

CITY OF PARIS, TEXAS
COMPREHENSIVE ANNUAL
FINANCIAL REPORT

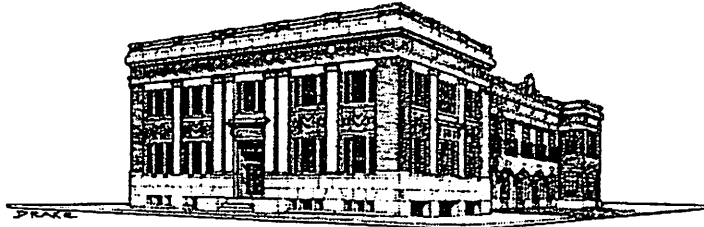
September 30, 2015

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT
FOR**

CITY OF PARIS, TEXAS

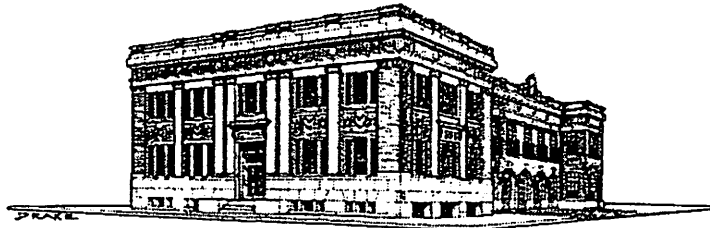
Fiscal Year Ended September 30, 2015

The **CITY OF PARIS**



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

The CITY OF PARIS



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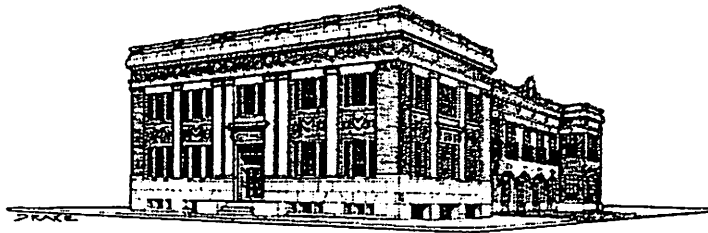
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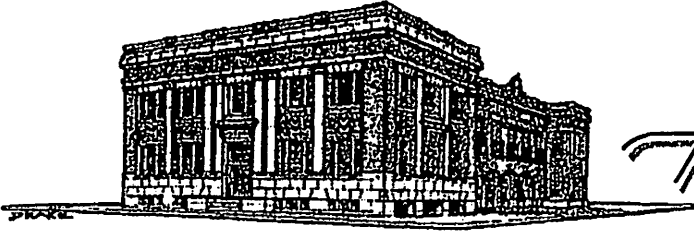
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The CITY OF PARIS



INTRODUCTORY SECTION



The CITY OF PARIS

March 25, 2016

Mayor A. J. Hashmi
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 (the City), for the fiscal year ended September 30, 2015.

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 (PEDC). More information about PEDC can be found in footnote I.A. 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, 2015, 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 eleven 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 6 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 364 bed medical center. It is part of the Essent Health System. It complements the City's 130 doctors and 21 dentists that provide a wide range of general and special medical services. In addition, Christus Dubuis Hospital of Paris operates a 25 bed acute care facility to provide care to medically complex patients.

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 12,414.

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, Red River Valley Exposition, and the Lamar County Historical Society Museum.

Also, the City has 2 18-hole golf courses, 4 private and 1 public swimming pools, 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 2014-2015 reflect a 0.22% increase over the 2013-2014 values. Building permits for new residential and commercial construction were valued at \$62,067,135 for fiscal year 2014-15. This activity should be reflected in next year's taxable values.

Sales taxes for 2014-15 increased from the prior year by 19.75%. Part of this increase was due to a one time collection of an amount due from a prior period. This collection alone would have provided the City a 13.60% increase in sales taxes. The remaining increase of 6.15% is consistent with the expected sales tax revenues due to the recovering local economy. Current rebates are 2.80% above the 2014-15 rebates through February 2016 not including the onetime sales tax audit adjustment received in December 2014 which added an extra \$872,390 to the General Fund.

Hotel occupancy taxes were up 7.08% compared to 2013-14 taxes. No 2014-15 collections were due at the time of writing this letter so no comparative comments may be made at this time.

Franchise fees decreased 0.79% compared to the previous year. This decrease is not considered material and is believed to be caused by mild weather.

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. Campbell Soup celebrated its 50th anniversary in Paris during 2015.

General Fund receipts equaled 98.32% of budget. This shortfall of revenues was caused by lower than anticipated collections on ad valorem taxes, intergovernmental revenues, franchise taxes, fines, and interest earnings. General Fund expenditures were only 93.97% of budget with the Police, Council, Community Development, and Parks Departments being the biggest under spenders of their budgets. For the 2015-16 fiscal year, the City Council adopted a tax rate of .50195 cents per \$100 of value. This is the same rate as the previous year. This rate allows maintaining all services at their current levels or above and funds all required interest and sinking funds.

Long-term Financial Planning and Relevant Financial Policies

The City is in the process of developing a new 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 2013.

Major Initiatives

The City of Paris continues to work in environmentally related areas. Since 1984, almost \$55 million has been spent on water and wastewater improvements. 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 are being 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 will not be necessary to raise utility rates to fund the new debt.

The City also continues to expand its effort in law enforcement related areas. Specifically, the City has targeted auto theft and the public schools. Programs in this effort include the Auto Theft Task Force, community oriented policing, and school resource officers at one of the local high schools. One other continuing law enforcement effort is to upgrade equipment through Justice Assistance grants.

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. In addition, the City Planner has been formulating long range plans for city development.

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 9-30-15:

<u>Issue</u>	<u>Tax Supported</u>	<u>Revenue Supported</u>	<u>Fund Maturity</u>	<u>Moody's Investors Rating Insured</u>
2010 Tax and Revenue C. O.	\$ 2,570,000	\$ -	12-15-29	Aa3
2010 G. O. Refunding Bonds	2,075,000	3,770,000	6-15-20	Aa3
2012 G. O. Refunding Bonds	2,640,000	-	12-15-21	Aa3
2013 C. O. (TWDB)	-	2,600,000	6-15-32	N/A
2013 G. O. Bond	-	32,175,000	12-15-32	Aa3
Capital Lease-Firetruck	617,114		10-21-24	N/A
Total	<u>\$ 7,902,114</u>	<u>\$38,545,000</u>		

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, 2014. This was the nineteenth 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,

A handwritten signature in black ink that reads "W. E. Anderson". The signature is written in a cursive style with a large, prominent "W" and "A".

W. E. Anderson
Director of Finance



Government Finance Officers Association

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

Presented to

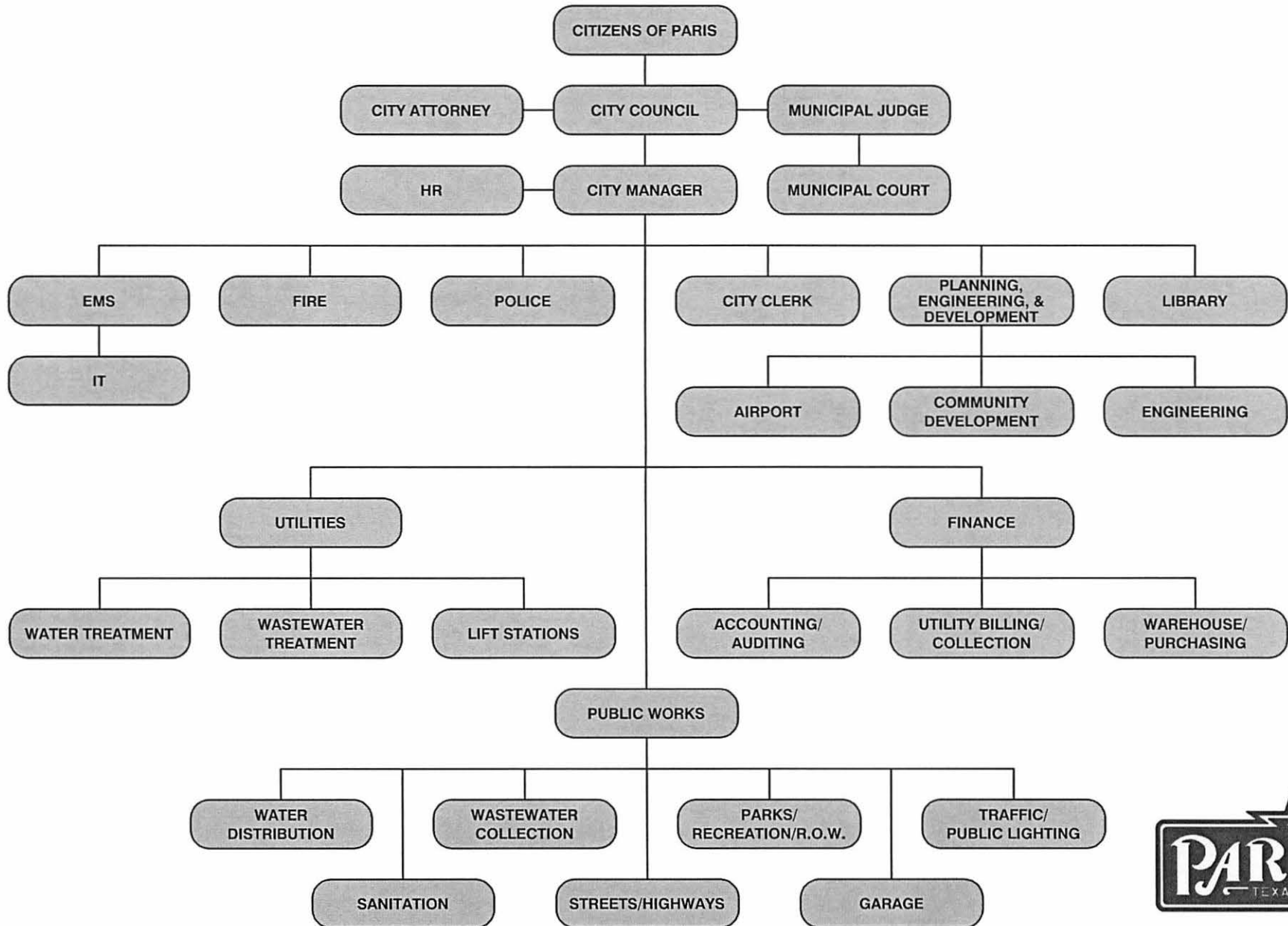
**City of Paris
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

CITY OF PARIS ORGANIZATIONAL CHART



List of Elected and Appointed Officials

Elected Officials

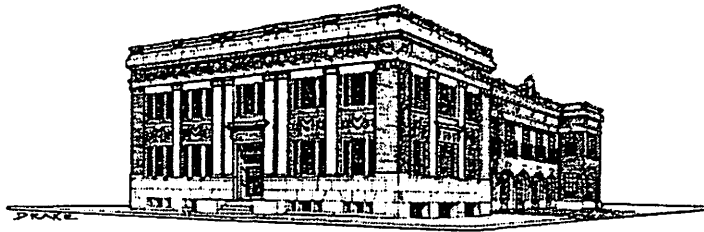
Dr. AJ Hashmi – Mayor
Billie Sue Lancaster – Mayor Pro-Tem
Aaron Jenkins
Benny Plata
Dr. Steve Clifford
Matt Frierson
Edwin Pickle

Appointed Officials

John Godwin – City Manager
Gene Anderson – Finance Director
Stephanie Harris – City Attorney
Janice Ellis – City Clerk
Pricilla McAnally – Library Director
Tom E. Hunt, III – Presiding Municipal Court Judge
Bob Hundley – Police Chief
Doug Harris – Utilities Director
Larry H Wright III – Fire Chief

FINANCIAL SECTION

The CITY OF PARIS



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

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Basic Financial Statements Accompanied by
Required Supplementary Information and Supplementary Information,
and Other Information

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, 2015, and the related notes to the financial statements which collectively comprise the City's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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.

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, 2015, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis immediately following this report on pages 21 and 22 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, statistical section, schedule of expenditures of federal awards (as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*), and the supplemental schedules of federal revenues and expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of expenditures of federal awards 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, based on our audit, the schedule of expenditures of federal awards is 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, statistical section, and the supplemental schedules of federal revenues and expenditures 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

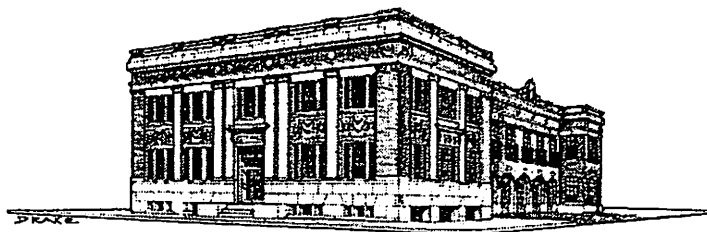
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2016, 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, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

McClanahan and Holmes, LLP
Certified Public Accountants

Paris, Texas
March 25, 2016

The CITY OF PARIS



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, 2015. 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 at 0.50195 per \$100 of valuation for fiscal year 2014-15. The City has lowered its rate six times since the 2003-04 fiscal year when the tax rate was 0.695. For the upcoming 2015-16 fiscal year, the City maintained its tax rate at 0.50195 per \$100 of valuation. The City has accomplished this 19.30 cent tax rate reduction by review of its operational needs and increases to the taxable value of property within the City.
- City sales taxes dropped beginning in late fiscal year 2008-09 due to the nationwide recession, but the City had fully recovered from that dip by the end of fiscal year 2012-13. Sales taxes continued to show improvement in 2014-15 and thus far in 2015-16.
- The number of budgeted positions dropped from a peak of 369 in fiscal year 2002-03 to 316 in fiscal year 2005-06. This reduction of 53 positions was part of an operational review and represents a significant and annually repeating savings to the City. Since 2006, eleven employees have been added to the workforce bringing the total City employees to 327.
- City-wide revenues this year exceeded City-wide expenses by \$2,345,290 compared to \$447,513 in expenses over revenues the previous year. Last year's reversal of the more typical revenue excess was triggered by the legal separation of the City and the local city/county health department which significantly reduced revenues while continuing to temporarily have some health department expenses, reduced contributions by developers, and reduced EMS revenues caused by fewer ambulance calls and the elimination of Medicaid crossovers. 2014-15 brought a one-time sales tax windfall, increased EMS revenues as call volume increased, increased property tax collections due to the efforts of the delinquent tax attorney, and increased hotel taxes due to popular community events.
- The assets of the City of Paris exceeded liabilities at the close of the most recent fiscal year by \$83,971,486 (net position), a decrease of \$4,643,621 or 5.20% below the previous year amount of \$88,615,107. This change is due to the first time recording of Net Pension Liability under GASB 68. Of the amount reported as net position, \$19,203,505 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$16,680,126 compared to \$15,209,772 the previous year. This amounts to a increase of \$1,470,354 or 9.66%. This increase was due primarily to the City improved cash position. Unassigned fund balance is available for spending at the government's discretion.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$12,969,124 or 55.69% of total general fund expenditures. The prior year unassigned fund balance was \$11,194,101 or 48.39% of general fund expenditures.
- General fund expenditures were up \$154,011 or 0.66%.
- The City of Paris' noncurrent liabilities decreased by \$2,726,800 or 5.20% during the current fiscal year due to retirement of long-term debt.
- Total charges for services for the City of Paris were \$19,020,451 compared to \$18,576,578 the previous year. This represents a 2.38% increase in charges over the previous year with Public Works showing the largest increase. Operating grants and contributions were \$1,396,711 compared to \$926,506 the previous year. This largest increase was in the area of public works. Capital grants and contributions were \$271,961 compared to \$791,176 the previous year. General revenues were \$19,070,365 compared to \$17,454,255 the previous year. This increase was primarily due to a spike in sales tax due to the collection of an amount due from a prior period.
- City-wide liabilities increased \$6,203,899 from \$54,609,357 to \$60,813,256. This amounted to a 11.36% increase caused by implementation of GASB 68 which required recording the Net Pension Liability for the first time.
- City-wide expenses decreased \$781,830 (2.04%) decreasing from \$38,196,028 to \$37,414,198 with the decrease being in governmental activities.

- The ratio of net position to expenses experienced a noticeable decrease with the ratio being 232.00% for the year 2013-14 and 224.40% for the year 2014-15. Unrestricted net position changed from \$22,196,878 in 2013-14 to \$19,203,505 in 2014-15, a decrease of 2,993,373 or 13.40% reflecting the impact of GASB 68 with its Net Pension Liability requirement.
- The ratio of city-wide net position restricted for debt service to total expenditures was 3.80% for the year 2014-15 and 7.67% for the year 2013-14.
- Net long-term debt to assets, a measure of solvency, was 34.50% in 2014-15 and 36.54% in 2013-14. Scheduled debt payments caused the decrease.

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 City of Paris adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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 \$83,971,486 at the close of the most recent fiscal year. This compares to \$88,615,107 for the previous year. The regular pay-down of long-term debt normally causes an improvement in net position, but the implementation of GASB 68 resulted in a \$4,643,621 decrease in net position.

By far the largest portion of the City of Paris' net position (\$61,374,948 or 73.00%) 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.

City of Paris
Net Position

	Governmental Activities		Business-Type Activities		Total	Total
	2015	2014	2015	2014	2015	2014
Assets:						
Current and Other Assets	\$ 18,322,288	\$ 16,918,880	\$ 41,606,567	\$ 44,112,239	\$ 59,928,855	\$ 61,031,119
Capital Assets	36,614,559	36,785,760	47,057,868	45,407,585	83,672,427	82,193,345
Total Assets	54,936,847	53,704,640	88,664,435	89,519,824	143,601,282	143,224,464
Deferred Outflows						
Related to Pensions	1,219,855	-	208,995	-	1,428,850	-
Long-Term Liabilities:						
Outstanding	18,032,771	9,833,674	40,109,554	42,505,286	58,142,325	52,338,960
Other Liabilities	776,074	470,235	1,894,857	1,800,162	2,670,931	2,270,397
Total Liabilities	18,808,845	10,303,909	42,004,411	44,305,448	60,813,256	54,609,357
Deferred Inflows						
Related to Pensions	216,143	-	29,247	-	245,390	-
Net Position:						
Net Investment in						
Capital Assets	28,043,910	28,427,758	33,331,038	33,041,432	61,374,948	61,469,190
Restricted	3,393,033	4,949,039	-	-	3,393,033	4,949,039
Unrestricted	5,694,771	10,023,934	13,508,734	12,172,944	19,203,505	22,196,878
Total Net Position	\$ 37,131,714	\$ 43,400,731	\$ 46,839,772	\$ 45,214,376	\$ 83,971,486	\$ 88,615,107

An additional portion of the City of Paris' net assets (\$3,393,033 or 4.04%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$19,203,505 or 22.80%) 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.

Governmental Activities

Governmental activities decreased the City of Paris' net position by \$6,269,017 (14.44%) during the current fiscal year. This decrease resulted from recognizing net pension liability under GASB 68. Total governmental revenue was up \$1,621,529 with general revenues being up \$1,526,302 and program revenues being up \$95,227. General revenues were up primarily due to property and sales tax revenues. Program revenues were up primarily due to increased charges for services as well as increased operating grants and contributions.

	General Revenues		
	2015	2014	Increase (Decrease)
Property Taxes	\$ 7,651,005	\$ 7,575,840	\$ 75,165
Sales Taxes	7,684,113	6,416,749	1,267,364
Franchise Taxes	2,641,537	2,662,604	(21,067)
Hotel Occupancy Tax	594,493	547,354	47,139
Unrestricted Investment Earnings	51,741	45,799	5,942
Gain on Sale of Capital Asset	80,826	-	80,826
Miscellaneous	288,863	122,703	166,160
	<u>\$ 18,992,578</u>	<u>\$ 17,371,049</u>	<u>\$ 1,621,529</u>

The following table provides a summary of the City's operations for the years ending 2015 and 2014 for both governmental and business-type activities.

City of Paris
Changes in Net Position

Revenues	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Program Revenues:						
Charges for Services	\$ 4,738,487	\$ 4,695,250	\$ 14,281,964	\$ 13,881,328	\$ 19,020,451	\$ 18,576,578
Operating Grants and Contributions	1,396,711	926,506	-	-	1,396,711	926,506
Capital Grants and Contributions	271,961	690,176	-	101,000	271,961	791,176
General Revenues:						
Property Taxes	7,651,005	7,575,840	-	-	7,651,005	7,575,840
Sales Taxes	7,684,113	6,416,749	-	-	7,684,113	6,416,749
Franchise Taxes	2,641,537	2,662,604	-	-	2,641,537	2,662,604
Hotel Occupancy Tax	594,493	547,354	-	-	594,493	547,354
Unrestricted Investment Earnings	51,741	45,799	77,787	83,206	129,528	129,005
Other	369,689	122,703	-	-	369,689	122,703
Total Revenues	<u>25,399,737</u>	<u>23,682,981</u>	<u>14,359,751</u>	<u>14,065,534</u>	<u>39,759,488</u>	<u>37,748,515</u>
Expenses						
General Government	3,314,374	3,404,856	-	-	3,314,374	3,404,856
Public Safety	11,037,966	10,449,953	-	-	11,037,966	10,449,953
Public Works	7,508,978	7,909,651	-	-	7,508,978	7,909,651
Health	2,404,782	3,228,513	-	-	2,404,782	3,228,513
Culture and Recreation	790,339	816,376	-	-	790,339	816,376
Cox Field	152,063	158,632	-	-	152,063	158,632
Interest on Long-Term Debt	276,197	287,256	-	-	276,197	287,256
Bond Issue Costs	-	-	-	-	-	-
Water and Sewer	-	-	11,929,499	11,940,791	11,929,499	11,940,791
Total Expenses	<u>25,484,699</u>	<u>26,255,237</u>	<u>11,929,499</u>	<u>11,940,791</u>	<u>37,414,198</u>	<u>38,196,028</u>
Increase (Decrease) in Net Position Before Transfers	(84,962)	(2,572,256)	2,430,252	2,124,743	2,345,290	(447,513)
Transfers/Special Items	1,087,474	(10,682)	(1,087,474)	10,682	-	-
Increase (Decrease) in Net Position	1,002,512	(2,582,938)	1,342,778	2,135,425	2,345,290	(447,513)
Net Position, Beginning	43,400,731	45,983,669	45,214,376	43,078,951	88,615,107	89,062,620
Prior Period Adjustment	(7,271,529)	-	282,618	-	(6,988,911)	-
Net Position, Ending	<u>\$ 37,131,714</u>	<u>\$ 43,400,731</u>	<u>\$ 46,839,772</u>	<u>\$ 45,214,376</u>	<u>\$ 83,971,486</u>	<u>\$ 88,615,107</u>

Business-Type Activities

Business-type activities increased the City of Paris' net position by \$1,342,778. This increase was caused primarily by increased charges for services.

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	
	2015	2014
Total Assets	<u>\$ 18,322,288</u>	<u>\$ 16,420,902</u>
Total Liabilities	<u>\$ 978,486</u>	<u>\$ 372,794</u>
Deferred Inflows - Property Taxes	<u>663,676</u>	<u>838,336</u>
Fund Balances:		
Nonspendable:		
Inventory	294,776	233,127
Permanent Fund Principal	90,800	90,572
Restricted for:		
Debt Service	1,134,402	1,449,871
Capital Projects	1,159,685	1,339,693
Notes	48,845	48,844
Law Enforcement	384,744	178,531
Health	-	14,253
Public Education	330,310	271,269
Assigned:		
Library	109,144	109,085
Community Development	158,296	280,426
Unassigned:		
General Fund	<u>12,969,124</u>	<u>11,194,101</u>
Total Fund Balances	<u>16,680,126</u>	<u>15,209,772</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 18,322,288</u>	<u>\$ 16,420,902</u>

As of the end of the current fiscal year, the City of Paris' governmental funds reported combined ending fund balances of \$16,680,126. Approximately 77.75% of this total amount (\$12,969,124) 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 (\$90,800), 2) pay debt service (\$1,134,402), 3) outstanding notes (\$48,845), 4) inventories (\$294,776), 5) law enforcement (\$384,744), 6) library (\$109,144), 7) community development (\$158,296), 8) Public Education (\$330,310), and 9) capital projects (\$1,159,685).

	Governmental Funds	
	Revenues, Expenditures and Changes in Fund Balances	
	2015	2014
Revenues	\$ 25,122,817	\$ 23,662,395
Expenditures	25,513,798	26,050,781
Deficiency of Revenues		
Under Expenditures	(390,981)	(2,388,386)
Total Other Financing Sources (Uses)	1,799,686	(10,682)
Net Change in Fund Balances	1,408,705	(2,399,068)
Increase (Decrease) in Inventory	61,649	(38,165)
Fund Balances - Beginning	15,209,772	17,647,005
Fund Balances - Ending	\$ 16,680,126	\$ 15,209,772

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 \$12,969,124 (\$11,194,101 the previous year), while total fund balance reached \$13,594,986 (\$11,698,497 the previous year). The increase in the fund balance of the general fund was primarily due to improved cash position. 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 55.69% of total general fund expenditures, while total fund balance represents 58.38% 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. The Balance of a Special Revenue Fund was closed out with a transfer to the General Fund.

Other governmental funds (nonmajor) include the Permanent and Expendable Library Funds, Special Revenue Fund, Grant Fund, and the Community Development Fund. Other than the General Fund, no governmental fund had unassigned fund balance at the end of the year.

The final appropriation of the general fund was underspent by \$1,492,267 (\$1,524,606 underspent the previous year). This 6.02% variance was spread out among all departments and is mainly due to conservative forecasting. General Fund revenues were under budget by \$392,647 (1.67%). Shortfalls in property taxes, franchise taxes, and intergovernmental revenues 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 \$1,158,909 (\$1,339,693 last year). 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 \$1,134,402 (\$1,449,871 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 \$315,469 (\$1,481,702 increase the previous year). The decrease was 21.75% and was due to transfers out. The government enacted a dedicated property tax for debt service at the beginning of the current fiscal year. This tax produced revenues of \$1,414,594 in the current fiscal year (\$1,637,760 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 \$13,508,734 (\$12,172,944 the previous year). This change was primarily due to reduced liabilities. 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, 2015, amounts to \$83,672,427 (\$82,193,345 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	
	2015	2014	2015	2014	2015	2014
Land	\$ 5,929,099	\$ 5,912,108	\$ 339,620	\$ 339,620	\$ 6,268,719	\$ 6,251,728
Buildings and System Improvements Other than Buildings	9,143,599	9,406,927	35,243,172	33,568,090	44,386,771	42,975,017
Machinery, Furniture, and Equipment	5,180,069	5,196,634	-	-	5,180,069	5,196,634
Infrastructure	3,108,544	2,738,773	885,797	999,673	3,994,341	3,738,446
Construction in Progress	12,414,806	13,087,088	-	-	12,414,806	13,087,088
Water Rights-Net	204,122	444,230	7,009,984	7,043,855	7,214,106	7,488,085
	-	-	3,420,715	3,456,347	3,420,715	3,456,347
Total	\$ 35,980,239	\$ 36,785,760	\$ 46,899,288	\$ 45,407,585	\$ 82,879,527	\$ 82,193,345

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

At the end of the current fiscal year, the City of Paris had total bonded debt outstanding of \$45,830,000. Of this amount, \$7,285,000 comprises debt being paid for by property tax revenues, and \$38,545,000 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	\$ 2,075,000	\$ 3,770,000	6/15/2020	Aa3
2010 Tax and Rev C.O.s	2,570,000	-	12/15/2029	Aa3
2012 G.O. Refunding Bonds	2,640,000	-	12/15/2021	Aa3
2013 C.O.s (TWDB)	-	2,600,000	6/15/2032	N/A
2013 G.O. Bonds	-	32,175,000	12/15/2032	Aa3
	\$ 7,285,000	\$ 38,545,000		

The City of Paris' bond debt decreased by \$2,726,800 (5.20%) during the fiscal year. This decrease was due to scheduled principal payments on the debt. The City's underlying bond rating from Moody's is Aa3.

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 \$0.50195 per \$100 valuation for the 2014-15 fiscal year. This rate was broken down into \$0.40635 per \$100 valuation for operations and \$0.09560 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 6.37% 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 3% in the coming year.
- New construction amounted to 10 residential units and 14 commercial units.
- Local population growth is expected to be minimal.
- The tax rate is expected to remain at or below \$.51 per \$100 of value.
- Franchise fees were expected to be unchanged next year.

All of these factors were considered in preparing the City of Paris' budget for 2015-16.

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, 2015

Statement 1

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development
Assets				
Cash and Cash Equivalents	\$ 8,624,133	\$ 3,845,450	\$ 12,469,583	\$ 1,878,212
Investments	6,657,077	698,136	7,355,213	-
Receivables (Net of Allowance for Uncollectibles)	2,490,058	1,986,825	4,476,883	235,827
Inventories	294,776	334,380	629,156	-
Due from Other Governments	107,271	-	107,271	-
Restricted Assets:				
Cash and Cash Equivalents	100,776	8,724,776	8,825,552	408,132
Investments	-	26,017,000	26,017,000	-
Receivables	48,197	-	48,197	-
Land Development Costs	-	-	-	1,864,166
Water Rights (Net of Accumulated Amortization)	-	3,420,715	3,420,715	-
Capital Assets Not Being Depreciated:				
Land	5,929,099	339,620	6,268,719	-
Construction in Progress	204,122	7,009,984	7,214,106	-
Capital Assets (Net of Accumulated Depreciation):				
Buildings and System Improvements Other Than Buildings	9,143,599	35,243,172	44,386,771	-
Machinery and Equipment	5,180,069	-	5,180,069	-
Infrastructure	3,108,544	885,797	3,994,341	-
Infrastructure	12,414,806	-	12,414,806	-
Net Pension Asset	634,320	158,580	792,900	-
Total Assets	54,936,847	88,664,435	143,601,282	4,386,337
Deferred Outflows of Resources				
Deferred Outflows Related to Pensions	1,219,855	208,995	1,428,850	-
Total Deferred Outflows of Resources	1,219,855	208,995	1,428,850	-

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

CITY OF PARIS, TEXAS
Statement of Net Position
September 30, 2015

Statement 1
(Continued)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development
Liabilities				
Accounts Payable and Other Current Liabilities	669,381	574,111	1,243,492	-
Accrued Interest Payable	106,693	466,002	572,695	3,352
Customers' Deposits	-	854,744	854,744	-
Net Pension Liability	8,530,165	-	8,530,165	-
Noncurrent Liabilities:				
Due Within One Year	1,153,718	1,916,998	3,070,716	315,000
Due in More Than One Year	8,348,888	38,192,556	46,541,444	665,000
Total Liabilities	<u>18,808,845</u>	<u>42,004,411</u>	<u>60,813,256</u>	<u>983,352</u>
Deferred Inflows of Resources				
Deferred Inflows Related to Pensions	216,143	29,247	245,390	-
Total Deferred Inflows of Resources	<u>216,143</u>	<u>29,247</u>	<u>245,390</u>	<u>-</u>
Net Position				
Net Investment in Capital Assets	28,043,910	33,331,038	61,374,948	-
Restricted for:				
Construction	1,339,693	-	1,339,693	-
Debt Service	1,449,871	-	1,449,871	89,780
Notes Receivables	48,844	-	48,844	-
Law Enforcement	178,531	-	178,531	-
Health	14,253	-	14,253	-
Education	271,269	-	271,269	-
Industrial Incentives	-	-	-	1,815,208
Land Development Costs	-	-	-	1,864,166
Permanent Library Funds, Nonexpendable	90,572	-	90,572	-
Unrestricted	5,694,771	13,508,734	19,203,505	(366,169)
Total Net Position	<u>\$ 37,131,714</u>	<u>\$ 46,839,772</u>	<u>\$ 83,971,486</u>	<u>\$ 3,402,985</u>

CITY OF PARIS, TEXAS
Statement of Activities
Year Ended September 30, 2015

Statement 2

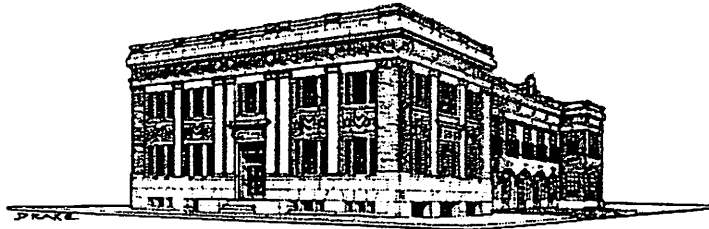
Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 3,314,374	\$ 17,634	\$ 605,114	\$ 25,349
Public Safety	11,037,966	370,308	359,229	35,690
Public Works	7,508,978	1,862,606	426,521	202,168
Health	2,404,782	2,391,817	-	-
Culture and Recreation	790,339	19,433	5,847	-
Cox Field Airport	152,063	76,689	-	8,754
Interest on Long-Term Debt	276,197	-	-	-
Total Governmental Activities	<u>25,484,699</u>	<u>4,738,487</u>	<u>1,396,711</u>	<u>271,961</u>
Business-Type Activities:				
Water and Sewer	11,929,499	14,281,964	-	-
Total Business-Type Activities	<u>11,929,499</u>	<u>14,281,964</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 37,414,198</u>	<u>\$ 19,020,451</u>	<u>\$ 1,396,711</u>	<u>\$ 271,961</u>
Component Unit:				
Economic Development	<u>\$ 326,304</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:
Property Taxes
Sales Taxes
Franchise Taxes
Hotel Occupancy Taxes
Unrestricted Investment Earnings
Miscellaneous
Gain on Sale of Capital Asset
Transfers
Total General Revenues and Transfers
Changes in Net Position
Net Position - Beginning
Prior Period Adjustment
Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Economic Development
\$ (2,666,277)	\$ -	\$ (2,666,277)	\$ -
(10,272,739)	-	(10,272,739)	-
(5,017,683)	-	(5,017,683)	-
(12,965)	-	(12,965)	-
(765,059)	-	(765,059)	-
(66,620)	-	(66,620)	-
(276,197)	-	(276,197)	-
<u>(19,077,540)</u>	<u>-</u>	<u>(19,077,540)</u>	<u>-</u>
-	2,352,465	2,352,465	-
-	<u>2,352,465</u>	<u>2,352,465</u>	<u>-</u>
<u>(19,077,540)</u>	<u>2,352,465</u>	<u>(16,725,075)</u>	<u>-</u>
			<u>(326,304)</u>
7,651,005	-	7,651,005	-
7,684,113	-	7,684,113	1,536,827
2,641,537	-	2,641,537	-
594,493	-	594,493	-
51,741	77,787	129,528	1,732
288,863	-	288,863	-
80,826	-	80,826	29,787
1,087,474	(1,087,474)	-	-
<u>20,080,052</u>	<u>(1,009,687)</u>	<u>19,070,365</u>	<u>1,568,346</u>
1,002,512	1,342,778	2,345,290	1,242,042
43,400,731	45,214,376	88,615,107	2,160,943
<u>(7,271,529)</u>	<u>282,618</u>	<u>(6,988,911)</u>	<u>-</u>
<u>\$ 37,131,714</u>	<u>\$ 46,839,772</u>	<u>\$ 83,971,486</u>	<u>\$ 3,402,985</u>

The CITY OF PARIS



CITY OF PARIS, TEXAS
Balance Sheet - Governmental Funds
September 30, 2015

Statement 3

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 5,862,866	\$ 1,129,214	\$ 1,164,694	\$ 568,135	\$ 8,724,909
Investments	6,479,964	-	-	177,113	6,657,077
Receivable (Net of Allowance for Uncollectibles)	2,398,751	91,307	-	48,197	2,538,255
Inventories	294,776	-	-	-	294,776
Due from Other Governments	107,271	-	-	-	107,271
Total Assets	\$ 15,143,628	\$ 1,220,521	\$ 1,164,694	\$ 793,445	\$ 18,322,288
Liabilities, Deferred Inflows and Fund Balances					
Liabilities:					
Accounts Payable	\$ 561,981	\$ -	\$ 5,785	\$ 1,616	\$ 569,382
Unearned Revenue	409,104	-	-	-	409,104
Total Liabilities	971,085	-	5,785	1,616	978,486
Deferred Inflows of Resources:					
Unavailable Revenue - Property Taxes	577,557	86,119	-	-	663,676
Total Deferred Inflows of Resources	577,557	86,119	-	-	663,676
Fund Balances:					
Nonspendable:					
Inventory	294,776	-	-	-	294,776
Permanent Library Funds	-	-	-	90,800	90,800
Restricted for:					
Debt Service	-	1,134,402	-	-	1,134,402
Capital Projects	776	-	1,158,909	-	1,159,685
Notes	-	-	-	48,845	48,845
Law Enforcement	-	-	-	384,744	384,744
Public Education	330,310	-	-	-	330,310
Health	-	-	-	-	-
Assigned:					
Library	-	-	-	109,144	109,144
Community Development	-	-	-	158,296	158,296
Unassigned: General Fund	12,969,124	-	-	-	12,969,124
Total Fund Balances	13,594,986	1,134,402	1,158,909	791,829	16,680,126
Total Liabilities, Deferred Inflows and Fund Balances	\$ 15,143,628	\$ 1,220,521	\$ 1,164,694	\$ 793,445	

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)	35,980,239
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred or not reflected in the funds.	972,781
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(9,609,299)
The recognition of the City's proportionate share of the net pension asset required by GASB 68 in the amount of \$634,320, a Deferred Outflow of Resources in the amount of \$835,984, and a Deferred Inflow of Resources \$116,988. This amounted to an increase in Net Position of \$1,353,316.	1,353,316
The recognition of the City's proportionate share of the net pension liability required by GASB 68 in the amount of \$8,530,165, a Deferred Outflow of Resources in the amount of \$383,871, and a Deferred Inflow of Resources \$99,155. This amounted to an increase in Net Position of \$8,245,449.	(8,245,449)
Net Position of Governmental Activities	\$ 37,131,714

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, 2015

Statement 4

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes:					
Property	\$ 6,122,949	\$ 1,414,594	\$ -	\$ -	\$ 7,537,543
Sales	7,684,113	-	-	-	7,684,113
Franchise	2,641,537	-	-	-	2,641,537
Hotel Occupancy	594,493	-	-	-	594,493
Licenses and Permits	220,696	-	-	-	220,696
Fines and Fees	528,433	-	-	45,520	573,953
Use of Money and Property	122,264	6,955	6,343	1,468	137,030
Sanitation	1,462,810	-	-	-	1,462,810
Health	2,383,355	-	-	-	2,383,355
Intergovernmental	1,033,512	-	-	629,312	1,662,824
Other	218,616	-	-	5,847	224,463
Total Revenues	23,012,778	1,421,549	6,343	682,147	25,122,817
Expenditures					
Current:					
General Government	1,463,624	-	-	17,741	1,481,365
Public Safety	10,190,716	-	-	15,868	10,206,584
Public Works	5,311,538	-	119,210	430,331	5,861,079
Health	2,240,853	-	850	7,822	2,249,525
Culture and Recreation	687,923	-	-	4,367	692,290
Other	1,744,253	-	-	-	1,744,253
Debt Service:					
Principal	-	1,077,610	-	-	1,077,610
Interest	-	280,733	-	-	280,733
Capital Outlay:					
General Government	40,375	-	-	117,941	158,316
Public Safety	856,859	-	-	-	856,859
Public Works	580,152	-	134,317	-	714,469
Health	161,756	-	15,750	-	177,506
Culture and Recreation	-	-	7,100	-	7,100
Other	6,109	-	-	-	6,109
Total Expenditures	23,284,158	1,358,343	277,227	594,070	25,513,798
Excess (Deficiency) of Revenues Over (Under) Expenditures	(271,380)	63,206	(270,884)	88,077	(390,981)

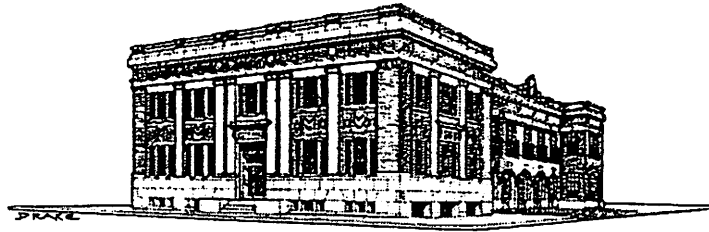
The accompanying notes to the financial statements are an integral part of this statement.

CITY OF PARIS, TEXAS
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended September 30, 2015

Statement 4
(Continued)

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses):					
Capital Lease	617,114	-	-	-	617,114
Transfers In	1,497,286	-	-	6,995	1,504,281
Transfers Out	(13,178)	(378,675)	-	(24,954)	(416,807)
Proceeds from Sale of Assets	4,998	-	90,100	-	95,098
Total Other Financing Sources (Uses)	<u>2,106,220</u>	<u>(378,675)</u>	<u>90,100</u>	<u>(17,959)</u>	<u>1,799,686</u>
Net Changes in Fund Balances	1,834,840	(315,469)	(180,784)	70,118	1,408,705
Fund Balances - Beginning	11,698,497	1,449,871	1,339,693	721,711	15,209,772
Decrease in Inventory	<u>61,649</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,649</u>
Fund Balances - Ending	<u>\$ 13,594,986</u>	<u>\$ 1,134,402</u>	<u>\$ 1,158,909</u>	<u>\$ 791,829</u>	<u>\$ 16,680,126</u>

The CITY OF PARIS



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, 2015

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).	\$ 1,408,705
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 depreciation exceeded capital outlays in the current period.	(805,521)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	134,449
Accrued interest reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.	(9,252)
The net change in inventory is a direct adjustment to fund balance in the funds.	61,649
Some 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.	(90,605)
Pension expenses are not reported as expenditures in governmental funds and contributions after the measurement date are deferred.	(118,586)
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>421,673</u>
Change in net position of governmental activities (Statement 2).	<u><u>\$ 1,002,512</u></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, 2015

Statement 6

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 6,282,087	\$ 6,282,087	\$ 6,122,949	\$ (159,138)
Sales Taxes	6,350,000	6,350,000	7,684,113	1,334,113
Franchise Taxes	3,292,750	3,292,750	2,641,537	(651,213)
Hotel Occupancy Taxes	550,000	550,000	594,493	44,493
Licenses and Permits	121,585	121,585	220,696	99,111
Fines and Fees	566,457	566,457	528,433	(38,024)
Use of Money and Property	160,820	160,820	122,264	(38,556)
Sanitation	1,470,000	1,470,000	1,462,810	(7,190)
Health	2,226,582	2,226,582	2,383,355	156,773
Intergovernmental Revenues	2,123,744	2,123,744	1,033,512	(1,090,232)
Other	261,400	261,400	218,616	(42,784)
Total Revenues	23,405,425	23,405,425	23,012,778	(392,647)
EXPENDITURES				
General Government:				
Council	394,830	344,830	74,190	270,640
Manager	363,439	363,439	358,962	4,477
Attorney	428,698	328,698	329,563	(865)
Municipal Court	225,404	214,404	208,607	5,797
Clerk	139,844	130,844	128,110	2,734
Finance	443,901	418,901	404,567	14,334
Total General Government	1,996,116	1,801,116	1,503,999	297,117
Public Safety:				
Police	6,156,087	6,311,087	6,051,162	259,925
Fire	4,354,551	4,554,551	4,996,413	(441,862)
Total Public Safety	10,510,638	10,865,638	11,047,575	(181,937)
Public Works:				
Community Development	908,545	818,545	618,879	199,666
Engineering	516,920	528,920	507,513	21,407
Public Works	163,974	198,974	189,950	9,024
Parks and Recreation	2,330,467	2,139,667	1,209,084	930,583
Sanitation	1,153,152	1,105,152	1,078,072	27,080
Streets and Highways	1,513,735	1,418,735	1,436,836	(18,101)
Traffic and Public Lighting	557,226	545,226	544,405	821
Garage	343,266	317,266	306,951	10,315
Total Public Works	7,487,285	7,072,485	5,891,690	1,180,795

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

Statement of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual
 General Fund
 Year Ended September 30, 2015

(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES (Continued)				
Health	2,291,240	2,486,240	2,402,609	83,631
Culture and Recreation:				
Paris Band	23,050	20,050	19,770	280
Library Services	676,499	676,499	668,153	8,346
Total Culture and Recreation	699,549	696,549	687,923	8,626
Other:				
Cox Field Airport	224,700	222,500	108,648	113,852
Other	1,566,897	1,631,897	1,641,714	(9,817)
Total Other	1,791,597	1,854,397	1,750,362	104,035
Total Expenditures	24,776,425	24,776,425	23,284,158	1,492,267
Deficiency of Revenues				
Over Expenditures	(1,371,000)	(1,371,000)	(271,380)	1,099,620
Other Financing Sources (Uses):				
Capital Lease	-	-	617,114	617,114
Transfers In	875,000	875,000	1,497,286	622,286
Transfers Out	-	-	(13,178)	(13,178)
Proceeds from Sale of Assets	-	-	4,998	4,998
Total Other Financing Sources (Uses)	875,000	875,000	2,106,220	1,231,220
Net Changes in Fund Balance	(496,000)	(496,000)	1,834,840	2,330,840
Fund Balance - Beginning	11,698,497	11,698,497	11,698,497	-
Increase in Inventory	-	-	61,649	61,649
Fund Balance - Ending	\$ 11,202,497	\$ 11,202,497	\$ 13,594,986	\$ 2,392,489

CITY OF PARIS, TEXAS
Statement of Net Position
Proprietary Funds
September 30, 2015

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	\$ 3,845,450	\$ 2,472,094
Restricted Cash and Cash Equivalents	8,724,776	8,151,275
Total Cash and Cash Equivalents	<u>12,570,226</u>	<u>10,623,369</u>
Accounts Receivable, Net	1,973,537	1,764,634
Accrued Interest Receivable	13,288	11,500
Inventories	334,380	297,111
Total Current Assets	<u>14,891,431</u>	<u>12,696,614</u>
Noncurrent Assets:		
Investments:		
Construction	22,239,841	27,238,287
Reserve and Contingency	3,777,159	3,630,507
Unrestricted	698,136	546,831
Total Investments	<u>26,715,136</u>	<u>31,415,625</u>
Water Rights (Net of Accumulated Amortization)	<u>3,420,715</u>	<u>3,456,347</u>
Capital Assets:		
Land	339,620	339,620
Construction in Progress	7,009,984	7,043,855
Plant, Pumps, and Motors	33,541,193	33,511,832
Distribution System	44,849,696	40,407,764
Collection System	23,297,389	23,113,899
Maintenance Equipment and Vehicles	3,570,355	3,552,467
Furniture and Equipment	244,222	244,222
Less Accumulated Depreciation	<u>(69,373,886)</u>	<u>(66,262,421)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>43,478,573</u>	<u>41,951,238</u>
Net Pension Asset	<u>158,580</u>	<u>178,714</u>
Total Noncurrent Assets	<u>73,773,004</u>	<u>77,001,924</u>
Total Assets	<u>88,664,435</u>	<u>89,698,538</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	<u>208,995</u>	<u>142,163</u>

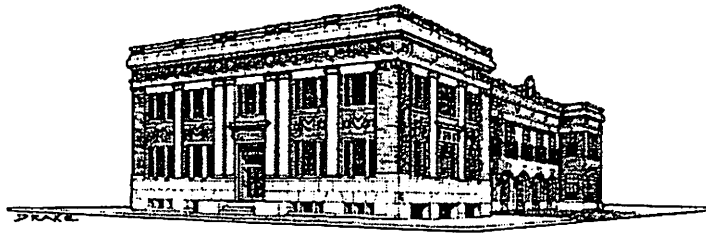
The accompanying notes to the financial statements are an integral part of this statement.

CITY OF PARIS, TEXAS
Statement of Net Position
Proprietary Funds
September 30, 2015

Statement 7
(Continued)

	<u>Water and Sewer Enterprise Fund Current Year</u>	<u>Water and Sewer Enterprise Fund Prior Year</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	574,111	497,566
Accrued Interest Payable	466,002	475,620
Customers' Deposits	854,744	826,976
General Obligation Bonds Payable - Current Portion	1,750,000	2,402,285
Accrued Compensated Absences - Current Portion	21,649	20,993
Total Current Liabilities	<u>3,666,506</u>	<u>4,223,440</u>
Noncurrent Liabilities:		
General Obligation Bonds Payable - Noncurrent Portion	38,143,064	39,893,066
Accrued Compensated Absences - Noncurrent Portion	194,841	188,942
Total Noncurrent Liabilities	<u>38,337,905</u>	<u>40,082,008</u>
Total Liabilities	<u>42,004,411</u>	<u>44,305,448</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	<u>29,247</u>	<u>38,259</u>
NET POSITION		
Net Investment in Capital Assets	33,331,038	33,041,432
Unrestricted	<u>13,508,734</u>	<u>12,455,562</u>
Total Net Position	<u>\$ 46,839,772</u>	<u>\$ 45,496,994</u>

The CITY OF PARIS



CITY OF PARIS, TEXAS
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended September 30, 2015

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	\$ 8,212,847	\$ 7,997,176
Sewer Charges and Taps	5,594,969	5,432,655
Sanitation Billing Fees	75,245	76,449
Service Charges	160,343	159,205
Industrial Surcharges	39,286	30,250
Miscellaneous	199,274	185,593
Total Operating Revenues	14,281,964	13,881,328
Operating Expenses:		
Personnel	2,943,747	2,994,766
Supplies	1,086,473	1,116,500
Contractual	1,815,627	2,000,057
Maintenance	861,918	662,977
Sundry Charges	470,916	487,678
Other	69,621	80,766
Depreciation	3,180,696	3,064,138
Total Operating Expenses	10,428,998	10,406,882
Operating Income	3,852,966	3,474,446
Nonoperating Revenues (Expenses):		
Investment Earnings	77,787	83,206
Interest Expense - Revenue and General Obligation Bonds	(1,617,154)	(1,655,392)
Amortization of Water Rights	(35,632)	(35,632)
Amortization of Bond Premium	152,285	157,115
Net Nonoperating Revenues (Expenses)	(1,422,714)	(1,450,703)
Income Before Contributions, Other Revenue, and Transfers	2,430,252	2,023,743
Capital Contributions, Other Revenue, and Transfers:		
Capital Contributions	-	101,000
Transfers In	384,858	1,589,682
Transfers Out	(1,472,332)	(1,579,000)
Capital Contributions, Other Revenue, and Transfers	(1,087,474)	111,682
Changes in Net Position	1,342,778	2,135,425
Total Net Position - Beginning	45,496,994	43,078,951
Prior Period Adjustment	-	282,618
Total Net Position - Ending	\$ 46,839,772	\$ 45,496,994

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

CITY OF PARIS, TEXAS
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2015

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	\$ 14,100,829	\$ 13,949,923
Payments to Suppliers, Contractors, and Service Providers	(4,320,990)	(4,739,733)
Payments to Employees for Salaries and Benefits	(2,937,192)	(2,946,875)
(Decrease) in Interfund Payables	-	(607,388)
	<u>6,842,647</u>	<u>5,655,927</u>
Net Cash Provided by Operating Activities		
Cash Flows from Noncapital Financing Activities		
Transfers In	384,858	1,589,682
Transfers Out	(1,472,332)	(1,579,000)
	<u>(1,087,474)</u>	<u>10,682</u>
Net Cash Provided (Used) by Noncapital Financing Activities		
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets	(4,708,031)	(6,088,254)
Principal Paid on Bonds	(2,250,000)	(2,444,200)
Interest Paid on Long-Term Debt	(1,626,773)	(1,611,811)
	<u>(8,584,804)</u>	<u>(10,144,265)</u>
Net Cash (Used) by Capital and Related Financing Activities		
Cash Flows from Investing Activities		
Interest on Investments	102,282	140,317
Purchase of Investment Securities	(18,700,612)	(32,383,129)
Maturities of Investments	23,374,818	38,922,349
	<u>4,776,488</u>	<u>6,679,537</u>
Net Cash Provided by Investing Activities		
Net Increase in Cash and Cash Equivalents	1,946,857	2,201,881
Cash and Cash Equivalents - Beginning	<u>10,623,369</u>	<u>8,421,488</u>
Cash and Cash Equivalents - Ending	<u>\$ 12,570,226</u>	<u>\$ 10,623,369</u>

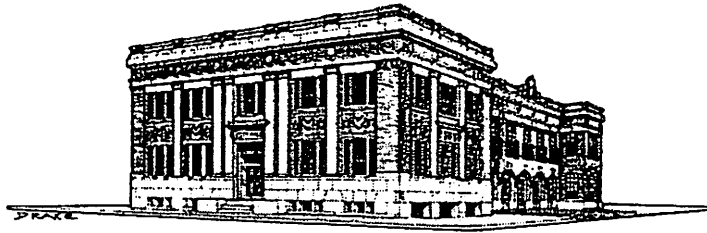
The accompanying notes to the financial statements are an integral part of this statement.

CITY OF PARIS, TEXAS
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2015

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	\$ 3,852,966	\$ 3,474,446
Adjustments to Reconcile Operating Income to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation	3,180,696	3,064,138
Decrease (Increase) in Accounts Receivable	(208,903)	90,210
Decrease (Increase) in Inventory	(37,269)	7,004
Increase (Decrease) in Customers' Deposits	27,768	(21,615)
(Decrease) in Due to Other Funds	-	(607,388)
Increase in Accrued Compensated Absences	6,555	47,891
Increase (Decrease) in Accounts Payable	76,545	(398,759)
(Increase) in Net Pension Asset	20,134	-
Increase in Deferred Inflows of Resources for Pensions	(66,833)	-
(Increase) in Deferred Outflows of Resources for Pensions	(9,012)	-
Total Adjustments	2,989,681	2,181,481
Net Cash Provided by Operating Activities	\$ 6,842,647	\$ 5,655,927
Noncash Investing, Capital, and Financing Activities:		
Increase (Decrease) in Market Value of Investments	\$ 26,283	\$ (45,702)
Capital Contributions	\$ -	\$ 101,000

The CITY OF PARIS



CITY OF PARIS, TEXAS
Notes to Financial Statements
September 30, 2015

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. All fiduciary activities are reported only in the fund financial statements. 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 of Paris, Texas, 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 of Paris, Texas. 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.

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.

CTIY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

I. Summary of Significant Accounting Policies (Continued)

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

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

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

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 reports 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.

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.

CTIY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

I. Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting (Continued)

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 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.

CTIY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

I. Summary of Significant Accounting Policies (Continued)

F. Budgetary Information (Continued)

1. Budgetary Basis of Accounting (Continued)

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, 2015, 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, 2015, the City Council approved a transfer of \$662,000 from various departments to other departmental line items. Expenditures exceeded appropriations in the following departments: attorney \$865, fire \$441,862, streets and highways \$18,101 and other \$9,817.

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 (generally based on funded market prices) with changes in fair value being reported as part of investment income. PEDC's investments in Pools are reported at an amount determined by the fair value per share of the Pool's underlying portfolio, unless the Pool is 2a7-like, in which case they are reported at share value. A 2a7-like Pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Financial statements for the Texas CLASS investment pool can be found at TexasClass.com.

CTIY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

I. Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Equity (Continued)

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 \$5,000 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. Donated capital assets are recorded at estimated fair market 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 part of the capitalized value of the assets constructed. The total interest expense incurred by business-type activities during the current fiscal year was \$1,617,154. Of this amount, none was included as part of the cost of capital assets under construction in connection with water line and sewer line construction projects.

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
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.

CTIY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

I. Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Equity (Continued)

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. 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. 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 one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

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).

CTIY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

I. Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Equity (Continued)

10. Fund Balance Policies (Continued)

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.

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.

CTIY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

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 \$35,980,239 are as follows:

Land	\$ 5,929,099
Construction in Progress	204,122
Buildings	15,168,804
Less: Accumulated Depreciation - Buildings	(6,025,205)
Improvements Other Than Buildings	8,104,657
Less: Accumulated Depreciation - Improvements Other Than Buildings	(2,924,588)
Machinery and Equipment	20,005,094
Less: Accumulated Depreciation - Machinery and Equipment	(16,896,550)
Infrastructure	41,375,644
Less: Accumulated Depreciation - Infrastructure	<u>(28,960,838)</u>
Net Adjustment to Increase Fund Balance - Total Governmental Funds to Arrive at Net Position - Governmental Activities	<u>\$ 35,980,239</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 \$9,609,299 difference are as follows:

Bonds Payable	\$ 7,285,000
Plus: Premium on Bonds Payable (to be Amortized Over the Life of the Debt)	34,215
Loan Payable	617,114
Accrued Interest	106,693
Compensated Absences	1,022,753
OPEB Liability	393,524
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>\$ 9,609,299</u>

CTIY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

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

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 (\$805,521) difference are as follows:

Capital Outlay	\$ 1,507,636
Depreciation Expense	<u>(2,313,157)</u>
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$ (805,521)</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 \$421,673 difference are as follows:

Amortization of Premium	\$ 13,787
Principal Repayments	1,025,000
Capital Lease	<u>(617,114)</u>
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$ 421,673</u>

III. Stewardship, Compliance and Accountability

A. Violations of Legal or Contractual Provisions

Note I.F.2, on the Excess of Expenditures Over Appropriations, describes a budgetary violation that occurred for the year ended September 30, 2015.

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. The City was not exposed to custodial credit risk since deposits are insured or collateralized with securities held by the pledging financial institution’s agent in the name of the City.

CTIY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

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

B. Investments

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.

As of September 30, 2015, the City and Component Unit had the following investments:

Type of Security	Fair Value	Credit Rating	Weighted Average Maturity (Years)
Primary Government			
Mortgage Backed Securities:			
Federal Home Loan Mortgage Corporation	\$ 119,001	AA+	4.92
Federal National Mortgage Association	4,481,577	AA+	7.73
Government National Mortgage Association	211,601	AA+	3.41
Certificates of Deposit	90,261	Not Rated	.58
Fixed Income:			
Federal Home Loan Bank	16,015,441	AA+	.49
Federal National Mortgage Association	6,456,972	AAA/AA+	.19
U.S. Treasury Securities	5,997,360	AA+	.58
Totals	\$ 33,372,213		

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 will be designed with the objective of attaining a 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 six-month U.S. Treasury Bill and 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 or other counter-party will not fulfill its obligations. Investing is performed in accordance with the City's investment policy adopted by the City Council complying with State law and the City Charter. City funds may be invested in securities authorized by Chapter 2256 of the State of Texas Government Code.

Concentration credit risk is the City's policy to diversify its investments by security type and institution. 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.

CTIY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

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

B. Investments (Continued)

Custodial of credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of September 30, 2015, the City's bank balance was not exposed to custodial credit risk.

Foreign Currency Risk is the risk that an investment denominated in the currency of a foreign country could reduce its United States of America dollar value as a result of changes in foreign currency exchange rates. At September 30, 2015, 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:

	General	Debt Service	Special Revenue	Enterprise
Receivables:				
Interest	\$ 5,148	\$ -	\$ -	\$ 13,288
Property Taxes	999,340	121,743	-	-
Sales Taxes	1,183,116	-	-	-
Accounts	130,252	-	-	2,050,537
Notes	-	-	48,197	-
Street Assessments	26,473	-	-	-
Fines	154,157	-	-	-
EMS	2,891,091	-	-	-
Gross Receivables	<u>5,389,577</u>	<u>121,743</u>	<u>48,197</u>	<u>2,063,825</u>
Less: Allowance for Uncollectibles	<u>(2,990,826)</u>	<u>(30,436)</u>	<u>-</u>	<u>(77,000)</u>
Net Total Receivables	<u>\$ 2,398,751</u>	<u>\$ 91,307</u>	<u>\$ 48,197</u>	<u>\$ 1,986,825</u>

Net receivable balances not expected to be collected within one year are Property Taxes - \$388,091, Fines - \$27,079, EMS - \$100,000, and Street Assessments - \$26,473.

At year end, PEDC had a receivable for sales tax of \$235,827.

CTIY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

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

D. Capital Assets

Capital assets activity for the year ended September 30, 2015, follows:

	Balance September 30, 2014	Increases	Decreases	Balance September 30, 2015
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 5,912,108	\$ 16,991	\$ -	\$ 5,929,099
Construction in Progress	444,230	158,343	398,451	204,122
Total Capital Assets, Not Being Depreciated	<u>6,356,338</u>	<u>175,334</u>	<u>398,451</u>	<u>6,133,221</u>
Capital Assets, Being Depreciated:				
Buildings	15,044,754	124,050	-	15,168,804
Improvements Other Than Buildings	7,910,261	194,396	-	8,104,657
Machinery and Equipment	20,006,844	1,229,308	1,231,057	20,005,095
Infrastructure	41,178,373	197,271	-	41,375,644
Total Capital Assets, Being Depreciated	<u>84,140,232</u>	<u>1,745,025</u>	<u>1,231,057</u>	<u>84,654,200</u>
Less Accumulated Depreciation for:				
Buildings	5,637,827	387,378	-	6,025,205
Improvements Other Than Buildings	2,713,627	210,961	-	2,924,588
Machinery and Equipment	17,268,071	845,265	1,216,785	16,896,551
Infrastructure	28,091,285	869,553	-	28,960,838
Total Accumulated Depreciation	<u>53,710,810</u>	<u>2,313,157</u>	<u>1,216,785</u>	<u>54,807,182</u>
Total Capital Assets, Being Depreciated, Net	<u>30,429,422</u>	<u>(568,132)</u>	<u>14,272</u>	<u>29,847,018</u>
Governmental Activities, Capital Assets, Net	<u>\$ 36,785,760</u>	<u>\$ (392,798)</u>	<u>\$ 412,723</u>	<u>\$ 35,980,239</u>

CTIY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

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

D. Capital Assets (Continued)

	Balance September 30, 2014	Increases	Decreases	Balance September 30, 2015
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 339,620	\$ -	\$ -	\$ 339,620
Construction in Progress	7,043,855	4,074,020	4,107,891	7,009,984
Total Capital Assets, Not Being Depreciated	7,383,475	4,074,020	4,107,891	7,349,604
Capital Assets, Being Depreciated:				
Plant, Pumps and Motors	33,511,832	29,361	-	33,541,193
Distribution System	40,407,764	4,441,932	-	44,849,696
Collection System	23,113,899	183,490	-	23,297,389
Maintenance Equipment and Vehicles	3,552,467	87,119	69,231	3,570,355
Furniture and Equipment	244,222	-	-	244,222
Total Capital Assets, Being Depreciated	100,830,184	4,741,902	69,231	105,502,855
Less Accumulated Depreciation for:				
Plants, Pumps and Motors	26,154,029	984,479	-	27,138,508
Distribution System	22,090,144	1,295,253	-	23,385,397
Collection System	15,221,232	699,969	-	15,921,201
Maintenance Equipment and Vehicles	2,552,794	200,995	69,231	2,684,558
Furniture and Equipment	244,222	-	-	244,222
Total Accumulated Depreciation	66,262,421	3,180,696	69,231	69,373,886
Total Capital Assets, Being Depreciated, Net	34,567,763	1,561,206	-	36,128,969
Business-Type Activities, Capital Assets, Net	41,951,238	5,635,226	4,107,891	43,478,573
Intangible Asset - Water Rights	4,113,119	-	-	4,113,119
Less Accumulated Amortization	656,772	35,632	-	692,404
Total Intangible Asset - Water Rights, Net	3,456,347	(35,632)	-	3,420,715
Business-Type Activities Capital and Intangible Assets, Net	\$ 45,407,585	\$ 5,599,594	\$ 4,107,891	\$ 46,899,288

CTIY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

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	\$ 105,127
Public Safety	568,913
Public Works, Including Depreciation of General Infrastructure Assets	1,302,203
Health	180,032
Library	49,524
Cox Field Airport	107,358
Other	-
Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,313,157</u></u>
 Business-Type Activities:	
Water and Sewer	3,180,696
Total Depreciation Expense - Business -Type Activities	<u><u>\$ 3,180,696</u></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 860 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. 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, 2015

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 2014</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

CTIY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

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

F. Employee Retirement Systems and Plans (Continued)

1. Texas Municipal Retirement System (Continued)

Employees Covered by Benefit Terms.

At the December 31, 2014, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	198
Inactive employees entitled to but not yet receiving benefits	107
Active employees	<u>263</u>
Total	<u><u>568</u></u>

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 of Paris were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City of Paris were 6.49% and 6.21% in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2015, were \$704,441 and were equal to the required contributions.

Net Pension Asset

The City's Net Pension Asset was measured as of December 31, 2014, and the Total Pension Liability used to calculate the Net Pension Asset was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation

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 Disabled Retiree Mortality Table is used, with slight adjustments.

CTIY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

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)

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006, through December 31, 2009, first used in the December 31, 2010, valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013, valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. 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 weighting 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%	4.80%
International Equity	17.5	6.05
Core Fixed Income	30.0	1.50
Non-Core Fixed Income	10.0	3.50
Real Return	5.0	1.75
Real Estate	10.0	5.25
Absolute Return	5.0	4.25
Private Equity	5.0	8.50
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0%. 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.

CTIY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

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

F. Employee Retirement Systems and Plans (Continued)

1. Texas Municipal Retirement System (Continued)

Net Pension Asset and Changes in the Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balance at 12/31/2013	\$52,099,901	\$52,993,473	\$(893,572)
Changes for the year:			
Service Cost	1,084,779	-	1,084,779
Interest	3,592,818	-	3,592,818
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(191,294)	-	(191,294)
Changes of Assumptions	-	-	-
Contributions – Employer	-	721,733	(721,733)
Contributions – Employee	-	667,048	(667,048)
Net Investment Income	-	3,031,103	(3,031,103)
Benefit Payments, Including Refunds of Employee Contributions	(2,632,638)	(2,632,638)	-
Administrative Expense	-	(31,651)	31,651
Other Changes	-	(2,602)	2,602
Net Changes	1,853,665	1,752,993	100,672
Balance at 12/31/2014	\$53,953,566	\$54,746,466	\$(792,900)

The following presents the net pension asset of the City, calculated using the discount rate of 7.0%, 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 (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease in Discount Rate 6.0%	Discount Rate 7.0%	1% Increase in Discount Rate 8.0%
City's Net Pension Liability (Asset)	\$6,046,732	\$(792,900)	\$(6,488,746)

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, 2015, the City recognized pension expense of \$425,888.

CTIY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

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

F. Employee Retirement Systems and Plans (Continued)

1. Texas Municipal Retirement System (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
(Continued)

At September 30, 2015, 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	\$ -	\$ 146,235
Changes in Actuarial Assumptions	-	-
Difference Between Projected and Actual Investment Earnings	542,752	-
Contributions Subsequent to the Measurement Date	502,227	-
Total	\$ 1,044,979	\$ 146,235

\$502,227 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, 2015. 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,	
2015	\$ 90,629
2016	90,629
2017	90,629
2018	124,630
2019	-
Thereafter	-
Total	\$ 396,517

CTIY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

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

F. Employee Retirement Systems and Plans (Continued)

1. Texas Municipal Retirement System (Continued)

Supplemental Death Benefits

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the TMRS known as the Supplemental Death Benefits Fund. 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 by adopting an ordinance before November 1 of any year to be effective the following January 1. 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); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit."

Contributions

The City contributes to the Supplemental Death Benefits Fund at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the 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. The City contributed 100% of its required contribution for the last three calendar years at the annual required contribution rate of .22% (2013), .22% (2014), and .22 % (2015).

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 12% 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 15% 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.

CTIY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

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

F. Employee Retirement Systems and Plans (Continued)

2. Firefighters' Relief and Retirement Fund (Continued)

Eligibility (Continued)

The fund was established August 28, 1941, and was most recently amended effective August 12, 2014.

Contributions

The City's annual required contribution to the plan for fiscal year 2015 was based on a payroll of \$2,511,047 and amounted to \$301,326. Covered employees made contributions of \$376,657.

Employees Covered by Benefit Terms

At the December 31, 2014, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	45
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>43</u>
Total	<u><u>91</u></u>

Service Retirement Disability and Death Benefits

A member is eligible for service retirement on either (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, 2015, and the most current available information required for disclosure under GASB Statement No. 67 is based on an actuarial valuation as of December 31, 2012, rolled forward to December 31, 2014. The actuarial cost method used in the January 1, 2013, 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.

CTIY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

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

F. Employee Retirement Systems and Plans (Continued)

2. Firefighters' Relief and Retirement Fund (Continued)

Actuarial Methods and Assumptions (Continued)

The actuarial assumptions used in the actuarial valuation performed as of January 1, 2013, includes a rate of return on the actuarial value of assets of 8% 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 4.5% compounded annually. Projected post-retirement benefit increases are zero.

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 12/31/2013	\$13,972,409	\$5,862,006	\$8,110,403
Changes for the year:			
Service Cost	236,701	-	236,701
Interest	1,087,700	-	1,087,700
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(238,406)	-	(238,406)
Changes of Assumptions	134,458	-	134,458
Contributions – Employer	-	281,896	(281,896)
Contributions – Employee	-	352,370	(352,370)
Net Investment Income	-	245,555	(245,555)
Benefit Payments, Including Refunds of Employee Contributions	(1,200,964)	(1,200,964)	-
Administrative Expense	-	(84,445)	84,445
Other Changes	-	5,315	(5,315)
Net Changes	19,489	(400,273)	419,762
Balance at 12/31/2014	\$13,991,898	\$5,461,733	\$8,530,165

The following presents the net pension liability of the Paris Firefighters' Relief and Retirement Fund, calculated using the discount rate of 8.0%, 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 (7.0%) or 1-percentage-point higher (9.0%) than the current rate:

	1% Decrease in Discount Rate 7.0%	Discount Rate 8.0%	1% Increase in Discount Rate 9.0%
Net Pension Liability	\$9,998,150	\$8,530,165	\$7,292,573

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

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

F. Employee Retirement Systems and Plans (Continued)

2. Firefighters' Relief and Retirement Fund (Continued)

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, 2015, the City recognized pension expense of \$642,755.

At September 30, 2015, 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	\$ -	\$ 227,412
Changes in Actuarial Assumptions	-	(128,257)
Difference Between Projected and Actual Investment Earnings	158,058	-
Contributions Subsequent to the Measurement Date	225,813	-
Total	\$ 383,871	\$ 99,155

\$225,813 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, 2015. 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,	
2015	\$ 34,721
2016	34,721
2017	34,721
2018	34,721
2019	(4,793)
2020 – 2024	(23,965)
2025 – 2029	(23,965)
2030 – 2034	(23,965)
Thereafter	(3,295)
Total	\$ 58,903

CTIY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

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

G. Postemployment Benefits Other Than Pensions

The City has in effect a single employer 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 City's contributions are financed on a pay-as-you-go basis and for the year ended September 30, 2015, the contributions were approximately \$121,000 for 33 retired employees. An additional 23 employees were eligible for this benefit. Calculations are based on benefits provided under the plan in effect at the time of each valuation and on the pattern of sharing of costs.

Funding Policy and Annual Other Postemployment Benefits

The City's annual other postemployment benefits (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City's annual OPEB cost for the fiscal year ending September 30, 2015, is as follows:

Annual Required Contribution	\$ 194,268
Interest on OPEB Obligation	14,769
Adjustment to ARC	<u>(22,691)</u>
Annual OPEB Cost	186,346
Net Estimated Employer Contributions	<u>(121,015)</u>
Increase in Net OPEB Obligation	65,331
Beginning of Year Net OPEB Obligation	<u>328,193</u>
End of Year Net OPEB Obligation	<u>\$ 393,524</u>

The City's annual OPEB cost, the amount contributed by the employer, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2015, and the preceding two fiscal years are as follows:

Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
\$ 186,346	\$ 121,015	64.90%	\$ 393,524
188,948	114,511	60.60	328,193
190,607	111,487	58.49	253,756

CTIY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

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

G. Postemployment Benefits Other Than Pensions (Continued)

Funding Status and Funding Progress

The funded status of the City's retiree health care plan, under GASB Statement No. 45 as of December 31, 2014, is as follows:

Actuarial Valuation December 31,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	Unfunded Actuarial Liability as a Percentage of Covered Payroll
(1)	(2)	(3)	(1) / (2)	(4)	(5)	(6)
			(1) / (2)	(2) - (1)		(4) / (5)
2014	\$ -	\$ 1,887,824	0.00%	\$ 1,887,824	\$ 13,485,052	14.00%
2013	-	1,887,824	0.00	1,887,824	14,165,810	13.33
2012	-	1,887,824	0.00	1,887,824	13,788,720	13.69

Under the reporting parameters, the City's retiree health care is 0.0% funded with actuarial accrued liability exceeding the actuarial assets by \$1,887,824 at December 31, 2014. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 14.00%

Actuarial Methods and Assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the City's employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant actuarial methods and assumptions were as follows:

Inflation rate	3.00% per annum
Investment rate of return	4.50%, net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level dollar
Amortization period	23-year, closed amortization
Medical trend	3.0% per annum*

*The City's retiree medical subsidy is assumed to increase at 3.0% per year.

CTIY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

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

G. Postemployment Benefits Other Than Pensions (Continued)

Actuarial Methods and Assumptions (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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, 2015, were approximately \$3,400,000.

2. Construction Commitments

The City has active construction projects as of September 30, 2015. 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	\$ 9,712,461	\$ 506,891

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, 2015, 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.

CTIY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

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

H. Water Sales and Commitments (Continued)

5. Interlocal Cooperative Agreement

During the year, the City entered into 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, 2032. The City is required to establish a sinking fund and to levy and collect property tax.

6. Other Commitments

Warehouse Company - Company was to create 35 new jobs providing an original incentive amount of \$105,000 of which \$15,000 was returned during the year ended September 30, 2015. There are no further incentives outstanding related to this agreement.

Commercial Dairy - The incentive is to provide cash payments for creating 150 new jobs in Paris and Lamar County for five years. This amount is estimated to be \$664,300 and expected to begin in 2017.

Truck Accessories - Company is to open a manufacturing facility in Paris, Texas, and create 15 new jobs. The incentive is for \$324,250 for new jobs, training, and infrastructure. At September 30, 2015, \$12,353 of the incentive remains to be satisfied. PEDC has also executed a guaranty in connection with a \$75,000 note to a bank.

Bakery - In December 2013, the Board of Directors reached an incentive agreement for training reimbursement and cash for new job creation of \$1,179,000, of which \$790,500 remains to be satisfied as of September 30, 2015.

Producer – In September 2015, the Board of Directors reached an incentive agreement with a producer of engineered glass materials for training reimbursement and cash for capital investment in manufacturing space, new equipment, and new jobs for \$45,000, of which \$29,000 remains outstanding at September 30, 2015.

In connection with a first lien loan by a bank to a commercial operation in the amount of \$5,800,000, PEDC has entered into a Guaranty of Collection agreement. The loan payment is guaranteed by an individual (and a related company), and in addition, PEDC has guaranteed the full and prompt collection of the principal and interest due under the note together with limited cost of collection. If the lender makes demand under the Guaranty of Collection agreement, the lender will allow PEDC to satisfy its liability in monthly installments as specified in the original note. The agreement is dated September 23, 2010, and will terminate when the note is paid or the expiration of ten years.

Retail and Office Structure – The incentive is to participate in reimbursement of sewer line construction to the extent of \$250,000.

Powder Coated Engineered Wood Manufacturer – In December 2014, the Board of Directors reached an incentive agreement with a manufacturer of powder coated engineered wood to convey eight acres of the industrial park for construction of a building. The incentive agreement was valued at \$33,999, the cost of the land to PEDC. An additional 16 acres has been provided as an incentive to complete the construction and for further expansion within five years. The 16 acre incentive is valued at PEDC's cost of \$69,055 and remains outstanding at September 30, 2015.

CTIY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

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

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, 2015. There have been no settlements in excess of insurance coverage in any of the prior three fiscal years.

J. Capital Lease

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	-
Capital Lease Equipment, Net	<u>\$ 617,114</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, 2015, are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2016	\$ 72,353
2017	72,353
2018	72,353
2019	72,353
2020	72,353
2021-2025	<u>361,763</u>
Total Minimum Lease Payments	723,528
Less: Amount Representing Interest	<u>(106,414)</u>
Present Value of Net Minimum Lease Payments	617,114
Less: Current Maturities of Capital Lease Obligation	<u>(53,837)</u>
Long-Term Portion of Capital Lease Obligation	<u>\$ 563,277</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.

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.

CTIY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

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

K. Long-Term Liabilities (Continued)

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 \$125,000 to \$230,000 with final payment due December 15, 2029. Interest is payable semi-annually at rates ranging from 3.750% 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 varying from \$1,050,000 to \$1,430,000, with final payment due June 15, 2020. Interest is payable semi-annually at rates ranging from 2.375% to 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 \$350,000 to \$405,000 with final payment due December 14, 2021. On December 18, 2012, the City issued this series bearing interest ranging from 2.0% to 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.

\$2,900,000 Combination Tax and Surplus Revenue Certificates of Obligation, Series 2014, 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.

\$33,925,000 General Obligation Bonds, Series 2014, due in annual installments varying from \$560,000 to \$2,850,000 with final payment due December 15, 2032. Interest is payable semi-annually at rates ranging from 1.0% 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.

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, 2015, the fund balances in the Interest and Sinking Funds are \$1,134,402.

CTIY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

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):

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.

A summary of long-term liability transactions for the year ended September 30, 2015, follows:

	Balance September 30, 2014	Additions	Reductions	Balance September 30, 2015	Due Within One year
Governmental Activities					
Debt Payable					
General Obligation Debt	\$ 8,310,000	\$ -	\$ 1,025,000	\$ 7,285,000	\$ 865,000
Premium	48,002	-	13,787	34,215	11,591
Capital Lease	-	617,114	-	617,114	53,837
Total Debt Payable	<u>8,358,002</u>	<u>617,114</u>	<u>1,038,787</u>	<u>7,936,329</u>	<u>930,428</u>
Compensated Absences	997,479	272,490	247,216	1,022,753	102,275
Landfill Post-Closure					
Care Costs	150,000	-	-	150,000	-
OPEB Liability	328,193	186,346	121,015	393,524	121,015
Governmental Activities Long-Term Liabilities	<u>\$ 9,833,674</u>	<u>\$ 1,075,950</u>	<u>\$ 1,407,018</u>	<u>\$ 9,502,606</u>	<u>\$ 1,153,718</u>
Business-Type Activities					
Debt Payable					
Revenue Bonds	\$ 40,795,000	\$ -	\$ 2,250,000	\$ 38,545,000	\$ 1,750,000
Premium	1,500,351	-	152,286	1,348,065	145,349
Total Debt Payable	<u>42,295,351</u>	<u>-</u>	<u>2,402,286</u>	<u>39,893,065</u>	<u>1,895,349</u>
Compensated Absences	209,935	6,554	-	216,489	21,649
Business-Type Activities Long-Term Liabilities	<u>\$ 42,505,286</u>	<u>\$ 6,554</u>	<u>\$ 2,402,286</u>	<u>\$ 40,109,554</u>	<u>\$ 1,916,998</u>
Component Unit					
Bonds Payable	\$ 1,280,000	\$ -	\$ 300,000	\$ 980,000	\$ 315,000
Component Unit Long-Term Liabilities	<u>\$ 1,280,000</u>	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ 980,000</u>	<u>\$ 315,000</u>

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

CTIY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

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
2016	\$ 865,000	\$ 205,716	\$ 1,750,000	\$ 1,588,022
2017	885,000	183,254	1,575,000	1,525,322
2018	915,000	158,860	1,595,000	1,474,822
2019	950,000	133,169	1,585,000	1,420,872
2020	975,000	105,134	1,615,000	1,364,847
2021-2025	1,645,000	304,919	9,715,000	5,577,910
2026-2030	1,050,000	110,458	12,215,000	3,222,232
2031-2034	-	-	8,495,000	598,635
Totals	<u>\$ 7,285,000</u>	<u>\$ 1,201,510</u>	<u>\$ 38,545,000</u>	<u>\$ 16,772,662</u>

PEDC has outstanding Paris Economic Development Corporation Sales Tax Revenue Refunding Bonds, Series 2010, originally issued at \$2,685,000, bearing interest at 3.80% to 4.39%. Principal payments are due serially in varying annual amounts to September 1, 2018, from \$315,000 to \$340,000.

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

A Reserve Fund is required to be maintained with a balance of at least \$354,466, the average annual principal and interest requirements of the bonds. At September 30, 2015, the balances in the Debt Service Fund and Reserve Fund are \$35,517 and \$372,560, respectively.

Debt service requirements related to these bonds are as follows:

Years	Bond Debt Requirements		Total
	Principal	Interest	
2016	\$ 315,000	\$ 40,221	\$ 355,221
2017	325,000	28,251	353,251
2018	340,000	14,926	354,926
Totals	<u>\$ 980,000</u>	<u>\$ 83,398</u>	<u>\$ 1,063,398</u>

CTIY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

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

L. Interfund Transfers

During the year ended September 30, 2015, the City made budgeted transfers from the Water and Sewer Fund to the General Fund of \$1,579,000. The balance of a Special Revenue Fund was closed out with a transfer to the General Fund of \$14,253. Transfers were made from the Water and Sewer Fund for \$378,675 to the Debt Service Fund to make debt service payments. Other minor transfers were made between funds making up transfers of:

	General Fund	Special Revenue Fund	Water and Sewer Fund	Transfers Out
General Fund	\$ -	\$ 6,995	\$ 6,183	\$ 13,178
Debt Service Fund	-	-	378,675	378,675
Special Revenue Fund	24,954	-	-	24,954
Water and Sewer Fund	1,472,332	-	-	1,472,332
Transfers In	<u>\$ 1,497,286</u>	<u>\$ 6,995</u>	<u>\$ 384,858</u>	<u>\$ 1,889,139</u>

M. Restricted Net Position and Restricted Asset Accounts

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, 2015, these accounts, shown as cash and investments on the Statement of Net Position – Proprietary Funds, are as follows:

Reserve Fund	\$ 10,321,400
Contingency Fund	1,751,643

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
Notes Receivable	\$ -	\$ -	\$ 48,197
Lake Crook	100,776	-	-
Contingency	169,202	1,582,441	-
Loan	428,892	-	-
Bond Reserves and Sinking Funds	2,385,199	2,194,718	-
Construction	5,741,483	22,239,841	-
Total Restricted Assets	<u>\$ 8,825,552</u>	<u>\$ 26,017,000</u>	<u>\$ 48,197</u>

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.

CTIY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2015

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

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.

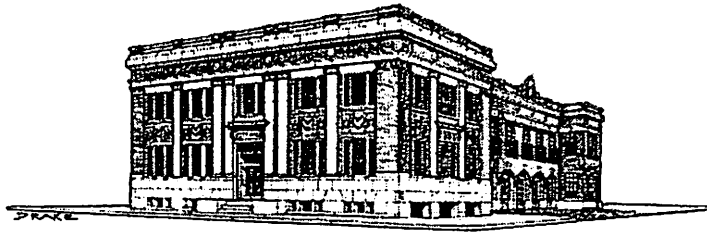
P. Discontinued Operations

The City of Paris and Lamar County have had a long standing relationship with the Health Department financially and otherwise. In recent years, an effort was made to formally clarify this relationship for legal reasons. The City of Paris, Lamar County, and the Health Department entered into an interlocal agreement in 2014 detailing their respective positions in this relationship and establishing a health district. One aspect of this relationship was formal and legal separation from the City of Paris which had been providing not only financial support but accounting and legal services on a pro bono basis. This put the City in the same position as Lamar County which only provided financial support to the Health Department. The agreement provided the new Paris-Lamar County Health District the foundation necessary to pursue their short and long-term service goals and obtain funding in addition to city and county support.

Q. Change in Accounting Principles/Restatement

The City implemented Governmental Accounting Standards Board (GASB) statement 68, Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27), in the fiscal year ending September 30, 2015. The implementation of the statement required the City to record a beginning net pension asset for those in TMRS, a beginning net pension liability for the firefighters' fund and the effects on net position of contributions made by the City during the measurement period (fiscal year ending September 30, 2014). As a result, net position for the governmental activities decreased by \$7,271,529 and net position for business-type activities increased by \$282,618.

The CITY OF PARIS



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PARIS, TEXAS
 Required Supplementary Information
 Texas Municipal Retirement System -
 Schedule of Changes in Net Pension Liability
 Year Ended December 31, 2014

Total Pension Liability	
Service Cost	\$ 1,084,779
Interest	3,592,818
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	(191,294)
Changes in Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(2,632,638)</u>
Net Change in Total Pension Liability	1,853,665
Total Pension Liability - Beginning	<u>52,099,901</u>
Total Pension Liability - Ending	<u><u>\$ 53,953,566</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 721,733
Contributions - Employee	667,048
Net Investment Income	3,031,103
Benefit Payments, Including Refunds of Employee Contributions	(2,632,638)
Administrative Expense	(31,651)
Other	<u>(2,602)</u>
Net Change in Plan Fiduciary Net Position	1,752,993
Plan Fiduciary Net Position - Beginning	<u>52,993,473</u>
Plan Fiduciary Net Position - Ending	<u><u>\$ 54,746,466</u></u>
City's Net Pension Liability (Asset) - Ending	\$ (792,900)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	101.47%
Covered-Employee Payroll	\$ 11,117,463
City's Net Pension Liability as a Percentage of Covered-Employee Payroll	(7.13%)

CITY OF PARIS, TEXAS
 Required Supplementary Information
 Texas Municipal Retirement System -
 Schedule of City Contributions
 Year Ended September 30, 2015

Contractually Required Fiscal Year Contribution	\$	704,441
Contribution in Relation to the Contractually Required Fiscal Year Contribution		<u>(704,441)</u>
Contribution Deficiency (Excess)	\$	<u>-</u>
Covered-Employee Payroll	\$	11,203,172
Contributions as a Percentage of Covered-Employee Payroll		6.29%

CITY OF PARIS, TEXAS
 Required Supplementary Information
 Paris Firefighters' Relief and Retirement Fund
 Schedule of Changes in Net Pension Liability
 Year Ended December 31, 2014

Schedule 3

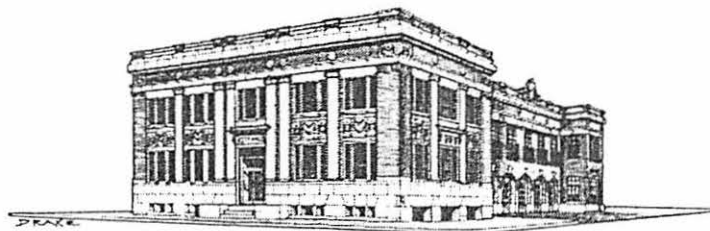
Total Pension Liability	
Service Cost	\$ 236,701
Interest	1,087,700
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	(238,406)
Changes in Assumptions	134,458
Benefit Payments, Including Refunds of Employee Contributions	<u>(1,200,964)</u>
Net Change in Total Pension Liability	19,489
Total Pension Liability - Beginning	<u>13,972,409</u>
Total Pension Liability - Ending	<u><u>\$ 13,991,898</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 281,896
Contributions - Employee	352,370
Net Investment Income	245,555
Benefit Payments, Including Refunds of Employee Contributions	(1,200,964)
Administrative Expense	(84,445)
Other	<u>5,315</u>
Net Change in Plan Fiduciary Net Position	(400,273)
Plan Fiduciary Net Position - Beginning	<u>5,862,006</u>
Plan Fiduciary Net Position - Ending	<u><u>\$ 5,461,733</u></u>
City's Net Pension Liability (Asset) - Ending	\$ 8,530,165
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	39.03%
Covered-Employee Payroll	\$ 2,349,133
City's Net Pension Liability as a Percentage of Covered- Employee Payroll	363.12%

CITY OF PARIS, TEXAS
Required Supplementary Information
Paris Firefighters' Relief and Retirement Fund
Schedule of City Contributions
Year Ended September 30, 2015

Schedule 4

Actuarially Determined Fiscal Year Contribution	\$ 301,329
Contribution in Relation to the Actuarially Determined Fiscal Year Contribution	<u>(301,329)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 2,511,047
Contributions as a Percentage of Covered-Employee Payroll	12.00%

The CITY OF PARIS



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, 2015

Schedule 5

	Special Revenue					Permanent	Total Nonmajor Governmental Funds
	Community Development Block Grant	Special Revenue Fund	Health Department	Library Memorial Funds	Total	Library Trust Funds	
ASSETS							
Cash and Cash Equivalents	\$ 72,092	\$ 386,360	\$ -	\$ 109,144	\$ 567,596	\$ 539	\$ 568,135
Investments	86,852	-	-	-	86,852	90,261	177,113
Notes Receivables	48,197	-	-	-	48,197	-	48,197
Total Assets	\$207,141	\$386,360	\$ -	\$ 109,144	\$ 702,645	\$ 90,800	\$ 793,445
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ -	\$ 1,616	\$ -	\$ -	\$ 1,616	\$ -	\$ 1,616
Total Liabilities	-	1,616	-	-	1,616	-	1,616
Fund Balances:							
Nonspendable							
Permanent Library Funds	-	-	-	-	-	90,800	90,800
Restricted for:							
Notes	48,845	-	-	-	48,845	-	48,845
Law Enforcement	-	384,744	-	-	384,744	-	384,744
Health	-	-	-	-	-	-	-
Assigned:							
Library	-	-	-	109,144	109,144	-	109,144
Community Development	158,296	-	-	-	158,296	-	158,296
Total Fund Balances	207,141	384,744	-	109,144	701,029	90,800	791,829
Total Liabilities and Fund Balances	\$207,141	\$386,360	\$ -	\$ 109,144	\$ 702,645	\$ 90,800	\$ 793,445

CITY OF PARIS, TEXAS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended September 30, 2015

Schedule 6

	Special Revenue				Permanent		Total Nonmajor Governmental Funds
	Community Development Block Grant	Special Revenue	Health Department	Library Memorial Funds	Total	Library Trust Funds	
REVENUES							
Donations	\$ -	\$ 1,981	\$ -	\$ 3,866	\$ 5,847	\$ -	\$ 5,847
Interest Earned	(378)	1,058	-	560	1,240	228	1,468
Grant Revenue	426,521	202,791	-	-	629,312	-	629,312
Local Revenue	-	45,520	-	-	45,520	-	45,520
Total Revenues	<u>426,143</u>	<u>251,350</u>	<u>-</u>	<u>4,426</u>	<u>681,919</u>	<u>228</u>	<u>682,147</u>
EXPENDITURES							
Current							
General Government	-	17,741	-	-	17,741	-	17,741
Public Safety	-	15,868	-	-	15,868	-	15,868
Community Development	430,331	-	-	-	430,331	-	430,331
Health	-	7,822	-	-	7,822	-	7,822
Culture and Recreation	-	-	-	4,367	4,367	-	4,367
Capital Outlay	117,941	-	-	-	117,941	-	117,941
Total Expenditures	<u>548,272</u>	<u>41,431</u>	<u>-</u>	<u>4,367</u>	<u>594,070</u>	<u>-</u>	<u>594,070</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(122,129)</u>	<u>209,919</u>	<u>-</u>	<u>59</u>	<u>87,849</u>	<u>228</u>	<u>88,077</u>
Other Financing Sources (Uses)							
Transfers In	-	6,995	-	-	6,995	-	6,995
Transfers Out	-	(10,701)	(14,253)	-	(24,954)	-	(24,954)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(3,706)</u>	<u>(14,253)</u>	<u>-</u>	<u>(17,959)</u>	<u>-</u>	<u>(17,959)</u>
Net Changes in Fund Balances	<u>(122,129)</u>	<u>206,213</u>	<u>(14,253)</u>	<u>59</u>	<u>69,890</u>	<u>228</u>	<u>70,118</u>
Fund Balances - Beginning	<u>329,270</u>	<u>178,531</u>	<u>14,253</u>	<u>109,085</u>	<u>631,139</u>	<u>90,572</u>	<u>721,711</u>
Fund Balances - Ending	<u>\$207,141</u>	<u>\$ 384,744</u>	<u>\$ -</u>	<u>\$109,144</u>	<u>\$ 701,029</u>	<u>\$ 90,800</u>	<u>\$ 791,829</u>

CITY OF PARIS, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Special Revenue Fund
Year Ended September 30, 2015

Schedule 7

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Donations	\$ 10,000	\$ 10,000	\$ 1,981	\$ (8,019)
Interest Earned	-	-	1,058	1,058
Grant Revenue	-	-	202,791	202,791
Local Revenue	13,072	13,072	45,520	32,448
Total Revenues	<u>23,072</u>	<u>23,072</u>	<u>251,350</u>	<u>228,278</u>
EXPENDITURES				
Municipal Court	134,036	134,036	17,741	116,295
Police	5,620	5,620	15,868	(10,248)
Community Development	-	-	-	-
Health	40,000	40,000	7,822	32,178
Total Expenditures	<u>179,656</u>	<u>179,656</u>	<u>41,431</u>	<u>138,225</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(156,584)</u>	<u>(156,584)</u>	<u>209,919</u>	<u>366,503</u>
Other Financing Sources (Uses)				
Transfers In	-	-	6,995	6,995
Transfers Out	-	-	(10,701)	(10,701)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(3,706)</u>	<u>(3,706)</u>
Net Changes in Fund Balance	(156,584)	(156,584)	206,213	362,797
Fund Balance - Beginning	<u>178,531</u>	<u>178,531</u>	<u>178,531</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 21,947</u>	<u>\$ 21,947</u>	<u>\$ 384,744</u>	<u>\$ 362,797</u>

CITY OF PARIS, TEXAS
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Debt Service Fund
 Year Ended September 30, 2015

Schedule 8

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 1,362,215	\$ 1,362,215	\$ 1,414,594	\$ 52,379
Interest Earned	-	-	6,955	6,955
Total Revenues	<u>1,362,215</u>	<u>1,362,215</u>	<u>1,421,549</u>	<u>59,334</u>
EXPENDITURES				
Bond Principal Retirement	1,079,105	1,079,105	1,077,610	1,495
Interest and Fiscal Charges	283,110	283,110	280,733	2,377
Total Expenditures	<u>1,362,215</u>	<u>1,362,215</u>	<u>1,358,343</u>	<u>3,872</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>63,206</u>	<u>63,206</u>
Other Financing Sources (Uses):				
Transfers Out	-	-	(378,675)	(378,675)
Net Changes in Fund Balance	-	-	(315,469)	(315,469)
Fund Balance - Beginning	<u>1,449,871</u>	<u>1,449,871</u>	<u>1,449,871</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,449,871</u>	<u>\$ 1,449,871</u>	<u>\$ 1,134,402</u>	<u>\$ (315,469)</u>

The CITY OF PARIS



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

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, 2015

Schedule 9

	Prior Years	Current Year	Total to Date	Project Authorization (Budget)
REVENUES				
Interest Earned	\$ 64,368	\$ 6,343	\$ 70,711	\$ -
Total Revenues	64,368	6,343	70,711	-
EXPENDITURES				
City Council	114,109	-	114,109	114,109
Police	285,630	-	285,630	285,630
Fire	915,942	-	915,942	915,942
Community Development	455,345	253,527	708,872	870,350
Engineering	35,555	-	35,555	35,555
Parks and Recreation	451,234	-	451,234	531,234
Solid Waste	568,811	-	568,811	568,811
Streets and Highways	2,482,453	-	2,482,453	3,005,000
Health	-	16,600	16,600	30,000
Library	-	7,100	7,100	15,000
Total Expenditures	5,309,079	277,227	5,586,306	6,371,631
Deficiency of Revenues Over Expenditures	(5,244,711)	(270,884)	(5,515,595)	(6,371,631)
Other Financing Sources (Uses):				
Transfers In	6,366,087	-	6,366,087	-
Transfers Out	(2,956,989)	-	(2,956,989)	-
Certificates of Obligation Issued	3,005,000	-	3,005,000	-
SPECIAL ITEM				
Proceeds from Sale of Assets	-	90,100	90,100	-
Net Changes in Fund Balance	\$ 1,169,387	(180,784)	\$ 988,603	\$ (6,371,631)
Fund Balance - Beginning		1,339,693		
Fund Balance - Ending		\$ 1,158,909		

CITY OF PARIS, TEXAS
 Capital Assets Used in the Operation of Governmental Funds
 Comparative Schedules by Source
 September 30, 2015 and 2014

Schedule 10

	2015	2014
Governmental Funds Capital Assets:		
Land	\$ 5,929,099	\$ 5,912,108
Buildings	15,168,804	15,044,754
Improvements Other Than Buildings	8,104,657	7,910,261
Machinery and Equipment	20,005,095	20,006,844
Infrastructure	41,375,644	41,178,373
Construction in Progress	204,122	444,230
Total Governmental Funds Capital Assets	\$ 90,787,421	\$ 90,496,570
Investments in Governmental Funds Capital Assets by Source:		
General Fund	\$ 61,514,975	\$ 61,224,124
Capital Projects Funds	22,316,039	22,316,039
Donations	6,956,407	6,956,407
Total Investments in Governmental Funds Capital Assets by Source	\$ 90,787,421	\$ 90,496,570

CITY OF PARIS, TEXAS
 Capital Assets Used in the Operation of Governmental Funds
 Schedule by Function and Activity
 September 30, 2015

Schedule 11

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Machinery and Equipment</u>
General Government:				
Council	\$ 339,906	\$ 2,775,046	\$ 99,522	\$ 597,579
Manager	-	-	9,948	113,768
Attorney	-	-	-	10,187
Clerk	-	14,737	-	71,230
Finance	-	-	-	395,261
Total General Government	<u>339,906</u>	<u>2,789,783</u>	<u>109,470</u>	<u>1,188,025</u>
Public Safety:				
Police	619,585	5,076,421	808,022	4,174,079
Fire	160,509	2,189,378	231,972	3,676,544
Total Public Safety	<u>780,094</u>	<u>7,265,799</u>	<u>1,039,994</u>	<u>7,850,623</u>
Public Works:				
Community Development	3,299,676	232,272	564,805	198,551
Engineering	-	10,747	-	210,750
Public Works	125,543	-	-	869,418
Parks and Recreation	112,230	92,268	3,477,296	933,003
Solid Waste	626,395	-	42,079	1,727,344
Streets and Highways	138,590	96,845	80,192	2,398,238
Traffic and Public Lighting	-	9,000	-	203,557
Garage	-	95,121	-	84,966
Other Unclassified	-	-	52,361	172,694
Total Public Works	<u>4,302,434</u>	<u>536,253</u>	<u>4,216,733</u>	<u>6,798,521</u>
Emergency Medical Service	<u>15,750</u>	<u>94,177</u>	<u>6,200</u>	<u>1,866,989</u>
Cox Field	<u>429,120</u>	<u>3,435,079</u>	<u>2,646,618</u>	<u>209,943</u>
Library	<u>61,795</u>	<u>1,047,713</u>	<u>85,642</u>	<u>2,090,994</u>
Total Governmental Funds Capital Assets	<u>\$ 5,929,099</u>	<u>\$ 15,168,804</u>	<u>\$ 8,104,657</u>	<u>\$ 20,005,095</u>

<u>Infrastructure</u>	<u>Total</u>
\$ -	\$ 3,812,053
-	123,716
-	10,187
-	85,967
-	395,261
-	4,427,184
-	10,678,107
-	6,258,403
-	16,936,510
-	4,295,304
-	221,497
-	994,961
-	4,614,797
-	2,395,818
41,375,644	44,089,509
-	212,557
-	180,087
-	225,055
41,375,644	57,229,585
-	1,983,116
-	6,720,760
-	3,286,144
-	-
<u>\$ 41,375,644</u>	<u>\$ 90,583,299</u>

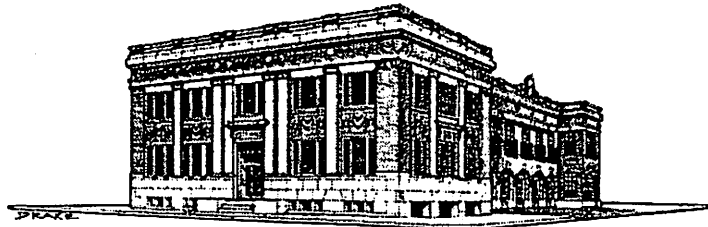
CITY OF PARIS, TEXAS
 Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes by Function and Activity
 Year Ended September 30, 2015

Schedule 12

Function and Activity	Governmental Funds Capital Assets September 30, 2014	Increases	Decreases	Governmental Funds Capital Assets September 30, 2015
General Government:				
Council	\$ 3,668,437	\$ 158,316	\$ 14,700	\$ 3,812,053
Manager	10,187	-	-	10,187
Attorney	123,716	-	-	123,716
Clerk	85,967	-	-	85,967
Finance	395,261	-	-	395,261
Total General Government	<u>4,283,568</u>	<u>158,316</u>	<u>14,700</u>	<u>4,427,184</u>
Public Safety:				
Police	10,668,762	165,425	156,081	10,678,106
Fire	5,566,970	691,434	-	6,258,404
Total Public Safety	<u>16,235,732</u>	<u>856,859</u>	<u>156,081</u>	<u>16,936,510</u>
Public Works:				
Community Development	4,108,008	187,296	-	4,295,304
Engineering	221,497	-	-	221,497
Public Works	994,961	-	-	994,961
Parks and Recreation	4,607,248	7,549	-	4,614,797
Solid Waste	2,239,008	164,010	7,200	2,395,818
Streets and Highways	43,892,238	197,271	-	44,089,509
Traffic and Public Lighting	212,557	-	-	212,557
Garage	180,087	-	-	180,087
Other Unclassified	225,055	-	-	225,055
Total Public Works	<u>56,680,659</u>	<u>556,126</u>	<u>7,200</u>	<u>57,229,585</u>
Emergency Medical Service	2,858,686	177,506	1,053,076	1,983,116
Cox Field	6,714,651	6,109	-	6,720,760
Library	3,279,044	7,100	-	3,286,144
Total Governmental Funds Capital Assets	<u>\$ 90,052,340</u>	<u>\$ 1,762,016</u>	<u>\$ 1,231,057</u>	<u>\$ 90,583,299</u>

STATISTICAL SECTION

The CITY OF PARIS



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			
	2006	2007	2008	2009
Governmental Activities:				
Net Investment in Capital Assets	\$ 28,935,168	\$ 28,296,810	\$ 27,214,018	\$ 26,663,557
Restricted	1,249,886	1,356,091	2,634,911	952,225
Unrestricted	9,619,009	12,344,117	12,724,897	15,119,471
Total Governmental Activities, Net Position	<u>\$ 39,804,063</u>	<u>\$ 41,997,018</u>	<u>\$ 42,573,826</u>	<u>\$ 42,735,253</u>
Business-Type Activities:				
Net Investment in Capital Assets	\$ 23,590,438	\$ 23,735,238	\$ 24,810,704	\$ 26,288,945
Restricted	2,864,698	3,258,469	2,810,233	3,813,439
Unrestricted	6,282,200	6,530,918	7,362,285	7,237,951
Total Business-Type Activities, Net Position	<u>\$ 32,737,336</u>	<u>\$ 33,524,625</u>	<u>\$ 34,983,222</u>	<u>\$ 37,340,335</u>
Primary Government:				
Net Investment in Capital Assets	\$ 52,525,606	\$ 52,032,048	\$ 52,024,722	\$ 52,952,502
Restricted	4,114,584	4,614,560	5,445,144	4,765,664
Unrestricted	15,901,209	18,875,035	20,087,182	22,357,422
Total Primary Government, Net Assets/Position	<u>\$ 72,541,399</u>	<u>\$ 75,521,643</u>	<u>\$ 77,557,048</u>	<u>\$ 80,075,588</u>

Table 1
(Continued)

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 26,871,917	\$ 25,311,134	\$ 27,532,353	\$ 28,732,801	\$ 28,427,758	\$ 28,043,910
5,454,967	3,958,563	5,421,971	4,949,039	4,949,039	3,393,033
10,358,596	12,801,387	12,700,759	12,301,829	10,023,934	5,694,771
<u>\$ 42,685,480</u>	<u>\$ 42,071,084</u>	<u>\$ 45,655,083</u>	<u>\$ 45,983,669</u>	<u>\$ 43,400,731</u>	<u>\$ 37,131,714</u>
\$ 28,883,901	\$ 31,855,910	\$ 34,499,646	\$ 33,003,801	\$ 33,041,432	\$ 33,331,038
1,636,722	-	-	-	-	-
9,815,653	11,416,134	8,496,996	10,075,150	12,172,944	13,508,734
<u>\$ 40,336,276</u>	<u>\$ 43,272,044</u>	<u>\$ 42,996,642</u>	<u>\$ 43,078,951</u>	<u>\$ 45,214,376</u>	<u>\$ 46,839,772</u>
\$ 55,755,818	\$ 57,167,044	\$ 62,031,999	\$ 61,736,602	\$ 61,469,190	\$ 61,374,948
7,091,689	3,958,563	5,421,971	4,949,039	4,949,039	3,393,033
20,174,249	24,217,521	21,197,755	22,376,979	22,196,878	19,203,505
<u>\$ 83,021,756</u>	<u>\$ 85,343,128</u>	<u>\$ 88,651,725</u>	<u>\$ 89,062,620</u>	<u>\$ 88,615,107</u>	<u>\$ 83,971,486</u>

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

Table 2

	Fiscal Year			
	2006	2007	2008	2009
EXPENSES				
Governmental Activities:				
General Government	\$ 1,391,781	\$ 1,722,181	\$ 2,076,554	\$ 3,590,461
Finance	556,076	426,485	467,865	449,227
Public Safety	9,138,101	9,045,085	9,737,225	9,498,749
Public Works	6,826,116	7,217,841	7,705,564	6,905,252
Health	2,889,602	2,897,836	3,174,713	3,133,324
Library Services	745,653	690,413	790,216	730,925
Cox Field Airport	264,181	236,414	262,533	294,089
Interest on Long-Term Debt	614,799	584,861	557,588	507,788
Bond Issue Costs	-	-	-	-
Total Governmental Activities Expenses	22,426,309	22,821,116	24,772,258	25,109,815
Business-Type Activities:				
Water and Sewer Services	10,912,834	10,839,828	10,959,294	11,197,470
Total Primary Government Expenses	33,339,143	33,660,944	35,731,552	36,307,285
PROGRAM REVENUES				
Governmental Activities:				
Charges for Services:				
General Government	167,032	-	-	-
Public Safety	698,497	806,321	1,029,991	676,229
Public Works	1,609,895	1,626,253	1,690,210	1,693,133
Health	2,389,663	2,406,995	2,710,279	2,638,943
Library Services	31,532	19,601	22,464	21,335
Cox Field	-	-	-	-
Operating Grants and Contributions	1,660,785	1,244,186	1,407,529	1,317,832
Capital Grants and Contributions	230,177	25,599	55,152	224,458
Total Governmental Activities Program Revenues	6,787,581	6,128,955	6,915,625	6,571,930
Business-Type Activities:				
Charges for Services:				
Water and Sewer Service	12,879,592	12,359,516	13,012,253	13,616,713
Total Primary Government Program Revenues	19,667,173	18,488,471	19,927,878	20,188,643

Table 2
(Continued)

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 2,632,370	\$ 2,890,290	\$ 2,094,110	\$ 2,905,871	\$ 2,997,393	\$ 2,909,807
481,106	437,320	480,144	393,526	407,463	404,567
10,021,261	9,880,712	10,771,351	9,982,926	10,449,953	11,037,966
7,279,655	7,667,367	7,568,269	8,396,001	7,909,651	7,508,978
3,184,085	3,202,551	3,416,360	3,348,281	3,228,513	2,404,782
751,523	719,240	712,033	787,242	816,376	790,339
225,565	220,027	261,463	259,938	158,632	152,063
460,678	438,460	342,554	436,690	287,256	276,197
-	-	-	314,765	-	-
25,036,243	25,455,967	25,646,284	26,825,240	26,255,237	25,484,699
10,423,943	10,694,363	11,008,967	11,504,538	11,940,791	11,929,499
35,460,186	36,150,330	36,655,251	38,329,778	38,196,028	37,414,198
-	-	-	2,447	3,310	17,634
757,291	606,792	729,267	412,150	433,828	370,308
1,709,552	1,775,841	1,788,753	1,860,656	1,799,918	1,862,606
2,595,679	2,608,306	2,721,421	2,463,907	2,371,757	2,391,817
21,123	19,707	20,877	27,824	19,400	19,433
-	-	-	78,234	67,037	76,689
1,431,301	1,953,631	1,305,387	1,959,427	926,506	1,396,711
355,429	205,628	636,974	117,080	690,176	271,961
6,870,375	7,169,905	7,202,679	6,921,725	6,311,932	6,407,159
13,650,486	13,798,137	13,852,441	14,005,748	13,881,328	14,281,964
20,520,861	20,968,042	21,055,120	20,927,473	20,193,260	20,689,123

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

Table 2
 (Continued)

	Fiscal Year			
	2006	2007	2008	2009
Net (Expense)/Revenue				
Governmental Activities	(15,638,728)	(16,692,161)	(17,856,633)	(18,537,885)
Business-Type Activities	1,966,758	1,519,688	2,052,959	2,419,243
Total Primary Government, Net Expense	<u>\$(13,671,970)</u>	<u>\$(15,172,473)</u>	<u>\$(15,803,674)</u>	<u>\$(16,118,642)</u>
General Revenues and Other Changes in Net Assets/Position				
Governmental Activities:				
Taxes				
Property	\$ 7,583,269	\$ 7,924,453	\$ 7,904,936	\$ 7,794,381
Sales	5,401,371	5,673,616	5,696,174	6,441,260
Franchise	3,053,671	3,082,183	2,898,214	2,859,338
Hotel Occupancy	396,333	430,991	434,441	526,998
Investment Earnings	342,306	571,678	399,676	174,636
Grants, Donations and Miscellaneous	568	102,195	-	-
Transfers	1,090,000	1,100,000	1,100,000	902,699
Total Governmental Activities	<u>17,867,518</u>	<u>18,885,116</u>	<u>18,433,441</u>	<u>18,699,312</u>
Business-Type Activities:				
Investment Earnings	284,899	367,601	309,586	212,479
Contributions	32,600	-	196,052	628,090
Transfers	(1,090,000)	(1,100,000)	(1,100,000)	(902,699)
Total Business-Type Activities	<u>(772,501)</u>	<u>(732,399)</u>	<u>(594,362)</u>	<u>(62,130)</u>
Total Primary Government	<u>\$ 17,095,017</u>	<u>\$ 18,152,717</u>	<u>\$ 17,839,079</u>	<u>\$ 18,637,182</u>
Changes in Net Assets/Position				
Governmental Activities	\$ 2,228,790	\$ 2,192,955	\$ 576,808	\$ 161,427
Business-Type Activities	1,194,257	787,289	1,458,597	2,357,113
Total Primary Government	<u>\$ 3,423,047</u>	<u>\$ 2,980,244</u>	<u>\$ 2,035,405</u>	<u>\$ 2,518,540</u>

Table 2
(Continued)

Fiscal Year					
2010	2011	2012	2013	2014	2015
<u>(18,165,868)</u>	<u>(18,286,062)</u>	<u>(18,443,605)</u>	<u>(19,903,515)</u>	<u>(19,943,305)</u>	<u>(19,077,540)</u>
<u>3,226,543</u>	<u>3,103,774</u>	<u>2,843,474</u>	<u>2,501,210</u>	<u>1,940,537</u>	<u>2,352,465</u>
<u><u>\$(14,939,325)</u></u>	<u><u>\$(15,182,288)</u></u>	<u><u>\$(15,600,131)</u></u>	<u><u>\$(17,402,305)</u></u>	<u><u>\$(18,002,768)</u></u>	<u><u>\$ (16,725,075)</u></u>
\$ 7,853,487	\$ 7,620,281	\$ 7,619,472	\$ 7,597,667	\$ 7,575,840	\$ 7,651,005
5,843,494	6,033,469	5,993,859	6,304,250	6,416,749	7,684,113
2,743,214	2,719,496	2,731,097	2,550,447	2,662,604	2,641,537
500,755	449,213	498,667	572,150	547,354	594,493
113,006	84,327	55,875	64,386	45,799	51,741
-	-	1,642,126	615,222	122,703	369,689
1,062,139	764,880	3,486,508	2,527,979	(10,682)	1,087,474
<u>18,116,095</u>	<u>17,671,666</u>	<u>22,027,604</u>	<u>20,232,101</u>	<u>17,360,367</u>	<u>20,080,052</u>
103,220	162,374	63,722	(42,124)	83,206	77,787
728,317	434,500	303,910	550,978	101,000	-
<u>(1,062,139)</u>	<u>(764,880)</u>	<u>(3,486,508)</u>	<u>(2,527,979)</u>	<u>10,682</u>	<u>(1,087,474)</u>
<u>(230,602)</u>	<u>(168,006)</u>	<u>(3,118,876)</u>	<u>(2,019,125)</u>	<u>194,888</u>	<u>(1,009,687)</u>
<u><u>\$ 17,885,493</u></u>	<u><u>\$ 17,503,660</u></u>	<u><u>\$ 18,908,728</u></u>	<u><u>\$ 18,212,976</u></u>	<u><u>\$ 17,555,255</u></u>	<u><u>\$ 19,070,365</u></u>
\$ (49,773)	\$ (614,396)	\$ 3,583,999	\$ 328,586	\$ (2,582,938)	\$ 1,002,512
<u>2,995,941</u>	<u>2,935,768</u>	<u>(275,402)</u>	<u>482,085</u>	<u>2,135,425</u>	<u>1,342,778</u>
<u><u>\$ 2,946,168</u></u>	<u><u>\$ 2,321,372</u></u>	<u><u>\$ 3,308,597</u></u>	<u><u>\$ 810,671</u></u>	<u><u>\$ (447,513)</u></u>	<u><u>\$ 2,345,290</u></u>

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

Table 3

	Fiscal Year			
	2006	2007	2008	2009
General Fund				
Nonspendable	\$ 118,925	\$ 202,440	\$ 251,411	\$ 215,128
Restricted	-	-	-	-
Unassigned	<u>8,874,883</u>	<u>11,581,136</u>	<u>11,478,815</u>	<u>13,751,446</u>
Total General Fund	<u>\$ 8,993,808</u>	<u>\$ 11,783,576</u>	<u>\$ 11,730,226</u>	<u>\$ 13,966,574</u>
All Other Governmental Funds				
Reserved	\$ 997,192	\$ 1,440,583	\$ 2,704,009	\$ 1,008,826
Unreserved, Reported in:				
Special Revenue Funds	908,559	924,573	811,645	792,271
Permanent Funds	76,552	80,468	82,762	84,365
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 1,982,303</u>	<u>\$ 2,445,624</u>	<u>\$ 3,598,416</u>	<u>\$ 1,885,462</u>

(1) For years subsequent to 2011, 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					
2010	2011 (1)	2012 (1)	2013 (1)	2014 (1)	2015 (1)
\$ 214,932	\$ 199,519	\$ 218,117	\$ 271,292	\$ 233,127	\$ 294,776
-	-	-	-	271,269	331,086
<u>11,376,619</u>	<u>12,156,169</u>	<u>11,764,593</u>	<u>11,969,203</u>	<u>11,194,101</u>	<u>12,969,124</u>
<u>\$ 11,591,551</u>	<u>\$ 12,355,688</u>	<u>\$ 11,982,710</u>	<u>\$ 12,240,495</u>	<u>\$ 11,698,497</u>	<u>\$ 13,594,986</u>
\$ 5,540,873	\$ -	\$ -	\$ -	\$ -	\$ -
781,230	-	-	-	-	-
86,564	-	-	-	-	-
-	88,520	89,632	90,062	90,572	90,800
-	3,870,043	5,332,339	4,858,977	3,031,192	2,726,900
-	532,263	456,463	457,471	389,511	267,440
<u>\$ 6,408,667</u>	<u>\$ 4,490,826</u>	<u>\$ 5,878,434</u>	<u>\$ 5,406,510</u>	<u>\$ 3,511,275</u>	<u>\$ 3,085,140</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		
	2006	2007	2008
REVENUES			
Taxes	\$16,435,160	\$17,116,584	\$16,909,018
Licenses and Permits	87,137	106,997	101,776
Fines and Fees	543,606	571,165	652,804
Use of Money and Property	493,234	721,799	532,435
Public Safety	212,729	34,151	67,335
Sanitation	1,287,138	1,488,874	1,319,923
Health	2,489,961	2,935,839	2,646,417
Intergovernmental	1,867,098	613,665	1,504,435
Other	247,234	374,545	302,120
Total Revenues	<u>23,663,297</u>	<u>23,963,619</u>	<u>24,036,263</u>
EXPENDITURES			
Current:			
General Government	1,210,298	966,627	962,561
Finance	549,079	414,080	448,951
Public Safety	8,653,589	8,564,024	9,283,682
Public Works	5,193,512	5,518,798	5,562,625
Health Department	822,734	816,419	925,195
Emergency Medical Service	1,890,825	1,979,104	2,128,274
Library	621,327	570,394	675,209
Cox Field Airport	143,620	117,574	145,052
Other	60,011	752,256	1,057,566
Debt Service:			
Interest	622,773	596,043	563,669
Principal	864,958	968,598	1,304,230
Capital Outlay	4,550,646	1,269,778	1,028,778
Total Expenditures	<u>25,183,372</u>	<u>22,533,695</u>	<u>24,085,792</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,520,075)</u>	<u>1,429,924</u>	<u>(49,529)</u>
Other Financing Sources (Uses):			
Proceeds of Capital Leases	-	639,650	-
Transfers In	1,152,590	1,984,963	2,764,641
Transfers Out	(62,590)	(884,963)	(1,664,641)
Long-Term Debt Issued	-	-	-
Payment to Escrow Agent and Premium	-	-	-
Sale of General Capital Assets	-	-	-
Total Other Financing Sources (Uses)	<u>1,090,000</u>	<u>1,739,650</u>	<u>1,100,000</u>
Increase (Decrease) in Reserve for Inventory	<u>(34,118)</u>	<u>83,515</u>	<u>48,971</u>
Net Changes in Fund Balances	<u>\$ (464,193)</u>	<u>\$ 3,253,089</u>	<u>\$ 1,099,442</u>
Debt Service as a Percentage of Noncapital Expenditures	7.74%	7.60%	8.17%

Table 4
(Continued)

Fiscal Year						
2009	2010	2011	2012	2013	2014	2015
\$17,606,479	\$16,941,815	\$16,824,545	\$16,822,577	\$17,020,156	\$17,194,419	\$ 18,457,686
171,906	88,935	112,142	145,792	154,923	108,943	220,696
554,424	526,668	501,601	550,496	624,609	864,261	573,953
317,028	274,986	313,948	210,476	142,620	138,629	137,030
65,283	57,369	40,297	-	-	-	-
1,306,867	1,347,707	1,461,736	1,468,917	1,463,210	1,472,278	1,462,810
2,583,958	2,621,420	2,578,496	2,818,196	2,453,270	2,111,439	2,383,355
1,575,080	1,736,611	1,768,322	1,858,092	2,069,494	1,603,165	1,662,824
221,114	301,069	247,354	271,709	317,981	169,261	224,463
<u>24,402,139</u>	<u>23,896,580</u>	<u>23,848,441</u>	<u>24,146,255</u>	<u>24,246,263</u>	<u>23,662,395</u>	<u>25,122,817</u>
1,075,990	1,109,767	1,219,607	1,029,702	1,197,486	1,153,686	1,076,798
430,364	462,282	425,455	473,719	393,526	407,463	404,567
9,303,726	9,489,393	9,154,646	9,659,131	9,462,148	9,712,876	10,206,584
5,591,689	5,509,576	7,459,432	5,757,456	6,646,804	6,507,603	5,861,079
900,945	942,596	908,339	955,930	1,043,502	916,260	8,672
2,111,069	2,095,897	2,146,210	2,302,247	2,132,692	2,127,225	2,240,853
616,148	642,830	630,977	632,515	632,040	707,716	692,290
180,364	112,800	107,276	150,848	153,182	97,778	102,539
2,360,244	1,468,366	1,545,147	1,434,177	1,560,051	1,548,753	1,641,714
518,682	443,618	945,016	1,080,200	379,241	311,919	280,733
847,851	871,978	480,448	424,730	1,185,622	1,226,543	1,077,610
808,089	2,666,238	815,623	2,649,513	2,407,415	1,332,959	1,920,359
<u>24,745,161</u>	<u>25,815,341</u>	<u>25,838,176</u>	<u>26,550,168</u>	<u>27,193,709</u>	<u>26,050,781</u>	<u>25,513,798</u>
<u>(343,022)</u>	<u>(1,918,761)</u>	<u>(1,989,735)</u>	<u>(2,403,913)</u>	<u>(2,947,446)</u>	<u>(2,388,386)</u>	<u>(390,981)</u>
-	-	-	-	-	-	617,114
3,359,644	5,338,879	1,176,462	5,100,935	3,938,899	1,782,291	1,504,281
(2,456,945)	(4,276,740)	(411,581)	(1,614,427)	(1,410,920)	(1,792,973)	(416,807)
-	3,005,000	-	-	4,505,000	-	-
-	-	-	-	(4,424,955)	-	-
-	-	-	-	72,108	-	95,098
<u>902,699</u>	<u>4,067,139</u>	<u>764,881</u>	<u>3,486,508</u>	<u>2,680,132</u>	<u>(10,682)</u>	<u>1,799,686</u>
<u>(36,283)</u>	<u>(196)</u>	<u>(15,414)</u>	<u>18,599</u>	<u>53,175</u>	<u>(38,165)</u>	<u>61,649</u>
<u>\$ 523,394</u>	<u>\$ 2,148,182</u>	<u>\$ (1,240,268)</u>	<u>\$ 1,101,194</u>	<u>\$ (214,139)</u>	<u>\$ (2,437,233)</u>	<u>\$ 1,470,354</u>
5.46%	5.68%	6.11%	6.44%	6.74%	5.38%	5.76%

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

Table 5

Roll	Fiscal Year	Total Tax Levy	Collection of Current Year's Taxes During Fiscal Year	Percent of Current Levy Collected During Fiscal Year	Delinquent Tax Collections	Total Collections
2005	2005-06	\$ 7,670,001	\$ 7,312,326	95.34%	\$ 101,415	\$ 7,413,741
2006	2006-07	7,935,867	7,683,568	96.82	91,574	7,775,142
2007	2007-08	7,952,325	7,696,134	96.78	24,297	7,720,431
2008	2008-09	7,837,300	7,579,213	96.71	68,332	7,647,545
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

Source:

Lamar County Appraisal District

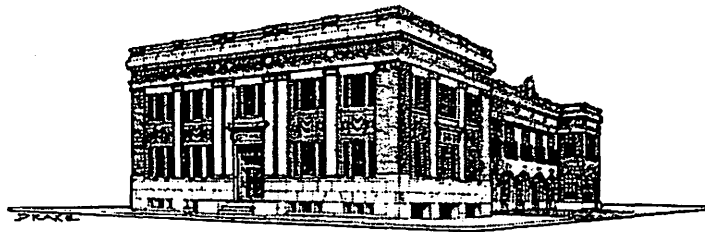
Note:

- (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>
96.66%	\$ 52,363	0.68%
97.97	53,058	0.67
97.08	56,786	0.71
97.58	67,925	0.87
98.63	86,464	1.11
97.70	110,655	1.45
97.93	156,004	2.07
99.12	190,166	2.52
99.07	186,382	2.49
97.81	279,144	3.66

The CITY OF PARIS



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

Table 6

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
City of Paris										
M & O	\$ 0.56650	\$ 0.49294	\$ 0.46526	\$ 0.43113	\$ 0.42439	\$ 0.41713	\$ 0.41000	\$ 0.41487	\$ 0.39129	\$ 0.40635
I & S	0.12575	0.09931	0.09474	0.08887	0.09561	0.10287	0.11000	0.09620	0.11066	0.09560
Total	\$ 0.69225	\$ 0.59225	\$ 0.56000	\$ 0.52000	\$ 0.52000	\$ 0.52000	\$ 0.52000	\$ 0.51107	\$ 0.50195	\$ 0.50195
Lamar County										
M & O	\$ 0.41320	\$ 0.42140	\$ 0.42340	\$ 0.41430	\$ 0.40360	\$ 0.39420	\$ 0.39990	\$ 0.41850	\$ 0.40580	\$ 0.42640
I & S	0.02220	0.02150	0.01950	0.01860	0.01900	0.01890	0.01930	0.02020	0.01930	0.01900
Total	\$ 0.43540	\$ 0.44290	\$ 0.44290	\$ 0.43290	\$ 0.42260	\$ 0.41310	\$ 0.41920	\$ 0.43870	\$ 0.42510	\$ 0.44540
Paris ISD										
M & O	\$ 1.50000	\$ 1.37000	\$ 1.04000	\$ 1.04000	\$ 1.17000	\$ 1.17000	\$ 1.17000	\$ 1.17000	\$ 1.17000	\$ 1.17000
I & S	0.08200	0.08200	0.40500	0.40500	0.15500	0.25500	0.25500	0.28500	0.28500	0.28500
Total	\$ 1.58200	\$ 1.45200	\$ 1.44500	\$ 1.44500	\$ 1.32500	\$ 1.42500	\$ 1.42500	\$ 1.45500	\$ 1.45500	\$ 1.45500
Chisum ISD										
M & O	\$ 1.50000	\$ 1.37000	\$ 1.04005	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000
I & S	0.16800	0.16400	0.15570	0.20000	0.18000	0.16000	0.16000	0.16000	0.14500	0.14678
Total	\$ 1.66800	\$ 1.53400	\$ 1.19575	\$ 1.24000	\$ 1.22000	\$ 1.20000	\$ 1.20000	\$ 1.20000	\$ 1.18500	\$ 1.18678
North Lamar ISD										
M & O	\$ 1.45910	\$ 1.33370	\$ 1.04005	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000
I & S	0.08620	0.08630	0.12811	0.118110	0.10811	0.09650	0.08650	0.08150	0.07110	0.06750
Total	\$ 1.54530	\$ 1.42000	\$ 1.16816	\$ 1.15811	\$ 1.14811	\$ 1.13650	\$ 1.12650	\$ 1.12150	\$ 1.11110	\$ 1.10750
Paris Junior College										
M & O	\$ 0.19220	\$ 0.19220	\$ 0.19800	\$ 0.18740	\$ 0.18500	\$ 0.18974	\$ 0.19000	\$ 0.18700	\$ 0.18660	\$ 0.18660
I & S	-	-	-	-	-	-	-	-	-	-
Total	\$ 0.19220	\$ 0.19220	\$ 0.19800	\$ 0.18740	\$ 0.18500	\$ 0.18974	\$ 0.19000	\$ 0.18700	\$ 0.18660	\$ 0.18660

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
2005	2005-06	\$ 675,842,648	\$1,236,845,116	\$ 432,136,840	\$ 501,641,670
2006	2006-07	913,539,354	1,267,999,388	426,412,920	503,646,600
2007	2007-08	947,674,496	1,307,620,265	471,431,700	547,352,320
2008	2008-09	999,644,811	1,428,948,675	486,833,180	602,795,000
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

Sources:
 Lamar County Appraisal District

Table 7
(Continued)

Exemptions	Total		Assessed Value as a Percentage of Actual Value	Total Direct Tax Rate
	Assessed Value	Estimated Actual Value		
\$ 630,507,298	\$1,107,979,488	\$1,738,486,786	63.73%	0.69225
431,693,714	1,339,952,274	1,771,645,988	75.63	0.59225
435,866,389	1,419,106,196	1,854,972,585	76.50	0.56000
545,265,684	1,486,477,991	2,031,743,675	73.16	0.52000
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

CITY OF PARIS, TEXAS
Principal Property Taxpayers
September 30, 2015 and 2006
Unaudited

Table 8

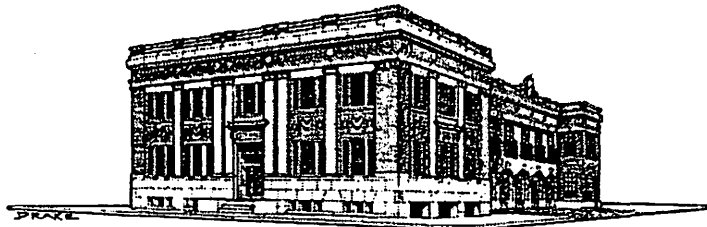
Taxpayer	Type of Business	2015		
		Taxable Assessed Value	Rank	Percentage of Total Freeze Adjusted Taxable Assessed Value
Lamar Power Partners	Electric Utility	\$ 211,869,640	1	14.93%
Kimberly-Clark Corporation - A	Disposable Diapers	95,117,050	2	6.70
Campbell Soup Company - A	Food Manufacturer	47,182,406	3	3.32
Essent PRMC, LP	Hospital	30,363,705	4	2.14
Campbell Soup Company - B	Warehouse	29,403,860	5	2.07
Oncor Electric Delivery	Electric Utility	23,602,270	6	1.66
Paris Generation, LP	Electric Utility	20,551,100	7	1.45
Campbell Soup Supply	Food Manufacturer	10,857,300	8	0.77
Alpha Lake Limited	Shopping Center	10,596,530	9	0.75
Walmart Property Tax Dept	Discount Store	10,189,050	10	0.72
Silgan Can Company	Can Manufacturer	-	-	-
Skinner Baking Co.	Food Manufacturer	-	-	-
Southwestern Bell	Communication Utility	-	-	-
Totals		<u>\$ 489,732,911</u>		<u>34.51%</u>

Source:
Lamar County Appraisal District

Table 8
(Continued)

2006		
<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
\$ 12,715,070	8	0.94%
125,213,010	1	9.26
40,367,860	3	2.99
42,357,980	2	3.13
-		-
20,101,880	6	1.49
20,708,170	5	1.53
8,141,570	10	0.6
-		-
-		-
22,317,770	4	1.65
12,818,210	7	0.95
8,574,480	9	0.63
<u>\$ 313,316,000</u>		<u>23.17%</u>

The CITY OF PARIS



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>
2005-06	26,612	\$ 1,107,979,488	\$ 13,054,000	\$ 751,574	\$ 12,302,426	1.11%	\$ 462.29
2006-07	26,732	1,339,952,274	12,296,600	736,869	11,559,731	0.86	432.43
2007-08	26,852	1,419,106,196	11,504,600	741,912	10,762,688	0.76	400.82
2008-09	26,972	1,486,477,991	10,680,400	712,570	9,967,830	0.67	369.56
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

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
2006	\$ 13,054,000	\$ 103,798	\$ 41,897	\$ 26,451,000	\$ -	\$ 609,619
2007	12,296,600	539,832	34,315	23,733,400	101,665	578,917
2008	11,504,600	15,291	26,354	20,890,400	56,793	547,251
2009	10,680,400	-	17,994	17,914,600	-	514,590
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	-	-

Notes:

- (1) Information not available
- (2) See Table 14 for personal income and population data

Table 10
(Continued)

	Total Primary Government	Percentage of Personal Income (2)	Per Capita
\$	40,260,314	3.15%	\$ 1,513
	37,284,729	2.76	1,395
	33,040,689	2.28	1,231
	29,127,584	1.91	1,080
	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	(1)	1,951
	46,447,114	(1)	1,843

CITY OF PARIS, TEXAS
 Direct and Overlapping
 Governmental Activities Debt
 September 30, 2015
 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	\$ 3,414,264	62.75%	\$ 2,142,451
Paris Independent School District	49,905,000	49.30	24,603,165
Chisum Independent School District	6,960,000	47.75	3,323,400
North Lamar Independent School District	<u>1,405,000</u>	32.67	<u>459,014</u>
Subtotal Overlapping Debt	61,684,264		30,528,030
City of Paris	<u>7,285,000</u>	100.00	<u>7,285,000</u>
Total Direct and Overlapping Debt	<u>\$ 68,969,264</u>		<u>\$ 37,813,030</u>
 Per Capita Direct and Overlapping Funded Debt	 <u>\$ 2,737</u>		 <u>\$ 1,501</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, 2015
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 \$.50195 per \$100 valuation for the fiscal year ended September 30, 2015.

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***	
2004-05	\$ 12,833,693	\$5,923,360	\$6,910,333	\$1,936,880	\$ 561,473	\$2,498,353	2.77%
2005-06	13,197,091	6,665,832	6,531,259	1,889,357	504,932	2,394,289	2.73
2006-07	12,727,118	6,613,931	6,113,187	1,825,646	448,869	2,274,515	2.69
2007-08	13,321,839	6,873,535	6,448,304	1,740,867	394,042	2,134,909	3.02
2008-09	13,829,192	7,244,274	6,584,918	1,628,600	341,402	1,970,002	3.34
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

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>
2005	49,644	\$ 1,197,342,000	\$ 24,119	37.5	12,201	6.1%
2006	49,863	1,277,234,000	25,615	37.5	12,139	5.5
2007	49,090	1,349,975,000	27,500	37.5	12,441	5.2
2008	49,286	1,451,000,000	29,440	37.2	13,156	5.5
2009	49,027	1,522,000,000	31,044	37.9	13,761	8.4
2010	49,793	1,585,028,000	31,832	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

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

Sources:

Paris Independent School District - 3,698
North Lamar Independent School District - 2,712
Chisum Independent School District - 949
Paris Junior College - 5,055
Chamber of Commerce
Bureau of Economic Analysis

The CITY OF PARIS



CITY OF PARIS, TEXAS
Principal Employers
Fiscal Years End 2015 and 2006
Unaudited

Table 15

Taxpayer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Campbell Soup Company	905	1	8.53%	800	3	7.26%
Kimberly-Clark Corporation	730	2	6.88	900	2	8.16
Turner Industries	720	3	6.60	352	5	3.19
Paris Regional Medical Center	700	4	6.78	900	1	8.16
RK Hall Construction LTD	299	5	2.82	178	8 (3)	1.61
Huhtamaki	180	6	1.70	168	9 (2)	1.52
We Pack Logistics, Inc.	150	7	1.41	150	10	1.36
J. Skinner Baking Company	95	8	0.90	800	4 (1)	7.26
Silgan Can Company	78	9	0.74	-	-	-
TCIM	-	-	-	250	7	2.26
Paris Industries	-	-	-	275	6	2.49
Daisy Farms	115	10	1.08	-	-	-
Totals	3,972		37.44%	4,773		43.27%

Source:
Chamber of Commerce
U.S. Department of Labor

Additional Information:

Public Employers:

Paris ISD	618
North Lamar ISD	480
City of Paris	327
Paris Junior College	240
Lamar County	194
Total	1,859

Notes:

- (1) 800 as Sara Lee
- (2) 168 as Paris Packaging
- (3) 178 as Buster Paving Co.

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			
	2006	2007	2008	2009
FACILITIES:				
Airports:				
Number of Airports	1	1	1	1
Fire Protection:				
Number of Stations	4	4	3	3
Number of Fire Hydrants	1,078	1,093	1,112	1,173
Number of Employees (certified)	48	48	48	48
Employees Per 1,000 Population	1.80	1.80	1.79	1.77
Libraries:				
Number of Libraries	1	1	1	1
Number of Volumes	106,955	109,789	106,607	97,243
Circularization of Materials	195,944	187,547	162,278	162,957
Circulation Per Capita	7.36	7.02	6.07	6.04
Library Cards in Force	21,164	23,285	12,011	12,011
Police Protection:				
Number of Stations	1	1	1	1
Number of Employees (certified)	62	63	62	61
Employees Per 1,000 Population	2.33	2.35	2.31	2.26
Parks and Recreation:				
Park Acres Developed	87	87	87	87
Park Acres Undeveloped	221	221	221	221
City Parks	24	24	24	24
Streets:				
Paved Lanes - Miles	199	171	172	160
Unpaved Streets - Miles	10	3	3	3
WATER AND SEWER UTILITY:				
Average Daily Water Consumption - Gallons	12,435,000	10,335,000	10,678,976	10,185,500
Maximum Day's Water Consumption - Gallons	19,557,000	16,842,000	18,360,000	20,394,000
Annual Water Consumption - Gallons	4,538,690,000	3,774,782,000	3,912,548,000	3,624,429,000
Water Mains - Miles	208	183	184	184
Water Connections - Metered	9,803	9,979	9,888	9,905
Sewer Mains - Miles	195	189	190	190
Area Miles	42.89	39.18	39.18	39.18
Number of Full-Time Employees	316	319	321	322

Table 16
(Continued)

Fiscal Year						
2010	2011	2012	2013	2014	2015	
1	1	1	1	1	1	1
3	3	3	3	3	3	3
1,189	1,222	1,217	1,240	1,262	1,299	
51	51	51	51	51	51	
1.88	2.01	2.01	2.01	2.03	2.02	
1	1	1	1	1	1	1
98,895	90,524	85,357	82,878	82,832	81,893	
159,966	144,830	136,286	127,053	127,002	127,824	
5.90	5.71	5.37	5.01	5.06	5.07	
15,941	13,461	14,563	14,896	16,519	15,507	
1	1	1	1	1	1	1
62	62	62	62	60	60	
2.28	2.44	2.44	2.44	2.39	2.38	
87	87	87	87	87	87	
221	221	221	221	221	221	
25	24	24	24	24	24	
171	160	160	160	160	160	
3	3	3	3	3	3	
10,069,000	11,687,000	11,560,000	11,400,000	11,472,271	11,006,721	
21,311,000	21,900,000	21,010,000	20,764,000	17,201,000	20,662,000	
3,675,218,000	4,611,321,000	4,234,583,000	4,177,171,000	4,187,379,000	4,017,453,000	
183	183	183	183	183	185	
10,076	9,834	9,966	9,816	9,819	10,024	
197	188	188	188	189	209	
39.18	39.18	39.18	39.18	39.18	39.18	
322	324	325	325	327	327	

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

Table 17

Function:	Fiscal Year			
	2006	2007	2008	2009
Public Safety				
Police				
Stations	1	1	1	1
Patrol Units	11	11	10	10
Fire Stations	4	4	4	3
Sanitation				
Collection Trucks	13	8	8	8
Highways and Streets				
Streets (miles)	209	174	174	160
Streetlights	2,198	2,212	2,224	2,217
Traffic Signals*	-	-	-	-
Culture and Recreation				
Park Acreage	308	308	308	308
Swimming Pools - Municipal	1	1	1	1
Tennis Courts	14	14	14	14
Community Centers	1	1	1	1
Water				
Water Mains (miles)	208	183	184	184
Fire Hydrants	1,082	1,093	1,112	1,173
Maximum Daily Capacity (thousands of gallons)	36,000	36,000	36,000	36,000
Sewer				
Sanitary Sewers (miles)	195	189	190	190
Maximum Daily Treatment Capacity (thousands of gallons)	7,250	7,250	7,250	7,250

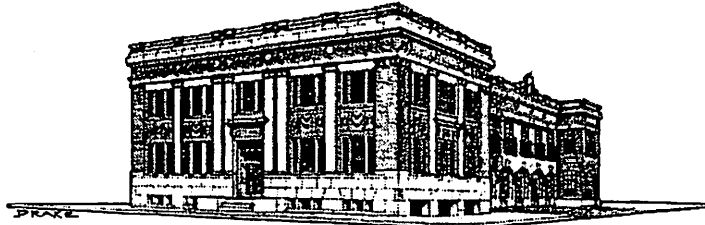
Source: Various City Departments

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

Table 17
(Continued)

Fiscal Year						
2010	2011	2012	2013	2014	2015	
1	1	1	1	1	1	1
10	10	10	10	10	10	10
3	3	3	3	3	3	3
8	8	7	6	6	6	6
174	174	163	163	163	174	174
2,216	2,220	2,220	2,223	2,225	2,228	2,228
-	-	-	-	-	-	-
308	286	286	286	286	286	286
1	1	1	1	1	1	1
14	14	14	14	14	14	14
1	1	1	1	1	1	1
184	183	183	183	183	185	185
1,189	1,222	1,217	1,240	1,262	1,299	1,299
36,000	36,000	36,000	36,000	36,000	36,000	36,000
190	189	189	189	189	209	209
7,250	7,250	7,250	7,250	7,250	7,250	7,250

The CITY OF PARIS



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>
2006	23	\$ 6,682,498	46	\$ 3,643,500	\$ 10,325,998
2007	22	24,575,805	31	2,943,125	27,518,930
2008	21	20,329,436	13	1,167,500	21,496,936
2009	17	51,951,894	10	1,447,675	53,399,569
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

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

Table 19

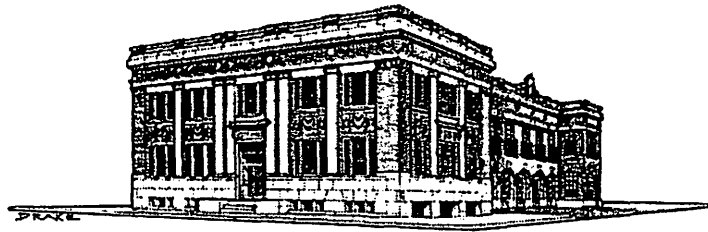
Function:	Fiscal Year			
	2006	2007	2008	2009
Manager	1.0	1.0	2.0	2.0
Attorney	3.0	3.0	3.0	4.0
Court Clerk	3.0	3.0	3.0	3.0
City Clerk	2.0	2.0	3.0	3.0
Finance	5.5	5.5	5.5	5.5
Police*	82.0	87.0	85.0	84.0
Fire	49.0	52.0	52.0	52.0
Community Development	7.5	6.5	6.5	5.5
Engineering	6.5	6.5	6.5	6.5
Public Works	2.5	2.5	2.5	3.0
Parks & ROW	9.0	9.0	9.5	9.5
Sanitation	16.5	12.5	12.5	12.0
Streets	15.0	15.0	15.0	15.0
Traffic & Lighting	2.0	2.0	2.0	2.0
Garage	4.0	6.0	6.0	6.0
EMS	26.0	26.0	26.0	26.0
Airport	1.0	2.0	1.0	0.0
Library	10.5	10.5	11.5	11.5
Warehouse	2.0	1.0	2.0	2.0
Water Billing	7.0	7.0	7.5	8.0
Water Treatment Plant	15.5	15.5	15.5	15.5
Water Distribution	11.5	11.5	11.0	11.5
Waste Water Collection	7.5	7.5	7.5	7.5
Waste Water Treatment Plant	23.5	21.5	22.5	22.5
Lift Stations	3.0	3.0	3.0	3.0
Information Technology	0.0	1.0	1.0	2.0
Totals	316.0	320.0	322.5	322.5

* Includes related grant employees.
 Seasonal employees not included.

Table 19
(Continued)

Fiscal Year						
2010	2011	2012	2013	2014	2015	
2.0	2.0	3.0	3.0	3.0	3.0	3.0
4.0	4.0	4.0	4.0	4.0	4.0	4.0
4.0	4.0	4.0	4.0	4.0	4.0	4.0
3.0	3.0	3.0	3.0	2.0	2.0	2.0
5.5	6.0	5.0	5.0	5.0	5.0	5.0
84.0	84.5	85.5	85.5	83.0	83.0	83.0
52.0	52.0	52.0	52.0	57.0	57.0	57.0
5.5	7.0	7.5	7.5	5.5	4.5	4.5
6.5	6.5	6.5	6.5	7.5	7.5	7.5
3.0	3.0	3.0	3.0	3.0	2.0	2.0
9.5	9.0	10.0	10.0	10.0	11.0	11.0
12.0	12.0	12.0	12.0	12.0	12.0	12.0
15.0	15.0	15.0	15.0	15.0	15.0	15.0
2.0	2.0	2.0	2.0	2.0	2.0	2.0
6.0	5.5	5.5	5.5	5.5	5.5	5.5
26.0	26.0	26.0	26.0	26.0	26.0	26.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0
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	15.5	15.5	15.5	15.5	15.5
11.5	11.5	10.5	10.5	11.0	11.0	11.0
7.5	7.5	7.5	7.5	7.5	8.5	8.5
22.5	22.5	22.5	22.5	22.5	22.5	22.5
3.0	3.0	3.0	3.0	3.0	3.0	3.0
2.0	2.0	2.0	2.0	2.0	2.5	2.5
322.5	324.0	325.5	325.5	326.5	327.0	

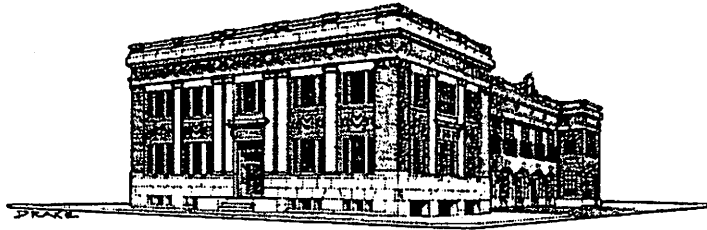
The CITY OF PARIS



CONTINUING DISCLOSURE INFORMATION

(UNAUDITED)

The CITY OF PARIS



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

ASSESSED VALUATION

TABLE 1

2015-2016 Actual Market Value of Taxable Property (100% of Actual)		\$ 2,296,411,390
Less Productivity Loss		(21,114,465)
Less Homestead Cap		<u>(4,097,312)</u>
2015-2016 Assessed Value		2,271,199,613
Less Exemptions:		
Local, Optional Over-65 and/or Disabled Homestead Exemptions	\$ 45,146,544	
Disabled and Deceased Veteran Exemptions	6,570,475	
Exempt Property	306,021,687	
Freeport	112,530,666	
Pollution Control/Solar	46,002,535	
Abatement Loss	219,967,287	
Personal Use of Business Vehicle	653,520	
Historical/Other	<u>572,331</u>	
Total Exemptions		737,465,045
2015-2016 Net Taxable Assessed Valuation		1,533,734,568
Frozen Taxable Value and Transfer Adjustment		<u>114,701,909</u> ^(a)
Freeze Adjusted Net Taxable Assessed Valuation		<u>\$ 1,419,032,659</u>

^(a) The City adopted the tax freeze for persons 65 years of age or older on November 4, 2008. The 2008 tax year values were used as the "Base Values" and the first freeze loss occurred in the 2009 tax year.

Source: Lamar County Appraisal District

GENERAL OBLIGATION BONDED DEBT PRINCIPAL

TABLE 2

General Obligation Debt Principal Outstanding: (As of September 30, 2015)		
General Obligation Refunding Bonds, Series 2010		\$ 5,845,000
Combination Tax and Revenue Certificates of Obligation, Series 2010		2,570,000
General Obligation Refunding Bonds, Series 2012		2,640,000
Combination Tax and Revenue Certificates of Obligation, Series 2013 (TWDB)		2,600,000
General Obligation Bonds, Series 2013		<u>32,175,000</u>
Total Gross General Obligation Debt Principal Outstanding		<u>45,830,000</u>
Less: Self-Supporting General Obligation Debt Principal		
General Obligation Refunding Bonds, Series 2010		3,770,000
General Obligation Refunding Bonds, Series 2012		-
Combination Tax and Revenue Certificates of Obligation, Series 2013 (TWDB) (100% WS)		2,600,000
General Obligation Bonds, Series 2013 (100% WS)		<u>32,175,000</u>
Total Self-Supporting General Obligation Debt Principal		<u>38,545,000</u>
Total Net General Obligation Debt Principal Outstanding Following the Issuance of the Bonds		<u>\$ 7,285,000</u>
General Obligation Interest and Sinking Fund Balance as of September 30, 2015		\$ 1,129,214
Ratio of Gross General Obligation Debt Principal to 2015-2016 Freeze Adjusted Net Taxable Assessed Valuation		3.23%
Ratio of Net General Obligation Debt Principal to 2015-2016 Freeze Adjusted Net Taxable Assessed Valuation		0.51%
2014-2015 Freeze Adjusted Net Taxable Assessed Valuation		\$ 1,419,032,659
Population: 1980 - 25,498; 1990 - 24,699; 2000 - 25,898	Current (Estimate)	25,200
Per Capita 2015-2016 Freeze Adjusted Net Taxable Assessed Valuation	\$	56,311
Per Capita Gross General Obligation Debt Principal	\$	1,819
Per Capita Net General Obligation Debt Principal	\$	289

CLASSIFICATION OF ASSESSED VALUATION^(a)

TABLE 3

Category	2015-2016	% of Total	2014-2015	% of Total	2013-2014	% of Total	2012-2013	% of Total	2011-2012	% of Total
Real, Residential, Single-Family	\$ 480,226,542	20.93%	\$ 470,196,966	20.83%	\$ 470,725,622	22.25%	\$ 470,539,375	22.65%	\$ 471,101,820	22.94%
Real, Residential, Multi-Family	53,843,387	2.34	52,669,735	2.33	46,978,495	2.22	45,911,390	2.21	45,966,080	2.24
Real, Vacant Lots/Tracts	28,523,324	1.24	17,374,401	0.77	17,384,757	0.82	17,741,132	0.85	18,808,964	0.91
Real, Acreage (Land Only)	39,756,598	1.73	38,581,158	1.71	38,889,018	1.84	27,194,528	1.31	29,475,033	1.44
Farm & Ranch Improvements	423,770	0.02	413,500	0.02	408,400	0.02	11,738,730	0.57	11,493,810	0.56
Real, Commercial	279,980,115	12.19	280,408,794	12.42	261,739,779	12.37	270,251,036	13.01	265,780,179	12.94
Real, Industrial	466,395,690	20.31	475,970,232	21.08	454,066,572	21.46	338,724,928	16.30	368,041,058	17.92
Real & Tangible, Personal Utilities	40,297,180	1.75	36,804,620	1.63	35,164,790	1.66	33,072,690	1.59	32,965,970	1.61
Tangible Personal, Commercial	131,778,067	5.74	132,126,257	5.85	124,143,334	5.87	125,737,064	6.05	125,087,030	6.09
Tangible Personal, Industrial	450,783,530	19.63	434,917,430	19.26	353,289,830	16.70	430,195,120	20.71	397,984,620	19.38
Tangible Personal, Mobile Homes	751,440	0.03	705,510	0.03	746,110	0.03	770,490	0.04	779,260	0.04
Residential/Special, Inventory	16,976,540	0.74	15,346,780	0.68	14,265,560	0.67	12,629,870	0.61	11,595,220	0.56
Totally Exempt Property	306,675,207	13.35	302,286,562	13.39	298,144,038	14.09	292,987,660	14.10	274,595,760	13.37
Total Market Values	2,296,411,390	100.00%	2,257,801,945	100.00%	2,115,946,305	100.00%	2,077,494,013	100.00%	2,053,674,804	100.00%
Less Productivity Loss	21,114,465		20,638,320		20,875,710		22,250,900		24,375,305	
Less Homestead Cap	4,097,312		1,375,900		1,926,033		2,326,480		2,633,517	
Less Exemptions										
Local, Optional Over-65/Disabled	45,146,544		44,943,985		44,843,498		45,402,320		45,575,152	
Disabled and Deceased Veterans	6,570,475		6,036,649		5,659,793		5,755,101		5,234,324	
Exempt Property	306,021,687		302,039,162		298,144,038		293,009,514		274,680,701	
Freeport	112,530,666		115,052,946		95,061,517		93,238,379		106,826,843	
Pollution Control/Solar	46,002,535		46,097,383		47,396,675		46,362,004		45,725,145	
Tax Abatement Loss	219,967,287		190,473,730		98,174,320		77,120,210		85,671,620	
Personal Use of Business Vehicle	653,520		247,400		-		-		-	
Historical/Other	572,331		529,382		605,829		657,867		589,460	
Total Exemptions	737,465,045		705,420,637		589,885,670		561,545,395		564,303,245	
Net Taxable Assessed Valuations	1,533,734,568		1,530,367,088		1,503,258,892		1,491,371,238		1,462,362,737	
Freeze Taxable^(b) & Transfer Adjustment	114,701,909		108,151,971		107,205,760		106,183,087		102,841,264	
Freeze Adjusted Net Taxable Assessed Valuations	\$ 1,419,032,659		\$ 1,422,215,117		\$ 1,396,053,132		\$ 1,385,188,151		\$ 1,359,521,473	

^(a) Values shown in this table are Certified Values as of July in the years noted. 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.

^(b) The City adopted the tax freeze for persons 65 years of age or older on November 4, 2008. The 2008 tax year values were used as the "Base Values" and the first freeze loss occurred in the 2009 tax year.

Source: Lamar County Appraisal District

<u>Name</u>	<u>Type of Property</u>	<u>2015 Net Taxable Assessed Valuation</u>	<u>% of Total 2015 Assessed Valuation</u>
Lamar Power Partners LP	Electric Utility	\$ 211,869,640	14.93%
Kimberly Clark Corporation - A	Disposable Diaper Manufacturing	95,117,050	6.70
Campbell Soup - A	Food Manufacturing	47,182,406	3.32
Essent PRMC LP - A	Health Care Services/Hospital	30,363,705	2.14
Campbell Soup - B	Food Manufacturing Warehouse	29,403,860	2.07
Oncor Electric Delivery	Utility	23,602,270	1.66
Paris Generation LP	Utility	20,551,100	1.45
Campbell Soup - C	Food Manufacturing Warehouse	10,857,300	0.77
Alpha Lake LTD	Shopping Center	10,596,530	0.75
Walmart	Discount Store	10,189,050	0.72
Total		\$ 489,732,911	34.51%
Based on a 2015 Freeze Adjusted Net Taxable Assessed Valuation of		\$ 1,419,032,659	

Source: Lamar County Appraisal District

PROPERTY TAX RATES AND COLLECTIONS

<u>Tax Year</u>	<u>Net Taxable Assessed Valuation(a)</u>	<u>Tax Rate</u>	<u>Tax Levy</u>	<u>% Collections</u>		<u>Year Ended</u>
				<u>Current</u>	<u>Total</u>	
2005	\$ 1,107,979,488	\$ 0.69225	\$ 7,670,001	95.34%	96.36%	9-30-06
2006	1,339,952,274	0.59225	7,935,867	96.82	97.53	9-30-07
2007	1,419,106,196	0.56000	7,952,325	96.78	96.78	9-30-08
2008	1,507,138,018	0.52000	7,837,300	96.71	97.44	9-30-09
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	97.39	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

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. Net Taxable Assessed Valuations for tax years 2003 through 2007 are as shown in the City's 2013 Comprehensive Annual Financial Report. Valuations for tax years 2008-2013 represent Freeze Adjusted Net Taxable Valuations.

Source: Lamar County Appraisal District, the City's 2012 Comprehensive Annual Financial Report, and additional information from the City

TAX RATE DISTRIBUTION

	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
General Fund	\$ 0.42547	\$ 0.40635	\$ 0.39129	\$0.41487	\$0.41000	\$ 0.41713
I & S Fund	0.07648	0.09560	0.11066	0.09620	0.11000	0.10287
TOTAL	\$ 0.50195	\$ 0.50195	\$ 0.50195	\$0.51107	\$0.52000	\$ 0.52000

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

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 fiscal year basis are as follows:

<u>Fiscal 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>
2004-05	\$ 6,061,801	\$ 4,041,201	\$ 1,010,300	65.08%	\$ 0.45	\$ 1,010,300
2005-06	6,560,842	4,373,894	1,093,474	71.28	0.49	1,093,474
2006-07	6,625,043	4,416,695	1,104,174	69.57	0.41	1,104,174
2007-08	7,003,321	4,668,881	1,167,220	73.39	0.41	1,167,220
2008-09	7,666,064	5,110,710	1,277,677	81.51	0.42	1,277,677
2009-10	7,018,117	4,678,745	1,169,686	75.00	0.39	1,169,686
2010-11	7,192,220	4,794,814	1,198,703	78.33	0.41	1,198,703
2011-12	7,254,781	4,836,521	1,209,130	80.15	0.42	1,209,130
2012-13	7,536,242	5,024,162	1,256,040	83.10	0.42	1,256,040
2013-14	7,659,299	5,106,199	1,276,550	85.12	0.42	1,276,550
2014-15	9,101,995	6,067,998	1,516,999	99.45	0.59	1,516,999

Source: State Comptroller of Public Accounts Website

Note: Fiscal Year sales tax revenue totals represent monthly revenues received from the State by the City from October through September of each fiscal year.

WATERWORKS AND SEWER SYSTEM OPERATING STATEMENT

TABLE 8

	Fiscal Year Ended September 30,				
	2015	2014	2013	2012	2011
Operating Revenues ^(a)					
Water Sales and Taps	\$ 8,212,847	\$ 7,997,176	\$ 8,069,584	\$ 8,013,691	\$ 8,336,146
Sewer Charges and Taps	5,594,969	5,432,655	5,516,901	5,256,682	4,951,015
Service Charges	160,343	159,205	158,329	163,469	164,094
Industrial Surcharges	39,286	30,250	24,450	65,152	94,369
Miscellaneous	199,274	185,593	160,254	277,194	175,217
Investment Earnings	77,787	83,200	(42,124)	63,722	162,374
Total Revenues	14,284,506	13,888,079	13,887,394	13,839,910	13,883,215
Expenses ^(b)	7,400,588	7,342,744	7,578,446	7,445,178	7,201,866
Net Revenue Available for Debt Service	\$ 6,883,918	\$ 6,545,335	\$ 6,308,948	\$ 6,394,732	\$ 6,681,349
Annual Revenue Bond 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	\$ 3,867,154	\$ 4,049,311	\$ 3,329,112	\$ 3,817,033	\$ 3,805,992
Coverage of Annual Requirements on All Bonds Paid from System Revenues	1.87 x	1.62 x	1.90 x	1.68 x	1.76 x
Customer Count:					
Water	10,024	9,794	9,823	9,966	9,834
Sewer	9,320	9,274	9,341	9,483	9,455
<i>^(a) Does not include Sanitation Billing Fees of:</i>	<i>\$ 75,245</i>	<i>\$ 76,449</i>	<i>\$ 76,230</i>	<i>\$ 76,253</i>	<i>\$ 77,296</i>
<i>^(b) Excludes depreciation</i>					

WATER RATES

TABLE 9

(Rates Effective October 1, 2014)

Residential Class		
Meter Size (Inches)	Base Cost and Additional Cubic Foot Charge (Per Cubic Foot)	Service in Excess of Base (For Each Additional 100 Cubic Feet)
5/8" - 3/4"	\$10.78 for first 200 Cubic Feet	\$3.65 / 100 Cubic Feet
1" and Larger	\$52.57 for first 1,000 Cubic Feet	\$3.65 / 100 Cubic Feet
Commercial/Industrial Class		
Meter Size (Inches)	Base Cost and Additional Cubic Foot Charge (Per Cubic Foot)	Service in Excess of Base (For Each Additional 100 Cubic Feet)
5/8" - 3/4"	\$12.89 for first 200 Cubic Feet	\$3.58 / 100 Cubic Feet
1" - 2"	\$51.56 for first 1,000 Cubic Feet	\$2.93 / 100 Cubic Feet
Larger than 2"	\$185.10 for first 3,000 Cubic Feet	\$2.93 / 100 Cubic Feet
Commercial/Industrial Class (Meters Greater Than Three Inches)		
Meter Size (Inches)	Base Cost and Additional Cubic Foot Charge (Per Cubic Foot)	Service in Excess of Base (For Each Additional 100 Cubic Feet)
4"	\$3,041.49 for first 100,000 Cubic Feet	\$2.93 / 100 Cubic Feet
6"	\$4,560.52 for first 150,000 Cubic Feet	\$2.93 / 100 Cubic Feet
8" and Larger	\$6,081.84 for first 200,000 Cubic Feet	\$2.93 / 100 Cubic Feet

Source: The City of Paris, Texas, current Water and Sewer Rates Ordinance

PRINCIPAL WATER CUSTOMERS - 2014-2015

TABLE 10

(October 1, 2014 through September 30, 2015)

Name of Customer	Product	2014-2015 Average Monthly Consumption (Cu Ft.)	2014-2015 Average Monthly Bill
Lamar Power Partners ^(a)	Electric Utility	18,357,179	\$ 25,122
Campbell Soup Company	Soups/Juices/Sauces	13,094,930	110,995
Lamar County Water Supply	Water	10,606,436	100,351
Daisy Farms	Dairy Farm	2,312,156	19,947
Paris Generation	Electric Utility	1,562,848	22,509
Kimberly Clark	Disposable Diapers	783,975	23,192
Paris Regional Medical Center	Medical Care	366,341	12,185
Paris Housing Authority	Multifamily Housing	179,100	5,405
Paris Junior College	Higher Education	152,569	5,007
North Lamar Independent School Dist	Higher Education	115,136	3,624
The James Skinner Baking Co	Bakery	106,500	4,608
State Highway Department	Government	106,276	3,166
Totals		47,743,446	\$ 336,111

^(a) Includes raw water consumption

Source: City of Paris, Texas

SEWER RATES

TABLE 11

(Rates Effective October 1, 2014)

Residential Class		
<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	\$12.29 for first 200 Cubic Feet	\$4.98 / 100 Cubic Feet
1" and Larger	\$57.33 for first 1,000 Cubic Feet	\$4.98 / 100 Cubic Feet

Commercial Industrial Class		
<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	\$16.37 for first 200 Cubic Feet	\$5.17 / 100 Cubic Feet
1" - 2"	\$57.33 for first 1,000 Cubic Feet	\$5.17 / 100 Cubic Feet
Larger than 2"	\$115.99 for first 2,000 Cubic Feet	\$5.17 / 100 Cubic Feet

Source: The City of Paris, Texas, current Water and Sewer Rates Ordinance

PRINCIPAL SEWER CUSTOMERS - 2014-2015

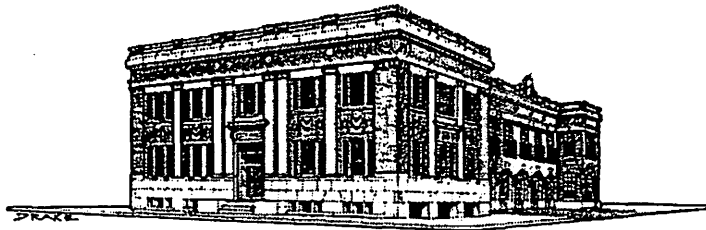
TABLE 12

(October 1, 2014 through September 30, 2015)

<u>Name of Customer</u>	<u>Product</u>	<u>2014-2015 Average Monthly Consumption (Cu.Ft.)</u>	<u>2014-2015 Average Monthly Bill</u>
Kimberly Clark	Disposable Diapers	426,334	\$ 22,054
Paris Regional Medical Center	Medical Care	283,957	8,295
Paris Housing Authority	Multifamily Housing	179,100	4,305
Paris Junior College	Higher Education	131,877	4,454
The James Skinner Baking Co	Bakery	106,500	5,282
Texas State Highway Department	Public Transportation	106,276	3,106
Paris Independent School District	Public Education	88,927	1,391
Lamar County Human Resources	Social Services	80,683	4,177
Lamar County	County Government	79,479	3,897
Campbell Soup	Soups/Juices/Sauces	69,101	3,585
Totals		1,552,234	\$ 60,546

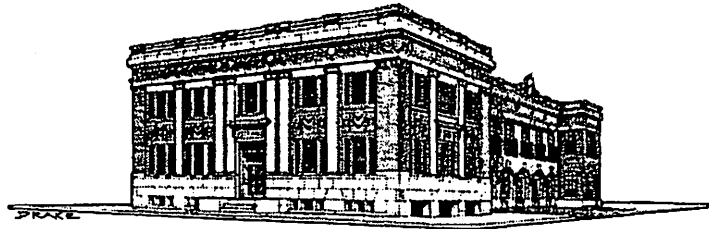
Source: Information from City of Paris, Texas

The CITY OF PARIS



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

The CITY OF PARIS



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 U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

McClanahan and Holmes, LLP

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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 aggregate 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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 25, 2015.

Internal Control over Financial Reporting

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

We noted certain matters that we reported to management of the City in a separate letter dated March 25, 2016.

Honorable Mayor and City Council
City of Paris, Texas

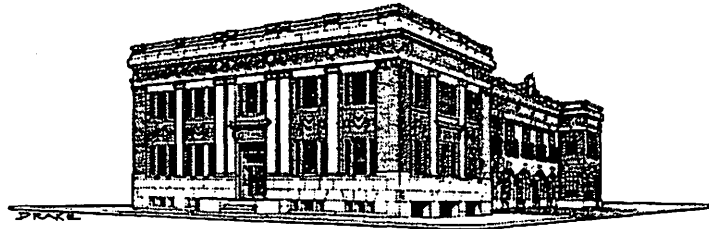
Purpose of this Report

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
March 25, 2016

The CITY OF PARIS



CITY OF PARIS, TEXAS
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2015

Finding:

None

CITY OF PARIS, TEXAS
Schedule of Findings and Questioned Costs
Year Ended September 30, 2015

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material Weakness(es) identified? ___ yes X no

Significant Deficiency(ies) identified that are not considered to be material weakness(es)? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

Material Weakness(es) identified? ___ yes X no

Significant Deficiency(ies) identified that are not considered to be material weakness(es)? ___ yes X none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ___ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.239	Home Investment Partnerships Program (HOME)
14.228	Community Development Block Grants/Disaster Relief

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes ___ no

Section II – Financial Statement Findings

None

CITY OF PARIS, TEXAS
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2015

Section III – Federal Award Findings and Questioned Costs

None

The CITY OF PARIS



**CITY OF PARIS, TEXAS
Corrective Action Plan
Year Ended September 30, 2015**

None

McClanahan and Holmes, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control Over Compliance Required by OMB Circular A-133**

Honorable Mayor and City Council
City of Paris, Texas

Report on Compliance for Each Major Federal Program

We have audited the City of Paris (the City), Texas' compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City of Paris, Texas' major federal programs for the year ended September 30, 2015. 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 the requirements of laws, regulations, contracts, and grants applicable to its major 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City'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 of Paris, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City'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.

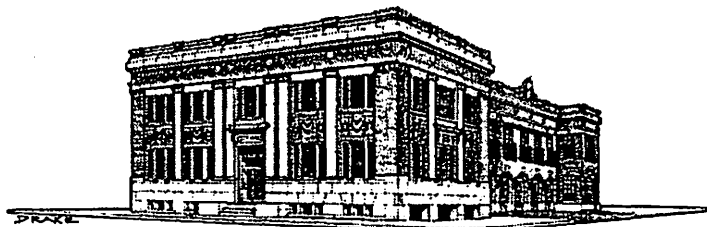
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

McClanahan and Holmes, LLP
Certified Public Accountants

Paris, Texas
March 25, 2016

The CITY OF PARIS



CITY OF PARIS, TEXAS
Notes on Accounting Policies for Federal Awards
Year Ended September 30, 2015

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Paris, Texas, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the financial statements.

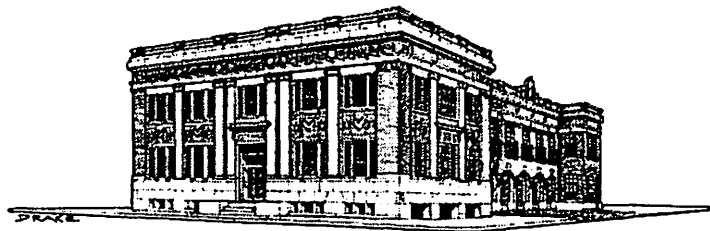
During the year, federal awards did not include non-cash assistance or insurance. Federal awards included a loan from the U.S. Environmental Protection Agency passed through the Texas Water Development Board. The loan was originally awarded during the 2012-13 fiscal year for \$2,900,000. The loan was drawn from during 2012-13, 2013-14, and 2014-15.

Note 2: Subrecipients

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Edward Byrne Memorial Formula Grant Program	16.738	<u>\$ 6,334</u>

The CITY OF PARIS



CITY OF PARIS, TEXAS
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Project Number</u>	<u>Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed Through Texas Department of Agriculture: Community Development Block Grants/Entitlement Grants	14.228	713272	\$ 134,605
Passed Through Texas Department of Agriculture: Community Development Block Grants/Disaster Relief	14.228	7214077	348,000
Passed Through Texas Department of Housing and Community Affairs: Home Investment Partnerships Program (HOME)	14.239	1001776	<u>421,322</u>
Total U.S. Department of Housing and Urban Development			<u>903,927</u>
<u>U.S. Department of Justice</u>			
Direct Program: ARRA-Public Safety Partnership and Community Policing Grants	16.710	2010UMWX0311	15,923
Direct Program: Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0285	<u>6,334</u>
Total U.S. Department of Justice			<u>22,257</u>
<u>U.S. Department of Transportation</u>			
Passed Through Texas Department of Transportation: Highway Planning and Construction	20.205	STP-2011(501)SRTS	<u>18,534</u>
Total U.S. Department of Transportation			<u>18,534</u>
<u>U.S. Environmental Protection Agency</u>			
Passed Through Texas Water Development Board: Drinking Water State Revolving Fund	66.468	62525	<u>185,814</u>
Total U.S. Environmental Protection Agency			<u>185,814</u>
<u>U. S. Department of Homeland Security</u>			
Passed through Ark-Tex Council of Governments Homeland Security Grant Program	97.067	14-SR-55080-01	48,101
Federal Emergency Management Agency	97.044	EMW-2014-FO-04870	<u>10,585</u>
Total U.S. Department of Homeland Security			<u>58,686</u>
<u>Federal Highway Administration</u>			
Passed through Texas Department of Transportation: Highway Planning and Construction	20.205	0901-29-079	85,540
Passed through Texas Parks and Wildlife Department: Recreational Trails Program	20.219	RT-011017	<u>20,390</u>
Total Federal Highway Administration			<u>105,930</u>
Total Expenditures of Federal Awards			<u>\$ 1,295,148</u>

See Notes to the Schedule of Expenditures of Federal Awards.

CITY OF PARIS, TEXAS
Home Investment Partnerships Program (HOME)
Schedule of Revenues and Expenditures
Year Ended September 30, 2015

Federal Financial Assistance

Federal Grantor: U.S. Department of Housing and Urban Development

Passed Through Texas Department of Housing and Community Affairs

CFDA Number: 14.239

Project Number: 1001776

Contract Period: 01/28/13 -01/27/15

	<u>Award Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Variance</u>
Revenues:					
Federal	\$ 496,850	\$ 54,114	\$ 421,322	\$ 475,436	\$ 21,414
Total Revenues	<u>496,850</u>	<u>54,114</u>	<u>421,322</u>	<u>475,436</u>	<u>21,414</u>
Expenditures:					
Construction	479,870	23,814	371,623	395,437	84,433
Soft Cost	1,162	30,300	34,594	64,894	(63,732)
Adminstration	15,818	-	15,105	15,105	713
Total Expenditures	<u>496,850</u>	<u>54,114</u>	<u>421,322</u>	<u>475,436</u>	<u>21,414</u>
Excess (Deficiency) Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PARIS, TEXAS
Community Development Block Grants/Disaster Relief
Schedule of Revenues and Expenditures
Year Ended September 30, 2015

Federal Financial Assistance
Federal Grantor: U.S. Department of Housing and Urban Development
Pass-Through Grantor: Texas Department of Agriculture
CFDA Number: 14.228
Project Number: 7214077
Contract Period: 09/06/14 - 09/05/16

	<u>Award Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Variance</u>
Revenues:					
Federal	\$ 350,000	\$ -	\$ 348,000	\$ 348,000	\$ -
Total Revenues	<u>350,000</u>	<u>-</u>	<u>348,000</u>	<u>348,000</u>	<u>-</u>
Expenditures:					
Clearing and Demolition	330,000	-	330,000	330,000	-
General Administration	<u>20,000</u>	<u>-</u>	<u>18,000</u>	<u>18,000</u>	<u>2,000</u>
Total Expenditures	<u>350,000</u>	<u>-</u>	<u>348,000</u>	<u>348,000</u>	<u>2,000</u>
Excess (Deficiency) Expenditures Over (Under) Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,000)</u>

The CITY OF PARIS

