

CITY OF PARIS, TEXAS
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
Fiscal Year Ended September 30, 2017

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT
FOR**

CITY OF PARIS, TEXAS

Fiscal Year Ended September 30, 2017



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



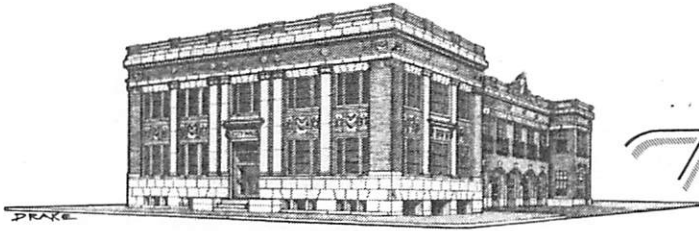
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INTRODUCTORY SECTION



The CITY OF PARIS

April 30, 2018

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

Dear Mayor and Council Members:

I am pleased to submit the Comprehensive Annual Financial Report of the City of Paris, Texas, for the fiscal year ended September 30, 2017.

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

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

THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

The Comprehensive Annual Financial Report of the City of Paris, Texas, for the fiscal year ended September 30, 2017, which follows, was prepared by the Finance Department. The financial statements have been audited by McClanahan and Holmes, LLP, CPAs, whose report is included herein. This audit satisfies Article III, Section 35 of the City Charter which requires that an annual audit of all accounts of the City be made by an independent certified public accountant.

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

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

This Comprehensive Annual Financial Report consists of four parts:

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

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

General Information Regarding the City and Surrounding County

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

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

The City is a regional medical center serving patients in Northeast Texas and Southeast Oklahoma. Founded in 1911 as St. Joseph's Hospital, Paris Regional Medical Center is a 356 bed medical center. Its parent company is RCCH HealthCare Partners. It complements the City's 100 plus doctors and 19 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 12,180.

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

Government Organization

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

Economic Condition and Outlook

Taxable values, as originally certified by the Lamar County Appraisal District, for fiscal year 2016-17 reflect a 3.33% increase over the 2015-16 values. Building permits for new residential and commercial construction were valued at \$16,567,738 for fiscal year 2016-17. This activity should be reflected in next year's taxable values.

Sales taxes for 2016-17 increased from the prior year by 2.57%. Current rebates are 1.77% below the 2015-16 rebates through April 2017. This decrease was caused by a large audit collection of sales tax in the prior year. Without that aberration, sales tax would be up 0.72%.

Hotel occupancy taxes were up 4.24% compared to 2015-16 taxes. First quarter 2017-18 collections were 9.69% below the same period in 2016-17.

Franchise fees increased 68.28% compared to the previous year. This increase is due to the recognition of the franchise fee from the water and sewer utility.

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

General Fund receipts equaled 97.46% of budget. This shortfall of revenues was caused by delayed intergovernmental revenue. General Fund expenditures were only 94.15% of budget. For the 2017-18 fiscal year, the City Council adopted a tax

rate of .55195 cents per \$100 of value. This was an increase of .05 cents per \$100 of value to pay for G.O. Bonds approved by citizen vote. 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 2016 and 2017.

Major Initiatives

The City continues to work on its long range plan to maintain its infrastructure. The City called for a general obligation bond election in May 2013 in the amount of \$45,000,000 which passed overwhelmingly. Proceeds from these bonds 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. Likewise a \$9,750,000 bond election for street construction and repair was approved in 2017.

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

From a development standpoint, the City has taken several steps. Reentry into the State of Texas Main Street Program has channeled additional funds for revitalization of existing structures and businesses. The City continues to work closely with the Paris Economic Development Corporation to attract new business to Paris and to support existing businesses as well. Working with the Chamber of Commerce, the City is effectively using the civic center to attract people and business to Paris. City officials are also closely working with Keep Paris Beautiful, Inc. to promote and improve the City. The Historic Preservation Committee is working with local property owners to maintain the historical character of the City. 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 09-30-17:

2010 Tax and Rev. C. O.	\$ 2,445,000	\$ -	12-15-29	Aa3
2010 G. O. Refunding Bonds	1,685,000	2,730,000	06-15-20	Aa3
2012 G. O. Refunding Bonds	2,290,000	-	12-15-21	Aa3
2013 C. O. (TWDB)	-	2,450,000	06-15-32	N/A
2013 G. O. Bond	-	31,615,000	12-15-32	Aa3
2016 G.O. Bonds	-	8,780,000	12-15-36	Aa3
2017 G.O. Bonds	9,750,000	-	06-15-37	Aa3
Capital Lease-Firetrucks	1,397,929	-	10-21-24	N/A
Total	<u>\$ 17,567,929</u>	<u>\$ 45,575,000</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, 2016. This was the 21st 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, reading "W. E. Anderson". The signature is written in a cursive style with a large, stylized "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**

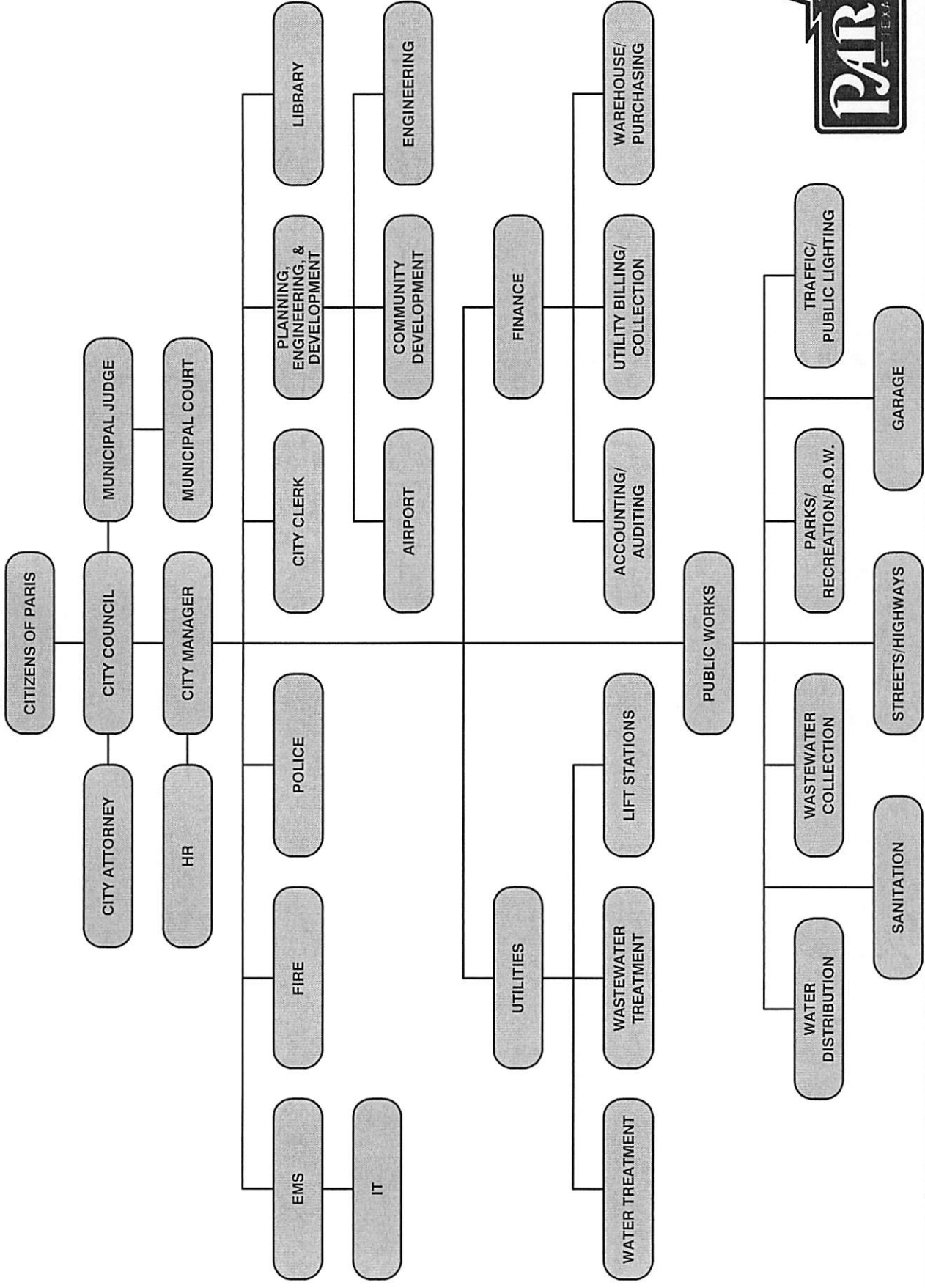
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morrell

Executive Director/CEO

CITY OF PARIS ORGANIZATIONAL CHART



List of Elected and Appointed Officials

Elected Officials

Dr. Steve Clifford – Mayor
Cleonne Drake – Mayor Pro-Tem
Aaron Jenkins
Bill Trenado
Linda Knox
Billie Sue Lancaster
Paula Portugal

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

McClanahan and Holmes, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

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PARIS, TEXAS 75460
903-784-4316
FAX 903-784-4310

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

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

Basic Financial Statements Accompanied by
Required 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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Honorable Mayor and City Council
City of Paris, Texas

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Paris, Texas, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Paris, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

McClanahan and Holmes, LLP
Certified Public Accountants

Paris, Texas
April 30, 2018

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, 2017. 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 2016-17. The City has lowered its rate six times since the 2003-04 fiscal year when the tax rate was 0.695. For the upcoming 2017-18 fiscal year, the City maintained its tax rate at 0.55195 per \$100 of valuation. The increase was in response to the citizens' vote to issue general obligation bonds to construct and repair city streets.
- City-wide revenues this year exceeded City-wide expenses by \$353,943 compared to \$237,867 the previous year.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$10,849,390, or 43.55%, of total general fund expenditures. The prior year unassigned fund balance was \$10,227,839, or 40.23%, of general fund expenditures.
- At the end of the fiscal year, the net position of the proprietary funds was \$47,099,167 compared to \$47,480,201 the prior year.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

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

Proprietary Funds

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

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

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

Notes to the Financial Statements

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

Other Information

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Paris, assets exceeded liabilities by \$83,234,197 at the close of the most recent fiscal year. This compares to \$83,327,741 for the previous year. The 0.11% decrease in net position is not considered significant.

By far, the largest portion of the City of Paris' net position (\$46,170,160 or 55.47%) reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). The City of Paris uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Paris' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The decrease in net position is primarily due to two new debt issues in the 2016-2017 fiscal year.

City of Paris Net Position						
	Governmental Activities		Business-Type Activities		Total	Total
	2017	2016	2017	2016	2017	2016
Assets:						
Current and Other Assets	\$ 25,942,853	\$ 15,433,430	\$ 34,769,243	\$ 41,765,147	\$ 60,712,096	\$ 57,198,577
Capital Assets	39,516,839	38,486,866	60,905,766	46,899,288	100,422,605	85,386,154
Total Assets	65,459,692	53,920,296	95,675,009	88,664,435	161,134,701	142,584,731
Deferred Outflows						
Related to Pensions	3,913,733	5,046,807	714,697	208,995	4,628,430	5,255,802
Long-Term Liabilities:						
Outstanding	32,107,151	22,349,250	46,055,437	40,109,554	78,162,588	62,458,804
Other Liabilities	1,252,925	944,128	3,180,593	1,894,857	4,433,518	2,838,985
Total Liabilities	33,360,076	23,293,378	49,236,030	42,004,411	82,596,106	65,297,789
Deferred Inflows						
Related to Pensions	(121,681)	273,672	54,509	29,247	(67,172)	302,919
Net Position:						
Net Investment in						
Capital Assets	21,971,338	30,505,784	24,198,822	33,331,038	46,170,160	63,836,822
Restricted	3,004,564	3,003,799	-	-	3,004,564	3,003,799
Unrestricted	11,159,128	1,890,470	22,900,345	13,508,734	34,059,473	15,399,204
Total Net Position	\$ 36,135,030	\$ 35,400,053	\$ 47,099,167	\$ 46,839,772	\$ 83,234,197	\$ 82,239,825

An additional portion of the City of Paris' net assets (\$3,004,564 or 3.61%) represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net assets (\$34,059,473 or 40.92%) 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 \$734,977 (2.07%) during the current fiscal year. Total governmental revenue was up \$2,512,567 with general revenues being up \$691,370 and program revenues being up \$1,435,620. General revenues were up primarily due to recognition of franchise revenue from utility operations. Program revenues were up primarily due to capital grants with some help from charges for services.

	General Revenues		
	2017	2016	Increase (Decrease)
Property Taxes	\$ 8,175,530	\$ 7,748,872	\$ 426,658
Sales Taxes	7,233,526	7,051,858	181,668
Franchise Taxes	4,211,397	2,502,614	1,708,783
Hotel Occupancy Tax	657,270	630,545	26,725
Unrestricted Investment Earnings	173,656	80,129	93,527
Miscellaneous	361,125	315,989	45,136
Capital Contributions	-	651,847	(651,847)
Gain (Loss) on Sale of Capital Asset	-	(57,026)	57,026
	<u>\$ 20,812,504</u>	<u>\$ 18,924,828</u>	<u>\$ 1,887,676</u>

The following table provides a summary of the City's operations for the years ending 2017 and 2016 for both governmental and business-type activities.

City of Paris
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues:						
Charges for Services	\$ 4,823,046	\$ 4,776,579	\$ 13,781,748	\$ 14,603,358	\$ 18,604,794	\$ 19,379,937
Operating Grants and Contributions	338,718	672,298	-	13,860	338,718	686,158
Capital Grants and Contributions	2,147,065	424,332	-	-	2,147,065	424,332
General Revenues:						
Property Taxes	8,175,530	7,748,872	-	-	8,175,530	7,748,872
Sales Taxes	7,233,526	7,051,858	-	-	7,233,526	7,051,858
Franchise Taxes	4,211,397	2,502,614	-	-	4,211,397	2,502,614
Hotel Occupancy Tax	657,270	630,545	-	-	657,270	630,545
Unrestricted						
Investment Earnings	173,656	80,129	315,872	291,131	489,528	371,260
Other	361,125	910,810	-	-	361,125	910,810
Total Revenues	28,121,333	24,798,037	14,097,620	14,908,349	42,218,953	39,706,386
Expenses						
General Government	4,147,227	3,864,573	-	-	4,147,227	3,864,573
Public Safety	12,456,655	12,595,127	-	-	12,456,655	12,595,127
Public Works	7,126,349	7,020,333	-	-	7,126,349	7,020,333
Health	2,836,429	2,633,051	-	-	2,836,429	2,633,051
Culture and Recreation	781,092	799,187	-	-	781,092	799,187
Cox Field	235,546	217,995	-	-	235,546	217,995
Interest on						
Long-Term Debt	185,852	237,313	-	-	185,852	237,313
Water and Sewer	-	-	14,095,860	12,100,940	14,095,860	12,100,940
Total Expenses	27,769,150	27,367,579	14,095,860	12,100,940	41,865,010	39,468,519
Increase (Decrease) in Net Position Before Transfers	352,183	(2,569,542)	1,760	2,807,409	353,943	237,867
Transfers/Special Items	382,794	1,579,100	(382,794)	(1,579,100)	-	-
Increase (Decrease) in Net Position	734,977	(990,442)	(381,034)	1,228,309	353,943	237,867
Net Position, Beginning	35,400,053	37,131,714	47,480,201	46,839,772	82,880,254	83,971,486
Prior Period Adjustment	-	(741,219)	-	(587,880)	-	(1,329,099)
Net Position, Ending	\$ 36,135,030	\$ 35,400,053	\$ 47,099,167	\$ 47,480,201	\$ 83,234,197	\$ 82,880,254

Business-Type Activities

Business-type activities decreased the City of Paris' net position by \$381,034. This decrease was caused primarily by decreased revenues and increased expenses which brought about a lower increase in net position before transfers.

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	
	2017	2016
Total Assets	<u>\$ 25,942,853</u>	<u>\$ 15,433,430</u>
Total Liabilities	<u>\$ 1,123,781</u>	<u>\$ 833,490</u>
Deferred Inflows of Resources	<u>954,578</u>	<u>955,057</u>
Fund Balances:		
Nonspendable:		
Inventory	326,985	223,911
Permanent Fund Principal	92,347	91,565
Restricted for:		
Debt Service	1,652,355	1,087,664
Capital Projects	10,087,553	1,072,116
Notes	42,483	42,483
Law Enforcement	228,578	324,178
Public Education	445,056	386,558
Assigned:		
Library	82,042	83,245
Community Development	-	105,324
Unassigned:		
General Fund	<u>10,907,095</u>	<u>10,227,839</u>
Total Fund Balances	<u>23,864,494</u>	<u>13,644,883</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 25,942,853</u>	<u>\$ 15,433,430</u>

As of the end of the current fiscal year, the City of Paris' governmental funds reported combined ending fund balances of \$23,864,494. Approximately 45.70% of this total amount (\$10,907,095) 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 (\$92,347), 2) pay debt service (\$1,652,355), 3) outstanding notes (\$42,483), 4) inventories (\$326,985), 5) law enforcement (\$228,578), 6) library (\$82,042), 7) Public Education (\$445,056), and 9) capital projects (\$10,087,553).

	Governmental Funds Revenues, Expenditures, and Changes in Fund Balances	
	2017	2016
Revenues	\$ 26,994,291	\$ 24,293,983
Expenditures	27,173,947	29,071,427
Deficiency of Revenues Under Expenditures	(179,656)	(4,777,444)
Total Other Financing Sources (Uses)	10,296,193	2,554,285
Net Change in Fund Balances	10,116,537	(2,223,159)
Increase (Decrease) in Inventory	103,074	(70,865)
Fund Balances - Beginning	13,644,883	16,680,126
Prior Period Adjustment	-	(741,219)
Fund Balances - Ending	\$ 23,864,494	\$ 13,644,883

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 \$10,849,390 (\$10,227,839 the previous year), while total fund balance reached \$11,622,868 (\$10,839,700 the previous year). The increase in the fund balance of the general fund was primarily due to increased investments and receivables. 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 43.55% of total general fund expenditures, while total fund balance represents 46.65% of that same amount.

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

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

Budget Analysis

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

The final appropriation of the general fund was underspent by \$1,547,174 (\$1,884,239 underspent the previous year). This 5.85% variance was spread out among most departments and is mainly due to conservative forecasting. General Fund revenues were under budget by \$669,136 (2.54%). A shortfall in intergovernmental revenues was the primary reason 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 \$10,086,116 (\$1,070,724 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 \$1,652,355 (\$1,087,664 the previous year), all of which is reserved for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$564,691 (\$46,738 decrease the previous year). The government enacted a dedicated property tax for debt service at the beginning of the current fiscal year. This tax produced revenues of \$1,243,883 in the current fiscal year (\$1,168,313 the previous year).

Proprietary Fund

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

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$22,900,345 (\$14,013,346 the previous year). This change was primarily due to construction in progress. Other factors concerning the finances of this fund have already been addressed in the discussion of the City of Paris' business-type activities.

Capital Asset and Debt Administration

Capital Assets

The City of Paris' investment in capital assets for its governmental and business-type activities as of September 30, 2017, amounts to \$100,422,605 (\$91,513,796 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	
	2017	2016	2017	2016	2017	2016
Land	\$ 5,929,099	\$ 5,929,099	\$ 339,620	\$ 339,620	\$ 6,268,719	\$ 6,268,719
Buildings and System Improvements Other than Buildings	10,488,899	9,723,777	37,304,516	39,717,549	47,793,415	49,441,326
Machinery, Furniture, and Equipment	4,805,596	4,992,731	-	-	4,805,596	4,992,731
Infrastructure	3,446,937	3,673,121	798,930	927,678	4,245,867	4,600,799
Construction in Progress	14,595,422	13,482,092	-	-	14,595,422	13,482,092
Water Rights-Net	250,886	686,046	19,113,250	8,657,000	19,364,136	9,343,046
	-	-	3,349,450	3,385,083	3,349,450	3,385,083
Total	<u>\$ 39,516,839</u>	<u>\$ 38,486,866</u>	<u>\$ 60,905,766</u>	<u>\$ 53,026,930</u>	<u>\$ 100,422,605</u>	<u>\$ 91,513,796</u>

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 \$59,285,000. Of this amount, \$15,285,000 comprises debt being paid for by property tax revenues, and \$44,000,000 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	\$ 1,285,000	\$ 2,080,000	6/15/2020	Aa3
2010 Tax and Rev C.O.s	2,315,000	-	12/15/2029	Aa3
2012 G.O. Refunding Bonds	1,935,000	-	12/15/2021	Aa3
2013 C.O.s (TWDB)	-	2,300,000	6/15/2032	N/A
2013 G.O. Bonds	-	30,840,000	12/15/2032	Aa3
2016 G.O. Bonds	-	8,780,000	12/15/2036	Aa3
2017 G.O. Bonds	9,750,000	-	6/15/2037	Aa3
	<u>\$15,285,000</u>	<u>\$44,000,000</u>		

The City of Paris' bond debt increased by \$7,205,000 (19.58%) during the fiscal year. The increase was due to the issuance of two GO Bond issues voted on by the citizens. 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 2016-17 fiscal year. This rate was broken down into \$0.42443 per \$100 valuation for operations and \$0.07752 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 5.17% of its debt capacity.

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

Economic Factors and Next Year's Budgets and Rates

- Sales tax revenues are projected to grow 2% in the coming year.
- New construction amounted to 21 residential units and 18 commercial units.
- Local population growth is expected to be minimal.
- The tax rate is expected to remain at or below \$0.55195 per \$100 of value.
- Franchise fees are expected to remain stable.

All of these factors were considered in preparing the City of Paris' budget for 2017-18.

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, 2017

Statement I

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development
Assets				
Cash and Cash Equivalents	\$ 7,211,759	\$ 5,914,271	\$ 13,126,030	\$ 3,080,915
Investments	5,518,661	405,746	5,924,407	576,986
Receivables (Net of Allowance for Uncollectibles)	2,542,922	1,930,612	4,473,534	247,149
Inventories	326,985	224,070	551,055	-
Due from Other Governments	596,427	-	596,427	-
Restricted Assets				
Cash and Cash Equivalents	3,616	4,141,285	4,144,901	1,718
Investments	9,700,000	22,153,259	31,853,259	410,828
Receivables	42,483	-	42,483	-
Land Development Costs	-	-	-	1,942,521
Water Rights (Net of Accumulated Amortization)	-	3,349,450	3,349,450	-
Capital Assets Not Being Depreciated				
Land	5,929,099	339,620	6,268,719	-
Construction in Progress	250,886	19,113,250	19,364,136	-
Capital Assets (Net of Accumulated Depreciation)				
Buildings and System Improvements Other Than Buildings	10,488,899	37,304,516	47,793,415	-
Machinery and Equipment Infrastructure	4,805,596	-	4,805,596	-
	3,446,937	798,930	4,245,867	-
	14,595,422	-	14,595,422	-
Total Assets	<u>65,459,692</u>	<u>95,675,009</u>	<u>161,134,701</u>	<u>6,260,117</u>
Deferred Outflows of Resources				
Deferred Outflows Related to Pensions	<u>3,913,733</u>	<u>714,697</u>	<u>4,628,430</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>3,913,733</u>	<u>714,697</u>	<u>4,628,430</u>	<u>-</u>

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

CITY OF PARIS, TEXAS
Statement of Net Position
September 30, 2017

Statement 1
(Continued)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development
Liabilities				
Accounts Payable and Other Current Liabilities	1,123,781	1,074,196	2,197,977	7,514
Accrued Interest Payable	129,144	512,912	642,056	1,244
Unearned Revenue	-	696,358	696,358	-
Customers' Deposits	-	897,127	897,127	-
Intergovernmental Payable	-	-	-	-
Net Pension Liability	13,478,291	645,172	14,123,463	-
Noncurrent Liabilities				
Due Within One Year	1,598,553	2,134,093	3,732,646	340,000
Due in More Than One Year	17,030,307	43,276,172	60,306,479	-
Total Liabilities	<u>33,360,076</u>	<u>49,236,030</u>	<u>82,596,106</u>	<u>348,758</u>
Deferred Inflows of Resources				
Deferred Inflows Related to Pensions	(121,681)	54,509	(67,172)	-
Total Deferred Inflows of Resources	<u>(121,681)</u>	<u>54,509</u>	<u>(67,172)</u>	<u>-</u>
Net Position				
Net Investment in Capital Assets	21,971,338	24,198,822	46,170,160	-
Restricted for				
Construction	1,072,116	-	1,072,116	-
Debt Service	1,087,664	-	1,087,664	71,302
Notes Receivables	42,483	-	42,483	-
Law Enforcement	324,178	-	324,178	-
Education	386,558	-	386,558	-
Industrial Incentives	-	-	-	877,400
Land Development Costs	-	-	-	1,942,521
Permanent Library Funds				
Nonexpendable	91,565	-	91,565	-
Unrestricted	11,159,128	22,900,345	34,059,473	3,020,136
Total Net Position	<u>\$ 36,135,030</u>	<u>\$ 47,099,167</u>	<u>\$ 83,234,197</u>	<u>\$ 5,911,359</u>

CITY OF PARIS, TEXAS
Statement of Activities
Year Ended September 30, 2017

Statement 2

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General Government	\$ 2,164,967	\$ 181,197	\$ -	\$ 12,315
Public Safety	12,456,655	342,083	338,718	132,703
Public Works	7,126,349	1,463,576	-	989,165
Health	2,836,429	2,609,811	-	-
Culture and Recreation	781,092	127,997	-	-
Cox Field Airport	235,546	98,382	-	1,012,882
Other	1,982,260	-	-	-
Interest on Long-Term Debt	185,852	-	-	-
Total Governmental Activities	<u>27,769,150</u>	<u>4,823,046</u>	<u>338,718</u>	<u>2,147,065</u>
Business-Type Activities				
Water and Sewer	<u>14,095,860</u>	<u>13,781,748</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities	<u>14,095,860</u>	<u>13,781,748</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 41,865,010</u>	<u>\$ 18,604,794</u>	<u>\$ 338,718</u>	<u>\$ 2,147,065</u>
Component Unit				
Economic Development	<u>\$ 526,616</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General Revenues				
Property Taxes				
Sales Taxes				
Franchise Taxes				
Hotel Occupancy Taxes				
Unrestricted Investment Earnings				
Miscellaneous				
Gain on Return of Asset				
Transfers				
Total General Revenues and Transfers				
Changes in Net Position				
Net Position - Beginning				
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
\$ (1,971,455)	\$ -	\$ (1,971,455)	\$ -
(11,643,151)	-	(11,643,151)	-
(4,673,608)	-	(4,673,608)	-
(226,618)	-	(226,618)	-
(653,095)	-	(653,095)	-
875,718	-	875,718	-
(1,982,260)	-	(1,982,260)	-
(185,852)	-	(185,852)	-
<u>(20,460,321)</u>	<u>-</u>	<u>(20,460,321)</u>	<u>-</u>
-	(314,112)	(314,112)	-
-	(314,112)	(314,112)	-
<u>(20,460,321)</u>	<u>(314,112)</u>	<u>(20,774,433)</u>	<u>-</u>
-	-	-	(526,616)
8,175,530	-	8,175,530	-
7,233,526	-	7,233,526	1,446,706
4,211,397	-	4,211,397	-
657,270	-	657,270	-
173,656	315,872	489,528	12,385
361,125	-	361,125	533,778
-	-	-	33,999
382,794	(382,794)	-	-
<u>21,195,298</u>	<u>(66,922)</u>	<u>21,128,376</u>	<u>2,026,868</u>
734,977	(381,034)	353,943	1,500,252
<u>35,400,053</u>	<u>47,480,201</u>	<u>82,880,254</u>	<u>4,411,107</u>
<u>\$ 36,135,030</u>	<u>\$ 47,099,167</u>	<u>\$ 83,234,197</u>	<u>\$ 5,911,359</u>

CITY OF PARIS, TEXAS
Balance Sheet - Governmental Funds
September 30, 2017

Statement 3

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 4,805,434	\$ 1,647,019	\$ 415,268	\$ 347,654	\$ 7,215,375
Investments	5,410,252	-	9,694,803	113,606	15,218,661
Receivables (Net of Allowance for Uncollectibles)	2,445,264	91,028	6,630	42,483	2,585,405
Inventories	326,985	-	-	-	326,985
Due from Other Governments	596,427	-	-	-	596,427
Total Assets	\$ 13,584,362	\$ 1,738,047	\$ 10,116,701	\$ 503,743	\$ 25,942,853
Liabilities, Deferred Inflows, and Fund Balances					
Liabilities					
Accounts Payable and Accrued Liabilities	\$ 1,092,608	\$ -	\$ 30,585	\$ 588	\$ 1,123,781
Total Liabilities	1,092,608	-	30,585	588	1,123,781
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	533,468	85,692	-	-	619,160
Unavailable Revenue - Other	335,418	-	-	-	335,418
Total Deferred Inflows of Resources	868,886	85,692	-	-	954,578
Fund Balances					
Nonspendable					
Inventory	326,985	-	-	-	326,985
Permanent Library Funds	-	-	-	92,347	92,347
Restricted for					
Debt Service	-	1,652,355	-	-	1,652,355
Capital Projects	1,437	-	10,086,116	-	10,087,553
Notes	-	-	-	42,483	42,483
Law Enforcement	-	-	-	228,578	228,578
Public Education	445,056	-	-	-	445,056
Assigned					
Library	-	-	-	82,042	82,042
Community Development	-	-	-	-	-
Unassigned: General Fund	10,849,390	-	-	57,705	10,907,095
Total Fund Balances	11,622,868	1,652,355	10,086,116	503,155	23,864,494
Total Liabilities, Deferred Inflows and Fund Balances	\$ 13,584,362	\$ 1,738,047	\$ 10,116,701	\$ 503,743	\$ 25,942,853
Fund Balances - Total Governmental Funds (above)					\$ 23,864,494
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)					39,516,839
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred or not reflected in the funds.					954,578
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.					(18,758,004)
The recognition of the City's proportionate share of the net pension liability required by GASB 68 in the amount of \$3,285,389, a Deferred Outflow of Resources in the amount of \$3,264,641, and a Deferred Inflow of Resources in the amount of \$242,990. This amounted to a decrease in Net Position of \$263,738.					(263,738)
The recognition of the City's proportionate share of the net pension liability required by GASB 68 in the amount of \$10,192,859, and a Deferred Outflow of Resources in the amount of \$649,092, and a Deferred Inflow of Resources in the amount of \$(364,628). This amounted to a decrease in Net Position of \$9,179,139.					(9,179,139)
Net Position of Governmental Activities					\$ 36,135,030

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, 2017

Statement 4

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes					
Property	\$ 6,933,981	\$ 1,243,883	\$ -	\$ -	\$ 8,177,864
Sales	7,233,526	-	-	-	7,233,526
Franchise	4,211,397	-	-	-	4,211,397
Hotel Occupancy	657,270	-	-	-	657,270
Licenses and Permits	155,363	-	-	-	155,363
Fines and Fees	449,008	-	-	42,872	491,880
Use of Money and Property	206,551	48,289	11,768	5,431	272,039
Sanitation	1,463,576	-	-	-	1,463,576
Health	2,609,811	-	-	-	2,609,811
Intergovernmental	1,463,514	-	-	-	1,463,514
Other	253,679	-	-	4,372	258,051
Total Revenues	25,637,676	1,292,172	11,768	52,675	26,994,291
Expenditures					
Current					
General Government	1,666,051	-	-	20,669	1,686,720
Public Safety	10,978,666	-	-	47,989	11,026,655
Public Works	5,536,670	-	12,600	-	5,549,270
Health	2,532,665	-	-	2,470	2,535,135
Culture and Recreation	693,078	-	-	4,425	697,503
Cox Field	129,269	-	-	-	129,269
Other	1,738,115	-	-	-	1,738,115
Debt Service					
Principal	186,690	974,823	-	-	1,161,513
Interest	-	196,358	-	-	196,358
Bond Issuance Costs	-	-	103,399	-	103,399
Capital Outlay					
General Government	-	-	-	51,246	51,246
Public Safety	163,776	-	-	72,888	236,664
Public Works	1,127,003	-	774,312	-	1,901,315
Health	149,850	-	-	-	149,850
Cox Field	5,436	-	-	-	5,436
Other	5,499	-	-	-	5,499
Total Expenditures	24,912,768	1,171,181	890,311	199,687	27,173,947
Excess (Deficiency) of Revenues Over (Under) Expenditures	724,908	120,991	(878,543)	(147,012)	(179,656)

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, 2017

Statement 4
(Continued)

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)					
General Obligation Bonds Issued	-	-	9,913,399	-	9,913,399
Proceeds from Capital Leases	-	-	-	-	-
Transfers In	19,464	443,700	-	3,372	466,536
Transfers Out	(64,278)	-	(19,464)	-	(83,742)
Total Other Financing Sources (Uses)	(44,814)	443,700	9,893,935	3,372	10,296,193
Net Changes in Fund Balances	680,094	564,691	9,015,392	(143,640)	10,116,537
Fund Balances - Beginning	10,839,700	1,087,664	1,070,724	646,795	13,644,883
Increase in Inventory	103,074	-	-	-	103,074
Fund Balances - Ending	<u>\$ 11,622,868</u>	<u>\$ 1,652,355</u>	<u>\$ 10,086,116</u>	<u>\$ 503,155</u>	<u>\$ 23,864,494</u>

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, 2017

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).	\$ 10,116,537
Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	7,704
Governmental funds report the net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the statement of activities reports only the gain or loss on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold.	-
Contributions of capital assets that do not provide current financial resources are not reported as revenues in governmental funds.	1,022,269
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.	1,700
Accrued interest expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(20,684)
Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(14,260)
The net change in inventory is a direct adjustment to fund balance in the funds.	103,074
Pension expenses are not reported as expenditures in governmental funds and contributions after the measurement date are deferred.	(1,603,014)
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>(8,878,349)</u>
Change in net position of governmental activities (Statement 2).	<u>\$ 734,977</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, 2017

Statement 6

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ 6,977,000	\$ 6,977,000	\$ 6,933,981	\$ (43,019)
Sales Taxes	6,916,000	6,916,000	7,233,526	317,526
Franchise Taxes	4,140,350	4,140,350	4,211,397	71,047
Hotel Occupancy Taxes	570,000	570,000	657,270	87,270
Licenses and Permits	131,575	131,575	155,363	23,788
Fines and Fees	505,000	505,000	449,008	(55,992)
Investment Earnings	137,358	137,358	206,551	69,193
Sanitation	1,483,000	1,483,000	1,463,576	(19,424)
Health	2,351,582	2,351,582	2,609,811	258,229
Intergovernmental Revenues	2,772,047	2,772,047	1,463,514	(1,308,533)
Other	322,900	322,900	253,679	(69,221)
Total Revenues	26,306,812	26,306,812	25,637,676	(669,136)
EXPENDITURES				
General Government				
Council	76,430	111,430	116,853	(5,423)
Manager	376,383	376,383	501,955	(125,572)
Attorney	378,928	338,928	287,953	50,975
Municipal Court	232,063	232,063	222,819	9,244
Clerk	143,688	143,688	136,492	7,196
Finance	425,416	425,416	399,979	25,437
Total General Government	1,632,908	1,627,908	1,666,051	(38,143)
Public Safety				
Police	6,507,861	6,547,861	6,681,434	(133,573)
Fire	4,754,370	4,714,370	4,647,698	66,672
Total Public Safety	11,262,231	11,262,231	11,329,132	(66,901)
Public Works				
Community Development	541,768	566,768	789,150	(222,382)
Engineering	492,522	452,522	406,562	45,960
Public Works	546,337	546,337	209,579	336,758
Parks and Recreation	1,840,332	1,840,332	1,581,826	258,506
Sanitation	1,203,000	1,203,000	1,205,379	(2,379)
Streets and Highways	1,623,596	1,623,596	1,637,540	(13,944)
Traffic and Public Lighting	583,250	583,250	533,615	49,635
Garage	342,686	342,686	300,022	42,664
Total Public Works	7,173,491	7,158,491	6,663,673	494,818

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, 2017

Statement 6
(Continued)

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
EXPENDITURES (Continued)				
Health	2,693,797	2,693,797	2,682,515	11,282
Culture and Recreation				
Paris Band	23,050	23,050	17,342	5,708
Library Services	694,850	694,850	675,736	19,114
Total Culture and Recreation	717,900	717,900	693,078	24,822
Other				
Cox Field Airport	1,324,282	1,324,282	134,705	1,189,577
Other	1,655,333	1,675,333	1,743,614	(68,281)
Total Other	2,979,615	2,999,615	1,878,319	1,121,296
Total Expenditures	26,459,942	26,459,942	24,912,768	1,547,174
Excess (Deficiency) of Revenues Over Expenditures	(153,130)	(153,130)	724,908	878,038
Other Financing Sources (Uses)				
General Obligation Bonds Issued	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	(44,814)	(44,814)
Total Other Financing Sources (Uses)	-	-	(44,814)	(44,814)
Net Changes in Fund Balance	(153,130)	(153,130)	680,094	833,224
Fund Balance - Beginning	10,839,700	10,839,700	10,839,700	-
Increase in Inventory	-	-	103,074	103,074
Fund Balance - Ending	\$ 10,686,570	\$ 10,686,570	\$ 11,622,868	\$ 936,298

CITY OF PARIS, TEXAS
Statement of Net Position
Proprietary Funds
September 30, 2017 and 2016

Statement 7

	Water and Sewer Enterprise Fund Current Year	Water and Sewer Enterprise Fund Prior Year
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 5,914,271	\$ 3,549,975
Restricted Cash and Cash Equivalents	4,141,285	7,494,906
Total Cash and Cash Equivalents	<u>10,055,556</u>	<u>11,044,881</u>
Accounts Receivable, Net	1,910,568	2,234,394
Accrued Interest Receivable	20,044	13,288
Inventories	224,070	258,553
Total Current Assets	<u>12,210,238</u>	<u>13,551,116</u>
Noncurrent Assets		
Investments		
Construction	18,577,936	17,031,500
Reserve and Contingency	3,575,323	3,991,292
Unrestricted	405,746	560,036
Total Investments	<u>22,559,005</u>	<u>21,582,828</u>
Water Rights (Net of Accumulated Amortization)	<u>3,349,450</u>	<u>3,385,083</u>
Capital Assets		
Land	339,620	339,620
Construction in Progress	19,113,250	8,657,000
Plant, Pumps, and Motors	34,559,052	33,975,515
Distribution System	51,905,349	51,905,349
Collection System	23,325,017	23,325,017
Maintenance Equipment and Vehicles	3,883,139	3,816,615
Furniture and Equipment	265,022	244,222
Less Accumulated Depreciation	<u>(75,834,133)</u>	<u>(72,621,491)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>57,556,316</u>	<u>49,641,847</u>
Total Noncurrent Assets	<u>83,464,771</u>	<u>74,609,758</u>
Total Assets	<u>95,675,009</u>	<u>88,160,874</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	<u>714,697</u>	<u>907,984</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, 2017 and 2016

Statement 7
(Continued)

	Water and Sewer Enterprise Fund Current Year	Water and Sewer Enterprise Fund Prior Year
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	1,074,196	1,339,905
Accrued Interest Payable	512,912	449,406
Unearned Revenue	696,358	-
Customers' Deposits	897,127	872,899
Bonds Payable - Current Portion	2,110,584	1,708,129
Accrued Compensated Absences - Current Portion	23,509	22,016
Total Current Liabilities	<u>5,314,686</u>	<u>4,392,355</u>
Noncurrent Liabilities		
Bonds Payable - Noncurrent Portion	43,064,589	36,289,586
Accrued Compensated Absences - Noncurrent Portion	211,583	198,141
Net Pension Liabilities	645,172	666,563
Total Noncurrent Liabilities	<u>43,921,344</u>	<u>37,154,290</u>
Total Liabilities	<u>49,236,030</u>	<u>41,546,645</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	<u>54,509</u>	<u>42,012</u>
NET POSITION		
Net Investment in Capital Assets	24,198,822	33,466,855
Unrestricted	<u>22,900,345</u>	<u>14,013,346</u>
Total Net Position	<u>\$ 47,099,167</u>	<u>\$ 47,480,201</u>

CITY OF PARIS, TEXAS
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Years Ended September 30, 2017 and 2016

Statement 8

	Water and Sewer Enterprise Fund Current Year	Water and Sewer Enterprise Fund Prior Year
Operating Revenues		
Charges for Sales and Services		
Water Sales and Taps	\$ 7,680,906	\$ 8,359,847
Sewer Charges and Taps	5,649,035	5,804,003
Sanitation Billing Fees	75,698	75,096
Service Charges	154,367	154,603
Industrial Surcharges	26,520	8,795
Miscellaneous	195,222	201,014
Total Operating Revenues	<u>13,781,748</u>	<u>14,603,358</u>
Operating Expenses		
Personnel	3,462,204	3,387,387
Supplies	975,174	969,994
Contractual	3,739,186	2,049,827
Maintenance	1,142,003	803,902
Sundry Charges	537,474	583,297
Other	46,764	40,361
Depreciation	3,212,642	3,247,605
Total Operating Expenses	<u>13,115,447</u>	<u>11,082,373</u>
Operating Income	<u>666,301</u>	<u>3,520,985</u>
Nonoperating Revenues (Expenses)		
Investment Earnings	315,872	291,131
Interest Expense - Revenue and General Obligation Bonds	(992,323)	(1,128,284)
Bond Issue Costs	(90,955)	-
Amortization of Water Rights	(35,632)	(35,632)
Amortization of Bond Premium	138,497	145,349
Net Nonoperating Revenues (Expenses)	<u>(664,541)</u>	<u>(727,436)</u>
Income Before Contributions, Other Revenue, and Transfers	<u>1,760</u>	<u>2,793,549</u>
Capital Contributions, Other Revenue, and Transfers		
Intergovernmental Revenue	-	13,860
Transfers In	-	2,331,900
Transfers Out	(382,794)	(3,911,000)
Total Capital Contributions, Other Revenue, and Transfers	<u>(382,794)</u>	<u>(1,565,240)</u>
Changes in Net Position	(381,034)	1,228,309
Total Net Position - Beginning	47,480,201	46,839,772
Prior Period Adjustment	<u>-</u>	<u>(587,880)</u>
Total Net Position - Ending	<u>\$ 47,099,167</u>	<u>\$ 47,480,201</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
Years Ended September 30, 2017 and 2016

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	\$ 14,819,404	\$ 14,360,656
Payments to Suppliers, Contractors, and Service Providers	(6,671,827)	(3,976,688)
Payments to Employees for Salaries and Benefits	(3,262,876)	(3,461,752)
Net Cash Provided by Operating Activities	<u>4,884,701</u>	<u>6,922,216</u>
Cash Flows from Noncapital Financing Activities		
Transfers In	3,352,516	2,331,900
Transfers Out	(3,735,310)	(3,911,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(382,794)</u>	<u>(1,579,100)</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from General Obligation Bonds	8,780,000	-
Purchases of Capital Assets	(11,127,111)	(9,410,879)
Principal Paid on Bonds	(1,575,000)	(1,750,000)
Contributions from Other Governments	-	13,860
Interest Paid on Long-Term Debt	(928,817)	(1,144,881)
Premium Received on Bonds Issued	110,955	-
Bond Origination Fees	(90,955)	-
Net Cash (Used) by Capital and Related Financing Activities	<u>(4,830,928)</u>	<u>(12,291,900)</u>
Cash Flows from Investing Activities		
Interest on Investments	393,894	142,863
Purchases of Investment Securities	(46,533,008)	(32,115,000)
Maturities of Investments	45,478,810	37,395,576
Net Cash (Used) by Investing Activities	<u>(660,304)</u>	<u>5,423,439</u>
Net Decrease in Cash and Cash Equivalents	(989,325)	(1,525,345)
Cash and Cash Equivalents - Beginning	<u>11,044,881</u>	<u>12,570,226</u>
Cash and Cash Equivalents - Ending	<u>\$ 10,055,556</u>	<u>\$ 11,044,881</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
Years Ended September 30, 2017 and 2016

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	<u>\$ 666,301</u>	<u>\$ 3,520,985</u>
Adjustments to Reconcile Operating Income to Net Cash		
Provided by (Used in) Operating Activities		
Depreciation	3,212,642	3,247,605
Decrease (Increase) in Accounts Receivable	317,070	(260,857)
Decrease (Increase) in Inventory	34,483	75,827
Decrease (Increase) in Net Pension Asset	-	158,580
Decrease (Increase) in Deferred Outflows of Resources for Pensions	193,287	(698,989)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(265,709)	177,915
Increase (Decrease) in Unearned Revenue	696,358	-
Increase (Decrease) in Customers' Deposits	24,228	18,155
Increase (Decrease) in Accrued Compensated Absences	14,935	3,667
Increase (Decrease) in Net Pension Liability	(21,391)	666,563
Increase (Decrease) in Deferred Inflows of Resources for Pensions	<u>12,497</u>	<u>12,765</u>
Total Adjustments	<u>4,218,400</u>	<u>3,401,231</u>
Net Cash Provided by Operating Activities	<u>\$ 4,884,701</u>	<u>\$ 6,922,216</u>
Noncash Investing, Capital, and Financing Activities		
Increase (Decrease) in Fair Value of Investments	<u>\$ 78,021</u>	<u>\$ (148,268)</u>

CITY OF PARIS, TEXAS
Notes to Financial Statements
September 30, 2017

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.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

I. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

The Permanent Fund is used to account for and 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.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

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.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

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, 2017, 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, 2017, the City Council approved a transfer of \$170,000 from various departments to other departmental line items. Expenditures exceeded appropriations in the following departments: council \$5,423, manager \$125,572, police \$133,573, community development \$222,382, sanitation \$2,379, streets and highways \$13,944, and other \$68,281.

G. Assets, Liabilities, and Equity

1. Cash and Cash Equivalents

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

2. Investments

Investments are reported in the accompanying balance sheet at fair value with changes in fair value being reported as part of investment income. The City holds investments in an external investment pool, Texas Local Government Investment Cooperative (LOGIC), managed by Southwest Securities Group, Inc.. PEDC holds investments in two external investment pools, Texas Class and Lone Star Investments. Both investment pools carry investments at amortized cost, which approximates fair value. Investments are priced daily and compared to the carrying value. If the ratio of the fair value of the portfolio of investments to the carrying value of investments is less than .995 or greater than 1.005, the investment pools will sell investment securities, as required, to maintain the ratio at a point between .995 and 1.005. Participation in external investment pools was voluntary.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

I. Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities, and Equity (Continued)

2. Investments (Continued)

Statutes authorize the City and PEDC to invest in obligations of the U. S. Treasury, direct obligations of the State of Texas, other obligations guaranteed or insured by the State of Texas or the United States, obligations of states and political subdivisions of any state meeting certain rating requirements, certificates of deposit, and fully collateralized direct repurchase agreements having a defined termination date. The City did not engage in repurchase or reverse repurchase agreement transactions during the current year.

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

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

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

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

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

3. Inventories

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

4. Restricted Assets

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

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$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, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value at the date of donation. Infrastructure acquired prior to the implementation of GASB 34 are included in the financial statements.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

I. Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities, and Equity (Continued)

5. Capital Assets (Continued)

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 \$1,734,376. Of this amount, \$742,053 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
Works of Art	50 years
Public Domain Infrastructure	25-45 years
System Infrastructure	25-30 years

6. Capital Leases

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports a deferred outflow of resources related to pensions. 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 the following sources: property taxes, EMS, municipal court, and street assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

I. Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities, and Equity (Continued)

8. Net Position Flow Assumption

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

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

9. Fund Balance Flow Assumption

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

10. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

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

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

I. Summary of Significant Accounting Policies (Continued)

H. Revenues and Expenditures/ Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Compensated Absences

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

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

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 \$39,516,839 are as follows:

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

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

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

Land	\$ 5,929,099
Construction in Progress	250,886
Buildings	17,313,177
Less: Accumulated Depreciation – Buildings	(6,824,278)
Improvements Other Than Buildings	8,104,657
Less: Accumulated Depreciation – Improvements Other Than Buildings	(3,299,061)
Machinery and Equipment	22,129,369
Less: Accumulated Depreciation – Machinery and Equipment	(18,682,432)
Infrastructure	45,399,002
Less: Accumulated Depreciation – Infrastructure	<u>(30,803,580)</u>
Net Adjustment to Increase Fund Balance – Total Governmental Funds	
to Arrive at Net Position – Governmental Activities	<u>\$ 39,516,839</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 \$18,758,004 difference are as follows:

Bonds Payable	\$ 15,285,000
Plus: Premiums on Bonds Payable (to be Amortized	
Over the Life of the Debt)	176,503
Capital Lease	1,397,929
Accrued Interest	129,144
Compensated Absences	1,083,358
OPEB Liability	536,070
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>\$ 18,758,004</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$7,704 difference are as follows:

Capital Outlay	\$ 2,350,010
Depreciation Expense	<u>(2,342,306)</u>
Net Adjustment to Increase Net Changes in Fund Balances -	
Total Governmental Funds to Arrive at Changes in Net Position	
Of Governmental Activities	<u>\$ 7,704</u>

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

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

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

Another element of that reconciliation states that “the net effect of donated capital assets is to increase net assets”. Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. The detail of this \$1,022,269 difference is as follows:

Donated/Contributed Assets	\$ 1,022,269
Net Adjustment to Increase Net Changes in Fund Balances -	
Total Governmental Funds to Arrive at Changes in Net	
Position of Governmental Activities	<u>\$ 1,022,269</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 \$(8,875,930) difference are as follows:

Issuance of General Obligation Bonds	\$ (9,913,400)
Amortization of Premium	9,521
Principal Repayments	<u>1,025,530</u>
Net Adjustment to Increase Net Changes in Fund Balances -	
Total Governmental Funds to Arrive at Changes in Net Position	
of Governmental Activities	<u>\$ (8,878,349)</u>

III. Stewardship, Compliance, and Accountability

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, 2017.

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.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

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

A. Investments

As of September 30, 2017, the City had the following investments:

Type of Security	Fair Value	Credit Rating	Weighted Average Maturity (Years)	Weighted Average Maturity (Days)
Primary Government				
Federal Home Loan Mortgage Corporation	\$ 45,384	AA+	2.92	
Federal National Mortgage Association	7,302,565	AA+	5.35	
Government National Mortgage Association	36,184		1.60	
Certificates of Deposit	91,796	Not Rated	.58	
Federal Home Loan Bank	7,986,080	AA+	.71	
U.S. Treasury Bills OID	11,981,430		.18	
U.S. Treasury Notes	7,992,480		.42	
LOGIC Investment Pool	2,341,747	AAAm		45
Paris Economic Development Corporation				
Texas Class Investment Pool	576,986	AAAm		54
LoneStar Bond Investment Pool	376,330	AAAm		21
Totals	<u>\$ 38,730,982</u>			

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

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

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

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

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

B. Investments (Continued)

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

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce in value as a result of changes in currency exchange rates. At September 30, 2017, 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	Capital Projects	Special Revenue	Enterprise
Receivables:					
Interest	\$ 165	\$ -	\$ 6,630	\$ -	\$ 20,044
Property Taxes	937,815	121,372	-	-	-
Sales Taxes	1,239,704	-	-	-	-
Accounts	135,762	-	-	-	1,987,568
Notes	-	-	-	42,483	-
Street Assessments	26,473	-	-	-	-
Fines	180,471	-	-	-	-
EMS	1,412,408	-	-	-	-
Gross Receivables	3,932,798	121,372	6,630	42,483	2,007,612
Less: Allowance for Uncollectibles	(1,487,534)	(30,344)	-	-	(77,000)
Net Total Receivables	<u>\$ 2,445,264</u>	<u>\$ 91,028</u>	<u>\$ 6,630</u>	<u>\$ 42,483</u>	<u>\$ 1,930,612</u>

Net receivable balances not expected to be collected within one year are Property Taxes - \$543,718, Fines - \$40,236, EMS - \$100,000, and Street Assessments - \$26,473.

At year end, PEDC had a receivable for sales tax of \$247,149. The balance is expected to be collected within one year.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

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

D. Capital Assets

Capital assets activity for the year ended September 30, 2017, follows:

	Balance 9/30/16	Additions	Retirements	Balance 9/30/17
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 5,929,099	\$ -	\$ -	\$ 5,929,099
Construction in Progress	686,046	920,116	1,355,276	250,886
Total Capital Assets, Not Being Depreciated	<u>6,615,145</u>	<u>920,116</u>	<u>1,355,276</u>	<u>6,179,985</u>
Capital Assets, Being Depreciated				
Buildings	16,137,920	1,175,257	-	17,313,177
Improvements Other Than Buildings	8,104,657	-	-	8,104,657
Machinery and Equipment	21,655,180	594,584	120,395	22,129,369
Infrastructure	43,336,747	2,062,255	-	45,399,002
Total Capital Assets, Being Depreciated	<u>89,234,504</u>	<u>3,832,096</u>	<u>120,395</u>	<u>92,946,205</u>
Less Accumulated Depreciation for				
Buildings	6,414,143	410,135	-	6,824,278
Improvements Other Than Buildings	3,111,926	187,135	-	3,299,061
Machinery and Equipment	17,982,059	796,111	95,738	18,682,432
Infrastructure	29,854,655	948,925	-	30,803,580
Total Accumulated Depreciation	<u>57,362,783</u>	<u>2,342,306</u>	<u>95,738</u>	<u>59,609,351</u>
Total Capital Assets, Being Depreciated, Net	<u>31,871,721</u>	<u>1,489,790</u>	<u>24,657</u>	<u>33,336,854</u>
Governmental Activities, Capital Assets, Net	<u>\$38,486,866</u>	<u>\$ 2,409,906</u>	<u>\$ 1,379,933</u>	<u>\$39,516,839</u>

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

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

D. Capital Assets (Continued)

	Balance 9/30/16	Additions	Retirements	Balance 9/30/17
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 339,620	\$ -	\$ -	\$ 339,620
Construction in Progress	8,657,000	10,456,250	-	19,113,250
Total Capital Assets, Not Being Depreciated	8,996,620	10,456,250	-	19,452,870
Capital Assets, Being Depreciated				
Plant, Pumps, and Motors	33,975,515	583,537	-	34,559,052
Distribution System	51,905,349	-	-	51,905,349
Collection System	23,325,017	-	-	23,325,017
Maintenance Equipment and Vehicles	3,816,615	66,524	-	3,883,139
Furniture and Equipment	244,222	20,800	-	265,022
Total Capital Assets, Being Depreciated	113,266,718	670,861	-	113,937,579
Less Accumulated Depreciation for				
Plant, Pumps, and Motors	28,151,771	1,011,489	-	29,163,260
Distribution System	24,757,552	1,329,097	-	26,086,649
Collection System	16,579,009	655,985	-	17,234,994
Maintenance Equipment and Vehicles	2,888,937	216,071	-	3,105,008
Furniture and Equipment	244,222	-	-	244,222
Total Accumulated Depreciation	72,621,491	3,212,642	-	75,834,133
Total Capital Assets, Being Depreciated, Net	40,645,227	(2,541,781)	-	38,103,446
Business-Type Activities, Capital Assets, Net	49,641,847	7,914,469	-	57,556,316
Intangible Asset – Water Rights	4,113,119	-	-	4,113,119
Less Accumulated Amortization	728,037	35,632	-	763,669
Total Intangible Asset - Water Rights, Net	3,385,082	(35,632)	-	3,349,450
Business-Type Activities, Capital and Intangible Assets, Net	\$53,026,929	\$ 7,878,837	\$ -	\$60,905,766

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

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	\$ 111,875
Public Safety	500,006
Public Works, Including Depreciation of General Infrastructure Assets	1,389,641
Health	191,545
Culture and Recreation	42,962
Cox Field Airport	<u>106,277</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 2,342,306</u>
Business-Type Activities	
Water and Sewer	<u>\$ 3,212,642</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 3,212,642</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 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. The plan financial statements are prepared using the accrual basis of accounting. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.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, 2017

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 2016</u>
Employee Deposits Rate	6%
Matching Ratio (City to Employee)	2 to 1
A Member is Vested After	5 Years
Service Retirement Eligibility (Expressed As Age/Years of Service)	60/5, 0/20
Updated Service Credit	0%
Annuity Increase to (Retirees)	0% of CPI

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

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, 2016, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	203
Inactive Employees Entitled to but not yet Receiving Benefits	126
Active employees	<u>261</u>
Total	<u><u>590</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 5.73% and 6.97% in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2017, were \$801,727 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions:

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

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

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

F. Employee Retirement Systems and Plans (Continued)

1. Texas Municipal Retirement System (Continued)

Actuarial Assumptions (Continued)

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

Actuarial assumptions used in the December 31, 2016 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010, through December 31, 2014, first used in the December 31, 2015, 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 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.80%
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>	

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

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

F. Employee Retirement Systems and Plans (Continued)

1. Texas Municipal Retirement System (Continued)

Discount Rate

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

Net Pension Liability and Changes in the Pension Liability

		Increase (Decrease)	
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) – (b)
Balance at 12/31/2015	\$ 57,472,042	\$53,411,162	\$4,060,880
Changes for the year:			
Service Cost	1,190,613	-	1,190,613
Interest	3,826,176	-	3,826,176
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(211,467)	-	(211,467)
Changes of Assumptions	-	-	-
Contributions – Employer	-	669,501	(669,501)
Contributions – Employee	-	701,189	(701,189)
Net Investment Income	-	3,607,913	(3,607,913)
Benefit Payments, Including Refunds of Employee Contributions	(2,766,533)	(2,766,533)	-
Administrative Expense	-	(40,766)	40,766
Other Changes	-	(2,196)	2,196
Net Changes	2,038,789	2,169,108	(130,319)
Balance at 12/31/2016	\$59,510,831	\$55,580,270	\$3,930,561

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

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

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

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

F. Employee Retirement Systems and Plans (Continued)

1. Texas Municipal Retirement System (Continued)

	1% Decrease in Discount Rate 5.75%	Discount Rate 6.75%	1% Increase in Discount Rate 7.75%
City's Net Pension Liability (Asset)	\$11,472,982	\$3,930,561	\$(2,350,602)

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.tmrs.com.

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

For the year ended September 30, 2017, the City recognized pension expense of \$1,898,221.

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Economic Experience (Net of Current Year Amortization)	\$ -	\$ 295,328
Changes in Actuarial Assumptions	821,625	-
Differences Between Projected and Actual Investment Earnings (Net of Current Year Amortization)	2,522,263	2,128
Contributions Subsequent to the Measurement Date	635,450	-
Total	<u>\$ 3,979,338</u>	<u>\$ 297,456</u>

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

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

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

F. Employee Retirement Systems and Plans (Continued)

1. Texas Municipal Retirement System (Continued)

\$635,450 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, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30,	
2018	\$ 1,144,912
2019	1,178,913
2020	723,139
2021	(532)
2022	-
Thereafter	-
	<u>\$ 3,046,432</u>

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 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% (2015), .23% (2016), and .23 % (2017).

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

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

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

F. Employee Retirement Systems and Plans (Continued)

2. Firefighters' Relief and Retirement Fund (Continued)

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.

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 2016 was based on a payroll of \$2,795,465 and amounted to \$320,851. Covered employees made contributions of \$401,063.

Employees Covered by Benefit Terms

At the December 31, 2016, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	42
Inactive employees entitled to but not yet receiving benefits	2
Active employees	49
Total	<u>93</u>

Service Retirement Disability and Death Benefits

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

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

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

The actuarial valuation date used to determine the total pension liability for the year ended September 30, 2017, and the most current available information required for disclosure under GASB Statement No. 67 is based on an actuarial valuation as of December 31, 2014, rolled forward to December 31, 2016. The actuarial cost method used in the December 31, 2014, valuation is the entry age normal actuarial cost method. This method is also referred to as the entry age actuarial cost method under the terminology developed by the Joint Committee on Pension Terminology. There has been no change in the actuarial cost method since the last actuarial valuation.

The actuarial assumptions used in the actuarial valuation performed as of December 31, 2014, 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	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) – (b)
Balance at 12/31/2015	\$ 14,175,471	\$ 4,876,170	\$ 9,299,301
Changes for the year:			
Service Cost	258,484	-	258,484
Interest	1,109,262	-	1,109,262
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(65,973)	-	(65,973)
Changes of Assumptions	616,266	-	616,266
Contributions – Employer	-	317,902	(317,902)
Contributions – Employee	-	397,475	(397,475)
Net Investment Income	-	377,387	(377,387)
Benefit Payments, Including Refunds of Employee Contributions	(1,136,379)	(1,136,379)	-
Administrative Expense	-	(70,404)	70,404
Other Changes	-	2,121	(2,121)
Net Changes	781,660	(111,898)	893,558
Balance at 12/31/2016	\$ 14,957,131	\$ 4,764,272	\$10,192,859

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

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

F. Employee Retirement Systems and Plans (Continued)

2. Firefighters' Relief and Retirement Fund (Continued)

The following presents the net pension liability of the Paris Firefighters' Relief and Retirement Fund, calculated using the discount rate of 7.5%, 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 (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease in Discount Rate 6.5%	Discount Rate 7.5%	1% Increase in Discount Rate 8.5%
Net Pension Liability	\$11,763,948	\$10,192,859	\$8,864,451

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, 2017, the City recognized pension expense of \$904,271.

At September 30, 2017, 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	\$ -	\$ 265,360
Changes in Actuarial Assumptions	-	(629,988)
Difference Between Projected and Actual Investment Earnings	398,103	-
Contributions Subsequent to the Measurement Date	250,989	-
Total	\$ 649,092	\$ (364,628)

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

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

F. Employee Retirement Systems and Plans (Continued)

2. Firefighters' Relief and Retirement Fund (Continued)

\$250,989 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, 2017. 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,	
2017	\$ 187,261
2018	187,263
2019	147,746
2020	39,854
2021 – 2025	(23,965)
2026 – 2030	(4,793)
2031 – 2035	-
Thereafter	-
Total	<u>\$ 533,366</u>

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, 2017, the contributions were approximately \$89,126 for 15 retired employees. An additional 26 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. The plan issues a stand-alone financial report

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, 2017, is as follows:

	2017
Annual Required Contribution	\$ 182,919
Interest on OPEB Obligation	19,357
Adjustment to ARC	<u>(32,530)</u>
Annual OPEB Cost	169,746
Net Estimated Employer Contributions	<u>(89,126)</u>
Increase in Net OPEB Obligation	80,620
Beginning of Year Net OPEB Obligation	455,450
End of Year Net OPEB Obligation	<u>\$ 536,070</u>

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

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

G. Postemployment Benefits Other Than Pensions (Continued)

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, 2017, and the preceding two fiscal years are as follows:

Fiscal Year Ended Sept 30,	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
2017	\$ 169,746	\$ 89,126	52.5%	\$ 536,070
2016	172,334	110,407	64.1	455,450
2015	186,346	121,015	64.9	393,524

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, 2016, 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)	(4)	(5)	(6)
			(1)/(2)	(2)-(1)		(4)/(5)
2016	\$ -	\$ 1,796,090	0.00%	\$ 1,796,090	\$14,388,024	12.48%
2015	-	1,796,090	0.00	1,796,090	13,731,637	13.08
2014	-	1,887,824	0.00	1,887,824	13,485,052	14.00

Under the reporting parameters, the City's retiree health care is 0.0% funded with actuarial accrued liability exceeding the actuarial assets by \$1,796,090 at December 31, 2016. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 12.48%.

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.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

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

G. Postemployment Benefits Other Than Pensions (Continued)

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	2.50% per Annum
Investment Rate of Return	4.25%, net of Expenses
Actuarial Cost Method	Projected Unit Credit Cost Method
Amortization Method	Level Dollar
Amortization Period	21-year, Closed Amortization
Medical Trend	2.5% per Annum*

*The City's retiree medical subsidy is assumed to increase at 2.5% per year.

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, 2017, were approximately \$2,974,300.

2. Construction Commitments

The City has active construction projects as of September 30, 2017. 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	\$41,351,412	\$21,897,657
Street Construction and Improvement and Other Costs Relating to Such Improvements	184,545	184,545
Total	\$41,535,957	\$22,082,202

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

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

H. Water Sales and Commitments (Continued)

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, 2017, and may be reviewed for four additional one year terms upon written agreement of the parties. Either party may terminate this contract at the end of the current term by giving thirty days notice.

5. Interlocal Cooperative Agreement

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

During the year, Sulphur River Regional Mobility Authority received a refund from Texas Department of Transportation in relation to the project. The City's portion of that refund was \$508,567 which was applied to the balance of the debt.

6. Other Commitments - PEDC

Daisy Dairy – In 2009, the Board of Directors reached an incentive agreement with Daisy Dairy providing that upon the creation and retention of jobs, PEDC will reimburse Daisy Dairy for the difference between Daisy Dairy's annual potable water bill from the City and Daisy Dairy's fixed annual water bill (calculated at a rate of \$1.20/1,000 gallons) multiplied by the actual usage for the year. The remaining balance is estimated to be \$569,400.

Potters Industries – 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 \$8,000 remains outstanding at September 30, 2017.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

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

H. Water Sales and Commitments (Continued)

6. Other Commitments - PEDC (Continued)

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

Retail and Office Structure – The incentive is to participate in reimbursement of sewer line construction to the extent of \$250,000. The agreement will expire May 31, 2018.

The Results Company – On January 19, 2016, the Board of Directors approved an incentive agreement to offer up to \$50,000 to The Results Company for training reimbursement to help retain existing jobs and to create additional full-time equivalent jobs.

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, 2017. There have been no settlements in excess of insurance coverage in any of the prior three fiscal years.

J. Capital Leases

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

Capital Lease Equipment, at Cost	\$ 617,114
Less: Accumulated Amortization	<u>109,292</u>
Capital Lease Equipment, Net	<u>\$ 507,822</u>

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

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

J. Capital Leases (Continued)

The future minimum lease payments required under the capital leases and the present value of the net minimum lease payments as of September 30, 2017, are as follows:

Year Ending September 30,	Amount
2018	72,353
2019	72,353
2020	72,353
2021	72,353
2022	72,353
2022-2025	217,055
Total Minimum Lease Payments	578,820
Less: Amount Representing Interest	(70,998)
Present Value of Net Minimum Lease Payments	507,822
Less: Current Maturities of Capital Lease Obligation	(57,116)
Long-Term Portion of Capital Lease Obligation	<u>\$ 450,706</u>

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

Capital Lease Equipment, at Cost	\$ 975,185
Less: Accumulated Amortization	85,078
Capital Lease Equipment, Net	<u>\$ 890,107</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, 2017, are as follows:

Year Ending September 30,	Amount
2018	114,337
2019	114,337
2020	114,337
2021	114,337
2022	114,337
2023-2025	457,349
Total Minimum Lease Payments	1,029,034
Less: Amount Representing Interest	(138,927)
Present Value of Net Minimum Lease Payments	890,107
Less: Current Maturities of Capital Lease Obligation	(87,630)
Long-Term Portion of Capital Lease Obligation	<u>\$ 802,477</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

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

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

K. Long-Term Liabilities (Continued)

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

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

\$3,005,000 Combination Tax and Revenue Certificates of Obligation, Series 2010, due in annual installments varying from \$130,000 to \$230,000 with final payment due December 15, 2029. Interest is payable semi-annually at rates ranging from 2.8% 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 \$1,160,000, with final payment due June 15, 2020. Interest is payable semi-annually at rates ranging from 3.0% 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 \$355,000 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.

\$9,750,000 General Obligation Bonds, Series 2017, due in annual installments varying from \$370,000 to \$635,000 with final payment due June 15, 2037. On July 17, 2017, the City issued this series bearing interest ranging from 2.125% to 3.0%. On December 15, 2027, or any date thereafter, the outstanding bonds may be redeemed prior to their scheduled maturities at the City's option. The bonds were issued at a premium to provide funds to pay the costs of construction, improving, extending, expanding, upgrading and developing streets and roads, bridges and intersections including, utility relocation, landscaping, sidewalks, traffic safety and operational improvements, the purchase of any necessary right-of-way, drainage and other related costs, and improving and equipping parks, trails and recreational facilities.

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

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

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

K. Long-Term Liabilities (Continued)

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

\$33,925,000 General Obligation Bonds, Series 2013, due in annual installments varying from \$775,000 to \$2,850,000 with final payment due December 15, 2032. Interest is payable semi-annually at rates ranging from 4.0% to 5.0%. On December 15, 2023, or any date thereafter, the outstanding bonds may be redeemed prior to their scheduled maturities at the City's option. These bonds were issued August 15, 2014, at a premium for the purpose of replacing and extending water distribution lines and sewer collection lines and making repairs necessitated by the replacement. Voters of the issuer approved the issuance of \$45,000,000 in tax bonds. The bonds are reported as obligations of the Enterprise Fund.

\$8,780,000 General Obligation Bonds, Series 2016, due in annual installments varying from \$340,000 to \$550,000 with final payment due December 15, 2036. Interest is payable semi-annually at rates ranging from 2.0% to 4.0%. On December 15, 2026, or any date thereafter, the outstanding bonds may be redeemed prior to their scheduled maturities at the City's option. These bonds were issued December 1, 2016, at a premium for the purpose of constructing and acquiring improvements and equipping the City's waterworks and sewer system and for replacing and extending water distribution lines and sewer collection lines and construction repairs to streets and drainage infrastructure necessitated by such water and sewer line construction. Voters approved the issuance of \$45,000,000 in tax bonds. The bonds are reported as obligations of the Enterprise Fund.

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, 2017, the fund balances in the Interest and Sinking Funds are \$1,652,355.

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

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

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

K. Long-Term Liabilities (Continued)

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

A summary of long-term liability transactions for the year ended September 30, 2017, follows:

	Balance September 30, 2016	Additions	Reductions	Balance September 30, 2017	Due Within One year
Governmental Activities					
Debt Payable					
Bonds Payable	\$ 6,420,000	\$ 9,750,000	\$ 885,000	\$ 15,285,000	\$ 1,325,000
Premium	22,624	163,400	9,521	176,503	20,471
Capital Leases	1,538,459	-	140,530	1,397,929	144,746
Total Debt Payable	<u>7,981,083</u>	<u>9,913,400</u>	<u>1,035,051</u>	<u>16,859,432</u>	<u>1,490,217</u>
Compensated Absences	1,069,099	715,079	700,820	1,083,358	108,336
Landfill Post-Closure					
Care Costs	150,000	-	-	150,000	-
OPEB Liability	<u>455,450</u>	<u>169,746</u>	<u>89,126</u>	<u>536,070</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$ 9,655,632</u>	<u>\$ 10,798,225</u>	<u>\$ 1,824,997</u>	<u>\$ 18,628,860</u>	<u>\$ 1,598,553</u>
Business-Type Activities					
Debt Payable					
Bonds Payable	\$ 36,795,000	\$ 8,780,000	\$ 1,575,000	\$ 44,000,000	\$ 1,975,000
Premium	<u>1,202,715</u>	<u>110,955</u>	<u>138,497</u>	<u>1,175,173</u>	<u>135,584</u>
Total Debt Payable	<u>37,997,715</u>	<u>8,890,955</u>	<u>1,713,497</u>	<u>45,175,173</u>	<u>2,110,584</u>
Compensated Absences	<u>220,157</u>	<u>164,156</u>	<u>149,221</u>	<u>235,092</u>	<u>23,509</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 38,217,872</u>	<u>\$ 9,055,111</u>	<u>\$ 1,862,718</u>	<u>\$ 45,410,265</u>	<u>\$ 2,134,093</u>
Component Unit					
Bonds Payable	<u>\$ 665,000</u>	<u>\$ -</u>	<u>\$ 325,000</u>	<u>\$ 340,000</u>	<u>\$ 340,000</u>
Component Unit Long-Term Liabilities	<u>\$ 665,000</u>	<u>\$ -</u>	<u>\$ 325,000</u>	<u>\$ 340,000</u>	<u>\$ 340,000</u>

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

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

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
2018	\$ 1,325,000	\$ 413,360	\$ 1,975,000	\$ 1,739,257
2019	1,320,000	398,505	2,040,000	1,674,682
2020	1,355,000	359,370	2,110,000	1,604,407
2021	940,000	1,418,568	2,200,000	1,512,733
2022	970,000	299,063	2,220,000	1,421,858
2023-2027	3,130,000	1,189,315	12,655,000	5,547,060
2028-2032	3,245,000	685,457	15,425,000	2,730,831
2033-2037	3,000,000	261,346	5,375,000	271,589
Totals	<u>\$ 15,285,000</u>	<u>\$ 5,024,984</u>	<u>\$ 44,000,000</u>	<u>\$ 16,502,417</u>

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

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

For PEDC, a Reserve Fund is required to be maintained with a balance of at least \$354,926, the average annual principal and interest requirements of the bonds. At September 30, 2017, the balances in the Debt Service Fund and Reserve Fund are \$34,498 and \$378,048, respectively.

Debt service requirements related to these bonds are as follows:

Years	Bond Debt Requirements		Total
	Principal	Interest	
2018	\$ 340,000	\$ 14,926	\$ 354,926
Totals	<u>\$ 340,000</u>	<u>\$ 14,926</u>	<u>\$ 354,926</u>

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

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

L. Interfund Transfers

During the year ended September 30, 2017, the City made transfers from the General Fund and the Water and Sewer Fund to the Debt Service Fund of \$443,700 to make debt service payments. Other minor transfers were made between funds making up transfers of:

	General	Debt Service	Other Governmental	Transfers Out
General	\$ -	\$ 60,906	\$ 3,372	\$ 64,278
Capital Projects	19,464	-	-	19,464
Water and Sewer	-	382,794	-	382,794
Transfers In	<u>\$ 19,464</u>	<u>\$ 443,700</u>	<u>\$ 3,372</u>	<u>\$ 466,536</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, 2017, these accounts, shown as cash and investments on the Statement of Net Position – Proprietary Funds, are as follows:

Reserve Fund	\$ 5,947,583
Contingency Fund	1,808,572

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	\$ -	\$ -	\$ 42,483
Lake Crook	3,616	-	-
Contingency	259,894	1,548,678	-
Loan	33,522	-	-
Bond Reserves and Sinking Funds	1,590,072	2,994,768	-
Construction	2,257,797	27,309,813	-
Total Restricted Assets	<u>\$ 4,144,901</u>	<u>\$ 31,853,259</u>	<u>\$ 42,483</u>

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

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

N. Related Party

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

O. Contingent Liabilities

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

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

P. Tax Abatements

As of September 30, 2017, the City provides tax abatements through two programs-Industrial and Residential:

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

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

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated 2016-17</u>
Industrial Incentives	\$ 1,420,708
Residential Incentives	1,490

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2017

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

Q. Prior Period Adjustment

During the fiscal year ended September 30, 2016, the City determined that payroll expenses that were subject to accrual as of September 30, 2015 had been omitted. During the fiscal year ended September 30, 2017, the City determined that one water customer had been overbilled for multiple years. Therefore, an adjustment to beginning net position has been recorded to account for these accruals, which is summarized below:

Business-Type Activities

Total Net Position, September 30, 2015, as Previously Reported	\$ 46,839,772
Prior Period Adjustments	<u>(587,880)</u>
Total Net Position, September 30, 2015, as Restated	<u>\$ 46,251,892</u>
Increase in Net Position for 2016, as Previously Reported	\$ 1,228,309
Prior Period Adjustments	<u>(587,880)</u>
Increase in Net Position for 2015, as Restated	<u>\$ 640,429</u>

R. Subsequent Event

On October 23, 2017, the City voted to enter into a contract with Richard Drake Construction Company, LP, in an amount not to exceed \$950,000 for street construction as part of the 2017 bond streets project.

On March 12, 2018, the City entered into a contract with McInnis Brothers Construction, Inc. in the amount of \$1,017,000 related to sewer plant improvement projects.

On March 12, 2018, the City also voted to enter into a contract with Archer Construction & Design in the amount of \$500,00 for the construction of an EMS station.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PARIS, TEXAS
Required Supplementary Information
Texas Municipal Retirement System -
Schedule of Changes in Net Pension Liability
Year Ended September 30, 2017

Schedule 1

	Plan Year Ended December 31,		
	2016	2015	2014
Total Pension Liability			
Service Cost	\$ 1,190,613	\$ 1,084,666	\$ 1,084,779
Interest	3,826,176	3,718,773	3,592,818
Changes in Benefit Terms	-	1,615,467	-
Differences Between Expected and Actual Experience	(211,467)	(159,282)	(191,294)
Changes in Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(2,766,533)	(2,741,148)	(2,632,638)
Net Change in Total Pension Liability	2,038,789	3,518,476	1,853,665
Total Pension Liability - Beginning	57,472,042	53,953,566	52,099,901
Total Pension Liability - Ending	<u>\$ 59,510,831</u>	<u>\$ 57,472,042</u>	<u>\$ 53,953,566</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 669,501	\$ 700,159	\$ 721,733
Contributions - Employee	701,189	676,545	667,048
Net Investment Income	3,607,913	80,774	3,031,103
Benefit Payments, Including Refunds of Employee Contributions	(2,766,533)	(2,741,148)	(2,632,638)
Administrative Expense	(40,766)	(49,204)	(31,651)
Other	(2,196)	(2,430)	(2,602)
Net Change in Plan Fiduciary Net Position	2,169,108	(1,335,304)	1,752,993
Plan Fiduciary Net Position - Beginning	53,411,162	54,746,466	52,993,473
Plan Fiduciary Net Position - Ending	<u>\$ 55,580,270</u>	<u>\$ 53,411,162</u>	<u>\$ 54,746,466</u>
City's Net Pension Liability (Asset) - Ending	\$ 3,930,561	\$ 4,060,880	\$ (792,900)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.40%	92.93%	101.47%
Covered-Employee Payroll	\$ 11,684,128	\$ 11,203,172	\$ 11,177,790
City's Net Pension Liability as a Percentage of Covered-Employee Payroll	33.64%	36.25%	-7.09%

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

CITY OF PARIS, TEXAS
Required Supplementary Information
Texas Municipal Retirement System -
Schedule of City Contributions
Year Ended September 30, 2017

Schedule 2

	Fiscal Year Ended September 30,		
	2017	2016	2015
Contractually Required Fiscal Year Contribution	\$ 801,727	\$ 733,564	\$ 704,441
Contribution in Relation to the Contractually Required Fiscal Year Contribution	(801,727)	(733,564)	(704,441)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 11,615,574	\$ 12,058,579	\$ 11,203,172
Contributions as a Percentage of Covered-Employee Payroll	6.90%	6.08%	6.29%

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

CITY OF PARIS, TEXAS
Required Supplementary Information
Paris Firefighters' Relief and Retirement Fund -
Schedule of Changes in Net Pension Liability
Year Ended September 30, 2017

Schedule 3

	Plan Year Ended December 31,		
	2016	2015	2014
Total Pension Liability			
Service Cost	\$ 258,484	\$ 247,353	\$ 236,701
Interest	1,109,262	1,092,874	1,087,700
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(65,973)	-	(238,406)
Changes in Assumptions	616,266	-	134,458
Benefit Payments, Including Refunds of Employee Contributions	(1,136,379)	(1,156,654)	(1,200,964)
Net Change in Total Pension Liability	781,660	183,573	19,489
Total Pension Liability - Beginning	14,175,471	13,991,898	13,972,409
Total Pension Liability - Ending	<u>\$ 14,957,131</u>	<u>\$ 14,175,471</u>	<u>\$ 13,991,898</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 317,902	\$ 310,483	\$ 281,896
Contributions - Employee	397,475	388,212	352,370
Net Investment Income	377,387	(121,104)	245,555
Benefit Payments, Including Refunds of Employee Contributions	(1,136,379)	(1,156,654)	(1,200,964)
Administrative Expense	(70,404)	(6,500)	(84,445)
Other	2,121	-	5,315
Net Change in Plan Fiduciary Net Position	(111,898)	(585,563)	(400,273)
Plan Fiduciary Net Position - Beginning	4,876,170	5,461,733	5,862,006
Plan Fiduciary Net Position - Ending	<u>\$ 4,764,272</u>	<u>\$ 4,876,170</u>	<u>\$ 5,461,733</u>
City's Net Pension Liability (Asset) - Ending	\$ 10,192,859	\$ 9,299,301	\$ 8,530,165
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	31.85%	34.40%	39.03%
Covered-Employee Payroll	\$ 2,785,912	\$ 2,511,047	\$ 2,368,370
City's Net Pension Liability as a Percentage of Covered-Employee Payroll	365.87%	370.34%	360.17%

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

CITY OF PARIS, TEXAS
Required Supplementary Information
Paris Firefighters' Relief and Retirement Fund
Schedule of City Contributions
Year Ended September 30, 2017

Schedule 4

	Fiscal Year Ended September 30,		
	2017	2016	2015
Contractually Required Fiscal Year Contribution	\$ 320,851	\$ 332,665	\$ 301,329
Contribution in Relation to the Contractually Required Fiscal Year Contribution	(320,851)	(332,665)	(301,329)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 2,795,465	\$ 2,772,967	\$ 2,511,047
Contributions as a Percentage of Covered-Employee Payroll	11.48%	12.00%	12.00%

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

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, 2017

Schedule 5

	Special Revenue				Permanent	Total Nonmajor Governmental Funds
	Community Development Block Grant	Special Revenue Fund	Library Memorial Funds	Total	Library Trust Funds	
ASSETS						
Cash and Cash Equivalents	\$ 35,895	\$ 229,166	\$ 82,042	\$ 347,103	\$ 551	\$ 347,654
Investments	21,810	-	-	21,810	91,796	113,606
Notes Receivables	42,483	-	-	42,483	-	42,483
Total Assets	\$ 100,188	\$ 229,166	\$ 82,042	\$ 411,396	\$ 92,347	\$ 503,743
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ -	\$ 588	\$ -	\$ 588	\$ -	\$ 588
Total Liabilities	-	588	-	588	-	588
Fund Balances:						
Nonspendable						
Permanent Library Funds	-	-	-	-	92,347	92,347
Restricted for:						
Notes	42,483	-	-	42,483	-	42,483
Law Enforcement	-	228,578	-	228,578	-	228,578
Assigned:						
Library	-	-	82,042	82,042	-	82,042
Community Development	57,705	-	-	57,705	-	57,705
Total Fund Balances	100,188	228,578	82,042	410,808	92,347	503,155
Total Liabilities and Fund Balances	\$ 100,188	\$ 229,166	\$ 82,042	\$ 411,396	\$ 92,347	\$ 503,743

CITY OF PARIS, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended September 30, 2017

Schedule 6

	Special Revenue				Permanent	
	Community Development Block Grant	Special Revenue	Library Memorial Funds	Total	Library Trust Funds	Total Nonmajor Governmental Funds
REVENUES						
Fees and Fines	\$ -	\$ 42,872	\$ -	\$ 42,872	\$ -	\$ 42,872
Intergovernmental	-	-	-	-	-	-
Interest Earned	255	3,344	1,050	4,649	782	5,431
Miscellaneous	-	2,200	2,172	4,372	-	4,372
Total Revenues	<u>255</u>	<u>48,416</u>	<u>3,222</u>	<u>51,893</u>	<u>782</u>	<u>52,675</u>
EXPENDITURES						
Current						
General Government	-	20,669	-	20,669	-	20,669
Public Safety	-	47,989	-	47,989	-	47,989
Community Development	-	-	-	-	-	-
Health	-	2,470	-	2,470	-	2,470
Culture and Recreation	-	-	4,425	4,425	-	4,425
Capital Outlay						
General Government	51,246	-	-	51,246	-	51,246
Public Safety	-	72,888	-	72,888	-	72,888
Total Expenditures	<u>51,246</u>	<u>144,016</u>	<u>4,425</u>	<u>199,687</u>	<u>-</u>	<u>199,687</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(50,991)</u>	<u>(95,600)</u>	<u>(1,203)</u>	<u>(147,794)</u>	<u>782</u>	<u>(147,012)</u>
Other Financing Sources (Uses)						
Transfers In	3,372	-	-	3,372	-	3,372
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>3,372</u>	<u>-</u>	<u>-</u>	<u>3,372</u>	<u>-</u>	<u>3,372</u>
Net Changes in Fund Balances	<u>(47,619)</u>	<u>(95,600)</u>	<u>(1,203)</u>	<u>(144,422)</u>	<u>782</u>	<u>(143,640)</u>
Fund Balances - Beginning	<u>147,807</u>	<u>324,178</u>	<u>83,245</u>	<u>555,230</u>	<u>91,565</u>	<u>646,795</u>
Fund Balances - Ending	<u>\$ 100,188</u>	<u>\$ 228,578</u>	<u>\$ 82,042</u>	<u>\$ 410,808</u>	<u>\$ 92,347</u>	<u>\$ 503,155</u>

CITY OF PARIS, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Special Revenue Fund
Year Ended September 30, 2017

Schedule 7

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fees and Fines	\$ 19,500	\$ 19,500	\$ 42,872	\$ 23,372
Intergovernmental	-	-	-	-
Interest Earned	-	-	3,344	3,344
Miscellaneous	-	-	2,200	2,200
Total Revenues	<u>19,500</u>	<u>19,500</u>	<u>48,416</u>	<u>28,916</u>
EXPENDITURES				
Municipal Court	141,670	141,670	20,669	121,001
Police	30,000	20,000	120,877	(100,877)
Health	5,000	5,000	2,470	2,530
Total Expenditures	<u>176,670</u>	<u>166,670</u>	<u>144,016</u>	<u>22,654</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(157,170)</u>	<u>(147,170)</u>	<u>(95,600)</u>	<u>51,570</u>
Other Financing Sources (Uses)				
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balance	(157,170)	(147,170)	(95,600)	51,570
Fund Balance - Beginning	<u>324,178</u>	<u>324,178</u>	<u>324,178</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 167,008</u>	<u>\$ 177,008</u>	<u>\$ 228,578</u>	<u>\$ 51,570</u>

CITY OF PARIS, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Debt Service Fund
Year Ended September 30, 2017

Schedule 8

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 1,170,682	\$ 1,170,682	\$ 1,243,883	\$ 73,201
Interest Earned	-	-	48,289	48,289
Total Revenues	<u>1,170,682</u>	<u>1,170,682</u>	<u>1,292,172</u>	<u>121,490</u>
EXPENDITURES				
Bond Principal Retirement	1,591,553	1,591,553	974,823	616,730
Interest and Fiscal Charges	<u>324,428</u>	<u>324,428</u>	<u>196,358</u>	<u>128,070</u>
Total Expenditures	<u>1,915,981</u>	<u>1,915,981</u>	<u>1,171,181</u>	<u>744,800</u>
Excess of Revenues Over Expenditures	<u>(745,299)</u>	<u>(745,299)</u>	<u>120,991</u>	<u>866,290</u>
Other Financing Sources (Uses):				
Transfers In	-	-	443,700	443,700
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>443,700</u>	<u>443,700</u>
Net Changes in Fund Balance	<u>(745,299)</u>	<u>(745,299)</u>	<u>564,691</u>	<u>1,309,990</u>
Fund Balance - Beginning	<u>1,087,664</u>	<u>1,087,664</u>	<u>1,087,664</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 342,365</u>	<u>\$ 342,365</u>	<u>\$ 1,652,355</u>	<u>\$ 1,309,990</u>

**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, 2017

Schedule 9

	Prior Years	Current Year	Total to Date	Project Authorization (Budget)
REVENUES				
Interest Earned	\$ 84,062	\$ 11,767	\$ 95,829	\$ -
Total Revenues	<u>84,062</u>	<u>11,767</u>	<u>95,829</u>	<u>-</u>
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	712,607	12,600	725,207	870,350
Engineering	35,555	-	35,555	35,555
Parks and Recreation	563,384	-	563,384	691,234
Solid Waste	568,811	-	568,811	568,811
Streets and Highways	4,157,392	877,711	5,035,103	7,485,000
Health	16,600	-	16,600	30,000
Library	7,100	-	7,100	15,000
Cox Field Airport	110,667	-	110,667	90,100
Total Expenditures	<u>7,487,797</u>	<u>890,311</u>	<u>8,378,108</u>	<u>11,101,731</u>
Deficiency of Revenues Over Expenditures	(7,403,735)	(878,544)	(8,282,279)	(11,101,731)
Other Financing Sources (Uses):				
Transfers In	8,166,042	-	8,166,042	-
Transfers Out	(2,956,989)	(19,464)	(2,976,453)	-
Certificates of Obligation Issued	3,005,000	9,913,399	12,918,399	-
SPECIAL ITEM				
Proceeds from Sale of Assets	<u>90,100</u>	<u>-</u>	<u>90,100</u>	<u>-</u>
Net Changes in Fund Balance	<u>\$ 900,418</u>	<u>9,015,391</u>	<u>\$ 9,915,809</u>	<u>\$ (11,101,731)</u>
Fund Balance - Beginning		<u>1,070,724</u>		
Fund Balance - Ending		<u>\$ 10,086,115</u>		

CITY OF PARIS, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source
September 30, 2017 and 2016

Schedule 10

	<u>2017</u>	<u>2016</u>
Governmental Funds Capital Assets:		
Land	\$ 5,929,099	\$ 5,929,099
Buildings	17,313,177	16,137,920
Improvements Other Than Buildings	8,104,657	8,104,657
Machinery and Equipment	22,129,369	21,655,180
Infrastructure	45,399,002	43,336,747
Construction in Progress	<u>250,886</u>	<u>686,046</u>
 Total Governmental Funds Capital Assets	 <u>\$ 99,126,190</u>	 <u>\$ 95,849,649</u>
Investments in Governmental Funds Capital Assets by Source:		
General Fund	\$ 66,497,766	\$ 64,027,600
Capital Projects Funds	25,020,170	24,213,795
Donations	<u>7,608,254</u>	<u>7,608,254</u>
 Total Investments in Governmental Funds Capital Assets by Source	 <u>\$ 99,126,190</u>	 <u>\$ 95,849,649</u>

CITY OF PARIS, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
September 30, 2017

Schedule 11

Function and Activity	Land	Buildings	Improvements Other Than Buildings
General Government:			
Council	\$ 339,906	\$ 3,155,080	\$ 99,522
Manager	-	-	9,948
Attorney	-	-	-
Clerk	-	14,737	-
Finance	-	-	-
Total General Government	<u>339,906</u>	<u>3,169,817</u>	<u>109,470</u>
Public Safety:			
Police	619,585	5,011,850	808,022
Fire	160,509	2,189,378	231,972
Total Public Safety	<u>780,094</u>	<u>7,201,228</u>	<u>1,039,994</u>
Public Works:			
Community Development	3,299,676	232,272	564,805
Engineering	-	10,747	-
Public Works	125,543	-	-
Parks and Recreation	112,230	221,758	3,477,296
Solid Waste	626,395	-	42,079
Streets and Highways	138,590	96,845	80,192
Traffic and Public Lighting	-	9,000	-
Garage	-	95,121	-
Other Unclassified	-	-	52,361
Total Public Works	<u>4,302,434</u>	<u>665,743</u>	<u>4,216,733</u>
Emergency Medical Service	15,750	94,177	6,200
Cox Field	429,120	4,541,749	2,646,618
Library	61,795	1,640,463	85,642
Total Governmental Funds Capital Assets	<u>\$ 5,929,099</u>	<u>\$ 17,313,177</u>	<u>\$ 8,104,657</u>

Schedule 11
(Continued)

<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
\$ 612,758	\$ -	\$ 4,207,266
113,768	-	123,716
10,187	-	10,187
71,230	-	85,967
395,261	-	395,261
<u>1,203,204</u>	<u>-</u>	<u>4,822,397</u>
4,469,822	-	10,909,279
4,675,676	-	7,257,535
<u>9,145,498</u>	<u>-</u>	<u>18,166,814</u>
198,551	21,240	4,316,544
210,750	-	221,497
869,418	-	994,961
1,086,104	1,633,892	6,531,280
1,873,022	-	2,541,496
2,578,238	43,738,434	46,632,299
203,557	-	212,557
84,966	-	180,087
172,694	-	225,055
<u>7,277,300</u>	<u>45,393,566</u>	<u>61,855,776</u>
2,202,430	-	2,318,557
209,943	5,436	7,832,866
<u>2,090,994</u>	<u>-</u>	<u>3,878,894</u>
<u>\$ 22,129,369</u>	<u>\$ 45,399,002</u>	<u>\$ 98,875,304</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, 2017

Schedule 12

Function and Activity	Governmental Funds Capital Assets September 30, 2016	Increases	Decreases	Governmental Funds Capital Assets September 30, 2017
General Government:				
Council	\$ 4,150,520	\$ 56,746	\$ -	\$ 4,207,266
Manager	123,716	-	-	123,716
Attorney	10,187	-	-	10,187
Clerk	85,967	-	-	85,967
Finance	395,261	-	-	395,261
Total General Government	<u>4,765,651</u>	<u>56,746</u>	<u>-</u>	<u>4,822,397</u>
Public Safety:				
Police	10,784,034	245,640	120,395	10,909,279
Fire	7,243,588	13,947	-	7,257,535
Total Public Safety	<u>18,027,622</u>	<u>259,587</u>	<u>120,395</u>	<u>18,166,814</u>
Public Works:				
Community Development	4,316,544	-	-	4,316,544
Engineering	221,497	-	-	221,497
Public Works	994,961	-	-	994,961
Parks and Recreation	5,259,461	1,271,819	-	6,531,280
Solid Waste	2,395,818	145,678	-	2,541,496
Streets and Highways	45,792,089	840,210	-	46,632,299
Traffic and Public Lighting	212,557	-	-	212,557
Garage	180,087	-	-	180,087
Other Unclassified	225,055	-	-	225,055
Total Public Works	<u>59,598,069</u>	<u>2,257,707</u>	<u>-</u>	<u>61,855,776</u>
Emergency Medical Service	2,172,607	145,950	-	2,318,557
Cox Field	6,720,760	1,112,106	-	7,832,866
Library	3,878,894	-	-	3,878,894
Total Governmental Funds Capital Assets	<u>\$ 95,163,603</u>	<u>\$ 3,832,096</u>	<u>\$ 120,395</u>	<u>\$ 98,875,304</u>

STATISTICAL SECTION

STATISTICAL SECTION

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

Financial Trends

Tables 1-4

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

Revenue Capacity

Tables 5 - 8

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

Debt Capacity

Tables 9-13

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

Demographic and Economic Information

Tables 14-15

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

Operating Information

Tables 16-19

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

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

Table 1

	Fiscal Year			
	2008	2009	2010	2011
Governmental Activities:				
Net Investment in Capital Assets	\$ 27,214,018	\$ 26,663,557	\$ 26,871,917	\$ 25,311,134
Restricted	2,634,911	952,225	5,454,967	3,958,563
Unrestricted	12,724,897	15,119,471	10,358,596	12,801,387
Total Governmental Activities, Net Position	\$ 42,573,826	\$ 42,735,253	\$ 42,685,480	\$ 42,071,084
Business-Type Activities:				
Net Investment in Capital Assets	\$ 24,810,704	\$ 26,288,945	\$ 28,883,901	\$ 31,855,910
Restricted	2,810,233	3,813,439	1,636,722	-
Unrestricted	7,362,285	7,237,951	9,815,653	11,416,134
Total Business-Type Activities, Net Position	\$ 34,983,222	\$ 37,340,335	\$ 40,336,276	\$ 43,272,044
Primary Government:				
Net Investment in Capital Assets	\$ 52,024,722	\$ 52,952,502	\$ 55,755,818	\$ 57,167,044
Restricted	5,445,144	4,765,664	7,091,689	3,958,563
Unrestricted	20,087,182	22,357,422	20,174,249	24,217,521
Total Primary Government, Net Assets/Position	\$ 77,557,048	\$ 80,075,588	\$ 83,021,756	\$ 85,343,128

Table I
(Continued)

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 27,532,353	\$ 28,732,801	\$ 28,427,758	\$ 28,043,910	\$ 30,505,784	\$ 21,971,338
5,421,971	4,949,039	4,949,039	3,393,033	3,003,799	3,004,564
12,700,759	12,301,829	10,023,934	5,694,771	1,890,470	11,159,128
<u>\$ 45,655,083</u>	<u>\$ 45,983,669</u>	<u>\$ 43,400,731</u>	<u>\$ 37,131,714</u>	<u>\$ 35,400,053</u>	<u>\$ 36,135,030</u>
\$ 34,499,646	\$ 33,003,801	\$ 33,041,432	\$ 33,331,038	\$ 33,466,855	\$ 24,198,822
-	-	-	-	-	-
8,496,996	10,075,150	12,172,944	13,508,734	14,460,833	22,900,345
<u>\$ 42,996,642</u>	<u>\$ 43,078,951</u>	<u>\$ 45,214,376</u>	<u>\$ 46,839,772</u>	<u>\$ 47,927,688</u>	<u>\$ 47,099,167</u>
\$ 62,031,999	\$ 61,736,602	\$ 61,469,190	\$ 61,374,948	\$ 63,972,639	\$ 46,170,160
5,421,971	4,949,039	4,949,039	3,393,033	3,003,799	3,004,564
21,197,755	22,376,979	22,196,878	19,203,505	16,351,303	34,059,473
<u>\$ 88,651,725</u>	<u>\$ 89,062,620</u>	<u>\$ 88,615,107</u>	<u>\$ 83,971,486</u>	<u>\$ 83,327,741</u>	<u>\$ 83,234,197</u>

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

Table 2

	Fiscal Year			
	2008	2009	2010	2011
EXPENSES				
Governmental Activities:				
General Government	\$ 2,076,554	\$ 3,590,461	\$ 2,632,370	\$ 2,890,290
Finance	467,865	449,227	481,106	437,320
Public Safety	9,737,225	9,498,749	10,021,261	9,880,712
Public Works	7,705,564	6,905,252	7,279,655	7,667,367
Health	3,174,713	3,133,324	3,184,085	3,202,551
Library Services	790,216	730,925	751,523	719,240
Cox Field Airport	262,533	294,089	225,565	220,027
Interest on Long-Term Debt	557,588	507,788	460,678	438,460
Bond Issue Costs	-	-	-	-
Total Governmental Activities Expenses	24,772,258	25,109,815	25,036,243	25,455,967
Business-Type Activities:				
Water and Sewer Services	10,959,294	11,197,470	10,423,943	10,694,363
Total Primary Government Expenses	35,731,552	36,307,285	35,460,186	36,150,330
PROGRAM REVENUES				
Governmental Activities:				
Charges for Services:				
General Government	-	-	-	-
Public Safety	1,029,991	676,229	757,291	606,792
Public Works	1,690,210	1,693,133	1,709,552	1,775,841
Health	2,710,279	2,638,943	2,595,679	2,608,306
Library Services	22,464	21,335	21,123	19,707
Cox Field	-	-	-	-
Operating Grants and Contributions	1,407,529	1,317,832	1,431,301	1,953,631
Capital Grants and Contributions	55,152	224,458	355,429	205,628
Total Governmental Activities Program Revenues	6,915,625	6,571,930	6,870,375	7,169,905
Business-Type Activities:				
Charges for Services:				
Water and Sewer Service	13,012,253	13,616,713	13,650,486	13,798,137
Total Primary Government Program Revenues	19,927,878	20,188,643	20,520,861	20,968,042

Table 2
(Continued)

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 2,094,110	\$ 2,905,871	\$ 2,997,393	\$ 2,909,807	\$ 3,463,908	\$ 3,748,965
480,144	393,526	407,463	404,567	400,665	398,262
10,771,351	9,982,926	10,449,953	11,037,966	12,595,127	12,456,655
7,568,269	8,396,001	7,909,651	7,508,978	7,020,333	7,126,349
3,416,360	3,348,281	3,228,513	2,404,782	2,633,051	2,836,429
712,033	787,242	816,376	790,339	799,187	781,092
261,463	259,938	158,632	152,063	217,995	235,546
342,554	436,690	287,256	276,197	237,313	185,852
-	314,765	-	-	-	-
25,646,284	26,825,240	26,255,237	25,484,699	27,367,579	27,769,150
11,008,967	11,504,538	11,940,791	11,929,499	12,100,940	14,095,860
36,655,251	38,329,778	38,196,028	37,414,198	39,468,519	41,865,010
-	2,447	3,310	17,634	6,572	181,197
729,267	412,150	433,828	370,308	361,100	342,083
1,788,753	1,860,656	1,799,918	1,862,606	1,780,836	1,463,576
2,721,421	2,463,907	2,371,757	2,391,817	2,519,387	2,609,811
20,877	27,824	19,400	19,433	16,874	127,997
-	78,234	67,037	76,689	91,810	98,382
1,305,387	1,959,427	926,506	1,396,711	672,298	338,718
636,974	117,080	690,176	271,961	424,332	2,147,065
7,202,679	6,921,725	6,311,932	6,407,159	5,873,209	7,308,829
13,852,441	14,005,748	13,881,328	14,281,964	14,617,218	13,781,748
21,055,120	20,927,473	20,193,260	20,689,123	20,490,427	21,090,577

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

Table 2
(Continued)

	Fiscal Year			
	2008	2009	2010	2011
Net (Expense)/Revenue				
Governmental Activities	(17,856,633)	(18,537,885)	(18,165,868)	(18,286,062)
Business-Type Activities	2,052,959	2,419,243	3,226,543	3,103,774
Total Primary Government, Net Expense	(15,803,674)	(16,118,642)	(14,939,325)	(15,182,288)
General Revenues and Other Changes in Net Assets/Position				
Governmental Activities:				
Taxes				
Property	7,904,936	7,794,381	7,853,487	7,620,281
Sales	5,696,174	6,441,260	5,843,494	6,033,469
Franchise	2,898,214	2,859,338	2,743,214	2,719,496
Hotel Occupancy	434,441	526,998	500,755	449,213
Investment Earnings	399,676	174,636	113,006	84,327
Grants, Donations and Miscellaneous	-	-	-	-
Capital Contributions	1,100,000	902,699	1,062,139	764,880
Loss on Sale of Capital Assets	-	-	-	-
Transfers	-	-	-	-
Total Governmental Activities	18,433,441	18,699,312	18,116,095	17,671,666
Business-Type Activities:				
Investment Earnings	309,586	212,479	103,220	162,374
Contribution	196,052	628,090	728,317	434,500
Transfers	(1,100,000)	(902,699)	(1,062,139)	(764,880)
Total Business-Type Activities	(594,362)	(62,130)	(230,602)	(168,006)
Total Primary Government	17,839,079	18,637,182	17,885,493	17,503,660
Changes in Net Assets/Position				
Governmental Activities	576,808	161,427	(49,773)	(614,396)
Business-Type Activities	1,458,597	2,357,113	2,995,941	2,935,768
Total Primary Government	\$ 2,035,405	\$ 2,518,540	\$ 2,946,168	\$ 2,321,372

Table 2
(Continued)

Fiscal Year					
2012	2013	2014	2015	2016	2017
(18,443,605)	(19,903,515)	(19,943,305)	(19,077,540)	(21,494,370)	(20,460,321)
2,843,474	2,501,210	1,940,537	2,352,465	2,516,278	(314,112)
(15,600,131)	(17,402,305)	(18,002,768)	(16,725,075)	(18,978,092)	(20,774,433)
7,619,472	7,597,667	7,575,840	7,651,005	7,748,872	8,175,530
5,993,859	6,304,250	6,416,749	7,684,113	7,051,858	7,233,526
2,731,097	2,550,447	2,662,604	2,641,537	2,502,614	4,211,397
498,667	572,150	547,354	594,493	630,545	657,270
55,875	64,386	45,799	51,741	80,129	173,656
1,642,126	615,222	122,703	369,689	315,989	361,125
3,486,508	2,527,979	(10,682)	1,087,474	651,847	-
-	-	-	-	(57,026)	-
-	-	-	-	1,579,100	382,794
22,027,604	20,232,101	17,360,367	20,080,052	20,503,928	21,195,298
63,722	(42,124)	83,206	77,787	291,131	315,872
303,910	550,978	101,000	-	-	-
(3,486,508)	(2,527,979)	10,682	(1,087,474)	(1,579,100)	(382,794)
(3,118,876)	(2,019,125)	194,888	(1,009,687)	(1,287,969)	(66,922)
18,908,728	18,212,976	17,555,255	19,070,365	19,215,959	21,128,376
3,583,999	328,586	(2,582,938)	1,002,512	(990,442)	734,977
(275,402)	482,085	2,135,425	1,342,778	1,228,309	(381,034)
\$ 3,308,597	\$ 810,671	\$ (447,513)	\$ 2,345,290	\$ 237,867	\$ 353,943

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

Table 3

	Fiscal Year			
	2008	2009	2010	2011 (1)
General Fund				
Nonspendable	\$ 251,411	\$ 215,128	\$ 214,932	\$ 199,519
Restricted	-	-	-	-
Unassigned	11,478,815	13,751,446	11,376,619	12,156,169
Total General Fund	\$ 11,730,226	\$ 13,966,574	\$ 11,591,551	\$ 12,355,688
All Other Governmental Funds				
Reserved	\$ 2,704,009	\$ 1,008,826	\$ 5,540,873	\$ -
Unreserved, Reported in:				
Special Revenue Funds	811,645	792,271	781,230	-
Permanent Funds	82,762	84,365	86,564	-
Nonspendable	-	-	-	88,520
Restricted	-	-	-	3,870,043
Assigned	-	-	-	532,263
Unassigned	-	-	-	-
Total All Other Governmental Funds	\$ 3,598,416	\$ 1,885,462	\$ 6,408,667	\$ 4,490,826

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

Table 3
(Continued)

Fiscal Year					
2012 (1)	2013 (1)	2014 (1)	2015(1)	2016(1)	2017(1)
\$ 218,117	\$ 271,292	\$ 233,127	\$ 294,776	\$ 223,911	\$ 326,985
-	-	271,269	331,086	387,950	446,493
11,764,593	11,969,203	11,194,101	12,969,124	10,227,839	10,849,390
<u>\$ 11,982,710</u>	<u>\$ 12,240,495</u>	<u>\$ 11,698,497</u>	<u>\$ 13,594,986</u>	<u>\$ 10,839,700</u>	<u>\$ 11,622,868</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
89,632	90,062	90,572	90,800	91,565	92,347
5,332,339	4,858,977	3,031,192	2,726,900	2,525,049	12,009,532
456,463	457,471	389,511	267,440	188,569	82,042
-	-	-	-	-	57,705
<u>\$ 5,878,434</u>	<u>\$ 5,406,510</u>	<u>\$ 3,511,275</u>	<u>\$ 3,085,140</u>	<u>\$ 2,805,183</u>	<u>\$ 12,241,626</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		
	2008	2009	2010
REVENUES			
Taxes	\$ 16,909,018	\$ 17,606,479	\$ 16,941,815
Licenses and Permits	101,776	171,906	88,935
Fines and Fees	652,804	554,424	526,668
Use of Money and Property	532,435	317,028	274,986
Public Safety	67,335	65,283	57,369
Sanitation	1,319,923	1,306,867	1,347,707
Health	2,646,417	2,583,958	2,621,420
Intergovernmental	1,504,435	1,575,080	1,736,611
Other	302,120	221,114	301,069
Total Revenues	24,036,263	24,402,139	23,896,580
EXPENDITURES			
Current:			
General Government	962,561	1,075,990	1,109,767
Finance	448,951	430,364	462,282
Public Safety	9,283,682	9,303,726	9,489,393
Public Works	5,562,625	5,591,689	5,509,576
Health Department	925,195	900,945	942,596
Emergency Medical Service	2,128,274	2,111,069	2,095,897
Library	675,209	616,148	642,830
Cox Field Airport	145,052	180,364	112,800
Other	1,057,566	2,360,244	1,468,366
Debt Service:			
Interest	563,669	518,682	443,618
Principal	1,304,230	847,851	871,978
Bond Issuance Costs	-	-	-
Capital Outlay	1,028,778	808,089	2,666,238
Total Expenditures	24,085,792	24,745,161	25,815,341
Excess (Deficiency) of Revenues Over Expenditures	(49,529)	(343,022)	(1,918,761)
Other Financing Sources (Uses):			
Proceeds of Capital Leases	-	-	-
General Obligation Bonds Issued	-	-	-
Transfers In	2,764,641	3,359,644	5,338,879
Transfers Out	(1,664,641)	(2,456,945)	(4,276,740)
Long-Term Debt Issued	-	-	3,005,000
Payment to Escrow Agent and Premium	-	-	-
Sale of General Capital Assets	-	-	-
Total Other Financing Sources (Uses)	1,100,000	902,699	4,067,139
Increase (Decrease) in Reserve for Inventory	48,971	(36,283)	(196)
Net Changes in Fund Balances	\$ 1,099,442	\$ 523,394	\$ 2,148,182
Debt Service as a Percentage of Noncapital Expenditures	8.17%	5.46%	5.68%

Table 4
(Continued)

Fiscal Year						
2011	2012	2013	2014	2015	2016	2017
\$16,824,545	\$16,822,577	\$17,020,156	\$17,194,419	\$ 18,457,686	\$ 17,976,072	\$ 20,280,057
112,142	145,792	154,923	386,775	220,696	152,016	155,363
501,601	550,496	624,609	586,429	573,953	515,147	491,880
313,948	210,476	142,620	138,629	137,030	173,004	272,039
40,297	-	-	-	-	-	-
1,461,736	1,468,917	1,463,210	1,472,278	1,462,810	1,474,874	1,463,576
2,578,496	2,818,196	2,453,270	2,111,439	2,383,355	2,519,387	2,609,811
1,768,322	1,858,092	2,069,494	1,603,165	1,662,824	1,096,630	1,463,514
247,354	271,709	317,981	169,261	224,463	386,853	258,051
<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>	<u>24,293,983</u>	<u>26,994,291</u>
1,219,607	1,029,702	1,197,486	1,153,686	1,076,798	1,301,401	1,288,458
425,455	473,719	393,526	407,443	404,567	400,665	398,262
9,154,646	9,659,131	9,462,148	9,712,876	10,206,584	11,125,560	11,026,655
7,459,432	5,757,456	6,646,804	6,507,603	5,861,079	5,556,359	5,549,270
908,339	955,930	1,043,502	916,260	8,672	-	-
2,146,210	2,302,247	2,132,692	2,127,225	2,240,853	2,366,673	2,535,135
630,977	632,515	632,040	707,716	692,290	717,395	697,503
107,276	150,848	153,182	97,778	102,539	110,330	129,269
1,545,147	1,434,177	1,560,051	1,548,753	1,641,714	1,771,889	1,738,115
945,016	1,080,200	379,241	311,919	280,733	254,304	196,358
480,448	424,730	1,185,622	1,226,543	1,077,610	991,899	1,161,513
-	-	-	-	-	-	103,399
815,623	2,649,513	2,407,415	1,332,959	1,920,359	4,474,952	2,350,010
<u>25,838,176</u>	<u>26,550,168</u>	<u>27,193,709</u>	<u>26,050,761</u>	<u>25,513,798</u>	<u>29,071,427</u>	<u>27,173,947</u>
<u>(1,989,735)</u>	<u>(2,403,913)</u>	<u>(2,947,446)</u>	<u>(2,388,366)</u>	<u>(390,981)</u>	<u>(4,777,444)</u>	<u>(179,656)</u>
-	-	-	-	617,114	975,185	-
-	-	-	-	-	-	9,913,399
1,176,462	5,100,935	3,938,899	1,782,291	1,504,281	3,437,300	466,536
(411,581)	(1,614,427)	(1,410,920)	(1,792,973)	(416,807)	(1,858,200)	(83,742)
-	-	4,505,000	-	-	-	-
-	-	(4,424,955)	-	-	-	-
-	-	72,108	-	95,098	-	-
<u>764,881</u>	<u>3,486,508</u>	<u>2,680,132</u>	<u>(10,682)</u>	<u>1,799,686</u>	<u>2,554,285</u>	<u>10,296,193</u>
<u>(15,414)</u>	<u>18,599</u>	<u>53,175</u>	<u>(38,165)</u>	<u>61,649</u>	<u>(70,865)</u>	<u>103,074</u>
<u>\$ (1,240,268)</u>	<u>\$ 1,101,194</u>	<u>\$ (214,139)</u>	<u>\$ (2,437,213)</u>	<u>\$ 1,470,354</u>	<u>\$ (2,294,024)</u>	<u>\$ 10,219,611</u>
6.11%	6.44%	6.74%	5.38%	5.76%	5.07%	5.47%

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
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
2015	2015-16	7,627,731	7,406,830	97.10	215,544	7,622,374
2016	2016-17	8,093,094	7,940,087	98.11	116,317	8,056,404

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)

Ratio of Total Collections To Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes To Total Tax Levy
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
99.14	190,166	2.52
99.07	186,382	2.48
97.81	279,144	3.66
99.93	221,880	2.91
99.54	153,007	1.89

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

Table 6

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
City of Paris										
M & O	\$ 0.46526	\$ 0.43113	\$ 0.42439	\$ 0.41713	\$ 0.41000	\$ 0.41487	\$ 0.39129	\$ 0.40635	\$ 0.42547	\$ 0.42443
I & S	0.09474	0.08887	0.09561	0.10287	0.11000	0.09620	0.11066	0.09560	0.07648	0.07752
Total	<u>\$ 0.56000</u>	<u>\$ 0.52000</u>	<u>\$ 0.52000</u>	<u>\$ 0.52000</u>	<u>\$ 0.52000</u>	<u>\$ 0.51107</u>	<u>\$ 0.50195</u>	<u>\$ 0.50195</u>	<u>\$ 0.50195</u>	<u>\$ 0.50195</u>
Lamar County										
M & O	\$ 0.42340	\$ 0.41430	\$ 0.40360	\$ 0.39420	\$ 0.39990	\$ 0.41850	\$ 0.40580	\$ 0.42640	\$ 0.40920	\$ 0.40660
I & S	0.01950	0.01860	0.01900	0.01890	0.01930	0.02020	0.01930	0.01900	0.01830	0.01730
Total	<u>\$ 0.44290</u>	<u>\$ 0.43290</u>	<u>\$ 0.42260</u>	<u>\$ 0.41310</u>	<u>\$ 0.41920</u>	<u>\$ 0.43870</u>	<u>\$ 0.42510</u>	<u>\$ 0.44540</u>	<u>\$ 0.42750</u>	<u>\$ 0.42390</u>
Paris ISD										
M & O	\$ 1.04000	\$ 1.04000	\$ 1.17000	\$ 1.17000	\$ 1.17000	\$ 1.17000	\$ 1.17000	\$ 1.17000	\$ 1.17000	\$ 1.17000
I & S	0.40500	0.40500	0.15500	0.25500	0.25500	0.28500	0.28500	0.28500	0.28500	0.28500
Total	<u>\$ 1.44500</u>	<u>\$ 1.44500</u>	<u>\$ 1.32500</u>	<u>\$ 1.42500</u>	<u>\$ 1.42500</u>	<u>\$ 1.45500</u>	<u>\$ 1.45500</u>	<u>\$ 1.45500</u>	<u>\$ 1.45500</u>	<u>\$ 1.45500</u>
Chisum ISD										
M & O	\$ 1.04005	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000
I & S	0.15570	0.20000	0.18000	0.16000	0.16000	0.16000	0.14500	0.14678	0.14678	0.20650
Total	<u>\$ 1.19575</u>	<u>\$ 1.24000</u>	<u>\$ 1.22000</u>	<u>\$ 1.20000</u>	<u>\$ 1.20000</u>	<u>\$ 1.20000</u>	<u>\$ 1.18500</u>	<u>\$ 1.18678</u>	<u>\$ 1.18678</u>	<u>\$ 1.24650</u>
North Lamar ISD										
M & O	\$ 1.04005	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000
I & S	0.12811	0.118110	0.10811	0.09650	0.08650	0.08150	0.07110	0.06750	0.06750	-
Total	<u>\$ 1.16816</u>	<u>\$ 1.15811</u>	<u>\$ 1.14811</u>	<u>\$ 1.13650</u>	<u>\$ 1.12650</u>	<u>\$ 1.12150</u>	<u>\$ 1.11110</u>	<u>\$ 1.10750</u>	<u>\$ 1.10750</u>	<u>\$ 1.04000</u>
Paris Junior College										
M & O	\$ 0.19800	\$ 0.18740	\$ 0.18500	\$ 0.18974	\$ 0.19000	\$ 0.18700	\$ 0.18660	\$ 0.18660	\$ 0.18750	\$ 0.17730
I & S	-	-	-	-	-	-	-	-	-	-
Total	<u>\$ 0.19800</u>	<u>\$ 0.18740</u>	<u>\$ 0.18500</u>	<u>\$ 0.18974</u>	<u>\$ 0.19000</u>	<u>\$ 0.18700</u>	<u>\$ 0.18660</u>	<u>\$ 0.18660</u>	<u>\$ 0.18750</u>	<u>\$ 0.17730</u>

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
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
2015	2015-16	1,006,810,741	1,490,882,796	526,923,827	780,316,817
2016	2016-17	1,148,246,077	1,725,298,577	479,151,390	720,199,051

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		
\$ 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
737,465,045	1,533,734,568	2,271,199,613	67.53	0.50195
818,100,161	1,627,397,467	2,445,497,628	66.55	0.50195

CITY OF PARIS, TEXAS
Principal Property Taxpayers
September 30, 2017 and 2008
Unaudited

Table 8

Taxpayer	Type of Business	2017		
		Taxable Assessed Value	Rank	Percentage of Total Freeze Adjusted Taxable Assessed Value
La Frontera Holdings LLC (Lamar Power Partners)	Electric Utility	\$ 325,146,120	1	20.82%
Kimberly-Clark Corporation - A	Disposable Diapers	88,428,840	2	5.66%
Campbell Soup Company - A	Food Manufacturer	88,253,476	3	5.65%
Essent PRMC, LP A	Hospital	25,846,493	4	1.65%
Oncor Electric Delivery	Electric Utility	24,120,060	5	1.54%
Paris Generation, LP	Electric Utility	17,974,650	6	1.15%
Alpha Lake Limited	Shopping Center	10,596,530	7	0.68%
Silgan Can Company	Can Manufacturer	10,018,130	8	0.64%
Huhtamaki Inc	Packaging Mfg.	9,560,938	9	0.61%
Walmart Property Tax Dept	Discount Store	9,017,490	10	0.58%
Sara Lee Bakery Group	Food Manufacturer	-	-	-
Turner Industries LLC	Pipe Manufacturer	-	-	-
Campbell Soup Company - B	Food Manufacturer	-	-	-
Totals		<u>\$ 608,962,727</u>		<u>38.99%</u>

Source:
Lamar County Appraisal District

Table 8
(Continued)

2008		
Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
\$ 260,629,110	1	16.74%
124,363,910	2	7.99%
67,152,580	3	4.31%
45,154,080	4	2.90%
23,317,710	6	1.50%
27,268,040	5	1.75%
-	-	-
17,365,210	7	1.12%
-	-	-
-	-	-
17,045,370	8	1.10%
12,330,170	9	0.79%
9,550,750	10	0.61%
<hr/>		
<u>\$ 604,176,930</u>		<u>38.81%</u>

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

Table 9

Fiscal Year	Estimated Population	Taxable Assessed Value	Gross General Bonded Debt	Less Debt Service Funds	Net General Bonded Debt	Ratio of Net General Bonded Debt To Assessed Value	Net General Bonded Debt Per Capita
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
2015-16	25,400	1,627,397,467	6,442,624	1,087,664	5,354,960	0.33	210.83
2016-17	25,425	1,681,747,299	15,461,503	898,022	14,563,481	0.87	572.80

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
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	-	-
2016	6,442,624	1,538,459	-	37,997,715	-	-
2017	15,461,503	1,397,929	-	45,175,173	-	-

Note:

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

Table 10
(Continued)

	Total Primary Government	Percentage of Personal Income (2)	Per Capita
\$	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	2.64	1,951
	46,447,114	2.49	1,843
	45,978,798	2.47	1,810
	62,034,605	3.23	2,440

CITY OF PARIS, TEXAS
Direct and Overlapping
Governmental Activities Debt
September 30, 2017
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	\$ 4,919,264	62.75%	\$ 3,086,838
Paris Independent School District	46,885,000	49.30	23,114,305
Chisum Independent School District	30,150,564	47.75	14,396,894
North Lamar Independent School District	<u>-</u>		<u>-</u>
Subtotal Overlapping Debt	81,954,828		40,598,037
City of Paris	<u>15,461,503</u>	47.12	<u>7,285,000</u>
Total Direct and Overlapping Debt	<u>\$ 97,416,331</u>		<u>\$ 47,883,037</u>
Per Capita Direct and Overlapping Funded Debt	<u>\$ 3,832</u>		<u>\$ 1,883</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, 2017
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, 2017.

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***	
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
2015-16	14,894,489	7,834,768	7,059,721	-	-	-	N/A
2016-17	14,097,620	9,902,805	4,194,815	-	-	-	N/A

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

Calendar Year	Paris, TX Micropolitan Service Area Population	Paris, TX Micropolitan Service Area Personal Income	Paris, TX Micropolitan Service Area Per Capita Personal Income	Paris, TX Micropolitan Service Area Median Age	School Enrollments (1)	Percent Unemployment Rate
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	31,780	39.7	13,428	9.7
2011	50,074	1,657,062,000	33,092	39.9	12,865	8.5
2012	49,811	1,750,363,000	35,140	39.0	12,671	7.9
2013	49,426	1,804,479,000	36,509	37.1	12,377	7.6
2014	49,523	1,859,083,000	37,540	40.4	12,414	6.1
2015	49,440	1,857,879,000	37,578	40.5	12,121	5.4
2016	49,791	1,917,848,000	38,518	40.6	12,180	4.9

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

Sources:

Paris Independent School District - 3,822
North Lamar Independent School District - 2,532
Chisum Independent School District - 938
Paris Junior College - 4,888
Chamber of Commerce
Bureau of Economic Analysis

CITY OF PARIS, TEXAS
Principal Employers
Fiscal Years End 2017 and 2008
Unaudited

Table 15

Taxpayer	September 30, 2017			September 30, 2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Paris Regional Medical Center	900	1	5.00%	1,000	1	6.19%
Campbell Soup Company	790	2	4.39%	800	3	4.95%
Kimberly-Clark Corporation	650	3	3.61%	850	2	5.26%
Turner Industries	606	4	3.37%	700	4	4.33%
RK Hall Construction LTD	310	5	1.72%	250	8 (3)	1.55%
J. Skinner Baking Company	221	6	1.23%	600	5 (1)	3.71%
Huhtamaki	180	7	1.00%	176	9 (2)	1.09%
We Pack Logistics, Inc.	150	8	0.83%	300	7	1.86%
Daisy Farms	100	9	0.56%	-	-	0.00%
Silgan Can Company	78	10	0.43%	-	-	0.00%
TCIM	-	-	0.00%	550	6	3.40%
Rogers-Wade Mfg	-	-	0.00%	120	10	0.74%
Totals	3,985		22.14%	5,346		33.08%

Source:

Chamber of Commerce
U.S. Department of Labor
PEDC

Additional Information:

Public Employers:

Paris ISD	635
North Lamar ISD	478
City of Paris	328
Paris Junior College	214
Lamar County	194
Total	1,849

Notes:

- (1) 600 as Sara Lee
- (2) 176 as Paris Packaging
- (3) 250 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			
	2008	2009	2010	2011
FACILITIES:				
Airports:				
Number of Airports	1	1	1	1
Fire Protection:				
Number of Stations	3	3	3	3
Number of Fire Hydrants	1,112	1,173	1,189	1,222
Number of Employees (certified)	48	48	51	51
Employees Per 1,000 Population	1.79	1.77	1.88	2.01
Libraries:				
Number of Libraries	1	1	1	1
Number of Volumes	106,607	97,243	98,895	90,524
Circularization of Materials	162,278	162,957	159,966	144,830
Circulation Per Capita	6.07	6.04	5.90	5.71
Library Cards in Force	12,011	12,011	15,941	13,461
Police Protection:				
Number of Stations	1	1	1	1
Number of Employees (certified)	62	61	62	62
Employees Per 1,000 Population	2.31	2.26	2.28	2.44
Parks and Recreation:				
Park Acres Developed	87	87	87	87
Park Acres Undeveloped	221	221	221	221
City Parks	24	24	25	24
Streets:				
Paved Lanes - Miles	172	160	171	160
Unpaved Streets - Miles	3	3	3	3
WATER AND SEWER UTILITY:				
Average Daily Water Consumption - Gallons	10,678,976	10,185,500	10,069,000	11,687,000
Maximum Day's Water Consumption - Gallons	18,360,000	20,394,000	21,311,000	21,900,000
Annual Water Consumption - Gallons	3,912,548,000	3,624,429,000	3,675,218,000	4,611,321,000
Water Mains - Miles	184	184	183	183
Water Connections - Metered	9,888	9,905	10,076	9,834
Sewer Mains - Miles	190	190	197	188
Area Miles	39.18	39.18	39.18	39.18
Number of Full-Time Employees	321	322	322	324

Table 16
(Continued)

Fiscal Year						
2012	2013	2014	2015	2016	2017	
1	1	1	1	1	1	
3	3	3	3	3	3	
1,217	1,240	1,262	1,299	1313	1333	
51	51	51	51	51	51	
2.01	2.01	2.03	2.02	2.01	2.00	
1	1	1	1	1	1	
85,357	82,878	82,832	81,893	84,162	85,630	
136,286	127,053	127,002	127,824	119,265	114,611	
5.37	5.01	5.06	5.07	4.69	4.50	
14,563	14,896	16,519	15,507	13,551	14,312	
1	1	1	1	1	1	
62	62	60	60	60	60	
2.44	2.44	2.39	2.38	2.36	2.35	
87	87	87	87	87	87	
221	221	221	221	221	221	
24	24	24	24	24	24	
160	160	160	160	171	171	
3	3	3	3	3	3	
11,560,000	11,400,000	11,472,271	11,006,721	10,701,294	13,241,942	
21,010,000	20,764,000	17,201,000	20,662,000	17,983,000	18,493,000	
4,234,583,000	4,177,171,000	4,187,379,000	4,017,453,000	3,977,369,000	4,833,309,000	
183	183	183	185	185	185	
9,966	9,816	9,819	10,024	9,995	9,766	
188	188	189	209	209	209	
39.18	39.18	39.18	39.18	38.02	38.02	
325	325	326.5	327.0	328	330	

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

Table 17

	Fiscal Year			
	2008	2009	2010	2011
Function:				
Public Safety				
Police				
Stations	1	1	1	1
Patrol Units	10	10	10	10
Fire Stations	4	3	3	3
Sanitation				
Collection Trucks	8	8	8	8
Highways and Streets				
Streets (miles)	174	160	174	174
Streetlights	2,224	2,217	2,216	2,220
Traffic Signals*	-	-	-	-
Culture and Recreation				
Park Acreage	308	308	308	286
Swimming Pools - Municipal	1	1	1	1
Tennis Courts	14	14	14	14
Community Centers	1	1	1	1
Water				
Water Mains (miles)	184	184	184	183
Fire Hydrants	1,112	1,173	1,189	1,222
Maximum Daily Capacity (thousands of gallons)	36,000	36,000	36,000	36,000
Sewer				
Sanitary Sewers (miles)	190	190	190	189
Maximum Daily Treatment Capacity (thousands of gallons)	7,250	7,250	7,250	7,250

Source: Various City Departments

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

Table 17
(Continued)

Fiscal Year					
2012	2013	2014	2015	2016	2017
1	1	1	1	1	1
10	10	10	10	10	10
3	3	3	3	3	3
7	6	6	6	6	6
163	163	163	174	174	174
2,220	2,223	2,225	2,228	2,228	2,230
-	-	-	-	-	-
286	286	286	286	286	286
1	1	1	1	1	1
14	14	14	14	14	14
1	1	1	1	1	1
183	183	183	185	185	185
1,217	1,240	1,262	1,299	1,313	1,333
36,000	36,000	36,000	36,000	36,000	36,000
189	189	189	209	209	209
7,250	7,250	7,250	7,250	7,250	7,250

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

Table 18

Property Value Fiscal Year	Commercial Units	Commercial Construction Value	Residential Units	Residential Construction Value	Total Construction Value
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
2016	59	7,838,210	44	3,252,018	11,090,228
2017	18	12,653,657	21	3,914,081	16,567,738

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

Table 19

Function:	Fiscal Year			
	2008	2009	2010	2011
Manager	2.0	2.0	2.0	2.0
Attorney	3.0	4.0	4.0	4.0
Court Clerk	3.0	3.0	4.0	4.0
City Clerk	3.0	3.0	3.0	3.0
Finance	5.5	5.5	5.5	6.0
Police*	85.0	84.0	84.0	84.5
Fire	52.0	52.0	52.0	52.0
Community Development	6.5	5.5	5.5	7.0
Engineering	6.5	6.5	6.5	6.5
Public Works	2.5	3.0	3.0	3.0
Parks & ROW	9.5	9.5	9.5	9.0
Sanitation	12.5	12.0	12.0	12.0
Streets	15.0	15.0	15.0	15.0
Traffic & Lighting	2.0	2.0	2.0	2.0
Garage	6.0	6.0	6.0	5.5
EMS	26.0	26.0	26.0	26.0
Airport	1.0	0.0	0.0	0.0
Library	11.5	10.5	10.5	10.5
Warehouse	2.0	2.0	2.0	2.0
Water Billing	7.5	8.0	8.0	8.0
Water Treatment Plant	15.5	15.5	15.5	15.5
Water Distribution	11.0	11.5	11.5	11.5
Waste Water Collection	7.5	7.5	7.5	7.5
Waste Water Treatment Plant	22.5	22.5	22.5	22.5
Lift Stations	3.0	3.0	3.0	3.0
Information Technology	1.0	2.0	2.0	2.0
Totals	322.5	322.5	322.5	324.0

* Includes related grant employees.
Seasonal employees not included.

Table 19
(Continued)

Fiscal Year					
2012	2013	2014	2015	2016	2017
3.0	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
3.0	3.0	2.0	2.0	2.0	2.0
5.0	5.0	5.0	5.0	5.0	5.0
85.5	85.5	83.0	83.0	83.0	83.0
52.0	52.0	57.0	57.0	57.0	58.0
7.5	7.5	5.5	4.5	4.5	4.5
6.5	6.5	7.5	7.5	7.5	7.5
3.0	3.0	3.0	2.0	2.0	2.0
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
2.0	2.0	2.0	2.0	2.0	2.0
5.5	5.5	5.5	5.5	5.5	5.5
26.0	26.0	26.0	26.0	26.0	26.0
0.0	0.0	0.0	0.0	0.0	0.0
10.5	10.5	10.5	10.5	10.5	10.5
2.0	2.0	2.0	2.0	2.0	2.0
8.0	8.0	8.0	8.0	8.0	8.0
15.5	15.5	15.5	15.5	16.5	16.5
10.5	10.5	11.0	11.0	11.0	11.0
7.5	7.5	7.5	8.5	8.5	8.5
22.5	22.5	22.5	22.5	22.5	22.5
3.0	3.0	3.0	3.0	3.0	3.0
2.0	2.0	2.0	2.5	2.5	2.5
325.5	325.5	326.5	327.0	328.0	330.0

CONTINUING DISCLOSURE INFORMATION
(UNAUDITED)

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

ASSESSED VALUATION

TABLE 1

2017-2018 Actual Market Value of Taxable Property (100% of Actual)		\$ 2,502,629,495
Less Exemptions:		
Local, Optional Over-65 and/or Disabled Homestead Exemptions	\$ 45,466,649	
Disabled and Deceased Veterans' Exemptions	7,810,386	
Productivity Loss	19,378,050	
Personal Use of Business Vehicle	378,570	
Freeport	89,590,207	
Pollution Control / Solar	67,165,339	
Abatement Loss	271,984,849	
Cap Loss (10%)	6,410,256	
Historical / Other	11,363,360	
Totally Exempt Property	<u>295,991,820</u>	
Total Exemptions		<u>815,539,486</u>
2017-2018 Net Taxable Assessed Valuation		1,687,090,009
Frozen Taxable Value and Transfer Adjustment		<u>(125,125,367)</u>
Freeze Adjusted Net Taxable Assessed Valuation		<u><u>\$ 1,561,964,642</u></u>

Source: Lamar County Appraisal District and the Issuer.

GENERAL OBLIGATION BONDED DEBT PRINCIPAL

TABLE 2

General Obligation Debt Principal Outstanding: (As of September 30, 2017)		
General Obligation Refunding Bonds, Series 2010	\$ 3,365,000	
Combination Tax and Revenue Certificates of Obligation, Series 2010	2,315,000	
General Obligation Refunding Bonds, Series 2012	1,935,000	
Combination Tax and Revenue Certificates of Obligation, Series 2013 (TWDB)	2,300,000	
General Obligation Bonds, Series 2013	30,840,000	
General Obligation Bonds, Series 2016	8,780,000	
General Obligation Bonds, Series 2017	<u>9,750,000</u>	
Total Gross General Obligation Debt Principal Outstanding:		59,285,000
Less: Self-Supporting General Obligation Debt Principal		
General Obligation Refunding Bonds, Series 2010 (62% WS)	2,080,000	
Combination Tax and Revenue Certificates of Obligation, Series 2013 (TWDB) (100% WS)	2,300,000	
General Obligation Bonds, Series 2013 (100% WS)	30,840,000	
General Obligation Bonds, Series 2016 (100% WS)	<u>8,780,000</u>	
Total Self-Supporting General Obligation Debt Outstanding Following the Issuance of the Bonds:		44,000,000
Total Net General Obligation Debt Principal Outstanding Following the Issuance of the Bonds:		<u><u>\$ 15,285,000</u></u>
General Obligation Interest and Sinking Fund Balance as of September 30, 2017		\$ 1,639,019
Ratio of Gross General Obligation Debt Principal to 2017-2018 Freeze Adjusted Net Taxable Assessed Valuation		3.80%
Ratio of Net General Obligation Debt Principal to 2017-2018 Freeze Adjusted Net Taxable Assessed Valuation		0.98%
2016-2017 <u>Freeze Adjusted</u> Net Taxable Assessed Valuation		\$ 1,561,964,642
Population: 1980 - 25,498; 1990 - 24,699; 2000 - 25,898; 2010 - 25,171	Current (Estimate)	25,425
Per Capita 2016-2017 Freeze Adjusted Net Taxable Assessed Valuation	\$	61,434
Per Capita Gross General Obligation Debt Principal	\$	2,332
Per Capita Net General Obligation Debt Principal	\$	601

CLASSIFICATION OF ASSESSED VALUATION^(a)
TABLE 3

Category	2017-2018	% of Total	2016-2017	% of Total	2015-2016	% of Total	2014-2015	% of Total	2013-2014	% of Total
Real, Residential, Single-Family	\$ 513,053,546	20.50%	\$ 492,321,832	19.93%	\$ 480,226,542	20.93%	\$ 470,196,966	20.83%	\$ 470,725,622	22.25%
Real, Residential, Multi-Family	55,673,247	2.22	53,990,547	2.18	53,843,387	2.34	52,669,735	2.33	46,978,495	2.22
Real, Vacant Lots/Tracts	29,663,525	1.19	30,536,814	1.24	28,523,324	1.24	17,374,401	0.77	17,384,757	0.82
Real, Acreage (Land Only)	20,285,840	0.81	38,531,048	1.56	39,756,598	1.73	38,581,158	1.71	38,889,018	1.84
Farm & Ranch Improvements	18,316,868	0.73	337,570	0.01	423,770	0.02	413,500	0.02	408,400	0.02
Real, Commercial	288,609,812	11.53	281,898,938	11.40	279,980,115	12.19	280,408,794	12.42	261,739,779	12.37
Real Industrial	594,247,570	23.74	566,417,810	22.91	466,395,690	20.31	475,970,232	21.08	454,066,572	21.46
Real & Tangible, Personal Utilities	42,243,760	1.69	39,254,700	1.59	40,297,180	1.75	36,804,620	1.63	35,164,790	1.66
Tangible Personal, Commercial	138,468,717	5.53	139,533,387	5.64	131,778,067	5.74	132,126,257	5.85	124,143,334	5.87
Tangible Personal, Industrial	475,659,420	19.01	498,480,500	20.17	450,783,530	19.63	434,917,430	19.26	353,289,830	16.70
Tangible Personal, Mobile Homes	768,990	0.03	786,850	0.03	751,440	0.03	705,510	0.03	746,110	0.03
Residential / Special, Inventory	18,382,080	0.73	18,576,040	0.75	16,976,540	0.74	15,346,780	0.68	14,265,560	0.67
Totally Exempt Property	307,256,120	12.28	311,327,306	12.59	306,675,207	13.35	302,286,562	13.39	298,144,038	14.09
Total Market Value	2,502,629,495	100.00%	2,471,993,342	100.00%	2,296,411,390	100.00%	2,257,801,945	100.00%	2,115,946,305	100.00%
Less Exemptions:										
Productivity Loss	19,378,050		19,896,755		21,114,465		20,638,320		20,875,710	
Cap Loss (10%)	6,410,256		6,598,959		4,097,312		1,375,900		1,926,033	
Local, Optional Over-65/Disabled	45,466,649		46,662,768		45,146,544		44,943,985		44,843,498	
Disabled and Deceased Veterans'	7,810,386		7,395,996		6,570,475		6,036,649		5,659,793	
Exempt Property	295,991,820		310,950,536		306,021,687		302,039,162		298,144,038	
Freeport	89,590,207		109,717,826		112,530,666		115,052,946		95,061,517	
Pollution Control / Solar	67,165,339		61,792,647		46,002,535		46,097,383		47,396,675	
Tax Abatement Loss	271,984,849		280,503,879		219,967,287		190,473,730		98,174,320	
Personal Use of Business Vehicle	378,570		376,770		653,520		247,400		-	
Other / Historical	11,363,360		699,739		572,331		529,382		605,829	
Total Exemptions	815,539,486		844,595,875		762,676,822		727,434,857		612,687,413	
Net Taxable Assessed Valuation	1,687,090,009		1,627,397,467		1,533,734,568		1,530,367,088		1,503,258,892	
Freeze Taxable & Transfer Adjustment	(125,125,367)		(117,126,272)		(114,701,909)		(108,151,971)		(107,205,760)	
Freeze Adjusted Net Taxable										
Assessed Valuation	\$ 1,561,964,642		\$ 1,510,271,195		\$ 1,419,032,659		\$ 1,422,215,117		\$ 1,396,053,132	

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

Source: Lamar County Appraisal District and the Issuer.

PRINCIPAL TAXPAYERS 2017-2018
TABLE 4

<u>Name</u>	<u>Type of Property</u>	<u>2017 Net Taxable Assessed Valuation</u>	<u>% of Total 2016 Assessed Valuation</u>
La Frontera Holdings LLC	Electric Utility	\$ 325,146,120	20.82%
Kimberly Clark Corporation	Disposable Diaper Mfg.	88,428,840	5.66
Campbell Soup	Food Manufacturing	88,253,476	5.65
Essent PRMC LP	Health Care Services/Hospital	25,846,493	1.65
Oncor Electric Delivery Company	Utility	24,120,060	1.54
Paris Generation, LP	Utility	17,974,650	1.15
Alpha Lake LTD	Shopping Center	10,596,530	0.68
Silgan Containers	Manufacturing	10,018,130	0.64
Huhtamaki Inc.	Packaging Manufacturing	9,560,938	0.61
Wal-Mart Stores	Retail	9,017,490	0.58
Total		\$ 608,962,727	38.99%

Based on a 2017 Freeze Adjusted Taxable Value of **\$ 1,561,964,642**

Source: Lamar County Appraisal District

PROPERTY TAX RATES AND COLLECTIONS
TABLE 5

<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>	
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	97.67	99.22	9-30-13
2013	1,493,839,431	0.50195	7,498,327	97.48	100.03	9-30-14
2014	1,519,380,525	0.50195	7,626,530	96.35	99.17	9-30-15
2015	1,561,964,642	0.50195	7,627,731	97.10	99.90	9-30-16
2016	1,510,271,195	0.50195	8,099,874	98.11 ^(b)	99.52 ^(b)	9-30-17

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

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

Financial Report. Valuations for tax years 2008-2017 represent Freeze Adjusted Net Taxable Valuations.

^(b) Current Fiscal Year collections are as of September 30, 2017 (Unaudited).

Source: The Lamar County Appraisal District, the City's 2017 Comprehensive Annual Financial Report and additional information from the City.

TAX RATE DISTRIBUTION
TABLE 6

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-2016</u>	<u>2014-2015</u>	<u>2013-2014</u>	<u>2012-2013</u>
General Fund	\$ 0.44248	\$0.42443	\$ 0.42547	\$ 0.40635	\$ 0.39129	\$ 0.41487
I & S Fund	0.10947	0.07752	0.07648	0.09560	0.11066	0.09620
TOTAL	\$ 0.55195	\$0.50195	\$ 0.50195	\$ 0.50195	\$ 0.50195	\$ 0.51107

Sources: 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 calendar year basis are as follows:

Calendar Year	Total Collected	1.00% City	0.25% Prop Tax Red	City Collections as % of Ad Valorem Tax Levy	(\$ Equivalent of Ad Valorem Tax Rate	0.25% EDC
2006	\$ 6,601,772	\$ 4,401,182	\$ 1,100,295	71.73%	\$0.50	\$ 1,100,295
2007	6,628,611	4,419,074	1,104,769	69.61	0.41	1,104,769
2008	7,051,372	4,700,915	1,175,229	73.89	0.41	1,175,229
2009	7,591,224	5,060,816	1,265,204	80.72	0.42	1,265,204
2010	7,029,392	4,686,262	1,171,565	75.12	0.39	1,171,565
2011	7,202,519	4,801,679	1,200,420	78.44	0.41	1,200,420
2012	7,268,103	4,845,402	1,211,351	80.29	0.42	1,211,351
2013	7,624,480	5,082,987	1,270,747	84.22	0.43	1,270,747
2014	8,786,209 *	5,857,473	1,464,368	97.65	0.49	1,464,368
2015	8,173,696	5,449,131	1,362,283	89.3	0.45	1,362,283
2016	8,472,647	5,648,431	1,412,108	92.56	0.46	1,412,108
2017	8,689,014	5,792,676	1,448,169	89.47	0.45	1,448,169
2018	1,575,287 ^(a)	1,050,191	262,548	16.19	0.09	262,548

^(a) Current year collections are for January 2018 through February 2018.

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

Source: State Comptroller of Public Accounts Website.

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

TABLE 8

	Fiscal Year Ended September 30				
	2017	2016	2015	2014	2013
Revenues:					
Ad Valorem Taxes	\$ 6,933,981	\$ 6,622,742	\$ 6,122,949	\$ 5,922,165	\$ 6,160,244
Sales Taxes	7,233,526	7,051,858	7,684,113	6,416,749	6,304,250
Franchise Tax	4,211,397	2,502,614	2,641,537	2,662,604	2,550,447
Hotel Occupancy Taxes	657,270	630,545	594,493	555,141	600,037
Licenses and Permits	155,363	152,016	220,696	108,943	154,923
Fines and Fees	449,008	498,164	528,433	586,429	567,798
Investment Earnings	206,551	141,134	122,264	119,847	111,749
Sanitation	1,463,576	1,474,874	1,462,810	1,472,278	1,463,210
Health	2,609,811	2,519,387	2,383,355	2,111,439	2,179,624
Intergovernmental Revenue	1,463,514	705,786	1,033,512	1,128,989	680,296
Other Revenues	253,679	377,469	218,616	166,021	314,301
Total Revenues	25,637,676	22,676,589	23,012,778	21,250,605	21,086,879
Expenditures:					
Current					
General Government	1,666,051	1,687,660	1,463,624	1,528,924	1,562,980
Finance	-	-	-	-	-
Public Safety	10,963,989	11,037,399	10,190,716	9,703,311	9,436,179
Public Works	6,415,221	5,199,269	5,311,538	6,218,485	5,889,763
Health	2,532,665	2,351,220	2,240,853	2,127,225	2,132,692
Culture and Recreation	693,078	688,258	687,923	685,970	651,045
Library Service	-	-	-	-	-
Cox Field Airport	134,705	110,330	-	-	-
Other	1,743,614	1,771,889	1,744,253	1,646,531	1,606,264
Capital Outlay					
General Government	-	268,397	40,375	-	-
Public Safety	178,453	1,096,587	856,859	398,186	350,933
Public Works	248,452	952,651	580,152	655,750	1,718,064
Health	149,850	176,386	161,756	165,765	200,767
Debt Service	186,690	72,353	-	-	-
Other	-	9,680	6,109	-	-
Total Expenditures	24,912,768	25,422,079	23,284,158	23,130,147	23,548,687
Excess (Deficit) of Revenues Over Expenditures	724,908	(2,745,490)	(271,380)	(1,879,542)	(2,461,808)
Other Financing Sources (Uses):					
Capital Lease	-	975,185	617,114	-	-
Operating Transfers In	-	1,633,000	1,497,286	1,579,000	3,192,067
Operating Transfers Out	(44,814)	(1,806,200)	(13,178)	(203,291)	(567,995)
Sale of Capital Assets	-	-	4,998	-	72,108
Total Other Financing Sources (Uses):	(44,814)	801,985	2,106,220	1,375,709	2,696,180
Excess of Revenues and Other Sources Over Expenditures and Other Uses	680,094	(1,943,505)	1,834,840	(503,833)	234,372
Fund Balance - Beginning of Year	10,839,700	13,594,986	11,698,497	12,240,495 ^(a)	11,952,948
Increase (Decrease) in Reserve for Inventory	103,074	(70,865)	61,649	(38,165)	53,175
Prior Period Adjustment	-	(740,916)	-	-	-
Fund Balance - End of Year	\$ 11,622,868	\$ 10,839,700	\$ 13,594,986	\$ 11,698,497	\$ 12,240,495

^(a) Restated.

Source: The Issuer's Comprehensive Annual Financial Reports.

CONDENSED WATERWORKS AND SEWER SYSTEM OPERATING STATEMENT

TABLE 9

	Fiscal Year Ended September 30				
	2017 (Unaudited)	2016	2015	2014	2013
Operating Revenues ^(a)					
Total Revenues	\$ 14,236,117	\$ 15,053,698	\$ 14,284,506	\$ 13,888,079	\$ 13,887,394
Expenses ^(b)	9,867,173	7,799,136	7,400,588	7,342,744	7,578,446
Net Revenue Available for Debt Service	<u>\$ 4,368,944</u>	<u>\$ 7,254,562</u>	<u>\$ 6,883,918</u>	<u>\$ 6,545,335</u>	<u>\$ 6,308,948</u>
Annual Revenue Bond Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -
Coverage of Annual Revenue Bond Requirements	N/A	N/A	N/A	N/A	N/A
Annual Requirements on all Bonds Paid from System Revenues	\$ 3,244,870	\$ 3,338,021	\$ 3,867,154	\$ 4,049,311	\$ 3,329,112
Coverage of Annual Requirements on all Bonds Paid from System Revenues	2.17	2.17 x	1.78 x	1.62 x	1.90 x
Customer Count:					
Water	9,766	9,995	10,024	9,794	9,823
Sewer	9,180	9,276	9,320	9,274	9,341

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

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

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

WATER RATES

TABLE 10

Current Rates (Rates Effective October 1, 2014)		
Residential Class		
Meter Size (Inches)	Base Cost (Per Cubic Foot)	Service in Excess of Base (For Each Additional 100 Cubic Feet)
5/8" - 3/4"	\$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 (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 2,000 Cubic Feet	\$2.93 / 100 Cubic Feet
Commercial Industrial Class (Meters Greater Than Three Inches)		
Meter Size (Inches)	Base Cost (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: Information from the Issuer

PRINCIPAL WATER CUSTOMERS 2016-2017**TABLE 11***(October 1, 2016 to September 30, 2017)*

<u>Name of Customer</u>	<u>Average Monthly Consumption (Gals.)</u>	<u>Average Monthly Bill</u>	
Lamar Power Partners*	15,277,601	\$ 21,530	
Campbell Soup Company	11,871,753	101,231	
Lamar County Water Supply	10,672,482	105,685	
Daisy Farms*	2,863,939	20,716	
Kimberly Clark	872,154	25,776	
Paris Generation	800,884	18,192	
Paris Regional Medical Center	366,895	12,371	
The James Skinner Baking Co.	216,264	6,623	
Paris Housing Authority	193,131	5,824	
Texas Highway Department	152,087	4,501	
Total	43,287,190	\$ 322,449	^(a)

Total Water Sales as of September 30, 2017 (unaudited) \$ 7,929,813

^(a) Principal Water Customers represent approximately 48.80% of total annual water sales.

* Includes raw water sales.

SEWER RATES**TABLE 12**

Current Rates
(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

PRINCIPAL SEWER CUSTOMERS - 2016-2017**TABLE 13***(October 1, 2016 to September 30, 2017)*

<u>Name of Customer</u>	<u>Average Monthly Consumption (Gals.)</u>	<u>Average Monthly Bill</u>	
Kimberly Clark	501,433	\$ 25,937	
Paris Regional Medical Center	304,875	16,096	
The James Skinner Baking Co	216,264	11,291	
Paris Housing Authority	193,131	10,061	
Texas State Highway Department	152,087	7,874	
Paris Independent School District	117,887	6,258	
Potters Industries	106,925	5,534	
Paris Junior College	106,833	5,719	
Lamar County	86,829	4,528	
Lamar County Human Resources	72,276	3,742	
Total	1,858,540	\$ 97,040	^(a)

Total Sewer Charges as of September 30, 2017 (unaudited) \$ 5,662,986

^(a) Principal Sewer Customers represent approximately 20.56% of total annual sewer charges.