Cent Sales Tax)	\$ 1,383,000
Estimated Pro Forma Coverage	3.91 x

**Condensed Corporation Operating Statement**

	Fiscal Year Ended September 30,				
	2016	2015	2014	2013	2012
Operating Revenues:					
Sales Taxes	\$ 1,410,415	\$ 1,536,827	\$ 1,282,550	\$ 1,261,040	\$ 1,198,772
Other Income (Loss) (1)	(32,246)	(17,915)	41,225	6,497	(51,210)
Total Revenues	<u>1,378,169</u>	<u>1,518,912</u>	<u>1,323,775</u>	<u>1,267,537</u>	<u>1,147,562</u>
Operating Expenses:					
Projects	102,528	79,071	2,450,244	194,883	1,757,106 (2)
Administration, Personnel, and Promotion	267,519	197,799	348,893	602,356	730,349
Total Expenses	<u>370,047</u>	<u>276,870</u>	<u>2,799,137</u>	<u>797,239</u>	<u>2,487,455</u>
Net Available for Additional Economic Incentives or Debt Service	<u>\$ 1,008,122</u>	<u>\$ 1,242,042</u>	<u>\$ (1,475,362)</u>	<u>\$ 470,298</u>	<u>\$ (1,339,893)</u>

Source: Information received from the Issuer.

(1) The net of interest income, interest expense, and gain or loss on the sale of assets.

(2) Includes a one-time contribution to a regional highway project for \$1,488,588.