

CITY OF PARIS, TEXAS
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
Fiscal Year Ended September 30, 2019

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT
FOR**

CITY OF PARIS, TEXAS

Fiscal Year Ended September 30, 2019



**Prepared By
Finance Department
W.E. Anderson, Director**



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June 26, 2020

Mayor Steve Clifford, MD
and Members of the City Council
City of Paris, Texas

Dear Mayor and Council Members:

I am pleased to submit the Comprehensive Annual Financial Report of the City of Paris, Texas, for the fiscal year ended September 30, 2019.

The City of Paris is a financial reporting entity as defined by the Government Accounting Standards Board codification section 2100. As such, it has a separately elected governing body chosen by its citizens in a general, popular election, is a legally separate primary government, and is fiscally independent of other state and local governments. The financial reporting entity includes all the funds of the primary government and its component unit, the Paris Economic Development Corporation. More information about PEDC can be found in footnote I.B. which deals with reporting entity topics. There are no other potential component units.

The primary purpose of this report is to provide the City Council, citizens, financial community, and others with detailed information concerning the financial condition and performance of the City of Paris. It is strongly recommended that any user of this report read the Management's Discussion and Analysis included in the financial section of the report. In addition, this report provides assurance that the City presents fairly its financial position as verified by independent auditors.

THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

The Comprehensive Annual Financial Report of the City of Paris, Texas, for the fiscal year ended September 30, 2019, which follows, was prepared by the Finance Department. The financial statements have been audited by McClanahan and Holmes, LLP, CPAs, whose report is included herein. This audit satisfies Article III, Section 35 of the City Charter which requires that an annual audit of all accounts of the City be made by an independent certified public accountant.

The City Finance Department is responsible for both the accuracy of the presented data and the completeness and fairness of the presentations, including all disclosures. I believe the data presented is accurate in all material aspects and is presented in a manner which fairly sets forth the financial position and results of operations of the City. Furthermore, I believe that all disclosures necessary to enable the reader to gain maximum understanding of the City's financial activity have been included.

The financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

This Comprehensive Annual Financial Report consists of four parts:

- 1. The Introductory Section includes an organizational chart, list of elected and appointed officials, and this transmittal letter, which highlights significant aspects of the financial operations during the year and particular issues faced by the City.**
- 2. The Financial Section includes the independent auditors' report, management's discussion and analysis, financial statements and related notes, and supplemental financial data.**
- 3. The Statistical Section includes several tables of unaudited data depicting the financial history of the City, as well as demographic information of other governmental units overlapping the City and other miscellaneous statistics.**
- 4. The Continuing Disclosure Information Section contains thirteen tables of financial information required by the United States Securities and Exchange Commission Rule 15c2-12. These tables provide investors with updated information on all municipal bond issues sold after July 3, 1995.**

The Notes to the Financial Statements are provided in the Financial Section and are considered essential to fair presentation and adequate disclosure for this financial report. The notes include the Summary of Significant Accounting Policies for the City and other necessary disclosures of important matters relating to the financial position of the City. The notes are treated as an integral part of the financial statements and should be read in conjunction with them.

General Information Regarding the City and Surrounding County

The City of Paris is the county seat and principal commercial center of Lamar County and is located at the intersection of United States Highways 271 and 82, approximately 100 miles northeast of Dallas near the Red River. The City is served by 5 banks. The City's 2010 census is 25,171, a decrease of 2.80% from the 2000 census of 25,898.

Lamar County (the County) is located in northeast Texas and borders the State of Oklahoma. The County, which is situated between the Red River and the Sulphur River, is traversed by United States Highways 271 and 82, State Highways 19 and 24, and 32 farm-to-market roads. The County's 2010 census is 49,793, an increase of 2.66% over the 2000 census of 48,499.

The City is a regional medical center serving patients in Northeast Texas and Southeast Oklahoma. Founded in 1911 as St. Joseph's Hospital, Paris Regional Medical Center is a 154 bed general acute-care hospital. Its parent company is RCCH HealthCare Partners.

The City provides utilities through its 36 MGD water plant and 7.25 MGD wastewater plant. Electric power is supplied to Paris by TXU Electric's interconnected transmission system. It has a generating capacity of 22,808,000 KW. The supply of electric power is adequate to meet the requirements of any commercial or industrial demand. Atmos Energy provides natural gas for residential, commercial, and industrial users. Atmos Energy is the largest provider of pure natural gas in America. It provides service to over three million customers in 12 states. There are 3 transmission lines serving the City with a line pressure of 300 pounds per square inch. Telephone service is provided by AT & T.

Educational facilities of the City are provided by 3 independent school districts. Each of the districts is accredited by the

Texas Education Agency. Higher education needs in the County are provided at Paris Junior College located in the City. Total enrollment of these entities is 12,307.

Tourists are attracted to the area by activities on Lake Crook and Pat Mayse Reservoir. Pat Mayse Reservoir is located 15 minutes from the City and provides 6,000 acres for boating, fishing, and camping. The Gambill Goose Refuge and numerous hunting and fishing areas are also located in the County. Other points of interest and activities include the Sam Bell Maxey House, the A.M. Aikin Archives, Veterans Memorial, and the Lamar County Historical Society Museum.

Also, the City has one 18-hole golf course, one public swimming pool, 26 tennis courts, 3 walk/jog tracks, a sports complex, and 24 public park areas.

Government Organization

The City was founded in 1839 with the current charter adopted in November of 1948 and last revised in 2011. The City operates under the Council/Manager form of government with 7 council members elected from single member districts. The Mayor is elected by the Council itself to serve as moderator of the group. The Council members can serve a maximum of three consecutive 2 year staggered terms. The Mayor and Council appoint the City Manager, the City Attorney, and the Municipal Judge. The City is a Home Rule City with all powers granted to home rule cities by the constitution and laws of the State of Texas. The Council enacts legislation, adopts budgets, and determines policies of the City of Paris. The City Manager executes the laws and administers the government of the City.

Economic Condition and Outlook

Taxable values, as originally certified by the Lamar County Appraisal District, for fiscal year 2019-20 reflect a 3.57% increase over the 2018-19 values. Building permits for new residential and commercial construction were valued at \$68,191,125 for fiscal year 2018-19. This activity should be reflected in next year's taxable values.

Sales taxes for 2018-19 increased from the prior year by 0.71%. Current rebates are 4.17% above the 2018-19 rebates through June 2020.

Hotel occupancy taxes were up 1.95% compared to 2017-18 taxes. First quarter 2019-20 collections were 2.69% below the same period in 2018-19.

Franchise fees for 2018-19 were flat decreasing 0.22% compared to the previous year.

The City of Paris, Paris Economic Development Corporation, and the Lamar County Chamber of Commerce have been actively recruiting new business to the area as well as supporting already existing businesses. PEDC has several active incentive commitments in regard to its recruitment of new industry and support of existing industry.

General Fund receipts equaled 106.55% of budget. This surplus of revenues was caused by intergovernmental revenue, increased EMS fees, strong investment returns, and increased property and sales taxes. General Fund expenditures were only 104.13% of budget. This 4.13% variance is mainly due to a housing grant approved by the city council but not formally added to the budget. However, over expenditure by public safety departments also contributed to the deficit. For the 2019-20

fiscal year, the City Council adopted a tax rate of .51608 cents per \$100 of value. This rate is \$0.03587 cents lower than the previous year but does allow maintaining all services at their current levels and funds all required interest and sinking funds.

Long-term Financial Planning and Relevant Financial Policies

The City continues to update its long-range financial plan. The City formalized a key financial policy in 2010 that had been informally followed previously: a utility rate maintenance policy. The utility rate maintenance policy will help assure the financial integrity of the enterprise fund along with its related interest and sinking funds. Another policy was formalized in 2013 in the form of a reserve level guideline for both the general fund and utility fund. Adequate reserve levels provide the City with the ability to deal with extraordinary events and maintain its credit worthiness. This credit worthiness, as reflected in the current financial statements, allowed the City to obtain very favorable interest rates on the general obligation bonds issued in 2016, 2017, and 2018.

Major Initiatives

The City continues to work on its long-range plan to maintain its infrastructure. The City called for a general obligation bond election in May 2013 in the amount of \$45,000,000 which passed overwhelmingly. Proceeds from these bonds were used for water and sewer infrastructure improvements. These bonds will be paid for out of utility system revenues. With the payoff of earlier debt issues, it was not necessary to raise utility rates to fund the new debt. Likewise a \$9,750,000 bond election for street construction and repair was approved in 2017 and most of those projects have been completed.

The City also continues to expand its effort in law enforcement related area. Programs in this effort include the Auto Theft Task Force and Justice Assistance Grant for needed equipment.

From a development standpoint, the City has taken several steps. Reentry into the State of Texas Main Street Program has channeled additional funds for revitalization of existing structures and businesses. The City continues to work closely with the Paris Economic Development Corporation to attract new business to Paris and to support existing businesses as well. Working with the Chamber of Commerce, the City is effectively using the civic center to attract people and business to Paris. City officials are also closely working with Keep Paris Beautiful, Inc. to promote and improve the City. The Historic Preservation Committee is working with local property owners to maintain the historical character of the City.

Other Financial Information

The financial statements of the City of Paris, Texas, have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Using the GASB 34 reporting model, the City's Comprehensive Annual Financial Report provides for a management's discussion and analysis, government-wide financial statements, major fund financial statements, notes to the financial statements, and other required supplementary information.

The City has a written investment policy that conforms to state statutes, which outlines permissible investments. The City pools its cash balances for investment purposes from the various funds maintained in its consolidated cash account. Interest earnings of the pool are allocated to the various funds of the City based upon a fund's equity position in the pool. The City of Paris' primary risk exposures are in the areas of workers' compensation and tort liability. Provision for these risks is made

through participation in the Texas Municipal League's risk pool.

Between 30 days and 90 days prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget, which represents the financial plan for the ensuing fiscal year, includes proposed expenditures and the means of financing them. Public hearings are conducted at which all interested persons' comments concerning the budget for the next fiscal year are heard. The budget is legally enacted by the City Council through passage of an ordinance not later than the 27th day of the last month prior to the beginning of the fiscal year. Generally, appropriations are legally adopted at the department level. Budgetary controls are maintained at the major category of expenditure level within each operating division. All anticipated expenditures are budgeted for control purposes. Capital project funds are appropriated on a project by project basis. Expenditures and/or expenses are directly monitored by the City Council.

Internal Controls

Internal accounting controls are designed to provide reasonable, but not absolute, assurance of the safeguarding of assets against loss from unauthorized use or disposition and reliable financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived.

All internal control evaluations occur within this framework. The Finance Department's staff believes the City's internal control structure adequately ensures compliance with laws and regulations and reasonable assurance for safeguarding of assets.

Debt

The following schedule outlines the outstanding City debt as of 09-30-19:

Issue	Tax Supported	Revenue Supported	Fund Maturity	Moody's Investors Rating Insured
2010 Tax and Rev. C.O.	\$ 2,040,000	\$ -	12-15-29	Aa3
2020 G.O. Refunding Bonds	450,000	710,000	06-15-20	Aa3
2012 G.O. Refunding Bonds	1,190,000	-	12-15-21	Aa3
2013 C.O. (TWDB)	-	2,005,000	06-15-32	N/A
2013 G.O. Bonds	-	29,315,000	12-15-32	Aa3
2016 G.O. Bonds	-	7,945,000	12-15-36	Aa3
2017 G.O. Bonds	8,970,000	-	06-15-37	Aa3
2018 G.O. Bonds	190,000	1,100,000		
Capital Lease – Firetrucks	1,104,090	-	10-21-24	N/A
Total	\$ 13,944,090	\$ 41,075,000		

Independent Audit

The City Charter requires an annual audit to be made of the accounts, financial records, and transactions of all administrative departments of the City by a certified public accountant selected by the City Council. The requirement has been complied with, and the Independent Auditors' Report has been included in this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Paris for its comprehensive annual financial report for the fiscal year ended September 30, 2018. This was the 23rd consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this report could not have been accomplished without the full support and efficient and dedicated efforts of the entire staff of the Finance Department and the competent services of the independent auditors, McClanahan and Holmes, LLP, CPAs. I express my appreciation to all members of the Finance Department who assisted and contributed to the completion of this report and to all City departments involved in the preparation of information for this report. In addition, I express my appreciation to the Mayor, City Council, and City Manager for their continuing interest and support in planning and conducting the financial affairs of the City in a responsible and progressive manner.

Respectfully submitted,

W. E. Anderson
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Paris
Texas**

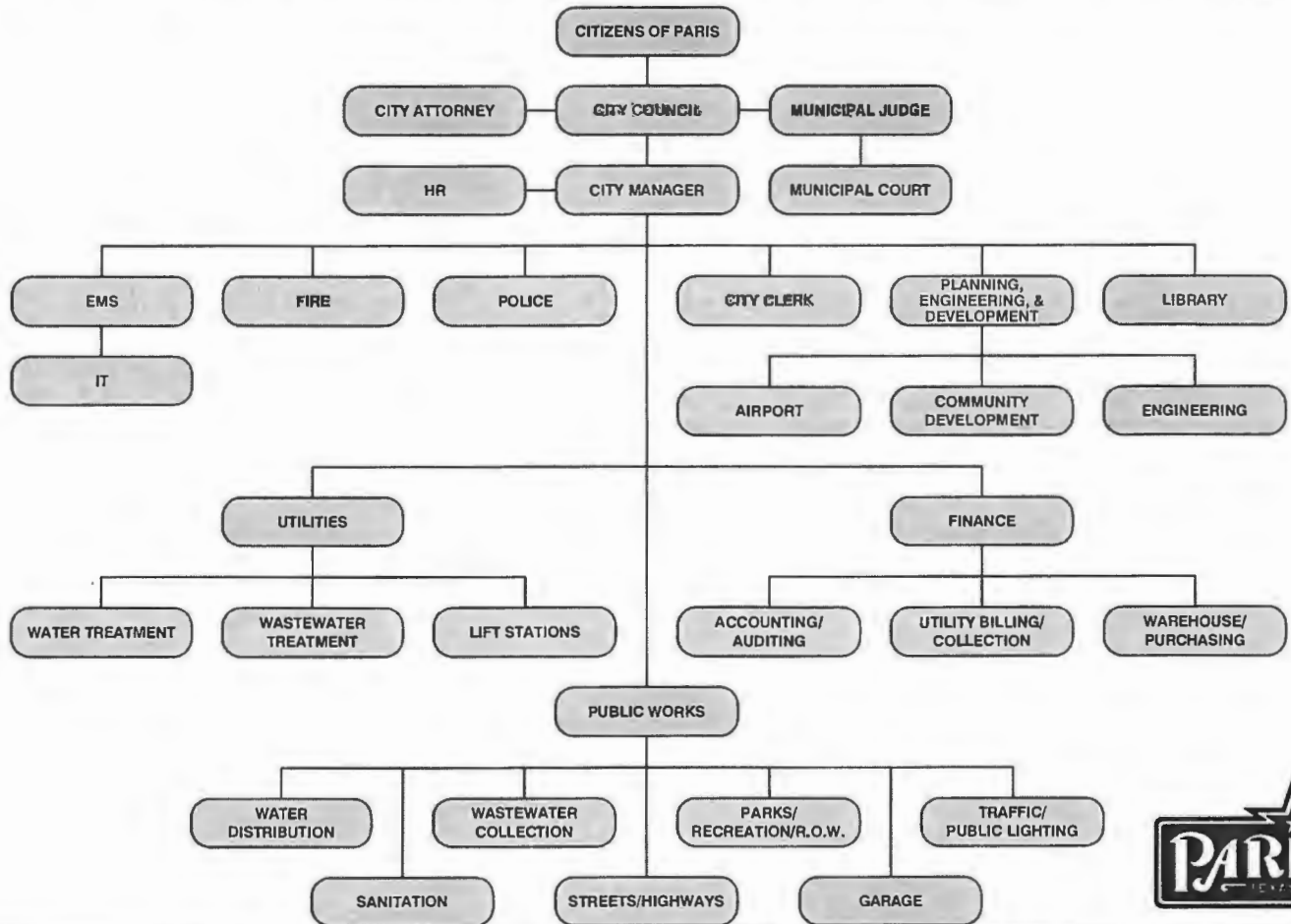
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO

CITY OF PARIS ORGANIZATIONAL CHART



List of Elected and Appointed Officials

Elected Officials

Dr. Steve Clifford – Mayor
Paula Portugal – Mayor Pro-Tem
Clayton Pilgrim
Bill Trenado
Linda Knox
Rena Stone
Derrick Hughes

Appointed Officials

Gene Anderson, CPA – Finance Director & Interim City Manager
Janice Ellis – City Clerk
Stephanie Harris – City Attorney
Priscilla McAnally – Library Director
Carla Easton, PE – Engineering, Planning, and Development
Sandy Collard – Human Resources
Tom E. Hunt, III – Presiding Municipal Court Judge
Bob Hundley – Police Chief
Doug Harris – Utilities Director
Kent Klinkerman – Emergency Medical Services
Jerry McDaniel – Public Works
Thomas McMonigle – Assistant Fire Chief

FINANCIAL SECTION

McClanahan and Holmes, LLP
CERTIFIED PUBLIC ACCOUNTANTS

STEVEN W. MOHUNDRO, CPA
GEORGE H. STRUVE, CPA
ANDREW B. REICH, CPA
RUSSELL P. WOOD, CPA
DEBRA J. WILDER, CPA
TEFFANY A. KAVANAUGH, CPA
APRIL J. HATFIELD, CPA

228 SIXTH STREET S.E.
PARIS, TEXAS 75460
903-784-4316
FAX 903-784-4310

304 WEST CHESTNUT
DENISON, TEXAS 75020
903-465-6070
FAX 903-465-6093

1400 WEST RUSSELL
BONHAM, TEXAS 75418
903-583-5574
FAX 903-583-9453

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Paris, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information including the budgetary comparison of the City of Paris, Texas, 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 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 opinions.

Honorable Mayor and City Council
City of Paris, Texas

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Paris, Texas, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund 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 management's discussion and analysis, the schedules of changes in net pension liability, the schedules of changes in net OPEB liability, and the schedules of City contributions 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Paris, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Honorable Mayor and City Council
City of Paris, Texas

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2020, on our consideration of the City of Paris, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Paris, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Paris, Texas' internal control over financial reporting and compliance.

McClanahan and Holmes, LLP
Certified Public Accountants

Paris, Texas
June 26, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Paris (the City), we offer readers of the City of Paris, Texas' financial statements this narrative overview and analysis of the financial activities of the City of Paris for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal as well as the City's financial statements.

Financial Highlights of the Primary Government

- The City maintained its tax rate of 0.55195 per \$100 of valuation for fiscal year 2018-19.
- For the upcoming 2019-20 fiscal year, the City lowered its tax rate to 0.51608 per \$100 of valuation. This reduction saved citizens \$568,338 in taxes.
- City-wide expenses this year exceeded City-wide revenues by \$480,786 whereas in the previous year revenues exceeded expenses by \$740,563. The deficit was caused by general government expenditures for street projects and affordable housing.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$12,390,089 or 47.55%, of total general fund expenditures. The prior year unassigned fund balance was \$11,753,392 or 47.72%, of general fund expenditures.
- At the end of the fiscal year, the net position of the proprietary funds was \$42,253,191 compared to \$41,268,531 the prior year.

Overview of the Financial Statements

This management's discussion and analysis is intended to serve as an introduction to the City of Paris' basic financial statements. The City of Paris' basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Paris' finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of Paris' assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Paris is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Paris that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Paris include general government, public safety, public works, culture and recreation, health, and airport. The business-type activities of the City of Paris include water production and distribution as well as wastewater collection and treatment. The government-wide financial statements include not only the City of Paris itself (known as the primary government), but also a legally separate economic development corporation (known as the component unit) over which the City of Paris is able to exercise significant control. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Paris, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Paris can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Paris classifies its governmental funds as either Nonmajor or Major. Nonmajor governmental funds include all special revenue funds and permanent funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital projects fund, and the debt service fund, all of which are considered to be Major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these Nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found immediately after the Independent Auditors' Report.

Proprietary Funds

The City of Paris maintains only one type of proprietary fund. An enterprise fund (the type used by the City of Paris) is used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Paris uses an enterprise fund to account for its water and sewer related activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund used by the City of Paris is considered a major fund.

The basic proprietary fund financial statements can be found beginning with Statement 7 and continuing through Statement 9 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately after the Statement of Cash Flows-Proprietary Funds in this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Paris' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found immediately following the Notes to the Financial Statements.

Combining and individual fund statements and schedules can be found immediately after the required supplementary information in this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Paris, assets exceeded liabilities by \$73,931,053 at the close of the most recent fiscal year. This compares to \$74,584,048 for the previous year. This was a 0.87% decrease in net position.

By far, the largest portion of the City of Paris' net position (\$43,844,317 or 59.30%) reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). The City of Paris uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Paris' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The decrease in net position was minor and is primarily due to an additional debt issue in the 2018-19 fiscal year.

	City of Paris Net Position					
	Governmental Activities		Business-Type Activities		Total	Total
	2018	2019	2018	2019	2018	2019
Assets:						
Current and Other Assets	\$ 26,896,349	\$ 24,359,869	\$25,936,919	\$23,447,942	\$52,833,268	\$47,807,811
Capital Assets	37,741,733	38,455,486	62,055,816	65,069,071	99,797,549	103,524,557
Total Assets	64,638,082	62,815,355	87,992,735	88,517,013	152,630,817	151,332,368
Deferred Outflows						
Related to Pension	1,170,682	3,886,306	239,151	698,480	1,409,833	4,584,786
Related to OPEB	148,713	237,246	13,468	11,307	162,181	248,553
Total Deferred Outflows	1,319,395	4,123,552	252,619	709,787	1,572,014	4,833,339
Long-Term Liabilities:						
Outstanding	29,647,214	33,578,787	44,647,012	43,255,401	74,294,226	76,834,188
Other Liabilities	1,886,368	1,628,308	2,048,262	3,678,616	3,934,630	5,306,924
Total Liabilities	31,533,582	35,207,095	46,695,274	46,934,017	78,228,856	82,141,112
Deferred Inflows						
Related to Pensions	1,108,378	-	281,549	29,000	1,389,927	29,000
Related to OPEB	-	53,950	-	10,592	-	64,542
Total Deferred Inflows	1,108,378	53,950	281,549	39,592	1,389,927	93,542
Net Position:						
Net Investment in						
Capital Assets	20,713,428	18,064,569	18,322,809	25,779,748	39,036,237	43,844,317
Restricted	12,548,372	8,782,171	-	-	12,548,372	13,613,293
Unrestricted	53,717	4,831,122	22,945,722	16,473,443	22,999,439	16,473,443
Total Net Position	\$33,315,517	\$31,677,862	\$41,268,531	\$42,253,191	\$74,584,048	\$73,931,053

An additional portion of the City of Paris' net assets (\$13,613,293 or 18.41%) represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net assets (\$16,473,443 or 22.82%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Paris is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities net investment in capital assets, restricted net position, and unrestricted net position. This was also true for the prior fiscal year.

Statement 1 reflects the relevant deferred outflows and inflows for the fiscal year. Outflows are intended to account for the anticipated future liabilities for pension payments as well as contributions toward the cost of retiree health care. Inflows anticipate future contributions to the pension plan and retiree health care.

Governmental Activities

Governmental activities decreased the City of Paris' net position by \$1,637,655 or 4.92% (includes prior period adjustment) during the current fiscal year. Total governmental revenue was up \$1,326,187 (4.75%) with general revenues being up \$390,481(1.75%) and program revenues being up \$935,706 (16.34%). General revenues were up in most categories. Program revenues were up in all categories.

	General Revenues & Program Revenues		
	2018	2019	Increase (Decrease)
Property Taxes	\$ 9,170,951	\$ 9,358,943	\$ 187,992
Sales Taxes	7,317,162	7,369,079	51,917
Franchise Taxes	4,315,694	4,305,851	(9,843)
Hotel Occupancy Tax	662,263	675,158	12,895
Unrestricted Investment Earnings	426,518	581,115	154,597
Miscellaneous	387,306	272,338	(114,968)
Gain (Loss) on Sale of Capital Asset	(57,940)	49,951	107,891
Program Revenues	5,726,207	6,661,913	935,706
	<u>\$ 27,948,161</u>	<u>\$ 29,274,348</u>	<u>\$ 1,326,187</u>

The following table provides a summary of the City's operations for the years ending 2018 and 2019 for both governmental and business-type activities:

City of Paris Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
Revenues						
Program Revenues:						
Charges for Services	\$ 5,049,136	\$ 5,336,247	\$ 14,168,934	\$ 14,452,703	\$ 19,218,070	\$ 19,788,950
Operating Grants and Contributions	154,497	165,064	-	-	154,497	165,064
Capital Grants and Contributions	522,574	1,160,602	-	-	522,574	1,160,602
General Revenues:						
Property Taxes	9,170,951	9,358,943	-	-	9,170,951	9,358,943
Sales Taxes	7,317,162	7,369,079	-	-	7,317,162	7,369,079
Franchise Taxes	4,315,694	4,305,851	-	-	4,315,694	4,305,851
Hotel Occupancy Tax	662,263	675,158	-	-	662,263	675,158
Unrestricted Investment Earnings	426,518	581,115	380,393	577,621	806,911	1,158,736
Other	329,366	322,289	-	-	329,366	322,289
Total Revenues	27,948,161	29,274,348	14,549,327	15,030,324	42,497,488	44,304,672
Expenses						
General Government	3,825,666	6,748,601	-	-	3,825,666	6,748,601
Public Safety	12,061,033	12,501,860	-	-	12,061,033	12,501,860
Public Works	6,882,186	6,706,520	-	-	6,882,186	6,706,520
Health	2,884,339	3,058,445	-	-	2,884,339	3,058,445
Culture and Recreation	866,435	794,776	-	-	866,435	794,776
Other	-	-	-	-	-	-
Cox Field	243,666	212,557	-	-	243,666	212,557
Interest on Long-Term Debt	399,291	194,004	-	-	399,291	194,004
Water and Sewer	-	-	14,594,309	14,568,695	14,594,309	14,568,695
Total Expenses	27,162,616	30,216,763	14,594,309	14,568,695	41,756,925	44,785,458
Increase (Decrease) in Net Position Before Transfers	785,545	(942,415)	(44,982)	461,629	740,563	(480,786)
Transfers/Special Items	610,955	(523,031)	(610,955)	523,031	-	-
Increase (Decrease) in Net Position	1,396,500	(1,465,446)	(655,937)	984,660	740,563	(480,786)
Net Position, Beginning	36,135,030	33,315,517	41,924,468	41,268,531	78,059,498	74,584,048
Prior Period Adjustment	(4,216,013)	(172,209)	-	-	(4,216,013)	(172,209)
Net Position, Ending	\$ 33,315,517	\$ 31,677,862	\$ 41,268,531	\$ 42,253,191	\$ 74,584,048	\$ 73,931,053

Business-Type Activities

Business-type activities increased the City of Paris' net position by \$984,660. This increase was caused by a rate increase and reduced expenses.

Financial Analysis of the Government's Funds

As noted earlier, the City of Paris uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City of Paris’ governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Paris’ financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

	Governmental Funds	
	2018	2019
Total Assets	<u>\$ 26,896,350</u>	<u>\$ 24,360,133</u>
Total Liabilities	<u>\$ 1,733,070</u>	<u>\$ 1,278,769</u>
Deferred Inflows of Resources	<u>1,108,832</u>	<u>1,132,958</u>
Fund Balances:		
Nonspendable:		
Inventory	418,995	483,575
Permanent Fund Principal	93,689	96,007
Restricted for:		
Debt Service	1,836,162	1,727,065
Capital Projects	8,957,151	6,182,754
Notes	-	-
Law Enforcement	199,194	202,297
Public Education	496,852	574,048
Assigned:		
Library	85,554	74,469
Community Development	213,459	218,102
Unassigned:		
General Fund	<u>11,753,392</u>	<u>12,390,089</u>
Total Fund Balances	<u>24,054,448</u>	<u>21,948,406</u>
 Total Liabilities, Deferred Inflows, and Fund Balances	 <u>\$ 26,896,350</u>	 <u>\$ 24,360,133</u>

As of the end of the current fiscal year, the City of Paris’ governmental funds reported combined ending fund balances of \$21,948,406. Approximately 56.45% of this total amount (\$12,390,089) constitutes unassigned fund balance, which is available for spending at the government’s discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is non-spendable, restricted, or assigned to 1) Permanent Fund Principal (\$96,007), 2) pay debt service (\$1,727,065), 3) inventories (\$483,575), 4) law enforcement (\$202,297), 5) library (\$74,469), 6), Public Education (\$574,048), 7) capital projects (\$6,182,754) and 8) Community Development (\$218,102).

	Governmental Funds Revenues, Expenditures, and Changes in Fund Balances	
	2018	2019
Revenues	\$ 27,811,332	\$ 29,142,435
Expenditures	28,624,534	30,611,074
Deficiency of Revenues Under Expenditures	(813,202)	(1,468,639)
Total Other Financing Sources (Uses)	800,961	(465,195)
Net Change in Fund Balances	(12,241)	(1,933,834)
Increase (Decrease) in Inventory	40,517	-
Fund Balances - Beginning	23,864,494	24,054,449
Prior Period Adjustment	161,678	(172,209)
Fund Balances - Ending	\$ 24,054,448	\$ 21,948,406

General Fund

The General Fund is the chief operating fund of the City of Paris. At the end of the current fiscal year, unassigned fund balance of the general fund was \$12,390,089 (\$11,753,392 the previous year), while total fund balance reached \$13,451,478 (\$12,670,746 the previous year). The increase in the fund balance of the general fund was primarily due to increased cash and investments, receivables and inventory. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 47.54% of total general fund expenditures, while total fund balance represents 51.61% of that same amount.

During the year, the City also made budgeted transfers from the Water and Sewer Fund to the General Fund for administrative support and payment of franchise fees. Transfers were made from the Water and Sewer Fund to the Debt Service Fund to make debt service payments.

Other governmental funds (nonmajor) include the Permanent and Expendable Library Funds, Special Revenue Fund, Grant Fund, and the Community Development Fund. Only the General Fund had unassigned fund balance at the end of the year.

Budget Analysis

The City of Paris adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided as Required Supplementary Information in this report to demonstrate compliance with this budget.

The final appropriation of the general fund was overspent by \$1,035,895 (\$563,605 underspent the previous year). This 4.13% variance is mainly due to a housing grant approved by the city council but not formally added to the budget. However, over expenditure by public safety department also contributed to the deficit. General Fund revenues were over budget by \$1,663,881 (6.55%). Higher than expected property tax collections, sales taxes, investment earnings, emergency medical service collections, and intergovernmental revenue were the primary reasons for this difference.

Capital Projects Fund

The Capital Projects Fund is funded by the General Fund and/or the Proprietary Fund on an as needed basis or by debt issue authorized by the City Council. As Proprietary Fund projects are completed in the Capital Projects Fund, they are transferred back to the Proprietary Fund. The fund balance in the Capital Projects Fund was \$6,178,988 (\$8,955,644 last year). This reduction was due to the significant expenditure of existing cash on hand for various projects with the only offsetting revenue being interest income. Variances from year to year are common in this fund as projects are approved on a year to year basis by the City Council.

Debt Service Fund

The Debt Service Fund has a total fund balance of \$1,727,065 (\$1,836,162 the previous year), all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was -\$109,097 (\$183,807 increase the previous year). The government enacted a dedicated property tax for debt service at the beginning of the current fiscal year. This tax produced revenues of \$1,769,743 in the current fiscal year (\$1,795,313 the previous year).

Proprietary Fund

The City of Paris' Proprietary Fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$16,473,443 (\$22,945,722 the previous year). This change was primarily due to construction in progress. Other factors concerning the finances of this fund have already been addressed in the discussion of the City of Paris' business-type activities.

Capital Asset and Debt Administration

Capital Assets

The City of Paris' investment in capital assets for its governmental and business-type activities as of September 30, 2019 amounts to \$103,524,557 (\$99,797,549 the previous year). Both of these amounts are net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

	Net Capital Assets					
	Governmental Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
Land	\$ 5,927,478	\$ 5,927,478	\$ 339,620	\$ 339,620	\$ 6,267,098	\$ 6,267,098
Buildings and System Improvements Other than Buildings	10,561,301	10,848,848	29,532,653	30,339,960	40,093,954	41,188,808
Machinery, Furniture, and Equipment	3,206,534	2,931,843	-	-	3,206,534	2,931,843
Infrastructure	3,948,088	3,630,227	1,395,284	1,247,080	5,343,372	4,877,307
Construction in Progress	12,931,632	11,863,329	-	-	12,931,632	11,863,329
Water Rights-Net	1,166,700	3,253,761	27,474,441	29,864,225	28,641,141	33,117,986
	-	-	3,313,818	3,278,186	3,313,818	3,278,186
Total	\$ 37,741,733	\$ 38,455,486	\$ 62,055,816	\$ 65,069,071	\$ 99,797,549	\$ 103,524,557

Additional information on the City of Paris' capital assets can be found in note IV. D. of the Notes to the Financial Statements.

Long-Term Debt

The City has two capital leases with \$1,104,090 in principal outstanding at year end. The City of Paris also has total bonded debt outstanding in the amount of \$53,915,000. Of this amount, \$12,840,000 comprises debt being paid for by property tax revenues, and \$41,075,000 represents bonds being paid for by water and sewer revenues.

Issue	Tax Supported	Revenue Supported	Final Maturity	Moody's Investors Rating
2010 G.O. Refunding Bonds	\$ 450,000	\$ 710,000	6/15/2020	Aa3
2010 Tax and Rev C.O.s	2,040,000	-	12/15/2029	Aa3
2012 G.O. Refunding Bonds	1,190,000	-	12/15/2021	Aa3
2013 C.O.s (TWDB)	-	2,005,000	6/15/2032	N/A
2013 G.O. Bonds	-	29,315,000	12/15/2032	Aa3
2016 G.O. Bonds	-	7,945,000	12/15/2036	Aa3
2017 G.O. Bonds	8,970,000	-	6/15/2037	Aa3
2018 G. O. Bonds	190,000	1,100,000	9/30/2028	
Capital Leases-Firetrucks	1,104,090	-		
	\$ 13,944,090	\$ 41,075,000		

The City of Paris' bond debt decreased by \$3,460,000 (6.03%) during the fiscal year. The City's underlying bond rating from Moody's is Aa3. The 2018 G.O. Bonds were not rated as it was a small issue that was privately placed. The maximum tax rate permitted by Article XI, Section 5 of the State of Texas constitution is \$2.50 per \$100 of assessed valuation. Consequently, no legal debt margin can be calculated. The state attorney general has traditionally allowed up to \$1.50 per \$100 valuation to be applied to debt service. The City levied a tax rate of \$0.55195 per \$100 valuation for the 2018-19 fiscal year. This rate was broken down into \$0.43831 per \$100 valuation for operations and \$0.11364 per \$100 valuation for debt service. Using the traditional allowance of the state attorney general as a guide, the City of Paris is utilizing only 7.57% of its debt capacity.

Additional information on the City of Paris' long-term debt can be found in note IV. K. of the Notes to the Financial Statements.

Economic Factors and Next Year's Budgets and Rates

- Sales tax revenues are projected to grow 2% in the coming year.
- New construction amounted to 25 residential units and 15 commercial units.
- Local population growth is expected to be minimal.
- The tax rate is expected to remain at or below \$0.51608 per \$100 of value.
- Franchise fees are expected to remain stable.

All of these factors were considered in preparing the City of Paris' budget for 2019-20.

Requests for Information

This financial report is designed to provide a general overview of the City of Paris' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Finance Director, 135 S.E. First Street, City of Paris, Texas 75460.

CITY OF PARIS, TEXAS
Statement of Net Position
September 30, 2019

Statement 1

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development
Assets				
Cash and Cash Equivalents	\$ 16,245,479	\$ 871,457	\$ 17,116,936	\$ 2,141,894
Investments	127,966	365,392	493,358	2,086,813
Receivables (Net of Allowance for Uncollectibles)	2,701,911	2,350,676	5,052,587	256,036
Inventories	483,575	262,304	745,879	-
Restricted Assets				
Cash and Cash Equivalents	13,266	5,531,870	5,545,136	-
Investments	4,215,400	14,066,243	18,281,643	-
Due from Other Governments	572,272	-	572,272	-
Land Development Costs	-	-	-	2,676,864
Water Rights (Net of Accumulated Amortization)	-	3,278,186	3,278,186	-
Capital Assets Not Being Depreciated				
Land	5,927,478	339,620	6,267,098	-
Construction in Progress	3,253,761	29,864,225	33,117,986	-
Capital Assets (Net of Accumulated Depreciation)				
Buildings and System Improvements Other Than Buildings	10,848,848	30,339,960	41,188,808	-
Buildings	2,931,843	-	2,931,843	-
Machinery and Equipment	3,630,227	1,247,080	4,877,307	5,401
Infrastructure	11,863,329	-	11,863,329	-
Total Assets	62,815,355	88,517,013	151,332,368	7,167,008
Deferred Outflows of Resources				
Deferred Outflows Related to Pensions	3,886,306	698,480	4,584,786	-
Deferred Outflows Related to OPEB	237,246	11,307	248,553	-
Total Deferred Outflows of Resources	4,123,552	709,787	4,833,339	-

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

CITY OF PARIS, TEXAS
Statement of Net Position
September 30, 2019

Statement 1
(Continued)

	Primary Government		Total	Component
	Governmental Activities	Business-Type Activities		Unit Economic Development
Liabilities				
Bank Overdraft	-	1,680,899	1,680,899	-
Accounts Payable and Other Current Liabilities	1,428,505	521,327	1,949,832	51,833
Accrued Interest Payable	137,257	486,910	624,167	6,837
Unearned Revenue	-	-	-	-
Customers' Deposits	-	989,480	989,480	-
Noncurrent Liabilities				
Due Within One Year	1,635,260	2,347,961	3,983,221	87,799
Due in More Than One Year	13,565,314	39,852,150	53,417,464	1,557,394
Net Pension Liability	15,801,595	892,876	16,694,471	-
Net OPEB Liability	2,639,164	162,414	2,801,578	-
Total Liabilities	35,207,095	46,934,017	82,141,112	1,703,863
Deferred Inflows of Resources				
Deferred Inflows Related to Pensions	-	29,000	29,000	-
Deferred Inflows Related to OPEB	53,950	10,592	64,542	-
Total Deferred Inflows of Resources	53,950	39,592	93,542	-
Net Position				
Net Investment in Capital Assets	18,064,569	25,779,748	43,844,317	5,401
Restricted for				
Construction	6,182,754	-	6,182,754	-
Debt Service	1,727,065	-	1,727,065	1,645,193
Law Enforcement	202,297	-	202,297	-
Education	574,048	-	574,048	-
Industrial Incentives	-	-	-	3,133,922
Land Development Costs	-	-	-	2,676,864
Permanent Library Funds				
Nonexpendable	96,007	-	96,007	-
Unrestricted	4,831,122	16,473,443	21,304,565	(1,998,235)
Total Net Position	\$ 31,677,862	\$ 42,253,191	\$ 73,931,053	\$ 5,463,145

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



CITY OF PARIS, TEXAS
Statement of Activities
Year Ended September 30, 2019

Statement 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Economic Development
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Primary Government								
Governmental Activities								
General Government	\$ 4,054,831	\$ 304,818	\$ 2,098	\$ -	\$ (3,747,915)	\$ -	\$ (3,747,915)	\$ -
Public Safety	13,228,151	353,571	153,592	100,034	(12,620,954)	-	(12,620,954)	-
Public Works	8,274,343	1,437,157	-	1,010,574	(5,826,612)	-	(5,826,612)	-
Health	3,205,596	2,979,160	-	-	(226,436)	-	(226,436)	-
Culture and Recreation	914,874	100,014	9,374	-	(805,486)	-	(805,486)	-
Cox Field Airport	344,964	161,527	-	49,994	(133,443)	-	(133,443)	-
Interest on Long-Term Debt	194,004	-	-	-	(194,004)	-	(194,004)	-
Total Governmental Activities	30,216,763	5,336,247	165,064	1,160,602	(23,554,850)	-	(23,554,850)	-
Business-Type Activities								
Water and Sewer	14,568,695	14,452,703	-	-	-	(115,992)	(115,992)	-
Total Business-Type Activities	14,568,695	14,452,703	-	-	-	(115,992)	(115,992)	-
Total Primary Government	\$ 44,785,458	\$ 19,788,950	\$ 165,064	\$ 1,160,602	(23,554,850)	(115,992)	(23,670,842)	-
Component Unit								
Economic Development	\$ 2,751,782	\$ -	\$ -	\$ -	-	-	-	(2,751,782)
General Revenues								
Property Taxes					9,358,943	-	9,358,943	-
Sales Taxes					7,369,079	-	7,369,079	1,474,475
Franchise Taxes					4,305,851	-	4,305,851	-
Hotel Occupancy Taxes					675,158	-	675,158	-
Unrestricted Investment Earnings					581,115	577,621	1,158,736	41,579
Miscellaneous					272,338	-	272,338	-
Gain on Disposal of Assets					49,951	-	49,951	-
Transfers					(523,031)	523,031	-	-
Total General Revenues and Transfers					22,089,404	1,100,652	23,190,056	1,516,054
Changes in Net Position					(1,465,446)	984,660	(480,786)	(1,235,728)
Net Position - Beginning					33,315,517	41,268,531	74,584,048	6,698,873
Prior Period Adjustment					(172,209)	-	(172,209)	-
Net Position - Ending					\$ 31,677,862	\$ 42,253,191	\$ 73,931,053	\$ 5,463,145

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



CITY OF PARIS, TEXAS
Balance Sheet - Governmental Funds
September 30, 2019

Statement 3

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 11,318,169	\$ 1,723,835	\$ 2,721,563	\$ 495,178	\$ 16,258,745
Investments	479,209	-	3,768,724	95,433	4,343,366
Receivables (Net of Allowance for Uncollectibles)	2,592,249	109,662	-	264	2,702,175
Inventories	483,575	-	-	-	483,575
Due from Other Governments	572,272	-	-	-	572,272
Total Assets	\$ 15,445,474	\$ 1,833,497	\$ 6,490,287	\$ 590,875	\$ 24,360,133
Liabilities, Deferred Inflows, and Fund Balances					
Liabilities					
Accounts Payable and Accrued Liabilities	\$ 967,470	\$ -	\$ 311,299	\$ -	\$ 1,278,769
Total Liabilities	967,470	-	311,299	-	1,278,769
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	567,625	106,432	-	-	674,057
Unavailable Revenue - Other	458,901	-	-	-	458,901
Total Deferred Inflows of Resources	1,026,526	106,432	-	-	1,132,958
Fund Balances					
Nonspendable					
Inventory	483,575	-	-	-	483,575
Permanent Library Funds	-	-	-	96,007	96,007
Restricted for					
Debt Service	-	1,727,065	-	-	1,727,065
Capital Projects	3,766	-	6,178,988	-	6,182,754
Notes	-	-	-	-	-
Law Enforcement	-	-	-	202,297	202,297
Public Education	574,048	-	-	-	574,048
Assigned					
Library	-	-	-	74,469	74,469
Community Development	-	-	-	218,102	218,102
Unassigned: General Fund	12,390,089	-	-	-	12,390,089
Total Fund Balances	13,451,478	1,727,065	6,178,988	590,875	21,948,406
Total Liabilities, Deferred Inflows and Fund Balances	\$ 15,445,474	\$ 1,833,497	\$ 6,490,287	\$ 590,875	\$ 24,360,133
Fund Balances - Total Governmental Funds (above)					\$ 21,948,406
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. (Net of Accumulated Depreciation)					38,455,486
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred or not reflected in the funds.					1,132,958
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.					(15,487,831)
Included in noncurrent liabilities is the recognition of the City's proportionate share of the net pension liability required by GASB 68 in the amount of \$15,801,595, and a Deferred Outflow of Resources in the amount of \$3,886,306. This amounted to a decrease in Net Position of \$11,915,289.					(11,915,289)
Included in noncurrent liabilities is the recognition of the City's proportionate share of the net OPEB liability required by GASB 75 in the amount of \$2,639,164, a Deferred Outflow of Resources in the amount of \$237,246, and a Deferred Inflow of Resources in the amount of \$53,950. This amounted to a decrease in Net Position of \$2,455,868.					(2,455,868)
Net Position of Governmental Activities					\$ 31,677,862

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

CITY OF PARIS, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2019

Statement 4

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes					
Property	\$ 7,552,516	\$ 1,769,743	\$ -	\$ -	\$ 9,322,259
Sales	7,369,079	-	-	-	7,369,079
Franchise	4,305,851	-	-	-	4,305,851
Hotel Occupancy	675,158	-	-	-	675,158
Licenses and Permits	277,507	-	-	-	277,507
Fines and Fees	434,016	-	-	46,602	480,618
Use of Money and Property	483,876	46,601	198,913	13,254	742,644
Sanitation	1,437,157	-	-	-	1,437,157
Health	2,991,995	-	-	-	2,991,995
Intergovernmental	1,325,665	-	-	-	1,325,665
Other	210,946	-	-	3,556	214,502
Total Revenues	27,063,766	1,816,344	198,913	63,412	29,142,435
Expenditures					
Current					
General Government	1,616,363	-	-	16,946	1,633,309
Public Safety	11,218,944	-	-	35,009	11,253,953
Public Works	5,644,019	-	-	-	5,644,019
Health	2,845,874	-	-	-	2,845,874
Culture and Recreation	740,350	-	-	16,216	756,566
Cox Field	210,851	-	-	-	210,851
Other	1,845,609	-	-	-	1,845,609
Debt Service					
Principal	186,690	1,391,113	-	-	1,577,803
Interest	-	443,205	-	-	443,205
Capital Outlay					
General Government	16,995	-	114,349	-	131,344
Public Safety	413,250	-	-	-	413,250
Public Works	1,016,738	-	2,510,928	-	3,527,666
Health	303,946	-	23,679	-	327,625
Total Expenditures	26,059,629	1,834,318	2,648,956	68,171	30,611,074
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,004,137	(17,974)	(2,450,043)	(4,759)	(1,468,639)

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

CITY OF PARIS, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended September 30, 2019

Statement 4
(Continued)

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)					
Insurance Recoveries	57,835	-	-	-	57,835
Transfers In	18,513	5,427	-	3,738	27,678
Transfers Out	<u>(127,545)</u>	<u>(96,550)</u>	<u>(326,613)</u>	<u>-</u>	<u>(550,708)</u>
Total Other Financing Sources (Uses)	<u>(51,197)</u>	<u>(91,123)</u>	<u>(326,613)</u>	<u>3,738</u>	<u>(465,195)</u>
Net Changes in Fund Balances	952,940	(109,097)	(2,776,656)	(1,021)	(1,933,834)
Fund Balances - Beginning	12,670,747	1,836,162	8,955,644	591,896	24,054,449
Prior Period Adjustment	<u>(172,209)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(172,209)</u>
Fund Balances - Ending	<u><u>\$ 13,451,478</u></u>	<u><u>\$ 1,727,065</u></u>	<u><u>\$ 6,178,988</u></u>	<u><u>\$ 590,875</u></u>	<u><u>\$ 21,948,406</u></u>

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



CITY OF PARIS, TEXAS
 Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balances of Governmental Funds to the Statement of Activities
 Year Ended September 30, 2019

Statement 5

Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Net Change in Fund Balances - Total Governmental Funds (Statement 4)	\$ (1,933,834)
Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	713,753
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.	24,127
Accrued interest expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	16,041
Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	38,762
Pension expenses are not reported as expenditures in governmental funds and contributions after the measurement date are deferred.	(1,745,311)
OPEB expenses are not reported as expenditures in governmental funds and contributions after the measurement date are deferred.	(56,436)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>1,477,452</u>
Change in net position of governmental activities (Statement 2).	<u>\$ (1,465,446)</u>

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

CITY OF PARIS, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended September 30, 2019

Statement 6

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 7,383,000	\$ 7,383,000	\$ 7,552,516	\$ 169,516
Sales Taxes	7,187,500	7,187,500	7,369,079	181,579
Franchise Taxes	4,359,100	4,359,100	4,305,851	(53,249)
Hotel Occupancy Taxes	650,000	650,000	675,158	25,158
Licenses and Permits	158,300	158,300	277,507	119,207
Fines and Fees	468,080	468,080	434,016	(34,064)
Investment Earnings	220,658	220,658	483,876	263,218
Sanitation	1,528,201	1,528,201	1,437,157	(91,044)
Health	2,675,720	2,675,720	2,991,995	316,275
Intergovernmental Revenues	491,826	491,826	1,325,665	833,839
Other	277,500	277,500	210,946	(66,554)
Total Revenues	25,399,885	25,399,885	27,063,766	1,663,881
EXPENDITURES				
General Government				
Council	89,830	114,830	134,768	(19,938)
Manager	395,806	410,806	441,024	(30,218)
Attorney	349,688	299,688	306,838	(7,150)
Municipal Court	247,772	217,772	214,240	3,532
Clerk	144,357	124,357	120,247	4,110
Finance	446,128	406,128	416,241	(10,113)
Total General Government	1,673,581	1,573,581	1,633,358	(59,777)
Public Safety				
Police	6,538,662	6,538,662	6,665,648	(126,986)
Fire	5,085,669	5,025,669	5,153,236	(127,567)
Total Public Safety	11,624,331	11,564,331	11,818,884	(254,553)
Public Works				
Community Development	451,843	401,843	1,421,417	(1,019,574)
Engineering	420,501	445,501	453,390	(7,889)
Public Works	233,023	233,023	237,149	(4,126)
Parks and Recreation	1,252,133	1,177,133	1,145,628	31,505
Sanitation	1,336,885	1,336,885	1,087,749	249,136
Streets and Highways	1,703,269	1,567,519	1,516,840	50,679
Traffic and Public Lighting	570,516	480,516	464,139	16,377
Garage	368,238	318,238	334,445	(16,207)
Total Public Works	6,336,408	5,960,658	6,660,757	(700,099)

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

CITY OF PARIS, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended September 30, 2019

Statement 6
(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES (Continued)				
Health	2,693,657	3,178,657	3,149,820	28,837
Culture and Recreation				
Paris Band	23,050	23,800	23,780	20
Library Services	721,328	721,328	716,570	4,758
Total Culture and Recreation	744,378	745,128	740,350	4,778
Other				
Cox Field Airport	138,850	188,850	210,851	(22,001)
Other	1,812,529	1,812,529	1,845,609	(33,080)
Total Other	1,951,379	2,001,379	2,056,460	(55,081)
Total Expenditures	25,023,734	25,023,734	26,059,629	(1,035,895)
Excess (Deficiency) of Revenues Over Expenditures	376,151	376,151	1,004,137	627,986
Other Financing Sources (Uses)				
Insurance Recoveries	-	-	57,835	57,835
Transfers In	2,000	2,000	18,513	16,513
Transfers Out	-	-	(127,545)	(127,545)
Total Other Financing Sources (Uses)	2,000	2,000	(51,197)	(53,197)
Net Changes in Fund Balance	378,151	378,151	952,940	574,789
Fund Balance - Beginning	12,670,747	12,670,747	12,670,747	-
Prior Period Adjustment	-	-	(172,209)	(172,209)
Fund Balance - Ending	<u>\$ 13,048,898</u>	<u>\$ 13,048,898</u>	<u>\$ 13,451,478</u>	<u>\$ 402,580</u>

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

CITY OF PARIS, TEXAS
Statement of Net Position
Proprietary Funds
September 30, 2019 and 2018

Statement 7

	<u>Water and Sewer Enterprise Fund Current Year</u>	<u>Water and Sewer Enterprise Fund Prior Year</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 871,457	\$ 3,740,047
Restricted Cash and Cash Equivalents	5,531,870	9,141,708
Total Cash and Cash Equivalents	<u>6,403,327</u>	<u>12,881,755</u>
Accounts Receivable, Net	2,346,710	2,118,610
Accrued Interest Receivable	3,966	55,427
Inventories	262,304	225,262
Total Current Assets	<u>9,016,307</u>	<u>15,281,054</u>
Noncurrent Assets		
Investments		
Construction	6,698,408	6,716,680
Reserve and Contingency	7,367,835	3,448,867
Unrestricted	365,392	476,598
Total Investments	<u>14,431,635</u>	<u>10,642,145</u>
Water Rights (Net of Accumulated Amortization)	<u>3,278,186</u>	<u>3,313,818</u>
Capital Assets		
Land	339,620	339,620
Construction in Progress	29,864,225	27,474,441
Plant, Pumps, and Motors	31,720,324	31,414,324
Distribution System	46,869,832	46,869,832
Collection System	28,300,115	25,280,843
Maintenance Equipment and Vehicles	4,272,871	4,131,891
Furniture and Equipment	2,054,372	2,054,372
Less Accumulated Depreciation	<u>(81,630,474)</u>	<u>(78,823,325)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>61,790,885</u>	<u>58,741,998</u>
Total Noncurrent Assets	<u>79,500,706</u>	<u>72,697,961</u>
Total Assets	<u>88,517,013</u>	<u>87,979,015</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	698,480	239,151
Deferred Outflows Related to OPEB	11,307	13,468
Total Deferred Outflows	<u>709,787</u>	<u>252,619</u>

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

CITY OF PARIS, TEXAS
Statement of Net Position
Proprietary Funds
September 30, 2019 and 2018

Statement 7
(Continued)

	<u>Water and Sewer Enterprise Fund Current Year</u>	<u>Water and Sewer Enterprise Fund Prior Year</u>
LIABILITIES		
Current Liabilities		
Bank Overdraft	1,680,899	-
Accounts Payable and Accrued Liabilities	521,327	482,857
Accrued Interest Payable	486,910	510,426
Unearned Revenue	-	139,812
Customers' Deposits	989,480	915,167
Bonds Payable - Current Portion	2,326,857	2,266,857
Accrued Compensated Absences - Current Portion	21,104	21,580
Total Current Liabilities	<u>6,026,577</u>	<u>4,336,699</u>
Noncurrent Liabilities		
Bonds Payable - Noncurrent Portion	39,662,211	41,997,732
Accrued Compensated Absences - Noncurrent Portion	189,939	194,216
Net Pension Liabilities	892,876	(13,720)
Net OPEB Liabilities	162,414	166,627
Total Noncurrent Liabilities	<u>40,907,440</u>	<u>42,344,855</u>
Total Liabilities	<u>46,934,017</u>	<u>46,681,554</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	29,000	281,549
Deferred Inflows Related to OPEB	10,592	-
Total Deferred Inflows	<u>39,592</u>	<u>281,549</u>
NET POSITION		
Net Investment in Capital Assets	25,779,748	18,322,809
Unrestricted	16,473,443	22,945,722
Total Net Position	<u>\$ 42,253,191</u>	<u>\$ 41,268,531</u>

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



CITY OF PARIS, TEXAS
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Years Ended September 30, 2019 and 2018

Statement 8

	Water and Sewer Enterprise Fund Current Year	Water and Sewer Enterprise Fund Prior Year
Operating Revenues		
Charges for Sales and Services		
Water Sales and Taps	\$ 7,877,619	\$ 7,916,462
Sewer Charges and Taps	5,896,304	5,788,319
Sanitation Billing Fees	71,515	70,361
Service Charges	149,175	154,313
Industrial Surcharges	56,902	33,927
Miscellaneous	401,188	205,552
Total Operating Revenues	14,452,703	14,168,934
Operating Expenses		
Personnel	3,457,720	3,364,353
Supplies	1,132,329	1,180,374
Contractual	3,492,693	3,710,765
Maintenance	1,027,538	953,593
Sundry Charges	760,456	575,890
Other	311,995	137,113
Depreciation	2,807,149	3,006,912
Total Operating Expenses	12,989,880	12,929,000
Operating Income	1,462,823	1,239,934
Nonoperating Revenues (Expenses)		
Investment Earnings	577,621	380,393
Interest Expense - Revenue and General Obligation Bonds	(1,670,040)	(1,738,171)
Bond Issue Costs	-	(27,090)
Amortization of Water Rights	(35,632)	(35,632)
Amortization of Bond Premium	126,857	135,584
Net Nonoperating Revenues (Expenses)	(1,001,194)	(1,284,916)
Income Before Contributions, Other Revenue, and Transfers	461,629	(44,982)
Capital Contributions, Other Revenue, and Transfers		
Transfers In	547,003	5,776,146
Transfers Out	(23,972)	(6,387,101)
Total Capital Contributions, Other Revenue, and Transfers	523,031	(610,955)
Changes in Net Position	984,660	(655,937)
Total Net Position - Beginning	41,268,531	41,924,468
Total Net Position - Ending	\$ 42,253,191	\$ 41,268,531

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

CITY OF PARIS, TEXAS
Statement of Cash Flows
Proprietary Funds
Years Ended September 30, 2019 and 2018

Statement 9

	Water and Sewer Enterprise Fund Current Year	Water and Sewer Enterprise Fund Prior Year
Cash Flows from Operating Activities		
Receipts from Customers and Users	\$ 14,159,104	\$ 13,630,428
Payments to Suppliers, Contractors, and Service Providers	(5,050,981)	(7,146,831)
Payments to Employees for Salaries and Benefits	(3,250,918)	(3,540,486)
	5,857,205	2,943,111
Cash Flows from Noncapital Financing Activities		
Transfers In	547,003	5,776,146
Transfers Out	(23,972)	(6,387,101)
	523,031	(610,955)
Cash Flows from Capital and Related Financing Activities		
Proceeds from General Obligation Bonds	-	1,200,000
Purchases of Capital Assets	(5,856,036)	(9,225,080)
Principal Paid on Bonds	(2,148,664)	(1,975,000)
Interest Paid on Long-Term Debt	(1,693,556)	(1,740,657)
Bond Origination Fees	-	(27,090)
	(9,698,256)	(11,767,827)
Cash Flows from Investing Activities		
Interest on Investments	629,082	345,010
Purchases of Investment Securities	(22,962,080)	(7,371,637)
Maturities of Investments	19,172,590	19,288,497
	(3,160,408)	12,261,870
Net Increase in Cash and Cash Equivalents	(6,478,428)	2,826,199
Cash and Cash Equivalents - Beginning	12,881,755	10,055,556
Cash and Cash Equivalents - Ending	\$ 6,403,327	\$ 12,881,755

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

CITY OF PARIS, TEXAS
Statement of Cash Flows
Proprietary Funds
Years Ended September 30, 2019 and 2018

Statement 9
(Continued)

	Water and Sewer Enterprise Fund Current Year	Water and Sewer Enterprise Fund Prior Year
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities		
Operating Income	\$ 1,462,823	\$ 1,239,934
Adjustments to Reconcile Operating Income to Net Cash		
Provided by (Used in) Operating Activities		
Depreciation	2,807,149	3,006,912
Decrease (Increase) in Accounts Receivable	(228,100)	(208,042)
Decrease (Increase) in Inventory	(37,042)	(1,192)
Decrease (Increase) in Deferred Outflows of Resources	(457,168)	465,410
Increase (Decrease) in Accounts Payable and Accrued Liabilities	1,719,369	(591,339)
Increase (Decrease) in Unearned Revenue	(139,812)	(556,546)
Increase (Decrease) in Customers' Deposits	74,313	18,040
Increase (Decrease) in Accrued Compensated Absences	(4,753)	(19,296)
Increase (Decrease) in Net Pension Liabilities	906,596	(658,892)
Increase (Decrease) in Net OPEB Liabilities	(4,213)	21,082
Increase (Decrease) in Deferred Inflows of Resources	(241,957)	227,040
Total Adjustments	4,394,382	1,703,177
Net Cash Provided by Operating Activities	\$ 5,857,205	\$ 2,943,111
Noncash Investing, Capital, and Financing Activities		
Increase (Decrease) in Fair Value of Investments	\$ (165,246)	\$ 139,221

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

CITY OF PARIS, TEXAS
Notes to Financial Statements
September 30, 2019

I. Summary of Significant Accounting Policies

A. Description of Government-Wide Financial Statements

The government-wide financial statements (e.g., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

B. Reporting Entity

The City of Paris, Texas (the City), operates under a council-manager form of government with the mayor and six council members being elected. The accompanying financial statements present the government and its component unit. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for a description) to emphasize that it is legally separate from the government.

Discretely Presented Component Unit: The Paris Economic Development Corporation (PEDC) is a governmental nonprofit 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 by promoting, assisting, and enhancing economic development activities for the City as provided by the Development Corporation Act of 1979. The business and affairs are managed by a five-member board of directors appointed by the governing body of the City. PEDC is fiscally dependent upon the City as the City Council approves their budgets and must approve any debt issuance. However, the component unit does not qualify for blending because the component services directly benefit the community rather than the City itself. Complete financial statements for PEDC may be obtained at its administrative office at 1125 Bonham Street, Paris, Texas 75460.

C. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

As discussed earlier, the government has one discretely presented component unit, PEDC. PEDC is shown in a separate column in the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its discretely presented component unit. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

I. Summary of Significant Accounting Policies (Continued)

D. Basis of Presentation – Fund Financial Statements (Continued)

The City reports the following major governmental funds:

The General Fund is the primary operating fund of the City. It accounts for and reports all financial resources not accounted for in another fund.

The Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

The Capital Projects Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for capital outlay.

The City reports nonmajor funds as Other Governmental Funds which include Special Revenue Funds and a Permanent Fund as follows:

The Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than for debt service or capital projects.

The Permanent Fund is used to account for and report resources that are restricted to the extent that only earnings and not principal may be used.

The City reports the following enterprise funds as one major fund:

The Water Fund accounts for the water distribution system as well as the billings and collections for that service.

The Sewer Fund accounts for the sewer system as well as the collection activities for that service.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (e.g., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (e.g., the enterprise fund) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

I. Summary of Significant Accounting Policies (Continued)

E. 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 transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise taxes, licenses, interest, and special assessments are susceptible to accrual. Sales taxes are recognized as revenue in the period when the exchange transaction on which the tax is imposed occurs. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The proprietary funds are accounted for using the economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The proprietary fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the governing body has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

F. Budgetary Information

1. Budgetary Basis of Accounting

Annual budgets are legally adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the capital projects fund, proprietary funds, and library trust fund. The budget for the capital projects fund is legally adopted for specific projects and may exceed one year. Formal budgetary integration is not employed for the proprietary funds. The City adopts an annual, informal budget as a financial plan for all proprietary funds. The library trust fund includes nonbudgeted

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

I. Summary of Significant Accounting Policies (Continued)

F. Budgetary Information (Continued)

1. Budgetary Basis of Accounting (Continued)

financial activities, which are not subject to an appropriated budget and the appropriation process or to any legally authorized nonappropriated budget review and approval process. The community development block grant fund is not annually appropriated. The City has no special revenue funds which are reported as major funds.

At the close of each fiscal year, any unencumbered appropriation balance (appropriations including prior year encumbrances less current year expenditures and encumbrances) lapse or revert to the undesignated fund balance.

At least thirty days prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget, which represents the financial plan for the ensuing fiscal year, includes proposed expenditures and the means of financing them. Public hearings are conducted at which all interested persons' comments concerning the budget are heard.

The budget for the next fiscal year is legally enacted by the City Council through passage of an ordinance not later than the twenty-seventh day of the last month of the fiscal year. If the City Council does not enact the budget within this time period, then the budget as submitted by the City Manager becomes the legally authorized budget.

2. Excess of Expenditures Over Appropriations

For the year ended September 30, 2019, expenditures may not legally exceed appropriations at the department level for each legally adopted annual operating budget. The City Manager may, without Council approval, transfer appropriation balances from one expenditure account to another within a department or agency of the City. The City Council, however, must approve any transfer or unencumbered appropriation balances or portions thereof from one department or agency to another. During the year ended September 30, 2019, the City Council approved a transfer of \$650,750 from various departments to other departmental line items. Expenditures exceeded appropriations in the following departments: Council \$19,938, Manager \$30,218, Attorney \$7,150, Finance \$10,113, Police \$126,986, Fire \$127,567, Community Development \$1,019,574, Engineering \$7,889, Public Works \$4,126, Garage \$16,207, Cox Field \$22,001, and Other \$33,080.

G. Assets, Liabilities, and Equity

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 date of acquisition.

2. Investments

Investments are reported in the accompanying balance sheet at fair value with changes in fair value being reported as part of investment income. The City holds investments in an external investment pool, Texas Local Government Investment Cooperative (LOGIC), managed by Southwest Securities Group, Inc. PEDC holds investments in two external investment pools, Texas Class and Lone Star Investments. Both investment pools carry investments at amortized cost, which approximates fair value. Investments are

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

I. Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities, and Equity (Continued)

2. Investments (Continued)

priced daily and compared to the carrying value. If the ratio of the fair value of the portfolio of investments to the carrying value of investments is less than .995 or greater than 1.005, the investment pools will sell investment securities, as required, to maintain the ratio at a point between .995 and 1.005. Participation in external investment pools was voluntary.

Statutes authorize the City and 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. The City did not engage in repurchase or reverse repurchase agreement transactions during the current year.

In accordance with generally accepted accounting principles, inputs to valuation techniques used to measure fair value are prioritized according to a fair value hierarchy, as follows:

Level I – Fair values are based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level II – Fair values are based on generally indirect information such as quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active.

Level III – Fair values are based on inputs other than quoted prices included within Level I that are unobservable and include the City's own assumptions about pricing.

This fair value hierarchy gives the highest priority to Level I inputs and the lowest priority to Level III inputs. The City's investments are classified in Level II of the hierarchy.

3. Inventories

Inventories are valued at cost using the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. An equivalent amount is reported as nonspendable fund balance in the governmental funds.

4. Restricted Assets

Prior to the issuance of General Obligation Refunding Bonds, Series 2010, the City's Water and Sewer Revenue Bonds and Certificates of Obligation covenants required certain restrictions of net assets. After the refunding occurred, these legal restrictions no longer existed. In order to safeguard the financial integrity of the water and sewer system, the City Council approved a resolution establishing and maintaining funds comparable to those required by the refunded bonds.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

I. Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities, and Equity (Continued)

5. Capital Assets (Continued)

Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value at the date of donation. Infrastructure acquired prior to the implementation of GASB 34 are included in the financial statements.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as an expense during the period incurred.

Property, plant, and equipment of the primary government, as well as the component unit, is depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	20-40 years
Furniture, Fixtures, and Equipment	5-10 years
Vehicles	5 years
Works of Art	50 years
Public Domain Infrastructure	25-45 years
System Infrastructure	25-30 years

6. Capital Leases

Assets held under capital leases are recorded at the lower of the net present value of the minimum lease payments or the fair value of the leased asset at the inception of the lease. Amortization expense is computed using the straight-line method over the useful lives of the assets and is included in depreciation expense.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports a deferred outflow of resources related to pensions and OPEB. See footnote IV. F. for further information.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has a deferred inflow of resources related to pensions and OPEB. See IV.F. for further information. In addition, the government has one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the following sources: property taxes, EMS, municipal court, and street assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

I. Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities, and Equity (Continued)

8. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary funds financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

9. Fund Balance Flow Assumption

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 government'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.

10. 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. The government 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 government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. The City does not have any restricted fund balances by enabling legislation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The council allows the finance director to assign the fund balance, and may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

I. Summary of Significant Accounting Policies (Continued)

H. Revenues and Expenditures/ Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

2. Property Taxes

The City's property taxes are levied on October 1 and are due no later than January 31 of the following year. Taxes become delinquent February 1, after which time penalties and interest and, if not paid by July, attorney's collection fees are added. A tax lien attaches to property (real and personal) on January 1 of each year to secure the payment of all taxes, penalties, and interest ultimately imposed on the property. The lien is effective until all such amounts are paid.

3. Compensated Absences

Vacation and sick leave benefits are accumulated by City employees in accordance with guidelines suggested in the City's personnel policies.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

I. Recent Accounting Pronouncements Adopted

The City has adopted and implemented GASB Statement No. 83, *Accounting for Certain Asset Retirement Obligation*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. Adoption of GASB Statement No. 83 had no effect on the City's financial statements.

J. Future Adoption of Accounting Pronouncements

The GASB has issued the following potentially significant statements which the City has not yet adopted, and which require adoption subsequent to September 30, 2019.

<u>Statement No.</u>		<u>Adoption Required</u>
84	<i>Fiduciary Activities</i>	September 30, 2020
87	<i>Leases</i>	September 30, 2021
88	<i>Debt Disclosures</i>	September 30, 2020
91	<i>Conduit Debt Obligations</i>	September 30, 2021

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

II. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$38,455,486 are as follows:

Land	\$ 5,927,478
Construction in Progress	3,253,761
Buildings	20,400,413
Less: Accumulated Depreciation – Buildings	(9,551,565)
Improvements Other Than Buildings	6,571,317
Less: Accumulated Depreciation – Improvements Other Than Buildings	(3,639,474)
Machinery and Equipment	21,410,630
Less: Accumulated Depreciation – Machinery and Equipment	(17,780,403)
Infrastructure	45,209,042
Less: Accumulated Depreciation – Infrastructure	<u>(33,345,713)</u>
Net Adjustment to Increase Fund Balance – Total Governmental Funds to Arrive at Net Position – Governmental Activities	<u>\$ 38,455,486</u>

Another element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$15,487,831 difference are as follows:

Bonds Payable	\$ 12,840,000
Plus: Premiums on Bonds Payable (to be Amortized Over the Life of the Debt)	137,671
Capital Lease	1,104,090
Accrued Interest	137,257
Compensated Absences	1,118,813
Landfill Post-Closure Care Costs	<u>150,000</u>
Net Adjustment to Reduce Fund Balance – Total Governmental Funds to Arrive at Net Position – Governmental Activities	<u>\$ 15,487,831</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$675,802 difference are as follows:

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

II. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities (Continued)

Capital Outlay	\$ 3,525,534
Depreciation Expense	<u>(2,811,781)</u>
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position Of Governmental Activities	<u>\$ 713,753</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$1,516,765 difference are as follows:

Amortization of Premium	\$ 18,361
Principal Repayments	<u>1,459,091</u>
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$ 1,477,452</u>

III. Stewardship, Compliance, and Accountability

Violations of Legal or Contractual Provisions

Note I.F.2, on the Excess of Expenditures Over Appropriations, describes budgetary violations that occurred for the year ended September 30, 2019.

IV. Detailed Notes on All Activities and Funds

A. Cash and Cash Equivalents

Custodial Credit Risk for deposits is the risk that in the event of a bank failure, the City’s deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City’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 (FDIC) insurance. Collateral agreements must be approved prior to deposit of funds as provided by law.

As of September 30, 2019, the City had deposits with a carrying amount of \$20,979,393, and the bank’s balances were \$22,664,331. At September 30, 2019, the City had deposits of \$318,898 that were exposed to custodial credit risk because they were uninsured and uncollateralized. The City’s Certificate of Deposit totaling \$95,433 is considered deposits for this footnote but is classified as investments on the face of the financial statements.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

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

B. Investments

As of September 30, 2019, the City had the following investments:

<u>Type of Security</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Weighted Average Maturity (Years)</u>	<u>Weighted Average Maturity (Days)</u>
Primary Government				
Federal Home Loan Mortgage Corporation	\$ 124,054	AA+	8.53	
Federal National Mortgage Association	6,152,197	AA+	6.77	
Certificates of Deposit	95,433	Not Rated	.58	
U.S. Treasury Bills OID	9,959,801		.25	
LOGIC Investment Pool	2,443,516	AAAm		55
Paris Economic Development Corporation				
Texas Class Investment Pool	2,086,813	AAAm		80
Totals	<u>\$ 20,861,814</u>			

The City invested in the Texas Local Government Investment Cooperative (LOGIC) Liquid Asset Portfolio. LOGIC is a public funds investment pool managed by Southwest Securities Group, Inc. LOGIC uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in LOGIC is the same as the net asset value of LOGIC shares. LOGIC issues an annual report that can be obtained upon request.

The City invested in Texas Cooperative Liquid Assets Security System (Texas CLASS) Trust. Texas CLASS was created as an investment pool for its participants pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code, or other laws of the State of Texas governing the investment of funds of a participant or funds under its control. Texas CLASS is administered by Cutwater Investor Services Corp. with Wells Fargo Bank Texas, NA as the Custodian. Texas CLASS is supervised by a Board of Trustees who are elected by the participants. Texas CLASS uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in Texas CLASS is the same as the net asset value of Texas CLASS shares. Texas CLASS issues a publicly available annual report that can be obtained at www.texasclass.com.

Interest rate risk is the policy of the City to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the investment of public funds. The City's investment portfolio is designed with the objective of attaining an acceptable rate of return throughout budgetary and economic cycles and commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio. The City's investment strategy is active. Given this strategy, the basis used by the Finance Director to determine whether market yields are being achieved shall be the Average Fed Funds rate. No other formal policy related to interest rate risk is included in the City's adopted investment policy.

Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This type of risk is typically expressed in terms of the credit ratings issued by a nationally recognized statistical rating organization. The City and PEDC reduce the risk of issuer default by limiting investments to those instruments allowed by the Public Funds Investment Act, Chapter 2256, Texas Government Code.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

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

B. Investments (Continued)

Concentration credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. With the exception of obligations of the United States or its agencies and authorized pools, no more than 50% of the City's total investment portfolio will be invested in a single financial institution with the exception of its local depository. PEDC's investment balance consists of only externally pooled accounts.

The custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. In accordance with the City's deposit and investment policy, all deposits placed at a financial institution shall be insured or collateralized with applicable State law.

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce in value as a result of changes in currency exchange rates. At September 30, 2019, the City was not exposed to foreign currency risk.

C. Receivables

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is the detail of receivables in the aggregate, including the applicable allowances for uncollectible accounts:

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>
Receivables:				
Interest	\$ 55	\$ -	\$ -	\$ 3,966
Property Taxes	966,591	146,216	-	-
Sales Tax	1,279,875	-	-	-
Accounts	207,506	-	264	2,472,237
Street Assessments	26,473	-	-	-
Fines	198,385	-	-	-
EMS	1,247,333	-	-	-
Gross Receivables	<u>3,926,218</u>	<u>146,216</u>	<u>264</u>	<u>2,476,203</u>
Less: Allowance for Uncollectibles	<u>(1,333,969)</u>	<u>(36,554)</u>	<u>-</u>	<u>(125,527)</u>
Net Total Receivables	<u>\$ 2,592,249</u>	<u>\$ 109,662</u>	<u>\$ 264</u>	<u>\$ 2,350,676</u>

Net receivable balances not expected to be collected within one year are Property Taxes - \$616,064, Fines - \$49,192, EMS - \$100,000, and Street Assessments - \$26,473.

At year end, PEDC had a receivable for sales tax of \$256,036. The balance is expected to be collected within one year.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

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

D. Capital Assets

Capital assets activity for the year ended September 30, 2019, follows:

	Balance 9/30/18	Additions	Retirements	Balance 9/30/19
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 5,927,478	\$ -	\$ -	\$ 5,927,478
Construction in Progress	1,166,700	2,651,497	564,436	3,253,761
Total Capital Assets, Not Being Depreciated	7,094,178	2,651,497	564,436	9,181,239
Capital Assets, Being Depreciated				
Buildings	19,665,316	735,097	-	20,400,413
Improvements Other Than Buildings	6,552,117	19,200	-	6,571,317
Machinery and Equipment	20,992,957	650,588	232,915	21,410,630
Infrastructure	45,175,454	33,588	-	45,209,042
Total Capital Assets, Being Depreciated	92,385,844	1,438,473	232,915	93,591,402
Less Accumulated Depreciation for				
Buildings	9,104,015	447,550	-	9,551,565
Improvements Other Than Buildings	3,345,583	293,891	-	3,639,474
Machinery and Equipment	17,044,869	968,449	232,915	17,780,403
Infrastructure	32,243,822	1,101,891	-	33,345,713
Total Accumulated Depreciation	61,738,289	2,811,781	232,915	64,317,155
Total Capital Assets, Being Depreciated, Net	30,647,555	(1,373,308)	-	29,274,247
Governmental Activities, Capital Assets, Net	\$ 37,741,733	\$ 1,278,189	\$ 564,436	\$ 38,455,486

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

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

D. Capital Assets (Continued)

	Balance 9/30/18	Additions	Retirements	Balance 9/30/19
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 339,620	\$ -	\$ -	\$ 339,620
Construction in Progress	27,474,441	5,398,886	3,009,102	29,864,225
Total Capital Assets, Not Being Depreciated	27,814,061	5,398,886	3,009,102	30,203,845
Capital Assets, Being Depreciated				
Plant, Pumps, and Motors	31,414,324	306,000	-	31,720,324
Distribution System	46,869,832	-	-	46,869,832
Collection System	25,280,843	3,019,272	-	28,300,115
Maintenance Equipment and Vehicles	4,131,891	140,980	-	4,272,871
Furniture and Equipment	2,054,372	-	-	2,054,372
Total Capital Assets, Being Depreciated	109,751,262	3,466,252	-	113,217,514
Less Accumulated Depreciation for				
Plant, Pumps, and Motors	25,126,331	621,487	-	25,747,818
Distribution System	28,752,392	1,424,002	-	30,176,394
Collection System	20,153,623	472,476	-	20,626,099
Maintenance Equipment and Vehicles	3,293,200	227,383	-	3,520,583
Furniture and Equipment	1,497,779	61,801	-	1,559,580
Total Accumulated Depreciation	78,823,325	2,807,149	-	81,630,474
Total Capital Assets, Being Depreciated, Net	30,927,937	659,103	-	31,587,040
Business-Type Activities, Capital Assets, Net	58,741,998	6,057,989	3,009,102	61,790,885
Intangible Asset – Water Rights	4,113,119	-	-	4,113,119
Less Accumulated Amortization	799,301	35,632	-	834,933
Total Intangible Asset - Water Rights, Net	3,313,818	(35,632)	-	3,278,186
Business-Type Activities, Capital and Intangible Assets, Net	\$62,055,816	\$ 6,022,357	\$ 3,009,102	\$65,069,071

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

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

D. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General Government	\$ 118,011
Public Safety	726,291
Public Works, Including Depreciation of General Infrastructure Assets	1,567,823
Health	147,151
Culture and Recreation	120,098
Cox Field Airport	<u>132,407</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 2,811,781</u>
Business-Type Activities	
Water and Sewer	<u>\$ 2,807,149</u>
Total Depreciation Expense – Business-Type Activities	<u>\$ 2,807,149</u>

E. Deferred Compensation Plan

The City offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457.

F. Employee Retirement Systems and Plans

The City maintains a nontraditional defined benefit retirement plan for all full-time employees except for firefighters and a single-employer, defined benefit plan for firefighters.

1. Texas Municipal Retirement System

Plan Description

The City of Paris participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. The plan financial statements are prepared using the accrual basis of accounting. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the city are required to participate in TMRS.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

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

F. Employee Retirement Systems and Plans (Continued)

1. Texas Municipal Retirement System (Continued)

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Upon retirement, benefits depend on the sum of the employee's contributions, with interest, and the City-financed monetary credits, with interest. City-financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits. At the inception of the plan, the City granted monetary credits for service rendered before the plan began (or prior service credits) of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began (or current service credits) are 150% of the employee's accumulated contributions. In addition, the City can grant, either annually or on an annually repeating basis, another type of monetary credit referred to as Updated Service Credit. This monetary credit is determined by hypothetically recomputing the member's account balance by assuming that the current member deposit rate of the City has always been in effect. The computation also assumes that the member's salary has always been the member's average salary – using a salary calculation based on the 36-month period ending a year before the effective date of calculation. This hypothetical account balance is increased by 3% each year, not the actual interest credited to member accounts in previous years, and increased by the City match currently in effect. The resulting sum is then compared to the member's actual account balance increased by the actual City match and actual interest credited. If the hypothetical calculation exceeds the actual calculation, the member is granted a monetary credit (or Updated Service Credit) equal to the difference between the hypothetical calculation and the actual calculation times the percentage adopted. At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits, with interest, were used to purchase an annuity.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>Plan Year 2018</u>
Employee Deposits Rate	6%
Matching Ratio (City to Employee)	2 to 1
A Member is Vested After	5 Years
Service Retirement Eligibility (Expressed As Age/Years of Service)	60/5, 0/20
Updated Service Credit	0%
Annuity Increase to (Retirees)	0% of CPI

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

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

F. Employee Retirement Systems and Plans (Continued)

I. Texas Municipal Retirement System (Continued)

Employees Covered by Benefit Terms.

At the December 31, 2018, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	215
Inactive Employees Entitled to but not yet Receiving Benefits	122
Active employees	254
Total	591

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of an employee's gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City were 6.78% and 6.95% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019, were \$834,605 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

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

F. Employee Retirement Systems and Plans (Continued)

1. Texas Municipal Retirement System (Continued)

Actuarial Assumptions (Continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar adjustments are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.30%
International Equity	17.5	6.10
Core Fixed Income	10.0	1.00
Non-Core Fixed Income	20.0	3.39
Real Return	10.0	3.78
Real Estate	10.0	4.44
Absolute Return	10.0	3.56
Private Equity	5.0	7.75
Total	<u>100.0%</u>	

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

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

F. Employee Retirement Systems and Plans (Continued)

1. Texas Municipal Retirement System (Continued)

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Net Pension Liability and Changes in the Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 12/31/2017	\$ 61,585,149	\$61,668,749	\$ (83,600)
Changes for the year:			
Service Cost	1,198,978	-	1,198,978
Interest	4,092,798	-	4,092,798
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(118,708)	-	(118,708)
Changes of Assumptions	-	-	-
Contributions – Employer	-	825,989	(825,989)
Contributions – Employee	-	705,973	(705,973)
Net Investment Income	-	(1,845,475)	1,845,475
Benefit Payments, Including Refunds of Employee Contributions	(3,101,195)	(3,101,195)	-
Administrative Expense	-	(35,702)	35,702
Other Changes	-	(1,865)	1,865
Net Changes	<u>2,071,873</u>	<u>(3,452,275)</u>	<u>5,524,148</u>
Balance at 12/31/2018	<u>\$ 63,657,022</u>	<u>\$58,216,474</u>	<u>\$ 5,440,548</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability (asset) would have been if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

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

F. Employee Retirement Systems and Plans (Continued)

1. Texas Municipal Retirement System (Continued)

	1% Decrease in Discount Rate 5.75%	Discount Rate 6.75%	1% Increase in Discount Rate 7.75%
City's Net Pension Liability (Asset)	\$13,338,566	\$5,440,548	\$(1,150,515)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2019, the City recognized pension expense of \$2,025,541.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Economic Experience (Net of Current Year Amortization)	\$ 9,282	\$ 141,794
Changes in Actuarial Assumptions	27,783	-
Differences Between Projected and Actual Investment Earnings (Net of Current Year Amortization)	3,187,626	-
Contributions Subsequent to the Measurement Date	636,012	-
Total	\$ 3,860,703	\$ 141,794

\$636,012 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30,	
2020	\$ 1,109,038
2021	384,723
2022	387,513
2023	1,201,623
Thereafter	-
	\$ 3,082,897

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

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

F. Employee Retirement Systems and Plans (Continued)

2. Firefighters' Relief and Retirement Fund

Plan Description

The Paris Firefighters' Relief and Retirement Fund, a single-employer defined benefit pension plan, is established under the authority of the Texas Local Firefighters' Retirement Act and is administered by a Board of Trustees made up of three members elected from and by the fund's members, two representatives of the City of Paris, Texas, and two citizen members. Specified plan provisions are governed by a plan document and a trust agreement executed by the Board of Trustees. The plan is an independent entity for financial reporting purposes and issues a stand-alone financial statement. A copy of the audited financial statement may be obtained from the Board of Trustees, Paris Firefighters' Relief and Retirement Fund, P.O. Box 9037, Paris, Texas 75461. Governing state law requires public retirement systems to hire an actuary to make a valuation at least once every three years of the assets and liabilities of the system and to determine if the assumptions and methods are reasonable. The plan financial statements are prepared using the accrual basis of accounting. All plan investments are reported at fair value.

Eligibility

The plan covers current and former firefighters of the City of Paris, Texas, as well as certain beneficiaries. The City of Paris contributes 14% of each member's total pay (including regular, longevity, and overtime pay but excluding lump sum distributions for unused sick leave or vacation). Fund members contribute to the fund at a rate of 16% of pay.

Employee contributions are "picked up" by the City of Paris, Texas, as permitted under Section 414(h)(2) of the Internal Revenue Code. Fund members receive credit for service for the period during which they pay into and keep on deposit in the fund, the contributions required by the fund.

The fund was established August 28, 1941, and was most recently amended effective January 1, 2019.

Contributions

The City's annual required contribution to the plan for fiscal year 2019 was based on a payroll of \$2,712,961 and amounted to \$379,814. Covered employees made contributions of \$434,074.

Employees Covered by Benefit Terms

At the December 31, 2018, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	41
Inactive employees entitled to but not yet receiving benefits	6
Active employees	49
Total	<u>96</u>

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

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

F. Employee Retirement Systems and Plans (Continued)

2. Firefighters' Relief and Retirement Fund (Continued)

Service Retirement Disability and Death Benefits

A member is eligible for service retirement upon the earlier of (a) the date that the member has both attained age 55 and completed 20 years of service or (b) the date as of which the sum of the member's age and years of service first equals 80 provided the member has completed 20 years of service. A member who retires under the service retirement provisions of the fund will normally receive a monthly benefit equal to \$94 multiplied by his/her years of service at retirement. The minimum service retirement benefit is \$500 per month. Service retirement benefits are payable for the member's lifetime. In the event the member's death precedes that of his/her spouse, two-thirds of the member's pension will be continued to the spouse for his/her lifetime. An active member who becomes disabled will receive a monthly disability benefit. If a member dies while in active service, his/her widow(er) will receive an immediate monthly benefit, payable for his/her lifetime.

Actuarial Methods and Assumptions

The actuarial valuation date used to determine the total pension liability for the year ended September 30, 2019, and the most current available information required for disclosure under GASB Statement No. 67 is based on an actuarial valuation as of December 31, 2016, rolled forward to December 31, 2018. The actuarial cost method used in the December 31, 2016, valuation is the entry age normal actuarial cost method. This method is also referred to as the entry age actuarial cost method under the terminology developed by the Joint Committee on Pension Terminology. There has been no change in the actuarial cost method since the last actuarial valuation.

The actuarial assumptions used in the actuarial valuation performed as of December 31, 2016, includes a rate of return on the actuarial value of assets of 7.5% per year compounded annually; RP-2000 Healthy Annuitant Mortality Table; termination rates from the Actuary's Pension Handbook; disability rates from 1985 Society of Actuaries Disability Table Study; and assumed retirement age of 55 with 20 years of service or satisfied the rule of 80. Compensation increases for individual members and total payroll is 3.5% compounded annually. Projected post-retirement benefit increases are zero.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

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

F. Employee Retirement Systems and Plans (Continued)

2. Firefighters' Relief and Retirement Fund (Continued)

Net Pension Liability and Changes in the Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balance at 12/31/2017	\$ 15,057,006	\$ 4,790,010	\$ 10,266,996
Changes for the year:			
Service Cost	263,477	-	263,477
Interest	1,109,567	-	1,109,567
Experience	(650,764)	-	(650,764)
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions – Employer	-	336,951	(336,951)
Contributions – Employee	-	411,944	(411,944)
Net Investment Income	-	(302,649)	302,649
Benefit Payments, Including Refunds of Employee Contributions	(1,052,502)	(1,052,502)	-
Administrative Expense	-	(31,444)	31,444
Other Changes	679,449	-	679,449
Net Changes	349,227	(637,700)	986,927
Balance at 12/31/2018	\$ 15,406,233	\$ 4,152,310	\$ 11,253,923

The following presents the net pension liability of the Paris Firefighters' Relief and Retirement Fund, calculated using the discount rate of 7.25%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease in Discount Rate 6.25%	Discount Rate 7.25%	1% Increase in Discount Rate 8.25%
Net Pension Liability	\$12,717,846	\$11,136,730	\$9,805,481

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued financial report. That report may be obtained at 1444 N. Main Street, Paris, Texas 75460.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2019, the City recognized pension expense of \$902,093.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

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

F. Employee Retirement Systems and Plans (Continued)

2. Firefighters' Relief and Retirement Fund (Continued)

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Economic Experience	\$ -	\$ 841,360
Changes in Actuarial Assumptions	724,083	(954,154)
Difference Between Projected and Actual Investment Earnings	-	-
Contributions Subsequent to the Measurement Date	-	-
Total	\$ 724,083	\$ (112,794)

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	
2019	\$ 540,397
2020	106,081
2021	61,853
2022	128,546
2023	-
Thereafter	-
Total	\$ 836,877

G. Other Post Employment Benefit (OPEB) Obligations

1. Supplemental Death Benefits Fund

Plan Description

The City also participates in the single-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

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

G. Other Post Employment Benefit (OPEB) Obligations (Continued)

1. Supplemental Death Benefits Fund (Continued)

Benefits

Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an "other post-employment benefit" (OPEB) and is a fixed amount of \$7,500. The obligations of this plan are payable from the SDBF and are not an obligation of, or a claim against, the Pension Trust Fund.

Employees Covered by Benefit Terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	171
Inactive employees entitled to but not yet receiving benefits	34
Active employees	246
Total	451

Contributions

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

Employees of the City were not required to contribute to the OPEB plan during the fiscal year. The contribution rates for the City were 0.23% and 0.25% of gross earnings in calendar year 2018 and 2019, respectively. The City's TMRS SDBF for the year ended September 30, 2019 were \$29,385 and were equal to the required contributions.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

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

G. Other Post Employment Benefit (OPEB) Obligations (Continued)

I. Supplemental Death Benefits Fund (Continued)

Changes in the OPEB Liability

	Increase (Decrease)
	Total OPEB Liability
Balance at 12/31/2017	\$ 1,015,135
Changes for the year:	
Service Cost	30,592
Interest	33,951
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	(13,049)
Changes of Assumptions	(67,751)
Contributions – Employer	-
Contributions – Employees	-
Net Investment Income	-
Benefit Payments, Including Refunds of Employee Contributions	(9,413)
Administrative Expense	-
Other Changes	157,513
Net Changes	131,843
Balance at 12/31/18	\$ 1,146,978

The following presents the total SDBF OPEB liability of the City, calculated using the discount rate of 3.71%, (the applicable discount rate of an unfunded OPEB is based on an index of tax exempt 20-year municipal bond rates rated as AA or higher), as well as what the City's total SDBF OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.71%) or 1-percentage-point higher (4.71%) than the current rate:

	1% Decrease in Discount Rate 2.71%	Discount Rate 3.71%	1% Increase in Discount Rate 4.71%
Net Pension Liability	\$1,171,942	\$989,465	\$845,139

Supplemental Death Benefits Fund Net Position

Detailed information about the plan's net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

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

G. Other Post Employment Benefit (OPEB) Obligations (Continued)

1. Supplemental Death Benefits Fund (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

For the year ended September 30, 2019, the City recognized OPEB expense in the amount of \$63,775.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Economic Experience (Net of Current Year Amortization)	\$ -	\$ 10,423
Changes in Actuarial Assumptions	46,004	54,119
Differences Between Projected and Actual Investment Earnings (Net of Current Year Amortization)	-	-
Contributions Subsequent to the Measurement Date	22,878	-
Total	\$ 68,882	\$ 64,542

\$22,878 reported as deferred outflows of resources related to SDBF OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	
2019	\$ (768)
2020	(768)
2021	(1,234)
2022	(15,768)
2023	-
Thereafter	-
Total	\$ (18,538)

2. City of Paris Retiree Health Care Plan

Plan Description

The City has in effect a single employer plan (the Plan) adopted by City Council resolution whereby persons who retire before age sixty-five will be provided health care coverage until they become sixty-five. The contribution requirements of the government are established and may be amended by the governing council. The Plan covers retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB). The Plan issues a stand-alone financial report.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

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

G. Other Post Employment Benefit (OPEB) Obligations (Continued)

2. City of Paris Retiree Health Care Plan (Continued)

Benefits

Retiree health benefits are available to all retirees who meet the definition of a retiree as set for by City ordinance. Retirees are responsible for the full cost of their retiree health benefits. Retirees who meet certain conditions are eligible for a monthly subsidy from the City toward the purchase of health care coverage until the retiree becomes age 65. Retirees are able to remain on the City group health insurance plan until the retiree reaches age 65 or becomes eligible for Medicare coverage. Retiree premiums are 1.95 times the rates for active employees. Retiree health benefits are available to spouses and eligible dependents of retirees. All costs for dependents are paid by the retiree if they have them. The City will provide a monthly subsidy to eligible retirees who purchase medical coverage either through the City group insurance plan or from an alternate provider. The cost of coverage for the retiree will be reimbursed up to a maximum amount set by the City with the balance paid by the retiree. Effective January 1, 2018, the maximum amount of the monthly subsidy is \$525.

Employees Covered by Benefit Terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by benefit terms:

Inactive Retirees or Beneficiaries Currently Receiving Benefits	16	
Inactive, Nonretired Members	-	
Active employees	90	
Total	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black;">106</td> </tr> </table>	106
106		

Contributions

The City's contributions are financed on a pay-as-you-go basis. For the year ended September 30, 2019, the contributions were approximately \$12,936 for 12 retired employees.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

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

G. Other Post Employment Benefit (OPEB) Obligations (Continued)

2. City of Paris Retiree Health Care Plan (Continued)

Changes in the OPEB Liability

	Increase (Decrease)
	Total OPEB Liability
Balance at 12/31/2017	\$ 1,691,999
Changes for the year:	
Service Cost	36,808
Interest	55,250
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	(10,869)
Changes of Assumptions	(36,122)
Contributions – Employer	-
Contributions – Employees	-
Net Investment Income	-
Benefit Payments, Including Refunds of Employee Contributions	(82,466)
Administrative Expense	-
Other Changes	-
Net Changes	(37,399)
Balance at 12/31/18	\$ 1,654,600

The following presents the total Plan OPEB liability of the City, calculated using the discount rate of 3.71%, as well as what the City's total Plan OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.71%) or 1-percentage-point higher (4.71%) than the current rate:

	1% Decrease in Discount Rate 2.71%	Discount Rate 3.71%	1% Increase in Discount Rate 4.71%
Net OPEB Liability	\$1,755,220	\$1,654,600	\$1,558,282

The following presents the Plan's total OPEB liability, calculated using the assumed trend rates as well as what the Plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Net OPEB Liability	\$1,515,128	\$1,654,600	\$1,810,196

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

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

G. Other Post Employment Benefit (OPEB) Obligations (Continued)

2. City of Paris Retiree Health Care Plan (Continued)

OPEB Plan Net Position

Detailed information about the plan's net position is available in a separately-issued TMRS financial report. That report may be obtained at 1444 N. Main Street, Paris, Texas 75460.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

For the year ended September 30, 2019, the City recognized OPEB expense in the amount of \$12,936.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Economic Experience (Net of Current Year Amortization)	\$ -	\$ -
Changes in Actuarial Assumptions	116,117	-
Contributions Subsequent to the Measurement Date	63,554	-
Total	\$ 179,671	\$ -

\$63,554 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,		
2020	\$	791
2021		791
2022		791
2023		791
2024		(5,545)
Thereafter		118,498
Total	\$	116,117

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

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

H. Water Sales and Commitments

1. Water Sales

The City has contracts extending for several years to sell treated and untreated water to six entities. Total water sales under these contracts to these entities during the year ended September 30, 2019, were approximately \$2,650,686.

2. Construction Commitments

The City has active construction projects as of September 30, 2019. At year-end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>To Date</u>	<u>Commitment</u>
Sewer and Water System Replacement and Related Street Reconstruction	\$23,243,182	\$ 6,503,297
Street Construction and Improvement and Other Costs Relating to Such Improvements	2,424,758	3,237,062
Other Construction	9,000	100,000
Total	<u>\$25,676,940</u>	<u>\$9,840,359</u>

3. Water Storage Commitment

The City has the right to utilize an undivided 100% of the usable conservation storage space in Pat Mayse Lake between elevations 451 feet and 415 feet above sea level which is estimated at 109,600 acre feet. The Government reserves the right to control and use all storage in accordance with project purposes, to take such measures to preserve life and or property including the right not to make downstream releases and to inspect, maintain, or repair the project. The City will be required to pay 10.526% of the cost of joint-use repair, rehabilitation, and replacement and 26.659% of the annual experienced joint-use operation and maintenance of the project.

4. Civic Center Contract Commitment

The City is a party to a contract with the Chamber of Commerce of Lamar County, Inc. whereby three-sevenths of the hotel/motel tax is to be dedicated to a fund to be used for improving, enlarging, equipping, repairing, operating, or maintaining a civic center. The contract provides that the Chamber of Commerce of Lamar County, Inc. will operate the civic center through September 30, 2019, and may be reviewed for four additional one year terms upon written agreement of the parties. Either party may terminate this contract at the end of the current term by giving thirty days notice.

5. Interlocal Cooperative Agreement

During the year, the City participated in an interlocal cooperative agreement with the Sulphur River Regional Mobility Authority. The City's payments are to assist in funding completion of approximately 10.4 miles of four-lane divided highway in Delta County, Texas. The City considers this a cost sharing arrangement, accordingly, debt payments are not included in long-term liabilities. Annual payments of \$100,827 include principal and interest at 3.68% beginning March 29, 2013, through March 29, 2024. The City is required to establish a sinking fund and to levy and collect property tax.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

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

H. Water Sales and Commitments (Continued)

6. Other Commitments - PEDC

Daisy Dairy – In 2009, the Board of Directors reached an incentive agreement with Daisy Dairy providing that upon the creation and retention of jobs, PEDC will reimburse Daisy Dairy for the difference between Daisy Dairy’s annual potable water bill from the City and Daisy Dairy’s fixed annual water bill (calculated at a rate of \$1.20/1,000 gallons) multiplied by the actual usage for the year. The remaining balance is estimated to be \$324,850.

In connection with a first lien loan by a bank to Paris Warehouse Southwest LLC 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.

American SpiralWeld - On October 1, 2018, the Board of Directors reached an incentive agreement with American SpiralWeld Pipe Company, LLC. PEDC will invest up to \$4,700,000 in cash, land, and improvements in connection with a new manufacturing facility, job creation, and employment retention. The remaining balance is estimated to be \$2,709,072.

Huhtamaki – On September 17, 2019, the Board of Directors reached a performance agreement with Huhtamaki providing that upon the retention of jobs, PEDC will provide funds to help establish the rail spur from the north/south rail to the Huhtamaki plant. The remaining balance is estimated to be \$100,000.

I. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases insurance coverage from commercial insurers and participates in risk pools to limit risk of loss in these areas. The risk pools maintain adequate protection from catastrophic losses to protect their financial integrity. Aggregate protection is also maintained to ensure that the City shall at no time be assessed. The City's contributions are limited to the rates calculated under the agreement. There has been no significant reduction in insurance coverage during the year ended September 30, 2019. There have been no settlements in excess of insurance coverage in any of the prior three fiscal years.

J. Capital Leases

In September 2015, the City began leasing equipment under an agreement classified as a capital lease due to a bargain purchase option. The capital lease and accumulated amortization are as follows:

Capital Lease Equipment, at Cost	\$ 617,114
Less: Accumulated Amortization	<u>225,235</u>
Capital Lease Equipment, Net	<u>\$ 391,879</u>

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

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

J. Capital Leases (Continued)

The future minimum lease payments required under the capital leases and the present value of the net minimum lease payments as of September 30, 2019, are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 72,353
2021	72,353
2022	72,353
2023	72,353
2024	72,353
2025	<u>72,353</u>
Total Minimum Lease Payments	434,118
Less: Amount Representing Interest	<u>(42,239)</u>
Present Value of Net Minimum Lease Payments	391,879
Less: Current Maturities of Capital Lease Obligation	<u>(60,594)</u>
Long-Term Portion of Capital Lease Obligation	<u>\$ 331,285</u>

In January 2016, the City began leasing equipment under an agreement classified as a capital lease due to a bargain purchase option. The capital lease and accumulated amortization are as follows:

Capital Lease Equipment, at Cost	\$ 975,185
Less: Accumulated Amortization	<u>262,974</u>
Capital Lease Equipment, Net	<u>\$ 712,211</u>

The future minimum lease payments required under the capital leases and the present value of the net minimum lease payments as of September 30, 2019, are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 114,337
2021	114,337
2022	114,337
2023	114,337
2024	114,337
2025-2026	<u>228,666</u>
Total Minimum Lease Payments	800,351
Less: Amount Representing Interest	<u>(88,140)</u>
Present Value of Net Minimum Lease Payments	712,211
Less: Current Maturities of Capital Lease Obligation	<u>(92,967)</u>
Long-Term Portion of Capital Lease Obligation	<u>\$ 619,244</u>

K. Long-Term Liabilities

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year of issuance.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

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

K. Long-Term Liabilities (Continued)

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

General Obligation Certificates of Obligation and Other Long-Term Obligations:

\$3,005,000 Combination Tax and Revenue Certificates of Obligation, Series 2010, due in annual installments varying from \$145,000 to \$230,000 with final payment due December 15, 2029. Interest is payable semi-annually at rates ranging from 3.0% to 4.200%. On December 15, 2020, or any date thereafter, unpaid principal installments may be prepaid or redeemed prior to their scheduled due dates at the City's option. The certificates are additionally secured by and payable from a limited pledge (not to exceed \$1,000) of the surplus revenues of the waterworks and sewer systems. These bonds were issued to provide funds for improvements and expansion to South Collegiate Drive.

\$17,075,000 General Obligation Refunding Bonds, Series 2010, due in annual installments of \$1,160,000, with final payment due June 15, 2020. Interest is payable semi-annually at a rate of 3.500%. On June 15, 2018, or any date thereafter, the outstanding bonds may be redeemed prior to their scheduled maturities at the City's option. These bonds were issued February 15, 2010, at a premium for the purpose of refunding \$17,220,000 in outstanding bonds reported as Enterprise Fund debt and General Obligation debt.

\$4,505,000 General Obligation Refunding Bonds, Series 2012, due in annual installments varying from \$390,000 to \$405,000 with final payment due December 14, 2021. On December 18, 2012, the City issued this series bearing interest of 2.5% to refund Outstanding Combination Tax and Revenue Certificates of Obligation, Series 2002 (\$3,440,000) bearing interest ranging from 4.0% to 4.7% and General Obligation Refunding Bonds, Series 2003 (\$1,210,000) bearing interest ranging from 3.75% to 3.9%. The net proceeds of \$4,652,190 (after payment of various fees and including premium and accrued interest) were deposited in an escrow fund to prepay the refunded bonds. The issuance of the bonds produced a gross debt service savings of \$612,058 and a net present value savings of \$584,806.

\$9,750,000 General Obligation Bonds, Series 2017, due in annual installments varying from \$380,000 to \$635,000 with final payment due June 15, 2037. On July 17, 2017, the City issued this series bearing interest ranging from 2.125% to 3.0%. On December 15, 2027, or any date thereafter, the outstanding bonds may be redeemed prior to their scheduled maturities at the City's option. The bonds were issued at a premium to provide funds to pay the costs of construction, improving, extending, expanding, upgrading and developing streets and roads, bridges and intersections including, utility relocation, landscaping, sidewalks, traffic safety and operational improvements, the purchase of any necessary right-of-way, drainage, and other related costs, and improving and equipping parks, trails and recreational facilities.

\$2,900,000 Combination Tax and Surplus Revenue Certificates of Obligation, Series 2013, due in annual installments varying from \$145,000 to \$165,000 with final payment due June 15, 2032. Interest is payable semi-annually at rates ranging from 0.12% to 1.45%. On June 15, 2023, or any date thereafter, the outstanding bonds may be redeemed prior to their scheduled maturities at the City's option. These bonds were issued to provide funds to pay the costs of improving the potable water distribution system and related costs. The certificates are also secured by a pledge of net revenues of the water works and sewer system. In addition to the purchase of these bonds by the Texas Water Development Board, the City received \$500,778 in connection with a loan forgiveness program. The bonds are reported as obligations of the Enterprise Fund.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

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

K. Long-Term Liabilities (Continued)

General Obligation Certificates of Obligation and Other Long-Term Obligations (Continued):

\$33,925,000 General Obligation Bonds, Series 2013, due in annual installments varying from \$750,000 to \$2,850,000 with final payment due December 15, 2032. Interest is payable semi-annually at rates ranging from 4.0% to 5.0%. On December 15, 2023, or any date thereafter, the outstanding bonds may be redeemed prior to their scheduled maturities at the City's option. These bonds were issued August 15, 2014, at a premium for the purpose of replacing and extending water distribution lines and sewer collection lines and making repairs necessitated by the replacement. Voters of the issuer approved the issuance of \$45,000,000 in tax bonds. The bonds are reported as obligations of the Enterprise Fund.

\$8,780,000 General Obligation Bonds, Series 2016, due in annual installments varying from \$340,000 to \$550,000 with final payment due December 15, 2036. Interest is payable semi-annually at rates ranging from 3.0% to 4.0%. On December 15, 2026, or any date thereafter, the outstanding bonds may be redeemed prior to their scheduled maturities at the City's option. These bonds were issued December 1, 2016, at a premium for the purpose of constructing and acquiring improvements and equipping the City's waterworks and sewer system and for replacing and extending water distribution lines and sewer collection lines and construction repairs to streets and drainage infrastructure necessitated by such water and sewer line construction. Voters approved the issuance of \$45,000,000 in tax bonds. The bonds are reported as obligations of the Enterprise Fund.

\$1,390,000 General Obligation Bonds, Series 2018, due in annual installments varying from \$100,000 to \$220,000 with final payment due June 15, 2028. Interest is payable semi-annually at 2.59%. On December 15, 2026, or any date thereafter, the outstanding bonds may be redeemed prior to their scheduled maturities at the City's option. These bonds were issued May 1, 2018, in the amount of \$1,200,000 for the purpose of constructing and acquiring improvements and equipping the City's waterworks and sewer system and for replacing and extending water distribution lines and sewer collection lines and construction repairs to streets and drainage infrastructure necessitated by such water and sewer line construction and in the amount of \$190,000 to pay the costs of construction, improving, extending, expanding, upgrading and developing streets and roads, bridges and intersections including, utility relocation, landscaping, sidewalks, traffic safety and operational improvements, the purchase of any necessary right-of-way, drainage and other related costs. The bonds are reported as Enterprise Fund debt and General Obligation debt.

The ordinances require that property taxes be levied and collected at a rate sufficient to pay principal and interest as they come due. They also require that these funds be placed in special interest and sinking funds created solely for the benefit of the obligations. At September 30, 2019, the fund balances in the Interest and Sinking Funds are \$1,727,065.

The State of Texas is requiring additional monitoring of a landfill owned by the City that has been closed for several years. The City and its' consultants estimate that, based on known requirements, future costs may be \$150,000. These costs are subject to change resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

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

K. Long-Term Liabilities (Continued)

General Obligation Certificates of Obligation and Other Long-Term Obligations (Continued):

A summary of long-term liability transactions for the year ended September 30, 2019, follows:

	Balance September 30, 2018	Additions	Reductions	Balance September 30, 2019	Due Within One Year
Governmental Activities					
Debt Payable					
Bonds Payable	\$ 14,150,000	\$ -	\$ 1,310,000	\$ 12,840,000	\$ 1,365,000
Premium	156,032	-	18,361	137,671	14,815
Capital Leases	1,253,181	-	149,091	1,104,090	143,564
Total Debt Payable	<u>15,559,213</u>	<u>-</u>	<u>1,477,452</u>	<u>14,081,761</u>	<u>1,523,379</u>
Compensated Absences	1,157,575	673,521	712,283	1,118,813	111,881
Landfill Post-Closure Care Costs	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$ 16,866,788</u>	<u>\$ 673,521</u>	<u>\$ 2,189,735</u>	<u>\$ 15,350,574</u>	<u>\$ 1,635,260</u>
Business-Type Activities					
Debt Payable					
Bonds Payable	\$ 43,225,000	\$ -	\$ 2,150,000	\$ 41,075,000	\$ 2,200,000
Premium	1,039,589	-	125,521	914,068	126,857
Total Debt Payable	44,264,589	-	2,275,521	41,989,068	2,326,857
Compensated Absences Business-Type Activities Long-Term Liabilities	<u>215,796</u>	<u>156,409</u>	<u>161,162</u>	<u>211,043</u>	<u>21,104</u>
	<u>\$ 44,480,385</u>	<u>\$ 156,409</u>	<u>\$ 2,436,683</u>	<u>\$ 42,200,111</u>	<u>\$ 2,347,961</u>
Component Unit					
Note Payables	\$ -	\$ 1,697,000	\$ 51,807	\$ 1,645,193	\$ 87,799
Component Unit Long-Term Liabilities	<u>\$ -</u>	<u>\$ 1,697,000</u>	<u>\$ 51,807</u>	<u>\$ 1,645,193</u>	<u>\$ 87,799</u>

For the governmental activities, compensated absences are liquidated by the general fund.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

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

K. Long-Term Liabilities (Continued)

General Obligation Certificates of Obligation and Other Long-Term Obligations: (Continued)

Long-term debt service requirements for the next five years and after, in five year increments, are as follows:

Year Ending September 30,	General Obligation		Water and Sewer	
	Principal	Interest	Principal	Interest
2020	\$ 1,365,000	\$ 364,291	\$ 2,200,000	\$ 1,632,897
2021	1,035,000	1,423,489	2,300,000	1,538,633
2022	1,065,000	301,523	2,345,000	1,445,168
2023	585,000	276,421	2,445,000	1,342,040
2024	605,000	258,040	2,555,000	1,233,861
2025-2029	3,350,000	986,640	14,225,000	4,512,551
2030-2034	2,985,000	508,569	13,445,000	1,458,242
2035-2037	1,850,000	106,448	1,560,000	73,471
Totals	\$ 12,840,000	\$ 4,225,451	\$ 41,075,000	\$ 13,236,863

PEDC has an outstanding \$697,000, Note Payable, issued November 27, 2018, due in monthly installments of \$5,086 through November 27, 2033, bearing an interest rate of 3.75%. At September 30, 2019, the balance of the Note Payable was \$667,790.

PEDC has an outstanding \$1,000,000, Note Payable, issued March 5, 2019, due in monthly installments of \$7,316 through March 27, 2034, bearing an interest rate of 3.75%. At September 30, 2019, the balance of the Note Payable was \$977,403.

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 of PEDC. 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.

L. Interfund Transfers

During the year ended September 30, 2019, the City made transfers from the Water and Sewer Fund to the Debt Service Fund of \$5,427 to make debt service payments. The City also made a transfer of fixed assets from the Capital Projects fund to the Water and Sewer Fund of \$326,613. Other minor transfers were made between funds making up transfers of:

	General	Debt Service	Other Governmental	Water and Sewer	Transfers Out
General	\$ -	\$ -	\$ 3,706	\$ 123,840	\$ 127,546
Debt Service	-	-	-	96,550	96,550
Capital Projects	-	-	-	326,613	326,613
Water and Sewer	18,513	5,427	32	-	23,972
Transfers In	\$ 18,513	\$ 5,427	\$ 3,738	\$ 547,003	\$ 574,681

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

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

M. Restricted Net Position and Restricted Asset Accounts

In the General Fund, the proceeds from downtown vacant building owners, that are required to register their building annually, is restricted for improvements in the downtown area. At September 30, 2019, this account consisted of \$9,500.

In order to safeguard the financial integrity of the water and sewer system, the City Council approved a resolution establishing and maintaining funds comparable to those required by the revenue bonds refunded in 2010. At September 30, 2019, these accounts, shown as cash and investments on the Statement of Net Position – Proprietary Funds, are as follows:

Reserve Fund	\$ 5,481,391
Contingency Fund	5,855,282

Collections of notes receivable are restricted by grant agreements to be used for building rehabilitation.

The balances of the City's restricted asset accounts are as follows:

	Cash and Cash Equivalents	Certificates of Deposit and Other Investments	Other Receivables
Grants Receivable	\$ -	\$ -	\$ 572,272
Lake Crook	3,766	-	-
Contingency	495,199	837,388	-
Loan	34,919	-	-
Bond Reserves and Sinking Funds	1,824,042	6,530,447	-
Construction	3,177,710	10,913,808	-
Other	9,500	-	-
Total Restricted Assets	\$ 5,545,136	\$ 18,281,643	\$ 572,272

N. Related Party

The City Council appoints the governing board of an entity which is legally separate from the City. The City is not able to impose its will on this entity, and a financial benefit/burden relationship is not present; therefore, it is considered a related organization.

O. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2019

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

P. Tax Abatements

As of September 30, 2019, the City provides tax abatements through two programs-Industrial and Residential:

1. Industrial abatements are possible for manufacturing, research, regional distribution, regional services, regional tourist entertainment, basic industry, and any primary jobs creating industry. The property involved must be newly created or improvements to an existing facility. Abatements may be extended to the value of buildings, structures, fixed machinery and equipment, site improvements, tangible personal property, and office space and improvements necessary to the operation and administration of the facility. Inventory and supplies are not eligible for abatement. The City Council grants abatements on a case by case basis. The abatement is stated as a percentage of the eligible property under consideration and for a specified period of time up to ten years. The City has a written industrial tax abatement policy. Provisions for recapturing abated taxes, if any, are included in this policy.

2. Residential abatements are granted for five year periods. The property involved must be new residential structures or improvements to existing structures that will be at least a 20% increase in the previous appraised value of the property. The abatements are stated as a percentage of the increased value using the following schedule: Year 1-100%, Year 2-100%, Year 3-80%, Year 4-60%, and Year 5-40%. The City has a standard written residential tax abatement agreement. Provisions for recapturing abated taxes, if any, are included in this policy.

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated 2018-19</u>
Industrial Incentives	\$ 271,928,080
Residential Incentives	269,940

Q. Prior Period Adjustment

During the fiscal 2019, the City determined that an adjustment was necessary to the grant receivable account. The prior period adjustment totaled \$172,209 for governmental activities. The restated beginning net position for governmental activities is \$33,143,308, respectively.

R. Subsequent Event

In January 2020, the City issued \$1,500,000 General Obligation Bonds, Series 2020, to fund renovations of the Love Civic Center as a venue project. The interest rate is 1.95% paid semi-annually with the final maturity date due on June 15, 2030.

In March 2020, the City approved a construction commitment not to exceed \$451,692 related to the pump track project. The project is to be funded with grant revenues and donations.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread through the United States. The spread of COVID-19 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the City is unable to determine if it will have a material impact to its operations.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PARIS, TEXAS
 Required Supplementary Information
 Texas Municipal Retirement System -
 Schedule of Changes in Net Pension Liability
 Year Ended September 30, 2019

Schedule 1

	Plan Year Ended December 31,				
	2018	2017	2016	2015	2014
Total Pension Liability					
Service Cost	\$ 1,198,978	\$ 1,192,255	\$ 1,190,613	\$ 1,084,666	\$ 1,084,779
Interest	4,092,798	3,952,930	3,826,176	3,718,773	3,592,818
Changes in Benefit Terms	-	-	-	1,615,467	-
Differences Between Expected and Actual Experience	(118,708)	19,208	(211,467)	(159,282)	(191,294)
Changes in Assumptions	-	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(3,101,195)	(3,090,075)	(2,766,533)	(2,741,148)	(2,632,638)
Net Change in Total Pension Liability	2,071,873	2,074,318	2,038,789	3,518,476	1,853,665
Total Pension Liability - Beginning	61,585,149	59,510,831	57,472,042	53,953,566	52,099,901
Total Pension Liability - Ending	<u>\$ 63,657,022</u>	<u>\$ 61,585,149</u>	<u>\$ 59,510,831</u>	<u>\$ 57,472,042</u>	<u>\$ 53,953,566</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 825,989	\$ 817,914	\$ 669,501	\$ 700,159	\$ 721,733
Contributions - Employee	705,973	704,087	701,189	676,545	667,048
Net Investment Income	(1,845,475)	7,698,497	3,607,913	80,774	3,031,103
Benefit Payments, Including Refunds of Employee Contributions	(3,101,195)	(3,090,075)	(2,766,533)	(2,741,148)	(2,632,638)
Administrative Expense	(35,702)	(39,921)	(40,766)	(49,204)	(31,651)
Other	(1,865)	(2,023)	(2,196)	(2,430)	(2,602)
Net Change in Plan Fiduciary Net Position	(3,452,275)	6,088,479	2,169,108	(1,335,304)	1,752,993
Plan Fiduciary Net Position - Beginning	61,668,749	55,580,270	53,411,162	54,746,466	52,993,473
Plan Fiduciary Net Position - Ending	<u>\$ 58,216,474</u>	<u>\$ 61,668,749</u>	<u>\$ 55,580,270</u>	<u>\$ 53,411,162</u>	<u>\$ 54,746,466</u>
City's Net Pension Liability (Asset) - Ending	\$ 5,440,548	\$ (83,600)	\$ 3,930,561	\$ 4,060,880	\$ (792,900)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.45%	100.14%	93.40%	92.93%	101.47%
Covered Payroll	\$ 11,766,222	\$ 11,734,791	\$ 11,684,128	\$ 11,203,172	\$ 11,177,790
City's Net Pension Liability as a Percentage of Covered Payroll	46.24%	-0.71%	33.64%	36.25%	-7.09%

Note: The pension schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CITY OF PARIS, TEXAS
 Required Supplementary Information
 Texas Municipal Retirement System -
 Schedule of City Contributions
 Year Ended September 30, 2019

Schedule 2

	Fiscal Year Ended September 30,				
	2019	2018	2017	2016	2015
Contractually Required Fiscal Year Contribution	\$ 834,605	\$ 825,691	\$ 801,727	\$ 733,564	\$ 704,441
Contribution in Relation to the Contractually Required Fiscal Year Contribution	<u>(834,605)</u>	<u>(825,691)</u>	<u>(801,727)</u>	<u>(733,564)</u>	<u>(704,441)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 11,980,216	\$ 11,846,360	\$ 11,615,574	\$ 12,058,579	\$ 11,203,172
Contributions as a Percentage of Covered Payroll	6.97%	6.97%	6.90%	6.08%	6.29%

Note: The pension schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CITY OF PARIS, TEXAS
 Required Supplementary Information
 Paris Firefighters' Relief and Retirement Fund -
 Schedule of Changes in Net Pension Liability
 Year Ended September 30, 2019

Schedule 3

	Plan Year Ended December 31,				
	2018	2017	2016	2015	2014
Total Pension Liability					
Service Cost	\$ 263,477	\$ 254,567	\$ 258,484	\$ 247,353	\$ 236,701
Interest	1,109,567	1,094,074	1,109,262	1,092,874	1,087,700
Changes in Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	(650,764)	-	(65,973)	-	(238,406)
Changes in Assumptions	562,256	-	616,266	-	134,458
Benefit Payments, Including Refunds of Employee Contributions	(1,052,502)	(1,249,430)	(1,136,379)	(1,156,654)	(1,200,964)
Net Change in Total Pension Liability	232,034	99,211	781,660	183,573	19,489
Total Pension Liability - Beginning	15,057,006	14,957,795	14,175,471	13,991,898	13,972,409
Total Pension Liability - Ending	<u>\$ 15,289,040</u>	<u>\$ 15,057,006</u>	<u>\$ 14,957,131</u>	<u>\$ 14,175,471</u>	<u>\$ 13,991,898</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 336,951	\$ 326,396	\$ 317,902	\$ 310,483	\$ 281,896
Contributions - Employee	411,944	407,996	397,475	388,212	352,370
Net Investment Income	(302,649)	578,324	377,387	(121,104)	245,555
Benefit Payments, Including Refunds of Employee Contributions	(1,052,502)	(1,249,430)	(1,136,379)	(1,156,654)	(1,200,964)
Administrative Expense	(31,444)	(37,553)	(70,404)	(6,500)	(84,445)
Other	-	5	2,121	-	5,315
Net Change in Plan Fiduciary Net Position	(637,700)	25,738	(111,898)	(585,563)	(400,273)
Plan Fiduciary Net Position - Beginning	4,790,010	4,764,272	4,876,170	5,461,733	5,862,006
Plan Fiduciary Net Position - Ending	<u>\$ 4,152,310</u>	<u>\$ 4,790,010</u>	<u>\$ 4,764,272</u>	<u>\$ 4,876,170</u>	<u>\$ 5,461,733</u>
City's Net Pension Liability (Asset) - Ending	\$ 11,136,730	\$ 10,266,996	\$ 10,192,859	\$ 9,299,301	\$ 8,530,165
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	27.16%	31.81%	31.85%	34.40%	39.03%
Covered Payroll	\$ 2,712,961	\$ 2,717,229	\$ 2,785,912	\$ 2,511,047	\$ 2,368,370
City's Net Pension Liability as a Percentage of Covered Payroll	410.50%	377.85%	365.87%	370.34%	360.17%

Note: The pension schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CITY OF PARIS, TEXAS
 Required Supplementary Information
 Paris Firefighters' Relief and Retirement Fund
 Schedule of City Contributions
 Year Ended September 30, 2019

Schedule 4

	Fiscal Year Ended September 30,				
	2019	2018	2017	2016	2015
Contractually Required Fiscal Year Contribution	\$ 336,951	\$ 326,067	\$ 320,851	\$ 332,665	\$ 301,329
Contribution in Relation to the Contractually Required Fiscal Year Contribution	(336,951)	(326,067)	(320,851)	(332,665)	(301,329)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 2,713,093	\$ 2,717,229	\$ 2,795,465	\$ 2,772,967	\$ 2,511,047
Contributions as a Percentage of Covered Payroll	12.42%	12.00%	11.48%	12.00%	12.00%

Note: The pension schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CITY OF PARIS, TEXAS
 Required Supplementary Information
 Texas Municipal Retirement System -
 Schedule of Changes in Total OPEB Liability and Related Ratios
 Year Ended September 30, 2019

Schedule 5

	Plan Year Ended December 31,	
	2018	2017
Total OPEB Liability		
Service Cost	\$ 30,592	\$ 26,990
Interest	33,951	33,850
Changes in Benefit Terms	-	-
Differences Between Expected and Actual Experience	(13,049)	-
Changes in Assumptions	(67,751)	76,984
Benefit Payments, Including Refunds of Employee Contributions	(9,413)	(9,388)
Net Change in Total OPEB Liability	(25,670)	128,436
Total OPEB Liability - Beginning	1,015,135	886,699
Total OPEB Liability - Ending	<u>\$ 989,465</u>	<u>\$ 1,015,135</u>
Covered Payroll	\$ 11,766,222	\$ 11,734,791
City's Total OPEB Liability as a Percentage of Covered Payroll	8.41%	8.65%

Note: The pension schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CITY OF PARIS, TEXAS
 Required Supplementary Information
 Texas Municipal Retirement System -
 Schedule of City Contributions
 Year Ended September 30, 2019

Schedule 6

	Fiscal Year Ended September 30,	
	2019	2018
Actuarially Determined Contribution	\$ 29,385	\$ 27,247
Contributions in Relation to Actuarially Determined Contribution	(29,385)	(27,247)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Payroll	\$ 11,980,216	\$ 11,846,360
Contributions as a Percentage of Covered Payroll	0.25%	0.23%

Note: The pension schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CITY OF PARIS, TEXAS
 Required Supplementary Information
 City of Paris Retiree Health Care Plan -
 Schedule of Changes in Total OPEB Liability and Related Ratios
 Year Ended September 30, 2019

Schedule 7

	Plan Year Ended December 31,	
	2018	2017
Total OPEB Liability		
Service Cost	\$ 36,808	\$ 36,410
Interest	55,250	61,432
Changes in Benefit Terms	-	-
Differences Between Expected and Actual Experience	(10,869)	-
Changes in Assumptions	(36,122)	51,925
Benefit Payments, Including Refunds of Employee Contributions	(82,466)	(103,929)
Net Change in Total OPEB Liability	(37,399)	45,838
Total OPEB Liability - Beginning	1,691,999	1,646,161
Total OPEB Liability - Ending	<u>\$ 1,654,600</u>	<u>\$ 1,691,999</u>
Covered Payroll	\$ 4,814,704	\$ 5,284,495
City's Total OPEB Liability as a Percentage of Covered Payroll	34.37%	32.02%

Note: The pension schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CITY OF PARIS, TEXAS
 Required Supplementary Information
 City of Paris Retiree Health Care Plan -
 Schedule of City Contributions
 Year Ended September 30, 2019

Schedule 8

	Fiscal Year Ended September 30,	
	2019	2018
Actuarially Determined Contribution	\$ 30,854	\$ 33,407
Contributions in Relation to Actuarially Determined Contribution	(30,854)	(33,407)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Payroll	\$ 4,814,704	\$ 5,284,495
Contributions as a Percentage of Covered Payroll	0.64%	0.63%

Note: The pension schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Nonmajor Governmental Funds

Special Revenue

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Community Development Block Grant - This fund accounts for funds received from various federal grant programs and expended for community development purposes.

Special Revenue Fund - This fund accounts for funds received from various sources and can be expended for improving efficiency of the administration of justice; enhancing child safety, health, and nutrition; security devices and technological enhancements for municipal court; and other improvement activity.

Library Memorial Funds – These funds account for resources given for book and library related purposes in memory of individuals.

Permanent Funds

Library Trust Funds – These funds account for resources of a permanent nature whereby only earnings and not principal may be used for books and library-related purposes.

Other Major Governmental Funds

Debt Service Fund – This fund accounts for the accumulation of resources and the payment of general obligation principal and interest.

Capital Projects Fund – This fund accounts for proceeds from bond issues and transfers.

CITY OF PARIS, TEXAS
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2019

Schedule 9

	Special Revenue			Permanent		Total Nonmajor Governmental Funds
	Community Development Block Grant	Special Revenue Fund	Library Memorial Funds	Total	Library Trust Funds	
ASSETS						
Cash and Cash Equivalents	\$ 218,102	\$ 202,033	\$ 74,469	\$ 494,604	\$ 574	\$ 495,178
Investments	-	-	-	-	95,433	95,433
Receivables (Net)	-	264	-	264	-	264
Total Assets	\$ 218,102	\$ 202,297	\$ 74,469	\$ 494,868	\$ 96,007	\$ 590,875
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-	-
Fund Balances:						
Nonspendable						
Permanent Library Funds	-	-	-	-	96,007	96,007
Restricted for:						
Notes	-	-	-	-	-	-
Law Enforcement	-	202,297	-	202,297	-	202,297
Assigned:						
Library	-	-	74,469	74,469	-	74,469
Community Development	218,102	-	-	218,102	-	218,102
Total Fund Balances	218,102	202,297	74,469	494,868	96,007	590,875
Total Liabilities and Fund Balances	\$ 218,102	\$ 202,297	\$ 74,469	\$ 494,868	\$ 96,007	\$ 590,875

CITY OF PARIS, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended September 30, 2019

Schedule 10

	Special Revenue			Permanent		Total Nonmajor Governmental Funds
	Community Development Block Grant	Special Revenue	Library Memorial Funds	Total	Library Trust Funds	
REVENUES						
Fees and Fines	\$ -	\$ 46,602	\$ -	\$ 46,602	\$ -	\$ 46,602
Intergovernmental	-	-	-	-	-	-
Interest Earned	4,643	4,469	1,824	10,936	2,318	13,254
Miscellaneous	-	249	3,307	3,556	-	3,556
Total Revenues	<u>4,643</u>	<u>51,320</u>	<u>5,131</u>	<u>61,094</u>	<u>2,318</u>	<u>63,412</u>
EXPENDITURES						
Current						
General Government	-	16,946	-	16,946	-	16,946
Public Safety	-	35,009	-	35,009	-	35,009
Community Development	-	-	-	-	-	-
Health	-	-	-	-	-	-
Culture and Recreation	-	-	16,216	16,216	-	16,216
Debt Service						
Principle	-	-	-	-	-	-
Interest & Other Charges	-	-	-	-	-	-
Capital Outlay						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>51,955</u>	<u>16,216</u>	<u>68,171</u>	<u>-</u>	<u>68,171</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,643</u>	<u>(635)</u>	<u>(11,085)</u>	<u>(7,077)</u>	<u>2,318</u>	<u>(4,759)</u>
Other Financing Sources (Uses)						
Transfers In	-	3,738	-	3,738	-	3,738
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,738</u>	<u>-</u>	<u>3,738</u>	<u>-</u>	<u>3,738</u>
Net Changes in Fund Balances	4,643	3,103	(11,085)	(3,339)	2,318	(1,021)
Fund Balances - Beginning	<u>213,459</u>	<u>199,194</u>	<u>85,554</u>	<u>498,207</u>	<u>93,689</u>	<u>591,896</u>
Fund Balances - Ending	<u>\$ 218,102</u>	<u>\$ 202,297</u>	<u>\$ 74,469</u>	<u>\$ 494,868</u>	<u>\$ 96,007</u>	<u>\$ 590,875</u>

CITY OF PARIS, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Special Revenue Fund
Year Ended September 30, 2019

Schedule 11

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fees and Fines	\$ 33,500	\$ 33,500	\$ 46,602	\$ 13,102
Intergovernmental	-	-	-	-
Interest Earned	-	-	4,469	4,469
Miscellaneous	-	-	249	249
Total Revenues	<u>33,500</u>	<u>33,500</u>	<u>51,320</u>	<u>17,820</u>
EXPENDITURES				
Municipal Court	102,250	102,250	16,946	85,304
Police	74,000	74,000	35,009	38,991
Health	3,500	3,500	-	3,500
Total Expenditures	<u>179,750</u>	<u>179,750</u>	<u>51,955</u>	<u>127,795</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(146,250)</u>	<u>(146,250)</u>	<u>(635)</u>	<u>145,615</u>
Other Financing Sources (Uses)				
Transfers Out	-	-	3,738	3,738
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>3,738</u>	<u>3,738</u>
Net Changes in Fund Balance	(146,250)	(146,250)	3,103	149,353
Fund Balance - Beginning	<u>199,194</u>	<u>199,194</u>	<u>199,194</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 52,944</u>	<u>\$ 52,944</u>	<u>\$ 202,297</u>	<u>\$ 149,353</u>

CITY OF PARIS, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Debt Service Fund
Year Ended September 30, 2019

Schedule 12

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 1,821,009	\$ 1,821,009	\$ 1,769,743	\$ (51,266)
Interest Earned	-	-	46,601	46,601
Total Revenues	<u>1,821,009</u>	<u>1,821,009</u>	<u>1,816,344</u>	<u>(4,665)</u>
EXPENDITURES				
Bond Principal Retirement	2,094,098	2,094,098	1,391,113	702,985
Interest and Fiscal Charges	466,760	466,760	443,205	23,555
Total Expenditures	<u>2,560,858</u>	<u>2,560,858</u>	<u>1,834,318</u>	<u>726,540</u>
Excess of Revenues Over Expenditures	<u>(739,849)</u>	<u>(739,849)</u>	<u>(17,974)</u>	<u>721,875</u>
Other Financing Sources (Uses):				
General Obligation Bonds Issued	-	-	-	-
Transfers In	739,849	739,849	5,427	(734,422)
Transfers Out	-	-	(96,550)	(96,550)
Total Other Financing Sources (Uses)	<u>739,849</u>	<u>739,849</u>	<u>(91,123)</u>	<u>(830,972)</u>
Net Changes in Fund Balance	-	-	(109,097)	(109,097)
Fund Balance - Beginning	<u>1,836,162</u>	<u>1,836,162</u>	<u>1,836,162</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,836,162</u>	<u>\$ 1,836,162</u>	<u>\$ 1,727,065</u>	<u>\$ (109,097)</u>

CITY OF PARIS, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Capital Projects Fund
From Inception and Year Ended September 30, 2019

Schedule 13

	Prior Years	Current Year	Total to Date	Project Authorization (Budget)
REVENUES				
Interest Earned	\$ 283,549	\$ 198,913	\$ 482,462	\$ -
Total Revenues	<u>283,549</u>	<u>198,913</u>	<u>482,462</u>	<u>-</u>
EXPENDITURES				
City Council	246,894	114,349	361,243	239,109
Police	285,630	-	285,630	285,630
Fire	915,942	-	915,942	915,942
Community Development	725,207	-	725,207	870,350
Engineering	35,555	-	35,555	35,555
Parks and Recreation	563,384	-	563,384	923,781
Solid Waste	568,811	-	568,811	1,181,019
Streets and Highways	6,870,074	2,510,928	9,381,002	8,095,265
Health	120,553	23,679	144,232	228,000
Library	7,100	-	7,100	15,000
Cox Field Airport	110,667	-	110,667	90,100
Total Expenditures	<u>10,449,817</u>	<u>2,648,956</u>	<u>13,098,773</u>	<u>12,879,751</u>
Deficiency of Revenues Over Expenditures	(10,166,268)	(2,450,043)	(12,616,311)	(12,879,751)
Other Financing Sources (Uses):				
Transfers In	8,166,042	-	8,166,042	-
Transfers Out	(2,222,936)	(326,613)	(2,549,549)	-
Certificates of Obligation Issued	12,918,399	-	12,918,399	-
SPECIAL ITEM				
Proceeds from Sale of Assets	<u>90,100</u>	<u>-</u>	<u>90,100</u>	<u>-</u>
Net Changes in Fund Balance	<u>\$ 8,785,337</u>	<u>(2,776,656)</u>	<u>\$ 6,008,681</u>	<u>\$ (12,879,751)</u>
Fund Balance - Beginning		<u>8,955,644</u>		
Fund Balance - Ending		<u>\$ 6,178,988</u>		

**CAPITAL ASSETS USED IN
THE OPERATION OF GOVERNMENTAL FUNDS**

CITY OF PARIS, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source
September 30, 2019 and 2018

Schedule 14

	<u>2019</u>	<u>2018</u>
Governmental Funds Capital Assets:		
Land	\$ 5,927,478	\$ 5,927,478
Buildings	20,400,413	19,665,316
Improvements Other Than Buildings	6,571,317	6,552,117
Machinery and Equipment	21,410,630	20,992,957
Infrastructure	45,209,042	45,175,454
Construction in Progress	<u>3,253,761</u>	<u>1,166,700</u>
 Total Governmental Funds Capital Assets	 <u><u>\$ 102,772,641</u></u>	 <u><u>\$ 99,480,022</u></u>
 Investments in Governmental Funds Capital Assets by Source:		
General Fund	\$ 67,252,092	\$ 66,609,277
Capital Projects Funds	27,912,295	25,262,491
Donations	<u>7,608,254</u>	<u>7,608,254</u>
 Total Investments in Governmental Funds Capital Assets by Source	 <u><u>\$ 102,772,641</u></u>	 <u><u>\$ 99,480,022</u></u>

STATISTICAL SECTION

STATISTICAL SECTION

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

Financial Trends

Tables 1-4

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

Revenue Capacity

Tables 5 - 8

These schedules contain information to help the reader assess the government's most significant local revenue source, the ad valorem tax.

Debt Capacity

Tables 9-13

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

Demographic and Economic Information

Tables 14-15

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

Operating Information

Tables 16-19

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

CITY OF PARIS, TEXAS
Net Assets/Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Unaudited

Table 1

	Fiscal Year			
	2010	2011	2012	2013
Governmental Activities:				
Net Investment in Capital Assets	\$ 26,871,917	\$ 25,311,134	\$ 27,532,353	\$ 28,732,801
Restricted	5,454,967	3,958,563	5,421,971	4,949,039
Unrestricted	10,358,596	12,801,387	12,700,759	12,301,829
Total Governmental Activities, Net Position	\$ 42,685,480	\$ 42,071,084	\$ 45,655,083	\$ 45,983,669
Business-Type Activities:				
Net Investment in Capital Assets	\$ 28,883,901	\$ 31,855,910	\$ 34,499,646	\$ 33,003,801
Restricted	1,636,722	-	-	-
Unrestricted	9,815,653	11,416,134	8,496,996	10,075,150
Total Business-Type Activities, Net Position	\$ 40,336,276	\$ 43,272,044	\$ 42,996,642	\$ 43,078,951
Primary Government:				
Net Investment in Capital Assets	\$ 55,755,818	\$ 57,167,044	\$ 62,031,999	\$ 61,736,602
Restricted	7,091,689	3,958,563	5,421,971	4,949,039
Unrestricted	20,174,249	24,217,521	21,197,755	22,376,979
Total Primary Government, Net Assets/Position	\$ 83,021,756	\$ 85,343,128	\$ 88,651,725	\$ 89,062,620

Table 1
(Continued)

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 28,427,758	\$ 28,043,910	\$ 30,505,784	\$ 21,971,338	\$ 20,713,428	\$ 18,064,569
4,949,039	3,393,033	3,003,799	3,004,564	12,548,372	8,782,171
10,023,934	5,694,771	1,890,470	11,159,128	53,717	4,831,122
<u>\$ 43,400,731</u>	<u>\$ 37,131,714</u>	<u>\$ 35,400,053</u>	<u>\$ 36,135,030</u>	<u>\$ 33,315,517</u>	<u>\$ 31,677,862</u>
\$ 33,041,432	\$ 33,331,038	\$ 33,466,855	\$ 24,198,822	\$ 18,322,809	\$ 25,779,748
-	-	-	-	-	-
12,172,944	13,508,734	14,460,833	22,900,345	22,945,722	16,473,443
<u>\$ 45,214,376</u>	<u>\$ 46,839,772</u>	<u>\$ 47,927,688</u>	<u>\$ 47,099,167</u>	<u>\$ 41,268,531</u>	<u>\$ 42,253,191</u>
\$ 61,469,190	\$ 61,374,948	\$ 63,972,639	\$ 46,170,160	\$ 39,036,237	\$ 43,844,317
4,949,039	3,393,033	3,003,799	3,004,564	12,548,372	8,782,171
22,196,878	19,203,505	16,351,303	34,059,473	22,999,439	21,304,565
<u>\$ 88,615,107</u>	<u>\$ 83,971,486</u>	<u>\$ 83,327,741</u>	<u>\$ 83,234,197</u>	<u>\$ 74,584,048</u>	<u>\$ 73,931,053</u>

CITY OF PARIS, TEXAS
Changes in Net Assets/Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Unaudited

Table 2

	Fiscal Year			
	2010	2011	2012	2013
EXPENSES				
Governmental Activities:				
General Government	\$ 2,632,370	\$ 2,890,290	\$ 2,094,110	\$ 2,905,871
Finance	481,106	437,320	480,144	393,526
Public Safety	10,021,261	9,880,712	10,771,351	9,982,926
Public Works	7,279,655	7,667,367	7,568,269	8,396,001
Health	3,184,085	3,202,551	3,416,360	3,348,281
Library Services	751,523	719,240	712,033	787,242
Cox Field Airport	225,565	220,027	261,463	259,938
Interest on Long-Term Debt	460,678	438,460	342,554	436,690
Bond Issue Costs	-	-	-	314,765
Total Governmental Activities Expenses	25,036,243	25,455,967	25,646,284	26,825,240
Business-Type Activities:				
Water and Sewer Services	10,423,943	10,694,363	11,008,967	11,504,538
Total Primary Government Expenses	35,460,186	36,150,330	36,655,251	38,329,778
PROGRAM REVENUES				
Governmental Activities:				
Charges for Services:				
General Government	-	-	-	2,447
Public Safety	757,291	606,792	729,267	412,150
Public Works	1,709,552	1,775,841	1,788,753	1,860,656
Health	2,595,679	2,608,306	2,721,421	2,463,907
Library Services	21,123	19,707	20,877	27,824
Cox Field	-	-	-	78,234
Operating Grants and Contributions	1,431,301	1,953,631	1,305,387	1,959,427
Capital Grants and Contributions	355,429	205,628	636,974	117,080
Total Governmental Activities Program Revenues	6,870,375	7,169,905	7,202,679	6,921,725
Business-Type Activities:				
Charges for Services:				
Water and Sewer Service	13,650,486	13,798,137	13,852,441	14,005,748
Total Primary Government Program Revenues	20,520,861	20,968,042	21,055,120	20,927,473

Table 2
(Continued)

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 2,997,393	\$ 2,909,807	\$ 3,463,908	\$ 3,748,965	\$ 3,421,223	\$ 3,651,888
407,463	404,567	400,665	398,262	404,443	402,943
10,449,953	11,037,966	12,595,127	12,456,655	12,061,033	13,228,151
7,909,651	7,508,978	7,020,333	7,126,349	6,882,186	8,274,343
3,228,513	2,404,782	2,633,051	2,836,429	2,884,339	3,205,596
816,376	790,339	799,187	781,092	866,435	914,874
158,632	152,063	217,995	235,546	243,666	344,964
287,256	276,197	237,313	185,852	399,291	194,004
-	-	-	-	-	-
26,255,237	25,484,699	27,367,579	27,769,150	27,162,616	30,216,763
11,940,791	11,929,499	12,100,940	14,095,860	14,594,309	14,568,695
38,196,028	37,414,198	39,468,519	41,865,010	41,756,925	44,785,458
3,310	17,634	6,572	181,197	214,000	304,818
433,828	370,308	361,100	342,083	376,322	353,571
1,799,918	1,862,606	1,780,836	1,463,576	1,470,248	1,437,157
2,371,757	2,391,817	2,519,387	2,609,811	2,732,908	2,979,160
19,400	19,433	16,874	127,997	120,942	100,014
67,037	76,689	91,810	98,382	134,716	161,527
926,506	1,396,711	672,298	338,718	154,497	165,064
690,176	271,961	424,332	2,147,065	522,574	1,160,602
6,311,932	6,407,159	5,873,209	7,308,829	5,726,207	6,661,913
13,881,328	14,281,964	14,617,218	13,781,748	14,168,934	14,452,703
20,193,260	20,689,123	20,490,427	21,090,577	19,895,141	21,114,616

CITY OF PARIS, TEXAS
Changes in Net Assets/Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Unaudited

Table 2
(Continued)

	Fiscal Year			
	2010	2011	2012	2013
Net (Expense)/Revenue				
Governmental Activities	(18,165,868)	(18,286,062)	(18,443,605)	(19,903,515)
Business-Type Activities	3,226,543	3,103,774	2,843,474	2,501,210
Total Primary Government, Net Expense	(14,939,325)	(15,182,288)	(15,600,131)	(17,402,305)
General Revenues and Other Changes in Net Assets/Position				
Governmental Activities:				
Taxes				
Property	7,853,487	7,620,281	7,619,472	7,597,667
Sales	5,843,494	6,033,469	5,993,859	6,304,250
Franchise	2,743,214	2,719,496	2,731,097	2,550,447
Hotel Occupancy	500,755	449,213	498,667	572,150
Investment Earnings	113,006	84,327	55,875	64,386
Grants, Donations, and Miscellaneous	-	-	1,642,126	615,222
Capital Contributions	1,062,139	764,880	3,486,508	2,527,979
Gain/Loss on Sale of Capital Assets	-	-	-	-
Transfers	-	-	-	-
Total Governmental Activities	18,116,095	17,671,666	22,027,604	20,232,101
Business-Type Activities:				
Taxes				
Investment Earnings	103,220	162,374	63,722	(42,124)
Contribution	728,317	434,500	303,910	550,978
Transfers	(1,062,139)	(764,880)	(3,486,508)	(2,527,979)
Total Business-Type Activities	(230,602)	(168,006)	(3,118,876)	(2,019,125)
Total Primary Government	17,885,493	17,503,660	18,908,728	18,212,976
Changes in Net Assets/Position				
Governmental Activities	(49,773)	(614,396)	3,583,999	328,586
Business-Type Activities	2,995,941	2,935,768	(275,402)	482,085
Total Primary Government	\$ 2,946,168	\$ 2,321,372	\$ 3,308,597	\$ 810,671

Table 2
(Continued)

Fiscal Year					
2014	2015	2016	2017	2018	2019
<u>(19,943,305)</u>	<u>(19,077,540)</u>	<u>(21,494,370)</u>	<u>(20,460,321)</u>	<u>(21,436,409)</u>	<u>(23,554,850)</u>
<u>1,940,537</u>	<u>2,352,465</u>	<u>2,516,278</u>	<u>(314,112)</u>	<u>(425,375)</u>	<u>(115,992)</u>
<u>(18,002,768)</u>	<u>(16,725,075)</u>	<u>(18,978,092)</u>	<u>(20,774,433)</u>	<u>(21,861,784)</u>	<u>(23,670,842)</u>
7,575,840	7,651,005	7,748,872	8,175,530	9,170,951	9,358,943
6,416,749	7,684,113	7,051,858	7,233,526	7,317,162	7,369,079
2,662,604	2,641,537	2,502,614	4,211,397	4,315,694	4,305,851
547,354	594,493	630,545	657,270	662,263	675,158
45,799	51,741	80,129	173,656	426,518	581,115
122,703	369,689	315,989	361,125	387,306	272,338
(10,682)	1,087,474	651,847	-	-	-
-	-	(57,026)	-	(57,940)	49,951
-	-	1,579,100	382,794	610,955	(523,031)
<u>17,360,367</u>	<u>20,080,052</u>	<u>20,503,928</u>	<u>21,195,298</u>	<u>22,832,909</u>	<u>22,089,404</u>
-	-	-	-	-	-
83,206	77,787	291,131	315,872	380,393	577,621
101,000	-	-	-	-	-
10,682	<u>(1,087,474)</u>	<u>(1,579,100)</u>	<u>(382,794)</u>	<u>(610,955)</u>	<u>523,031</u>
<u>194,888</u>	<u>(1,009,687)</u>	<u>(1,287,969)</u>	<u>(66,922)</u>	<u>(230,562)</u>	<u>1,100,652</u>
<u>17,555,255</u>	<u>19,070,365</u>	<u>19,215,959</u>	<u>21,128,376</u>	<u>22,602,347</u>	<u>23,190,056</u>
(2,582,938)	1,002,512	(990,442)	734,977	1,396,500	(1,465,446)
<u>2,135,425</u>	<u>1,342,778</u>	<u>1,228,309</u>	<u>(381,034)</u>	<u>(655,937)</u>	<u>984,660</u>
<u>\$ (447,513)</u>	<u>\$ 2,345,290</u>	<u>\$ 237,867</u>	<u>\$ 353,943</u>	<u>\$ 740,563</u>	<u>\$ (480,786)</u>

CITY OF PARIS, TEXAS
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
Unaudited

Table 3

	Fiscal Year			
	2010	2011 (1)	2012 (1)	2013 (1)
General Fund				
Nonspendable	\$ 214,932	\$ 199,519	\$ 218,117	\$ 271,292
Restricted	-	-	-	-
Unassigned	11,376,619	12,156,169	11,764,593	11,969,203
Total General Fund	<u>\$ 11,591,551</u>	<u>\$ 12,355,688</u>	<u>\$ 11,982,710</u>	<u>\$ 12,240,495</u>
All Other Governmental Funds				
Reserved	\$ 5,540,873	\$ -	\$ -	\$ -
Unreserved, Reported in:				
Special Revenue Funds	781,230	-	-	-
Permanent Funds	86,564	-	-	-
Nonspendable	-	88,520	89,632	90,062
Restricted	-	3,870,043	5,332,339	4,858,977
Assigned	-	532,263	456,463	457,471
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 6,408,667</u>	<u>\$ 4,490,826</u>	<u>\$ 5,878,434</u>	<u>\$ 5,406,510</u>

(1) The fund balance of All Other Governmental Funds is classified consistent with recent pronouncements (GASB 54). Previous years have not been restated.

Table 3
(Continued)

Fiscal Year					
2014 (1)	2015 (1)	2016 (1)	2017 (1)	2018 (1)	2019 (1)
\$ 233,127	\$ 294,776	\$ 223,911	\$ 326,985	\$ 418,995	\$ 483,575
271,269	331,086	387,950	446,493	498,359	577,814
11,194,101	12,969,124	10,227,839	10,849,390	11,753,392	12,390,089
<u>\$ 11,698,497</u>	<u>\$ 13,594,986</u>	<u>\$ 10,839,700</u>	<u>\$ 11,622,868</u>	<u>\$ 12,670,746</u>	<u>\$ 13,451,478</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
90,572	90,800	91,565	92,347	93,689	96,007
3,031,192	2,726,900	2,525,049	12,009,532	10,991,000	8,108,350
389,511	267,440	188,569	82,042	299,013	292,571
-	-	-	57,705	-	-
<u>\$ 3,511,275</u>	<u>\$ 3,085,140</u>	<u>\$ 2,805,183</u>	<u>\$ 12,241,626</u>	<u>\$ 11,383,702</u>	<u>\$ 8,496,928</u>

CITY OF PARIS, TEXAS
 Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)
 Unaudited

Table 4

	Fiscal Year		
	2010	2011	2012
REVENUES			
Taxes	\$ 16,941,815	\$ 16,824,545	\$ 16,822,577
Licenses and Permits	88,935	112,142	145,792
Fines and Fees	526,668	501,601	550,496
Use of Money and Property	274,986	313,948	210,476
Public Safety	57,369	40,297	-
Sanitation	1,347,707	1,461,736	1,468,917
Health	2,621,420	2,578,496	2,818,196
Intergovernmental	1,736,611	1,768,322	1,858,092
Other	301,069	247,354	271,709
Total Revenues	23,896,580	23,848,441	24,146,255
EXPENDITURES			
Current:			
General Government	1,109,767	1,219,607	1,029,702
Finance	462,282	425,455	473,719
Public Safety	9,489,393	9,154,646	9,659,131
Public Works	5,509,576	7,459,432	5,757,456
Health Department	942,596	908,339	955,930
Emergency Medical Service	2,095,897	2,146,210	2,302,247
Library	642,830	630,977	632,515
Cox Field Airport	112,800	107,276	150,848
Other	1,468,366	1,545,147	1,434,177
Debt Service:			
Interest	443,618	945,016	1,080,200
Principal	871,978	480,448	424,730
Bond Issuance Costs	-	-	-
Capital Outlay	2,666,238	815,623	2,649,513
Total Expenditures	25,815,341	25,838,176	26,550,168
Excess (Deficiency) of Revenues Over Expenditures	(1,918,761)	(1,989,735)	(2,403,913)
Other Financing Sources (Uses):			
Proceeds of Capital Leases	-	-	-
General Obligation Bonds Issued	-	-	-
Insurance Recoveries	-	-	-
Transfers In	5,338,879	1,176,462	5,100,935
Transfers Out	(4,276,740)	(411,581)	(1,614,427)
Long-Term Debt Issued	3,005,000	-	-
Payment to Escrow Agent and Premium	-	-	-
Sale of General Capital Assets	-	-	-
Total Other Financing Sources (Uses)	4,067,139	764,881	3,486,508
Increase (Decrease) in Reserve for Inventory	(196)	(15,414)	18,599
Net Changes in Fund Balances	\$ 2,148,182	\$ (1,240,268)	\$ 1,101,194
Debt Service as a Percentage of Noncapital Expenditures	5.68%	6.11%	6.44%

Table 4
(Continued)

Fiscal Year						
2013	2014	2015	2016	2017	2018	2019
\$17,020,156	\$17,194,419	\$18,457,686	\$17,976,072	\$ 20,280,057	\$ 21,447,857	\$ 21,672,347
154,923	386,775	220,696	152,016	155,363	197,920	277,507
624,609	586,429	573,953	515,147	491,880	495,708	480,618
142,620	138,629	137,030	173,004	272,039	561,234	742,644
-	-	-	-	-	-	-
1,463,210	1,472,278	1,462,810	1,474,874	1,463,576	1,470,248	1,437,157
2,453,270	2,111,439	2,383,355	2,519,387	2,609,811	2,614,504	2,991,995
2,069,494	1,603,165	1,662,824	1,096,630	1,463,514	677,072	1,325,665
317,981	169,261	224,463	386,853	258,051	346,789	214,502
<u>24,246,263</u>	<u>23,662,395</u>	<u>25,122,817</u>	<u>24,293,983</u>	<u>26,994,291</u>	<u>27,811,332</u>	<u>29,142,435</u>
1,197,486	1,153,686	1,076,798	1,301,401	1,288,458	1,180,280	1,230,366
393,526	407,443	404,567	400,665	398,262	404,443	402,943
9,462,148	9,712,876	10,206,584	11,125,560	11,026,655	10,850,538	11,253,953
6,646,804	6,507,603	5,861,079	5,556,359	5,549,270	5,356,374	5,644,019
1,043,502	916,260	8,672	-	-	-	-
2,132,692	2,127,225	2,240,853	2,366,673	2,535,135	2,670,131	2,845,874
632,040	707,716	692,290	717,395	697,503	736,513	756,566
153,182	97,778	102,539	110,330	129,269	112,562	210,851
1,560,051	1,548,753	1,641,714	1,771,889	1,738,115	1,716,365	1,845,609
379,241	311,919	280,733	254,304	196,358	447,294	443,205
1,185,622	1,226,543	1,077,610	991,899	1,161,513	1,580,682	1,577,803
-	-	-	-	103,399	4,410	-
2,407,415	1,332,959	1,920,359	4,474,952	2,350,010	3,564,942	4,399,885
<u>27,193,709</u>	<u>26,050,761</u>	<u>25,513,798</u>	<u>29,071,427</u>	<u>27,173,947</u>	<u>28,624,534</u>	<u>30,611,074</u>
<u>(2,947,446)</u>	<u>(2,388,366)</u>	<u>(390,981)</u>	<u>(4,777,444)</u>	<u>(179,656)</u>	<u>(813,202)</u>	<u>(1,468,639)</u>
-	-	617,114	975,185	-	-	-
-	-	-	-	9,913,399	190,000	-
-	-	-	-	-	-	57,835
3,938,899	1,782,291	1,504,281	3,437,300	466,536	994,335	27,678
(1,410,920)	(1,792,973)	(416,807)	(1,858,200)	(83,742)	(383,374)	(550,708)
4,505,000	-	-	-	-	-	-
(4,424,955)	-	-	-	-	-	-
72,108	-	95,098	-	-	-	-
<u>2,680,132</u>	<u>(10,682)</u>	<u>1,799,686</u>	<u>2,554,285</u>	<u>10,296,193</u>	<u>800,961</u>	<u>(465,195)</u>
53,175	(38,165)	61,649	(70,865)	103,074	40,517	-
<u>\$ (214,139)</u>	<u>\$ (2,437,213)</u>	<u>\$ 1,470,354</u>	<u>\$ (2,294,024)</u>	<u>\$ 10,219,611</u>	<u>\$ 28,276</u>	<u>\$ (1,933,834)</u>
6.74%	5.38%	5.76%	5.07%	5.47%	8.09%	7.71%

CITY OF PARIS, TEXAS
Property Tax Levies and Collections (1)
Last Ten Fiscal Years
Unaudited

Table 5

<u>Roll</u>	<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Collection of Current Year's Taxes During Fiscal Year</u>	<u>Percent of Current Levy Collected During Fiscal Year</u>	<u>Delinquent Tax Collections</u>	<u>Total Collections</u>
2009	2009-10	\$ 7,797,457	\$ 7,624,228	97.78%	\$ 66,691	\$ 7,690,919
2010	2010-11	7,651,941	7,418,544	96.95	57,409	7,475,953
2011	2011-12	7,543,165	7,387,161	97.93	-	7,387,161
2012	2012-13	7,544,315	7,368,232	97.67	110,036	7,478,268
2013	2013-14	7,498,327	7,309,230	97.48	119,430	7,428,660
2014	2014-15	7,626,530	7,348,250	96.35	111,210	7,459,460
2015	2015-16	7,627,731	7,406,830	97.10	215,544	7,622,374
2016	2016-17	8,093,094	7,940,087	98.11	116,317	8,056,404
2017	2017-18	9,145,965	8,973,214	98.11	62,442	9,035,656
2018	2018-19	9,381,829	9,208,248	98.15	137,647	9,345,895

Source:

Lamar County Appraisal District

Note:

- (1) Taxes stated are for General Fund and Debt Service Funds.
- (2) Penalty, interest, and attorney fees not included.

Table 5
(Continued)

<u>Ratio of Total Collections To Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes To Total Tax Levy</u>
98.63%	\$ 86,464	1.11%
97.70	110,655	1.45
97.93	156,004	2.07
99.14	190,166	2.52
99.07	186,382	2.48
97.81	279,144	3.66
99.93	221,880	2.91
99.54	153,007	1.89
98.79	172,751	1.89
99.61	173,582	1.85

CITY OF PARIS, TEXAS
Property Tax Rates-All Direct and Overlapping Governments
(Per \$100 of Assessed Value)
Last Ten Fiscal Years
Unaudited

Table 6

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
City of Paris										
M & O	\$ 0.42439	\$ 0.41713	\$ 0.41000	\$ 0.41487	\$ 0.39129	\$ 0.40635	\$ 0.42547	\$ 0.42443	\$ 0.44248	\$ 0.43831
I & S	0.09561	0.10287	0.11000	0.09620	0.11066	0.09560	0.07648	0.07752	0.10947	0.11364
Total	<u>\$ 0.52000</u>	<u>\$ 0.52000</u>	<u>\$ 0.52000</u>	<u>\$ 0.51107</u>	<u>\$ 0.50195</u>	<u>\$ 0.50195</u>	<u>\$ 0.50195</u>	<u>\$ 0.50195</u>	<u>\$ 0.55195</u>	<u>\$ 0.55195</u>
Lamar County										
M & O	\$ 0.40360	\$ 0.39420	\$ 0.39990	\$ 0.41850	\$ 0.40580	\$ 0.42640	\$ 0.40920	\$ 0.40660	\$ 0.37550	\$ 0.36740
I & S	0.01900	0.01890	0.01930	0.02020	0.01930	0.01900	0.01830	0.01730	0.01880	0.01910
Total	<u>\$ 0.42260</u>	<u>\$ 0.41310</u>	<u>\$ 0.41920</u>	<u>\$ 0.43870</u>	<u>\$ 0.42510</u>	<u>\$ 0.44540</u>	<u>\$ 0.42750</u>	<u>\$ 0.42390</u>	<u>\$ 0.39430</u>	<u>\$ 0.38650</u>
Paris ISD										
M & O	\$ 1.17000	\$ 1.17000	\$ 1.17000	\$ 1.17000	\$ 1.17000	\$ 1.17000	\$ 1.17000	\$ 1.17000	\$ 1.17000	\$ 1.17000
I & S	0.15500	0.25500	0.25500	0.28500	0.28500	0.28500	0.28500	0.28500	0.28500	0.28500
Total	<u>\$ 1.32500</u>	<u>\$ 1.42500</u>	<u>\$ 1.42500</u>	<u>\$ 1.45500</u>	<u>\$ 1.45500</u>	<u>\$ 1.45500</u>	<u>\$ 1.45500</u>	<u>\$ 1.45500</u>	<u>\$ 1.45500</u>	<u>\$ 1.45500</u>
Chisum ISD										
M & O	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000
I & S	0.18000	0.16000	0.16000	0.16000	0.14500	0.14678	0.14678	0.20650	0.19500	0.19000
Total	<u>\$ 1.22000</u>	<u>\$ 1.20000</u>	<u>\$ 1.20000</u>	<u>\$ 1.20000</u>	<u>\$ 1.18500</u>	<u>\$ 1.18678</u>	<u>\$ 1.18678</u>	<u>\$ 1.24650</u>	<u>\$ 1.23500</u>	<u>\$ 1.23000</u>
North Lamar ISD										
M & O	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000
I & S	0.10811	0.09650	0.08650	0.08150	0.07110	0.06750	0.06750	-	-	-
Total	<u>\$ 1.14811</u>	<u>\$ 1.13650</u>	<u>\$ 1.12650</u>	<u>\$ 1.12150</u>	<u>\$ 1.11110</u>	<u>\$ 1.10750</u>	<u>\$ 1.10750</u>	<u>\$ 1.04000</u>	<u>\$ 1.04000</u>	<u>\$ 1.04000</u>
Paris Junior College										
M & O	\$ 0.18500	\$ 0.18974	\$ 0.19000	\$ 0.18700	\$ 0.18660	\$ 0.18660	\$ 0.18750	\$ 0.17730	\$ 0.08500	\$ 0.08500
I & S	-	-	-	-	-	-	-	-	-	-
Total	<u>\$ 0.18500</u>	<u>\$ 0.18974</u>	<u>\$ 0.19000</u>	<u>\$ 0.18700</u>	<u>\$ 0.18660</u>	<u>\$ 0.18660</u>	<u>\$ 0.18750</u>	<u>\$ 0.17730</u>	<u>\$ 0.08500</u>	<u>\$ 0.08500</u>

CITY OF PARIS, TEXAS
Assessed and Estimated Actual Value of Property
Last Ten Fiscal Years
Unaudited

Table 7

Roll	Year	Real Property		Personal Property	
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2009	2009-10	\$ 976,009,565	\$1,421,783,219	\$ 529,489,256	\$ 647,710,890
2010	2010-11	927,464,815	1,420,238,161	551,247,563	622,482,077
2011	2011-12	918,495,080	1,402,956,164	543,332,657	623,174,818
2012	2012-13	931,939,433	1,424,800,859	559,431,805	628,115,774
2013	2013-14	1,033,357,277	1,438,785,698	469,901,615	654,358,864
2014	2014-15	1,007,593,690	1,472,220,698	522,773,397	763,567,027
2015	2015-16	1,006,810,741	1,490,882,796	526,923,827	780,316,817
2016	2016-17	1,148,246,077	1,725,298,577	479,151,390	720,199,051
2017	2017-18	1,206,992,530	1,773,796,952	474,754,769	697,701,527
2018	2018-19	1,236,252,824	1,807,476,750	495,983,817	725,129,690

Sources:
Lamar County Appraisal District

Table 7
(Continued)

<u>Exemptions</u>	<u>Total</u>		<u>Assessed Value as a Percentage of Actual Value</u>	<u>Total Direct Tax Rate</u>
	<u>Assessed Value</u>	<u>Estimated Actual Value</u>		
\$ 563,995,288	\$1,505,498,821	\$2,069,494,109	72.75%	\$ 0.52000
564,007,862	1,478,712,378	2,042,720,238	72.39	0.52000
564,303,245	1,461,827,737	2,026,130,982	72.15	0.52000
561,543,395	1,491,371,238	2,052,916,633	72.65	0.52000
589,885,670	1,503,258,892	2,093,144,562	71.82	0.50195
705,420,637	1,530,367,087	2,235,787,725	68.45	0.50195
737,465,045	1,533,734,568	2,271,199,613	67.53	0.50195
818,100,161	1,627,397,467	2,445,497,628	66.55	0.50195
789,751,180	1,681,747,299	2,471,498,479	68.04	0.55195
800,369,799	1,732,236,641	2,532,606,440	68.40	0.55195

CITY OF PARIS, TEXAS
Principal Property Taxpayers
September 30, 2019 and 2010
Unaudited

Table 8

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2019</u>		
		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Freeze Adjusted Taxable Assessed Value</u>
La Frontera Holdings LLC (Lamar Power Partners)	Electric Utility	\$ 347,505,400	1	20.06%
Kimberly-Clark Corporation - A	Disposable Diapers	97,282,834	2	5.62%
Campbell Soup Company - A	Food Manufacturer	90,590,891	3	5.23%
Essent PRMC, LP A	Hospital	51,729,310	4	2.99%
Oncor Electric Delivery	Electric Utility	28,922,890	5	1.67%
Huhtamaki Inc	Packaging Mfg.	12,510,538	6	0.72%
Paris Generation, LP	Electric Utility	10,738,020	7	0.62%
Wal-Mart	Discount Store	10,635,070	8	0.61%
Alpha Lake Limited	Shopping Center	10,596,530	9	0.61%
Atmost Energy	Gas Utility	10,445,360	10	0.60%
Silgan Can Company	Can Manufacturer	-	-	-
Totals		\$ 670,956,843		38.73%

Source:
Lamar County Appraisal District

Table 8
(Continued)

2010		
<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
\$ 207,027,200	1	13.75%
127,064,591	9	8.44%
63,144,980	6	4.19%
44,851,670	10	2.98%
20,143,230	7	1.34%
8,553,590	-	0.57%
25,798,540	5	1.71%
19,324,000	-	1.28%
5,624,384	-	0.37%
6,181,860	-	0.41%
24,468,030	8	1.63%
<u>\$ 552,182,075</u>		<u>36.67%</u>

CITY OF PARIS, TEXAS
Ratio of Net General Obligation Bonded Debt to
Assessed Value and Net General Obligation Bonded Debt Per Capita
Last Ten Fiscal Years
Unaudited

Table 9

<u>Fiscal Year</u>	<u>Estimated Population</u>	<u>Taxable Assessed Value</u>	<u>Gross General Bonded Debt</u>	<u>Less Debt Service Funds</u>	<u>Net General Bonded Debt</u>	<u>Ratio of Net General Bonded Debt To Assessed Value</u>	<u>Net General Bonded Debt Per Capita</u>
2009-10	27,092	\$ 1,505,498,821	\$ 12,766,600	\$ 2,628,654	\$ 10,137,946	0.67	\$ 374.20
2010-11	25,337	1,478,712,378	11,830,800	2,706,272	9,124,528	0.62	360.13
2011-12	25,337	1,461,827,737	10,750,600	2,797,611	7,952,989	0.54	313.89
2012-13	25,082	1,491,371,238	9,485,800	2,318,294	7,167,506	0.48	285.76
2013-14	25,171	1,503,258,892	8,310,000	1,432,199	6,877,801	0.46	273.24
2014-15	25,200	1,519,380,526	7,285,000	1,117,793	6,167,207	0.41	244.73
2015-16	25,400	1,627,397,467	6,442,624	1,087,664	5,354,960	0.33	210.83
2016-17	25,425	1,681,747,299	15,461,503	898,022	14,563,481	0.87	572.80
2017-18	25,450	1,732,236,641	14,306,032	1,073,917	13,232,115	0.76	519.93
2018-19	25,450	1,794,161,289	12,977,671	1,103,061	11,874,610	0.67	466.59

CITY OF PARIS, TEXAS
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Table 10

Fiscal Year	Governmental Activities			Business-Type Activities		
	General Obligation Bonds	Capital Leases	Other	Water and Sewer Bonds	Capital Leases	Other
2010	\$ 12,766,600	\$ -	\$ 9,216	\$ 14,638,400	\$ -	\$ 480,909
2011	11,830,800	-	-	11,254,200	-	-
2012	10,750,600	-	-	7,764,400	-	-
2013	9,485,800	-	-	43,239,200	-	-
2014	8,310,000	-	-	40,795,000	-	-
2015	7,285,000	617,114	-	38,545,000	-	-
2016	6,442,624	1,538,459	-	37,997,715	-	-
2017	15,461,503	1,397,929	-	45,175,173	-	-
2018	14,306,032	1,253,181	-	44,264,589	-	-
2019	12,840,000	1,104,090	-	41,075,000	-	-

Note:

(1) See Table 14 for personal income and population data

Table 10
(Continued)

<u>Total Primary Government</u>	<u>Percentage of Personal Income (2)</u>	<u>Per Capita</u>
\$ 27,895,125	1.76%	\$ 1,030
23,085,000	1.39	911
18,515,000	1.06	733
52,725,000	2.92	2,081
49,105,000	2.64	1,951
46,447,114	2.49	1,843
45,978,798	2.47	1,810
62,034,605	3.23	2,440
59,823,802	2.91	2,304
55,019,090	2.73	2,180

CITY OF PARIS, TEXAS
 Direct and Overlapping
 Governmental Activities Debt
 September 30, 2019
 Unaudited

Table 11

<u>Taxing Jurisdiction</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percent Applicable to Government</u>	<u>Amount Applicable to Government</u>
Lamar County	\$ 3,906,719	62.75%	\$ 2,451,466
Paris Independent School District	45,405,000	49.30	22,384,665
Chisum Independent School District	28,666,753	47.75	13,688,375
North Lamar Independent School District	459,164	58.23	267,371
Subtotal Overlapping Debt	78,437,636		38,791,877
City of Paris (Includes General Obligation Debt and Capital Leases)	12,977,671	100.00	14,388,807
Total Direct and Overlapping Debt	<u>\$ 91,415,307</u>		<u>\$ 53,180,684</u>
Per Capita Direct and Overlapping Funded Debt	<u>\$ 3,592</u>		<u>\$ 2,092</u>

Sources: Outstanding debt and applicable percentages provided by each governmental unit.

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

CITY OF PARIS, TEXAS
Legal Debt Margin Information
September 30, 2019
Unaudited

Table 12

The maximum tax rate permitted by Article XI, Section 5 of the State of Texas constitution is \$2.50 per \$100 of assessed valuation. Consequently, no legal debt margin can be calculated. The state attorney general has traditionally allowed up to \$1.50 per \$100 valuation to be applied to debt service. The City levied a tax rate of \$.55195 per \$100 valuation for the fiscal year ended September 30, 2019.

CITY OF PARIS, TEXAS
Revenue Pledged Coverage - Water and Sewer Revenue Bonds
Last Ten Fiscal Years
Unaudited

Table 13

Fiscal Year	Gross Revenues*	Operating Expenses**	Net Revenue Available For Debt Service	Average Remaining Debt Service Requirements			Percent Coverage
				Principal	Interest	Total***	
2009-10	\$ 13,753,706	\$6,732,799	\$7,020,907	\$1,463,840	\$ 173,848	\$1,637,688	4.29%
2010-11	13,960,511	7,201,866	6,758,645	-	-	-	N/A
2011-12	13,916,163	7,445,178	6,470,985	-	-	-	N/A
2012-13	13,963,624	7,578,446	6,385,178	-	-	-	N/A
2013-14	13,964,534	7,342,744	6,621,790	-	-	-	N/A
2014-15	14,359,751	7,248,302	7,111,449	-	-	-	N/A
2015-16	14,894,489	7,834,768	7,059,721	-	-	-	N/A
2016-17	14,097,620	9,902,805	4,194,815	-	-	-	N/A
2017-18	14,549,327	9,922,088	4,627,239	-	-	-	N/A
2018-19	15,030,324	10,182,731	4,847,593	-	-	-	N/A

Notes:

(1)* Gross Revenues = Operating and Nonoperating Revenue of the Water and Sewer Fund
Excluding Contribution Revenue and Premium Amortization

(2)** Operating Expenses Excluding Depreciation

(3)*** Agent Fees Not Included

(4) As of 2010-11, the City no longer had revenue bonds outstanding; however, water and sewer general obligation debt are expected to be paid out of system revenues and not ad valorem taxes.

CITY OF PARIS, TEXAS
Demographic and Economic Statistics
Last Ten Calendar Years
Unaudited

Table 14

<u>Calendar Year</u>	<u>Paris, TX Micropolitan Service Area Population</u>	<u>Paris, TX Micropolitan Service Area Personal Income</u>	<u>Paris, TX Micropolitan Service Area Per Capita Personal Income</u>	<u>Paris, TX Micropolitan Service Area Median Age</u>	<u>School Enrollments (1)</u>	<u>Percent Unemployment Rate</u>
2009	\$ 49,027	\$ 1,522,000,000	\$ 31,044	37.9	13,761	8.4
2010	49,793	1,585,028,000	31,780	39.7	13,428	9.7
2011	50,074	1,657,062,000	33,092	39.9	12,865	8.5
2012	49,811	1,750,363,000	35,140	39.0	12,671	7.9
2013	49,426	1,804,479,000	36,509	37.1	12,377	7.6
2014	49,523	1,859,083,000	37,540	40.4	12,414	6.1
2015	49,440	1,857,879,000	37,578	40.5	12,121	5.4
2016	49,791	1,917,848,000	38,518	40.6	12,180	4.9
2017	49,587	2,013,704,000	40,610	40.6	12,758	3.5
2018	49,728	2,027,062,464	40,763	41.0	12,307	3.3

(1) Includes Paris Independent School District, North Lamar Independent School District, Chisum Independent School District, and Paris Junior College

Sources:

- Paris Independent School District - 3,951
- North Lamar Independent School District - 2,426
- Chisum Independent School District - 1072
- Paris Junior College - 4,858
- Chamber of Commerce
- Bureau of Economic Analysis

CITY OF PARIS, TEXAS
Principal Employers
Fiscal Years End 2019 and 2010
Unaudited

Table 15

Taxpayer	September 30, 2019			September 30, 2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Paris Regional Medical Center	900	1	8.10%	1,000	1	9.26%
Campbell Soup Company	700	2	6.30%	900	2	8.33%
Kimberly-Clark Corporation	678	3	6.10%	800	3	7.41%
Turner Industries	500	4	4.50%	700	4	6.48%
The Results Company*	450	5	4.05%	480	5	4.44%
We Pack Logistics, Inc.	382	6	3.44%	300	6	2.78%
J. Skinner Baking Company**	236	7	2.12%	150	9 (1)	1.39%
Huhtamaki***	225	8	2.03%	176	8 (2)	1.63%
RK Hall Construction LTD	190	9	1.71%	250	7 (3)	2.31%
Sanitation Solutions	138	10	1.24%	-	-	0.00%
Silgan Can Company	-	-	0.00%	90	10	0.83%
Totals	<u>4,399</u>		<u>39.59%</u>	<u>4,846</u>		<u>44.86%</u>

Source:

Chamber of Commerce
U.S. Department of Labor
PEDC

Additional Information:

Public Employers:

Paris ISD	630
North Lamar ISD	453
City of Paris	333
Paris Junior College	205
Chisum ISD	158
Lamar County	189
Total	<u>1,968</u>

Notes:

(*) TCIM in 2010

(**) Sara Lee in 2010

(***) Paris Packaging in 2010

CITY OF PARIS, TEXAS
Operating Indicators by Function
Last Ten Fiscal Years
Unaudited

Table 16

GOVERNMENT:

Date of Incorporation - 1836
 Current Charter - Adopted November 2, 1948

	Fiscal Year			
	2010	2011	2012	2013
FACILITIES:				
Airports:				
Number of Airports	1	1	1	1
Fire Protection:				
Number of Stations	3	3	3	3
Number of Fire Hydrants	1,189	1,222	1,217	1,240
Number of Employees (certified)	51	51	51	51
Employees Per 1,000 Population	1.88	2.01	2.01	2.01
Libraries:				
Number of Libraries	1	1	1	1
Number of Volumes	98,895	90,524	85,357	82,878
Circularization of Materials	159,966	144,830	136,286	127,053
Circulation Per Capita	5.90	5.71	5.37	5.01
Library Cards in Force	15,941	13,461	14,563	14,896
Police Protection:				
Number of Stations	1	1	1	1
Number of Employees (certified)	62	62	62	62
Employees Per 1,000 Population	2.28	2.44	2.44	2.44
Parks and Recreation:				
Park Acres Developed	87	87	87	87
Park Acres Undeveloped	221	221	221	221
City Parks	25	24	24	24
Streets:				
Paved Lanes - Miles	171	160	160	160
Unpaved Streets - Miles	3	3	3	3
WATER AND SEWER UTILITY:				
Average Daily Water Consumption - Gallons	10,069,000	11,687,000	11,560,000	11,400,000
Maximum Day's Water Consumption - Gallons	21,311,000	21,900,000	21,010,000	20,764,000
Annual Water Consumption - Gallons	3,675,218,000	4,611,321,000	4,234,583,000	4,177,171,000
Water Mains - Miles	183	183	183	183
Water Connections - Metered	10,076	9,834	9,966	9,816
Sewer Mains - Miles	197	188	188	188
Area Miles	39.18	39.18	39.18	39.18
Number of Full-Time Employees	322	324	325	325

Table 16
(Continued)

Fiscal Year						
2014	2015	2016	2017	2018	2019	
1	1	1	1	1	1	1
3	3	3	3	3	3	3
1,262	1,299	1,313	1,333	1,357	1,367	1,367
51	51	51	51	51	51	51
2.03	2.02	2.01	2.00	2.00	2.00	2.00
1	1	1	1	1	1	1
82,832	81,893	84,162	85,630	72,288	81,185	81,185
127,002	127,824	119,265	114,611	103,389	99,239	99,239
5.06	5.07	4.69	4.5	4.06	3.90	3.90
16,519	15,507	13,551	14,312	10,441	8,734	8,734
1	1	1	1	1	1	1
60	60	60	60	57	57	57
2.39	2.38	2.36	2.35	2.24	2.24	2.24
87	87	87	87	87	87	87
221	221	221	221	221	221	221
24	24	24	24	24	24	24
160	160	171	171	171	174	174
3	3	3	3	3	3	3
11,472,271	11,006,721	10,701,294	13,241,942	10,759,444	10,775,920	10,775,920
17,201,000	20,662,000	17,983,000	18,493,000	18,137,000	19,202,000	19,202,000
4,187,379,000	4,017,453,000	3,977,369,000	4,833,309,000	3,927,197,000	3,937,831,000	3,937,831,000
183	185	185	185	185	185	185
9,819	10,024	9,995	9,766	9,698	9,679	9,679
189	209	209	209	209	209	209
39.18	39.18	38.02	38.02	38.02	38.02	38.02
326.5	327	328.0	330	331.5	333	333

CITY OF PARIS, TEXAS
Capital Asset Statistics by Function
Last Ten Fiscal Years
Unaudited

Table 17

	Fiscal Year			
	2010	2011	2012	2013
Function:				
Public Safety				
Police				
Stations	1	1	1	1
Patrol Units	10	10	10	10
Fire Stations	3	3	3	3
Sanitation				
Collection Trucks	8	8	7	6
Highways and Streets				
Streets (miles)	174	174	163	163
Streetlights	2,216	2,220	2,220	2,223
Traffic Signals*	-	-	-	-
Culture and Recreation				
Park Acreage	308	286	286	286
Swimming Pools - Municipal	1	1	1	1
Tennis Courts	14	14	14	14
Community Centers	1	1	1	1
Water				
Water Mains (miles)	184	183	183	183
Fire Hydrants	1,189	1,222	1,217	1,240
Maximum Daily Capacity (thousands of gallons)	36,000	36,000	36,000	36,000
Sewer				
Sanitary Sewers (miles)	190	189	189	189
Maximum Daily Treatment Capacity (thousands of gallons)	7,250	7,250	7,250	7,250

Source: Various City Departments

* City has none. All inside the City limits belong to the State of Texas.

Table 17
(Continued)

Fiscal Year						
2014	2015	2016	2017	2018	2019	
1	1	1	1	1	1	1
10	10	10	10	10	10	10
3	3	3	3	3	3	3
6	6	6	6	6	6	6
163	174	174	174	174	174	174
2,225	2,228	2,228	2,230	2,231	2,235	
-	-	-	-	-	-	-
286	286	286	286	286	286	308
1	1	1	1	1	1	1
14	14	14	14	14	14	14
1	1	1	1	1	1	1
183	185	185	185	185	185	185
1,262	1,299	1,313	1,333	1,357	1,367	
36,000	36,000	36,000	36,000	36,000	36,000	
189	209	209	209	209	209	209
7,250	7,250	7,250	7,250	7,250	7,250	7,250

CITY OF PARIS, TEXAS
Building Permits at Market Value
Last Ten Fiscal Years
Unaudited

Table 18

<u>Property Value Fiscal Year</u>	<u>Commercial Units</u>	<u>Commercial Construction Value</u>	<u>Residential Units</u>	<u>Residential Construction Value</u>	<u>Total Construction Value</u>
2010	11	\$ 12,228,169	10	\$ 1,276,918	\$ 13,505,087
2011	9	10,025,486	7	569,500	10,594,986
2012	13	7,836,610	10	760,000	8,596,610
2013	15	9,653,725	24	2,171,613	11,825,338
2014	10	5,336,150	16	1,924,218	7,260,368
2015	14	61,243,705	10	823,430	62,067,135
2016	59	7,838,210	44	3,252,018	11,090,228
2017	18	12,653,657	21	3,914,081	16,567,738
2018	33	39,273,020	31	4,101,770	43,374,790
2019	15	64,446,766	25	3,744,359	68,191,125

CITY OF PARIS, TEXAS
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years
Unaudited

Table 19

Function:	Fiscal Year			
	2010	2011	2012	2013
Manager	2.0	2.0	3.0	3.0
Attorney	4.0	4.0	4.0	4.0
Court Clerk	4.0	4.0	4.0	4.0
City Clerk	3.0	3.0	3.0	3.0
Finance	5.5	6.0	5.0	5.0
Police*	84.0	84.5	85.5	85.5
Fire	52.0	52.0	52.0	52.0
Community Development	5.5	7.0	7.5	7.5
Engineering	6.5	6.5	6.5	6.5
Public Works	3.0	3.0	3.0	3.0
Parks & ROW	9.5	9.0	10.0	10.0
Sanitation	12.0	12.0	12.0	12.0
Streets	15.0	15.0	15.0	15.0
Traffic & Lighting	2.0	2.0	2.0	2.0
Garage	6.0	5.5	5.5	5.5
EMS	26.0	26.0	26.0	26.0
Library	10.5	10.5	10.5	10.5
Warehouse	2.0	2.0	2.0	2.0
Water Billing	8.0	8.0	8.0	8.0
Water Treatment Plant	15.5	15.5	15.5	15.5
Water Distribution	11.5	11.5	10.5	10.5
Waste Water Collection	7.5	7.5	7.5	7.5
Waste Water Treatment Plant	22.5	22.5	22.5	22.5
Lift Stations	3.0	3.0	3.0	3.0
Information Technology	2.0	2.0	2.0	2.0
Totals	322.5	324.0	325.5	325.5

* Includes related grant employees.
Seasonal employees not included.

Table 19
(Continued)

Fiscal Year						
2014	2015	2016	2017	2018	2019	
3.0	3.0	3.0	3.0	3.0	3.0	3.0
4.0	4.0	4.0	4.0	2.0	2.0	2.0
4.0	4.0	4.0	4.0	4.0	4.0	4.0
2.0	2.0	2.0	2.0	2.0	2.0	2.0
5.0	5.0	5.0	5.0	5.0	5.0	5.0
83.0	83.0	83.0	83.0	83.5	84.0	84.0
57.0	57.0	57.0	58.0	58.0	58.0	58.0
5.5	4.5	4.5	4.5	4.0	4.0	4.0
7.5	7.5	7.5	7.5	6.0	6.0	6.0
3.0	2.0	2.0	2.0	3.0	3.0	3.0
10.0	11.0	11.0	12.0	12.0	12.0	12.0
12.0	12.0	12.0	12.0	11.0	12.0	12.0
15.0	15.0	15.0	15.0	17.0	17.0	17.0
2.0	2.0	2.0	2.0	2.0	2.0	2.0
5.5	5.5	5.5	5.5	6.0	6.0	6.0
26.0	26.0	26.0	26.0	26.0	27.0	27.0
10.5	10.5	10.5	10.5	10.5	10.5	10.5
2.0	2.0	2.0	2.0	2.0	2.0	2.0
8.0	8.0	8.0	8.0	8.0	8.0	8.0
15.5	15.5	16.5	16.5	16.5	17.5	17.5
11.0	11.0	11.0	11.0	12.5	12.5	12.5
7.5	8.5	8.5	8.5	8.5	8.0	8.0
22.5	22.5	22.5	22.5	22.5	21.5	21.5
3.0	3.0	3.0	3.0	3.0	3.0	3.0
2.0	2.5	2.5	2.5	3.5	3.0	3.0
326.5	327.0	328.0	330.0	331.5	333.0	

CONTINUING DISCLOSURE INFORMATION
(UNAUDITED)

**CONTINUING DISCLOSURE INFORMATION FOR
CITY OF PARIS, TEXAS**

ASSESSED VALUATION

TABLE 1

2019-2020 Actual Market Value of Taxable Property (100% of Actual)		\$ 2,618,683,125
Less Exemptions:		
Local, Optional Over-65 and/or Disabled Homestead Exemptions	\$ 39,196,208	
Disabled and Deceased Veterans' Exemptions	14,497,851	
Productivity Loss	20,576,410	
Personal Use of Business Vehicle	282,460	
Freeport	98,468,752	
Pollution Control / Solar	67,790,322	
Abatement Loss	224,131,835	
Cap Loss (10%)	7,090,415	
Historical / Other	12,347,370	
Totally Exempt Property	340,140,213	
Total Exemptions		824,521,836
2018-2019 Net Taxable Assessed Valuation		1,794,161,289
Frozen Taxable Value and Transfer Adjustment		(139,607,850)
Freeze Adjusted Net Taxable Assessed Valuation		\$ 1,654,553,439

Source: Lamar County Appraisal District and the Issuer.

GENERAL OBLIGATION BONDED DEBT PRINCIPAL

TABLE 2

General Obligation Debt Principal Outstanding: (As of September 30, 2019)		
General Obligation Refunding Bonds, Series 2010	\$ 1,160,000	
Combination Tax and Revenue Certificates of Obligation, Series 2010	2,040,000	
General Obligation Refunding Bonds, Series 2012	1,190,000	
Combination Tax and Revenue Certificates of Obligation, Series 2013 (TWDB)	2,005,000	
General Obligation Bonds, Series 2013	29,315,000	
General Obligation Bonds, Series 2016	7,945,000	
General Obligation Bonds, Series 2017	8,970,000	
General Obligation Bonds, Series 2018	1,290,000	
Total Gross General Obligation Debt Principal Outstanding:		53,915,000
Less: Self-Supporting General Obligation Debt Principal		
General Obligation Refunding Bonds, Series 2010 (62% WS)	720,000	
Combination Tax and Revenue Certificates of Obligation, Series 2013 (TWDB) (100% WS)	2,005,000	
General Obligation Bonds, Series 2013 (100% WS)	29,315,000	
General Obligation Bonds, Series 2016 (100% WS)	7,945,000	
General Obligation Bonds, Series 2018 (86% WS)	1,100,000	
Total Self-Supporting General Obligation Debt Outstanding Following the Issuance of the Bonds:		41,085,000
Total Net General Obligation Debt Principal Outstanding Following the Issuance of the Bonds:		\$ 12,830,000
General Obligation Interest and Sinking Fund Balance as of September 30, 2019		\$ 1,099,885
Ratio of Gross General Obligation Debt Principal to 2019-2020 Freeze Adjusted Net Taxable Assessed Valuation		3.26%
Ratio of Net General Obligation Debt Principal to 2019-2020 Freeze Adjusted Net Taxable Assessed Valuation		0.78%
2018-2019 <u>Freeze Adjusted</u> Net Taxable Assessed Valuation		\$ 1,654,553,439
Population: 1980 - 25,498; 1990 - 24,699; 2000 - 25,898; 2010 - 25,171	Current (Estimate)	25,450
Per Capita 2019-2020 Freeze Adjusted Net Taxable Assessed Valuation	\$	65,012
Per Capita Gross General Obligation Debt Principal	\$	2,118
Per Capita Net General Obligation Debt Principal	\$	504

CLASSIFICATION OF ASSESSED VALUATION^(a)

TABLE 3

Category	2018-2019	% of Total	2017-2018	% of Total	2016-2017	% of Total	2015-2016	% of Total	2014-2015	% of Total
Real, Residential, Single-Family	\$ 555,725,094	20.28%	\$ 513,053,546	20.51%	\$ 492,321,832	19.93%	\$ 480,226,542	20.93%	\$ 470,196,966	20.83%
Real, Residential, Multi-Family	60,643,497	2.27	55,673,247	2.22	53,990,547	2.18	53,843,387	2.34	52,669,735	2.33
Real, Vacant Lots/Tractions	33,015,060	1.17	29,663,525	1.19	30,536,814	1.24	28,523,324	1.24	17,374,401	0.77
Real, Acreage (Land Only)	21,611,670	0.79	20,285,840	0.81	38,531,048	1.56	39,756,598	1.73	38,581,158	1.71
Farm & Ranch Improvements	20,902,638	0.74	18,316,868	0.73	337,570	0.01	423,770	0.02	413,500	0.02
Real, Commercial	290,129,663	11.24	288,609,812	11.53	281,898,938	11.40	279,980,115	12.19	280,408,794	12.42
Real Industrial	588,443,970	23.26	594,247,570	23.74	566,417,810	22.91	466,395,690	20.31	475,970,232	21.08
Real & Tangible, Personal Utilities	49,300,600	1.68	42,243,760	1.69	39,254,700	1.59	40,297,180	1.75	36,804,620	1.63
Tangible Personal, Commercial	137,319,910	5.43	138,468,717	5.53	139,533,387	5.64	131,778,067	5.74	132,126,257	5.85
Tangible Personal, Industrial	490,224,670	19.54	475,659,420	19.01	498,480,500	20.17	450,783,530	19.63	434,917,430	19.26
Tangible Personal, Mobile Homes	796,370	0.03	768,990	0.03	786,850	0.03	751,440	0.03	705,510	0.03
Residential / Special, Inventory	18,093,300	0.72	18,382,080	0.73	18,576,040	0.75	16,976,540	0.74	15,346,780	0.68
Totally Exempt Property	352,476,683	12.86	307,256,120	12.28	311,327,306	12.59	306,675,207	13.35	302,286,562	13.39
Total Market Value	2,618,683,125	100.00%	2,502,629,495	100.00%	2,471,993,342	100.00%	2,296,411,390	100.00%	2,257,801,945	100.00%
Less Exemptions:										
Productivity Loss	20,576,410		19,378,050		19,896,755		21,114,465		20,638,320	
Cap Loss (10%)	7,090,415		6,410,256		6,598,959		4,097,312		1,375,900	
Local, Optional Over-65/Disabled	39,196,208		45,466,649		46,662,768		45,146,544		44,943,985	
Disabled and Deceased Veterans'	14,497,851		7,810,386		7,395,996		6,570,475		6,036,649	
Exempt Property	340,140,213		295,991,820		310,950,536		306,021,687		302,039,162	
Freeport	98,468,752		89,590,207		109,717,826		112,530,666		115,052,946	
Pollution Control / Solar	67,790,322		67,165,339		61,792,647		46,002,535		46,097,383	
Tax Abatement Loss	224,131,835		271,984,849		280,503,879		219,967,287		190,473,730	
Personal Use of Business Vehicle	282,460		378,570		376,770		653,520		247,400	
Other / Historical	12,347,370		11,363,360		699,739		572,331		529,382	
Total Exemptions	824,521,836		815,539,486		844,595,875		762,676,822		727,434,857	
Net Taxable Assessed Valuation	1,794,161,289		1,687,090,009		1,627,397,467		1,533,734,568		1,530,367,088	
Freeze Taxable & Transfer Adjustment	(139,607,850)		(125,125,367)		(117,126,272)		(114,701,909)		(108,151,971)	
Freeze Adjusted Net Taxable Assessed Valuation	\$ 1,654,553,439		\$ 1,561,964,642		\$ 1,510,271,195		\$ 1,419,032,659		\$ 1,422,215,117	

^(a) Values shown in this table are Certified Values as of July. Values may change during the tax year due to various supplements and protests. Valuations reported on a different date may not match those shown on this table.

Source: Lamar County Appraisal District and the Issuer.

PRINCIPAL TAXPAYERS 2018-2019

TABLE 4

Name	Type of Property	2019 Net Taxable Assessed Valuation	% of Total 2019 Assessed Valuation
La Frontera Holdings LLC	Electric Utility	\$ 347,505,400	20.06%
Kimberly Clark Corporation	Disposable Diaper Mfg.	97,282,834	5.62
Campbell Soup	Food Manufacturing	90,590,891	5.23
Essent PRMC LP	Health Care Services/Hospital	51,729,310	2.99
Oncor Electric Delivery Company	Utility	28,922,890	1.67
Huhtamaki Inc.	Packaging Manufacturing	12,510,538	0.72
Paris Generation, LP	Utility	10,738,020	0.62
Walmart	Discount Store	10,635,070	0.61
Alpha Lake LTD	Shopping Center	10,596,530	0.61
Atmost Energy	Gas Utility	10,445,360	0.60
Total		\$ 670,956,843	38.73%
Based on a 2019 Freeze Adjusted Net Taxable Assessed Valuation of		\$ 1,654,553,439	

Source: Lamar County Appraisal District

PROPERTY TAX RATES AND COLLECTIONS

TABLE 5

Tax Year	Net Taxable Assessed Valuation ^(a)	Tax Rate	Tax Levy	% Collections		Year Ended
				Current	Total	
2009	\$ 1,405,294,035	0.52000	\$ 7,797,457	97.78	98.43	9-30-10
2010	1,380,460,473	0.52000	7,651,941	96.95	98.38	9-30-11
2011	1,359,521,473	0.52000	7,543,165	97.93	99.41	9-30-12
2012	1,385,188,151	0.51107	7,544,315	97.67	99.22	9-30-13
2013	1,493,839,431	0.50195	7,498,327	97.48	100.03	9-30-14
2014	1,519,380,525	0.50195	7,626,530	96.35	99.17	9-30-15
2015	1,607,003,070	0.50195	7,627,731	97.10	99.90	9-30-16
2016	1,510,271,195	0.50195	8,093,094	98.11 ^(b)	99.52 ^(b)	9-30-17
2017	1,556,621,932	0.55195	9,145,965	98.11	99.51	9-30-18
2018	1,607,003,070	0.55195	9,381,829	98.15	100.71	9-30-19

Note: Although "Total" tax collection percentages in this table include delinquent tax collections, they are allocated to the year they were originally levied instead of the year in which they were collected.

^(a) Certified Values may change during the tax year due to various supplements and protests, and valuations reported on a different date may not match those shown on this table.

Financial Report. Valuations for tax years 2009-2018 represent Freeze Adjusted Net Taxable Valuations.

^(b) Current Fiscal Year collections are as of September 30, 2019(Unaudited).

Source: The Lamar County Appraisal District, the City's 2019 Comprehensive Annual Financial Report and additional information from the City.

TAX RATE DISTRIBUTION

TABLE 6

	2019-20	2018-19	2017-18	2016-17	2015-16
General Fund	\$ 0.40868	\$0.43831	\$ 0.44248	\$ 0.42440	\$ 0.40635
I & S Fund	\$ 0.10740	0.11364	0.10947	0.07752	0.09560
TOTAL	\$ 0.51608	\$0.55195	\$ 0.55195	\$ 0.50192	\$ 0.50195

Sources: Texas Municipal Report published by the Municipal Advisory Council of Texas and the Lamar County Appraisal District.

MUNICIPAL SALES TAX

TABLE 7

The Issuer has adopted the provisions of Chapter 321, as amended, Texas Tax Code. In addition, some issuers are subject to a property tax relief and/or an economic and industrial development tax. The voters of the City approved the imposition of a 1/4 cent additional sales tax to be used for property tax reduction and a 1/4 cent sales tax for economic development purposes. Levy of the additional sales taxes began on October 1, 1993, and the City received its first payment in December, 1993. Collections on a calendar year basis are as follows:

<u>Calendar Year</u>	<u>Total Collected</u>	<u>1.00% City</u>	<u>0.25% Prop Tax Red</u>	<u>City Collections as % of Ad Valorem Tax Levy</u>	<u>(\$ Equivalent of Ad Valorem Tax Rate</u>	<u>0.25% EDC</u>
2006	\$ 6,601,772	\$ 4,401,182	\$ 1,100,295	71.73%	\$0.50	\$ 1,100,295
2007	6,628,611	4,419,074	1,104,769	69.61	0.41	1,104,769
2008	7,051,372	4,700,915	1,175,229	73.89	0.41	1,175,229
2009	7,591,224	5,060,816	1,265,204	80.72	0.42	1,265,204
2010	7,029,392	4,686,262	1,171,565	75.12	0.39	1,171,565
2011	7,202,519	4,801,679	1,200,420	78.44	0.41	1,200,420
2012	7,268,103	4,845,402	1,211,351	80.29	0.42	1,211,351
2013	7,624,480	5,082,987	1,270,747	84.22	0.43	1,270,747
2014	8,786,209 *	5,857,473	1,464,368	97.65	0.49	1,464,368
2015	8,173,696	5,449,131	1,362,283	89.3	0.45	1,362,283
2016	8,472,647	5,648,431	1,412,108	92.56	0.46	1,412,108
2017	8,689,014	5,792,676	1,448,169	89.47	0.45	1,448,169
2018	8,827,668	5,885,112	1,471,278	90.74	0.50	1,471,278
2019	8,921,837	5,947,891	1,486,973	79.25	0.43	1,486,973
2020	3,787,076 ^(a)	2,524,718	631,179	33.45	0.17	631,179

^(a) Current year collections are for January 2020 through May 2020.

* Sales taxes increased from the prior year due to a one time collection of an amount due from a prior period. This collection alone would have provided the City a 13.50% increase in sales taxes. The remaining increase is consistent with the expected sales tax revenues due to the recovering local economy.

Source: State Comptroller of Public Accounts Website.

**GENERAL FUND COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES
AND ANALYSIS OF CHANGES IN FUND BALANCES**

TABLE 8

	Fiscal Year Ended September 30				
	2019	2018	2017	2016	2015
Revenues:					
Ad Valorem Taxes	\$ 7,552,516	\$ 7,357,425	\$ 6,933,981	\$ 6,622,742	\$ 6,122,949
Sales Taxes	7,369,079	7,317,162	7,233,526	7,051,858	7,684,113
Franchise Tax	4,305,851	4,315,694	4,211,397	2,502,614	2,641,537
Hotel Occupancy Taxes	675,158	662,263	657,270	630,545	594,493
Licenses and Permits	277,507	197,920	155,363	152,016	220,696
Fines and Fees	434,016	446,670	449,008	498,164	528,433
Investment Earnings	483,876	329,365	206,551	141,134	122,264
Sanitation	1,437,157	1,470,248	1,463,576	1,474,874	1,462,810
Health	2,991,995	2,614,504	2,609,811	2,519,387	2,383,355
Intergovernmental Revenue	1,325,665	677,072	1,463,514	705,786	1,033,512
Other Revenues	210,946	341,330	253,679	377,469	218,616
Total Revenues	27,063,766	25,729,653	25,637,676	22,676,589	23,012,778
Expenditures:					
Current					
General Government	1,616,363	1,541,274	1,666,051	1,687,660	1,463,624
Public Safety	11,218,944	10,884,241	10,963,989	11,037,399	10,190,716
Public Works	5,644,019	5,356,374	6,415,221	5,199,269	5,311,538
Health	2,845,874	2,668,477	2,532,665	2,351,220	2,240,853
Culture and Recreation	740,350	734,826	693,078	688,258	687,923
Cox Field Airport	210,851	112,562	134,705	110,330	-
Other	1,845,609	1,716,365	1,743,614	1,771,889	1,744,253
Capital Outlay					
General Government	16,995	10,100	-	268,397	40,375
Public Safety	413,250	168,163	178,453	1,096,587	856,859
Public Works	1,016,738	612,947	248,452	952,651	580,152
Health	303,946	554,083	149,850	176,386	161,756
Culture and Recreation	-	-	-	-	-
Cox Field Airport	-	37,275	-	-	-
Debt Service	186,690	186,690	186,690	72,353	-
Other	-	42,187	-	9,680	6,109
Total Expenditures	26,059,629	24,625,564	24,912,768	25,422,079	23,284,158
Excess (Deficit) of Revenues Over Expenditures	1,004,137	1,104,089	724,908	(2,745,490)	(271,380)
Other Financing Sources (Uses):					
Capital Lease	-	-	-	975,185	617,114
Operating Transfers In	18,513	124,968	-	1,633,000	1,497,286
Operating Transfers Out	(127,545)	(383,374)	(44,814)	(1,806,200)	(13,178)
Sale of Capital Assets	-	-	-	-	4,998
Insurance Recoveries	57,835	-	-	-	-
Total Other Financing Sources (Uses):	(51,197)	(258,406)	(44,814)	801,985	2,106,220
Excess of Revenues and Other Sources Over Expenditures and Other Uses	952,940	845,683	680,094	(1,943,505)	1,834,840
Fund Balance - Beginning of Year	12,670,747	11,622,868	10,839,700	13,594,986	11,698,497
Increase (Decrease) in Reserve for Inventory	-	40,517	103,074	(70,865)	61,649
Prior Period Adjustment	(172,209)	161,678	-	(740,916)	-
Fund Balance - End of Year	\$ 13,451,478	\$ 12,670,746	\$ 11,622,868	\$ 10,839,700	\$ 13,594,986

^(a) Restated.

Source: The Issuer's Comprehensive Annual Financial Reports.

CONDENSED WATERWORKS AND SEWER SYSTEM OPERATING STATEMENT

TABLE 9

	Fiscal Year Ended September 30				
	2019	2018	2017	2016	2015
Operating Revenues ^(a)					
Total Revenues	\$ 14,452,703	\$ 14,168,934	\$ 14,236,117	\$ 15,053,698	\$ 14,284,506
Expenses ^(b)	10,147,099	9,886,456	9,867,173	7,799,136	7,400,588
Net Revenue Available for Debt Service	<u>\$ 4,305,604</u>	<u>\$ 4,282,478</u>	<u>\$ 4,368,944</u>	<u>\$ 7,254,562</u>	<u>\$ 6,883,918</u>
Annual Revenue Bond Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -
Coverage of Annual Revenue Bond Requirements	N/A	N/A	N/A	N/A	N/A
Annual Requirements on all Bonds Paid from System Revenues	\$ 3,848,957	\$ 3,714,257	\$ 3,244,870	\$ 3,338,021	\$ 3,867,154
Coverage of Annual Requirements on all Bonds Paid from System Revenues	1.11 x	1.15 x	2.17 x	2.17 x	1.78 x
Customer Count:					
Water	9,679	9,698	9,766	9,995	10,024
Sewer	9,189	9,208	9,180	9,276	9,320

^(a) Revenues include operating revenues, interest income and other revenues of the Waterworks and Sewer System.

^(b) Expenses include total expenses less depreciation and amortization of the Waterworks and Sewer System.

Sources: Information from the Issuer and the Issuer's Annual Audited Financial Reports.

WATER RATES

TABLE 10

Current Rates
(Rates Effective July 1, 2018)

Residential Class

Meter Size (Inches)	Base Cost (Per Cubic Foot)	Service in Excess of Base (For Each Additional 100 Cubic Feet)
5/8" - 3/4"	\$11.10 for first 200 Cubic Feet	\$4.08 / 100 Cubic Feet
1" and Larger	\$51.45 for first 1,000 Cubic Feet	\$4.08 / 100 Cubic Feet

Commercial Industrial Class

Meter Size (Inches)	Base Cost (Per Cubic Foot)	Service in Excess of Base (For Each Additional 100 Cubic Feet)
5/8" - 3/4"	\$13.28 for first 200 Cubic Feet	\$4.00 / 100 Cubic Feet
1" - 2"	\$53.11 for first 1,000 Cubic Feet	\$3.27 / 100 Cubic Feet
Larger than 2"	\$190.65 for first 2,000 Cubic Feet	\$3.27 / 100 Cubic Feet

Commercial Industrial Class (Meters Greater Than Three Inches)

(Large Meter Commercial Rates Effective July 1, 2019)

Meter Size (Inches)	Base Cost (Per Cubic Foot)	Service in Excess of Base (For Each Additional 100 Cubic Feet)
4"	\$3,270 for first 100,000 Cubic Feet	\$3.27 / 100 Cubic Feet
6"	\$4,905 for first 150,000 Cubic Feet	\$3.27 / 100 Cubic Feet
8" and Larger	\$6,540 for first 200,000 Cubic Feet	\$3.27 / 100 Cubic Feet

Source: Information from the Issuer

PRINCIPAL WATER CUSTOMERS 2018-2019
(October 1, 2018 to September 30, 2019)

TABLE 11

<u>Name of Customer</u>	<u>Average Monthly Consumption (Gals.)</u>	<u>Average Monthly Bill</u>
Lamar Power Partners*	19,106,881	\$ 25,535
Campbell Soup Company	12,471,639	101,812
Lamar County Water Supply	11,175,779	74,163
Daisy Farms*	2,425,827	14,783
Paris Generation	1,248,507	20,345
Kimberly Clark	837,666	27,184
Paris Regional Medical Center	244,793	10,332
The James Skinner Baking Co.	237,917	7,867
Texas Highway Department	153,955	5,075
Paris Housing Authority	174,174	5,992
Total	48,077,138	293,088 ^(a)

Total Water Sales as of September 30, 2019 (unaudited) \$ 7,877,619

^(a) Principal Water Customers represent approximately 44.59% of total annual water sales.
* Includes raw water sales.

SEWER RATES

TABLE 12

Current Rates

(Residential Rates Effective July 1, 2019)

<u>Residential Class</u>	<u>Meter Size (Inches)</u>	<u>Base Cost (Per Cubic Foot)</u>	<u>Service in Excess of Base (For Each Additional 100 Cubic Feet)</u>
	3/4" or Less	\$12.82 for first 200 Cubic Feet	\$6.33 / 100 Cubic Feet
	1" and Larger	\$63.30 for first 1,000 Cubic Feet	\$6.33 / 100 Cubic Feet

(Commercial Rates Effective July 1, 2019)

<u>Commercial Industrial Class</u>	<u>Meter Size (Inches)</u>	<u>Base Cost (Per Cubic Foot)</u>	<u>Service in Excess of Base (For Each Additional 100 Cubic Feet)</u>
	3/4" or Less	\$17.07 for first 200 Cubic Feet	\$6.57 / 100 Cubic Feet
	1" - 2"	\$65.70 for first 1,000 Cubic Feet	\$6.57 / 100 Cubic Feet
	Larger than 2"	\$131.40 for first 2,000 Cubic Feet	\$6.57 / 100 Cubic Feet

PRINCIPAL SEWER CUSTOMERS - 2018-2019
(October 1, 2018 to September 30, 2019)

TABLE 13

<u>Name of Customer</u>	<u>Average Monthly Consumption (Gals.)</u>	<u>Average Monthly Bill</u>
Kimberly Clark	512,059	\$ 29,813
The James Skinner Baking Co	237,916	13,795
Paris Regional Medical Center	194,052	11,594
Paris Housing Authority	157,051	9,053
Texas State Highway Department	153,955	8,975
Paris Junior College	101,779	6,218
Lamar County Human Resources	92,634	5,364
Spanish Oaks	86,370	5,046
Paris Independent School District	83,912	4,993
Lamar County	91,550	4,837
Total	1,711,278	\$ 99,688 ^(a)

Total Sewer Charges as of September 30, 2019 (unaudited) \$ 5,896,304

^(a) Principal Sewer Customers represent approximately 14.16% of total annual sewer charges.

**OVERALL COMPLIANCE, INTERNAL CONTROLS
AND FEDERAL AWARDS SECTION**

**Overall Compliance, Internal Controls,
And Federal Awards Section**

This section includes elements required by Government Auditing Standards, issued by the Comptroller General of the United States and 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).

McClanahan and Holmes, LLP
CERTIFIED PUBLIC ACCOUNTANTS

STEVEN W. MOHUNDRO, CPA
GEORGE H. STRUVE, CPA
ANDREW B. REICH, CPA
RUSSELL P. WOOD, CPA
DEBRA J. WILDER, CPA
TEFFANY A. KAVANAUGH, CPA
APRIL J. HATFIELD, CPA

228 SIXTH STREET S.E.
PARIS, TEXAS 75460
903-784-4316
FAX 903-784-4310

304 WEST CHESTNUT
DENISON, TEXAS 75020
903-465-6070
FAX 903-465-6093

1400 WEST RUSSELL
BONHAM, TEXAS 75418
903-583-5574
FAX 903-583-9453

Independent Auditors' 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*

Honorable Mayor and City Council
City of Paris, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Paris, Texas (the 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 June 26, 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.

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*.

Honorable Mayor and City Council
City of Paris, Texas

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.

McClanahan and Holmes, LLP
Certified Public Accountants

Paris, Texas
June 26, 2020

CITY OF PARIS, TEXAS
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2019

Finding:

None

CITY OF PARIS, TEXAS
Schedule of Findings and Questioned Costs
Year Ended September 30, 2019

Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on the financial statements of the City of Paris.
2. No significant deficiencies disclosed during the audit of the financial statements are reported in the Independent Auditors' 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*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of the City of Paris, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs disclosed during the audit are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. No material weaknesses were identified.
5. The auditors' report on compliance for the major federal awards programs for the City of Paris expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR 200.516(a).
7. The program tested as a major program was:

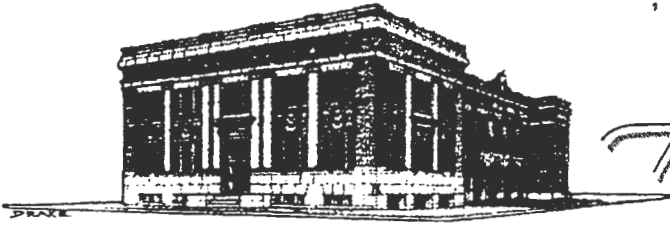
14.239 Home Investment Partnerships Program (HOME)
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. City of Paris, was determined to be a high-risk auditee.

Financial Statement Findings

None

Federal Award Findings and Questioned Costs

The audit disclosed no findings required to be reported.



The CITY OF PARIS

Corrective Action Plan
Year Ended September 30, 2019

None

McClanahan and Holmes, LLP

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STEVEN W. MOHUNDRO, CPA
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BONHAM, TEXAS 75418
803-583-5574
FAX 803-583-8453

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Honorable Mayor and City Council
City of Paris, Texas

Report on Compliance for Each Major Federal Program

We have audited the City of Paris, Texas' (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal programs for the year ended September 30, 2019. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City'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 program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal 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 programs for the year ended September 30, 2019.

Honorable Mayor and City Council
City of Paris, Texas

Report on Internal Control Over Compliance

Management of the City of Paris, Texas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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. Accordingly, this report is not suitable for any other purpose.

McClanahan and Holmes, LLP
Certified Public Accountants

Paris, Texas
June 26, 2020

CITY OF PARIS, TEXAS
Notes on Accounting Policies for Federal and State Awards
Year Ended September 30, 2019

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state award activity of the City of Paris, Texas (the City) under programs of the federal and state governments for the fiscal year ended September 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas *Uniform Grant Management Standards*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3: Indirect Cost Rate

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Program Costs/ Matching Contributions

The amounts shown as current year expenses represent only the federal grant portion of the program costs. Entire program costs, including the City's portion, may be more than shown.

Note 5: Subrecipients

Of the federal expenditures presented in the schedule, the City of Paris, Texas, provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Edward Byrne Memorial Justice Assistance Grant	16.738	\$ <u>5,403</u>

CITY OF PARIS, TEXAS
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2019

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Project Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>U.S. Department of Housing and Urban Development</u>				
Passed Through Texas Department of Housing and Community Affairs:				
Home Investment Partnerships Program (HOME)	14.239	1002499 & 1002500	\$ 935,574	\$ -
Total U.S. Department of Housing and Urban Development			<u>935,574</u>	<u>-</u>
<u>U.S. Department of Justice</u>				
Direct Program:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0305	10,806	5,403
Equitable Sharing Agreement	16.922	1123-0011	19,930	-
Project Safe Neighborhoods	16.609	OT-01-0107-31-00	3,626	-
Total U.S. Department of Justice			<u>34,362</u>	<u>5,403</u>
<u>U. S. Department of Homeland Security</u>				
Passed Through Federal Emergency Management Agency:				
Assistance to Firefighters Grant (AFG)	97.044	EMW-2017-FO-05538	80,910	-
Total U.S. Department of Homeland Security			<u>80,910</u>	<u>-</u>
<u>National Endowment for the Humanities</u>				
Passed Through Texas State Library and Archives Commission				
FY2019 ILL Lending Reimbursement Program	45.310	901179	9,374	-
Total National Endowment for the Humanities			<u>9,374</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,060,220</u>	<u>\$ 5,403</u>

The accompanying notes are an integral part of this schedule. See Notes on Accounting Policies for Federal and State Awards.

CITY OF PARIS, TEXAS
Schedule of Expenditures of State of Texas Awards
Year Ended September 30, 2019

<u>State Grantor/Program Title</u>	<u>Project Number</u>	<u>Expenditures</u>
<u>Automobile Burglary and Theft Prevention Authority</u>		
Northeast Texas Auto Theft Task Force	608-19-1390200	\$ 111,925
Total Automobile Burglary and Theft Prevention Authority		<u>111,925</u>
<u>Texas Department of Transportation</u>		
Routine Airport Maintenance Program	M1901PARI	49,994
Total Texas Department of Transportation		<u>49,994</u>
Total Expenditures of State of Texas Awards		<u>\$ 161,919</u>

The accompanying notes are an integral part of this schedule. See Notes on Accounting Policies for Federal and State Awards.