

CITY OF PARIS, TEXAS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Fiscal Year Ended September 30, 2018

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT
FOR**

CITY OF PARIS, TEXAS

Fiscal Year Ended September 30, 2018



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



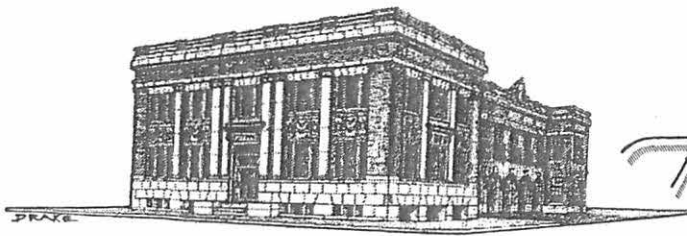
INTRODUCTORY SECTION

CITY OF PARIS, TEXAS
Table of Contents
Year Ended September 30, 2018

	<u>Page</u>	<u>Statement</u>
INTRODUCTORY SECTION		
Letter of Transmittal	I-1	
Certificate of Achievement for Excellence in Financial Reporting	I-7	
City of Paris Organizational Chart	I-8	
List of Elected and Appointed Officials.	I-9	
FINANCIAL SECTION		
Independent Auditors' Report.	1	
Management's Discussion and Analysis.	3	
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Position	13	1
Statement of Activities.	15	2
Fund Financial Statements		
Balance Sheet - Governmental Funds.	17	3
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.	18	4
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.	20	5
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.	21	6
Statement of Net Position - Proprietary Funds	23	7
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	25	8
Statement of Cash Flows - Proprietary Funds.	26	9
Notes to Financial Statements.	28	
Required Supplementary Information		
Texas Municipal Retirement System - Schedule of Changes in Net Pension Liability	67	<u>Schedule</u> 1
Texas Municipal Retirement System - Schedule of City Contributions	68	2
Paris Firefighters' Relief and Retirement Fund - Schedule of Changes in Net Pension Liability.	69	3
Paris Firefighters' Relief and Retirement Fund - Schedule of City Contributions.	70	4
Texas Municipal Retirement System - Schedule of Changes in Total OPEB Liability.	71	5
Texas Municipal Retirement System - Schedule of City Contributions	72	6
City of Paris Retiree Health Care Plan - Schedule of Changes in Total OPEB Liability.	73	7
City of Paris Retiree Health Care Plan - Schedule of City Contributions.	74	8
Combining and Individual Fund Statements and Schedules		
Nonmajor Governmental Funds	75	
Combining Balance Sheet - Nonmajor Governmental Funds	76	9
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds.	77	10
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Special Revenue Fund	78	11
Debt Service Fund	79	12
Capital Projects Fund.	80	13
Capital Assets Used in the Operation of Governmental Funds - Comparative Schedules by Source.	81	14

CITY OF PARIS, TEXAS
Table of Contents (Continued)
Year Ended September 30, 2018

	<u>Page</u>	<u>Table</u>
STATISTICAL SECTION	82	
Financial Trends		
Net Assets/Position by Component	83	1
Changes in Net Assets/Position	85	2
Fund Balances of Governmental Funds	89	3
Changes in Fund Balances of Governmental Funds	91	4
Revenue Capacity		
Property Tax Levies and Collections	93	5
Property Tax Rates - All Direct and Overlapping Governments	95	6
Assessed and Estimated Actual Value of Property	96	7
Principal Property Taxpayers	98	8
Debt Capacity		
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita	100	9
Ratio of Outstanding Debt by Type	101	10
Direct and Overlapping Governmental Activities Debt	103	11
Legal Debt Margin Information	104	12
Revenue Pledged Coverage - Water and Sewer Revenue Bonds	105	13
Demographic and Economic Information		
Demographic and Economic Statistics	106	14
Principal Employers	107	15
Operating Information		
Operating Indicators by Function	108	16
Capital Asset Statistics by Function	110	17
Building Permits at Market Value	112	18
Full-Time Equivalent City Government Employees by Function	113	19
CONTINUING DISCLOSURE INFORMATION (Unaudited)		
Continuing Disclosure Information	115	



The CITY OF PARIS

March 27, 2019

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, 2018.

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, 2018, which follows, was prepared by the Finance Department. The financial statements have been audited by McClanahan and Holmes, LLP, CPAs, whose report is included herein. This audit satisfies Article III, Section 35 of the City Charter which requires that an annual audit of all accounts of the City be made by an independent certified public accountant.

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

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

This Comprehensive Annual Financial Report consists of four parts:

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

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

General Information Regarding the City and Surrounding County

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

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

The City is a regional medical center serving patients in Northeast Texas and Southeast Oklahoma. Founded in 1911 as St. Joseph's Hospital, Paris Regional Medical Center is a 154 bed medical center. Its parent company is LifePoint Health. It complements the City's doctors and dentists that provide a wide range of general and special medical services. There also are several independent emergency care centers located in the city.

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 12,758.

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 2018-19 reflect a 3.00% increase over the 2017-18 values. Building permits for new residential and commercial construction were valued at \$43,374,790 for fiscal year 2017-18. This activity should be reflected in next year's taxable values.

Sales taxes for 2017-18 increased from the prior year by 1.15%. Current rebates are 2.75% above the 2017-18 rebates through March 2019.

Hotel occupancy taxes were up 0.76% compared to 2016-17 taxes. First quarter 2018-19 collections were 3.36% above the same period in 2017-18.

Franchise fees increased 2.47% compared to the previous year.

The City of Paris, Paris Economic Development Corporation, and the Lamar County Chamber of Commerce have been actively recruiting new business to the area as well as supporting already existing businesses. PEDC has several active incentive commitments in regard to its recruitment of new industry and support of existing industry. The big economic news was the announcement that American SpiralWeld Pipe Company, a subsidiary of American Cast Iron Pipe Company, would be building a plant in Paris. Initial capital investment will be between 70 and 90 million dollars with 60 full time jobs. The plant is scheduled to open in the Spring of 2020.

General Fund receipts equaled 104.2% of budget. This excess of revenues was caused by increased intergovernmental

revenue, property taxes and sales taxes. General Fund expenditures were only 97.96% of budget. For the 2018-19 fiscal year, the City Council adopted a tax rate of .55195 cents per \$100 of value, the same rate as the previous year. This rate allows maintaining all services at their current levels or above and funds all required interest and sinking funds.

Long-term Financial Planning and Relevant Financial Policies

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

Major Initiatives

The City continues to work on its long range plan to maintain its infrastructure. The City called for a general obligation bond election in May 2013 in the amount of \$45,000,000 which passed overwhelmingly. Proceeds from these bonds 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. The City has also begun a 10 year plan to redevelop the downtown area of Paris.

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 09-30-18:

2010 Tax and Rev. C. O.	\$ 2,180,000	\$ -	12-15-29	Aa3
2010 G. O. Refunding Bonds	870,000	1,410,000	06-15-20	Aa3
2012 G. O. Refunding Bonds	1,570,000	-	12-15-21	Aa3
2013 C. O. (TWDB)	-	2,150,000	06-15-32	N/A
2013 G. O. Bond	-	30,065,000	12-15-32	Aa3
2016 G.O. Bonds	-	8,400,000	12-15-36	Aa3
2017 G.O. Bonds	9,340,000	-	06-15-37	Aa3
2018 G.O. Bonds	190,000	1,200,000	09-30-28	
Capital Lease-Firetrucks	1,253,181	-	10-21-24	N/A
Total	<u>\$ 15,403,181</u>	<u>\$ 43,225,000</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, 2017. This was the 22st 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 dark ink, appearing to read "W. E. Anderson". The signature is fluid and cursive, with the first name "W. E." and the last name "Anderson" clearly distinguishable.

W. E. Anderson
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Paris
Texas**

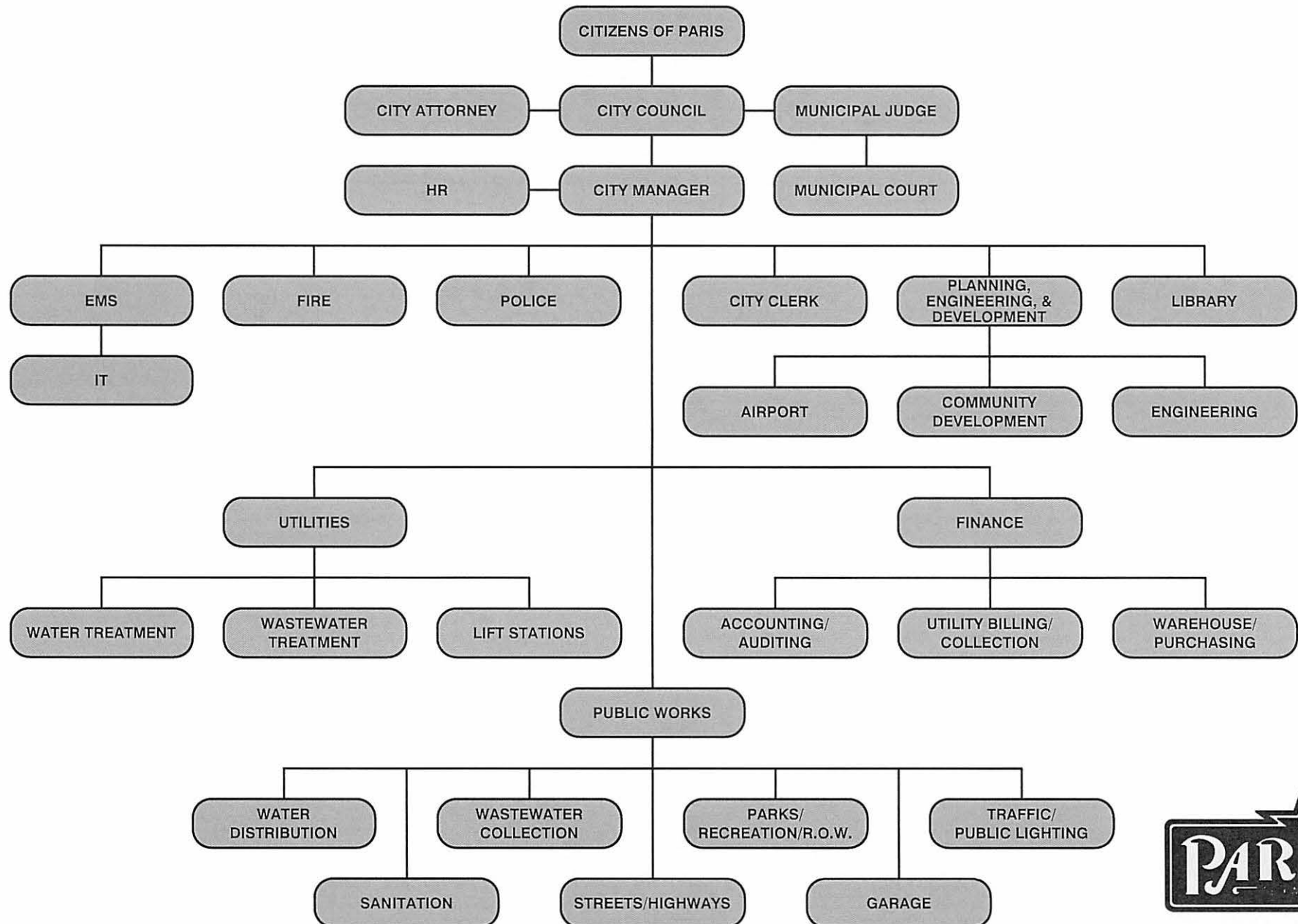
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO

CITY OF PARIS ORGANIZATIONAL CHART



List of Elected and Appointed Officials

Elected Officials

Dr. Steve Clifford – Mayor
Derrick Hughes – Mayor Pro-Tem
Clayton Pilgrim
Bill Trenado
Linda Knox
Ranae Stone
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
Thomas McMonigle – Assistant Fire Chief

FINANCIAL SECTION

McClanahan and Holmes, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

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

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, 2018, 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, 2018, 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.

Change in Accounting Principle

As discussed in Note I to the financial statements, in fiscal year 2018, the City adopted new accounting guidance prescribed by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. Because GASB Statement Nos. 75 and 89 implement new measurement criteria and reporting provisions, significant information has been added to the Government-Wide Statements. Statement 1 discloses the City's share of the Net OPEB Liability and related deferred outflows and inflows. Statement 2 includes recognition of the related OPEB expense. Our opinion is not modified with respect to the matter.

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
March 27, 2019

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, 2018. 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 increased its tax rate to 0.55195 per \$100 of valuation for fiscal year 2017-18. This increase was in response to the citizens' vote to issue general obligation bonds to construct and repair city streets.
- For the upcoming 2018-19 fiscal year, the City maintained its tax rate at 0.55195 per \$100 of valuation.
- City-wide revenues this year exceeded City-wide expenses by \$740,563 compared to \$353,943 the previous year.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$11,753,392 or 47.72%, of total general fund expenditures. The prior year unassigned fund balance was \$10,849,390 or 43.55%, of general fund expenditures.
- At the end of the fiscal year, the net position of the proprietary funds was \$41,268,531 compared to \$41,924,468 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 \$74,584,048 at the close of the most recent fiscal year. This compares to \$73,145,737 for the previous year. This was a 1% increase in net position.

By far, the largest portion of the City of Paris' net position (\$39,036,237 or 52.33%) 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 2016-17 fiscal year.

City of Paris Net Position						
	Governmental Activities		Business-Type Activities		Total	Total
	2017	2018	2017	2018	2017	2018
Assets:						
Current and Other Assets	\$25,942,853	26,896,349	\$38,118,693	\$25,936,919	\$64,061,546	\$52,833,268
Capital Assets	36,938,112	37,741,733	52,523,830	62,055,816	89,461,942	99,797,549
Total Assets	62,880,965	64,638,082	90,642,523	87,992,735	153,523,488	152,630,817
Deferred Outflows						
Related to Pension	3,913,733	1,170,682	714,697	239,151	4,628,430	1,409,833
Related to OPEB	52,281	148,713	3,332	13,468	55,613	162,181
Total Deferred Outflows	\$ 3,966,014	\$ 1,319,395	\$ 718,029	\$ 252,619	\$ 4,684,043	\$ 1,572,014
Long-Term Liabilities:						
Outstanding	32,107,151	29,647,214	46,055,437	44,647,012	78,162,588	74,294,226
Other Liabilities	3,640,240	1,886,368	3,326,138	2,048,262	6,966,378	3,934,630
Total Liabilities	35,747,391	31,533,582	49,381,575	46,695,274	85,128,966	78,228,856
Deferred Inflows						
Related to Pensions	(121,681)	1,108,378	54,509	281,549	(67,172)	1,389,927
Net Position:						
Net Investment in						
Capital Assets	19,392,611	20,713,428	24,198,822	18,322,809	43,591,433	39,036,237
Restricted	3,004,564	12,548,372	-	-	3,004,564	12,548,372
Unrestricted	8,824,094	53,717	17,725,646	22,945,722	26,549,740	22,999,439
Total Net Position	\$31,221,269	\$33,315,517	\$41,924,468	\$41,268,531	\$73,145,737	\$74,584,048

An additional portion of the City of Paris' net assets (\$12,548,372 or 16.82%) represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net assets (\$22,999,439 or 30.83%) 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 increased the City of Paris' net position by \$2,094,248 (6.70%) during the current fiscal year. Total governmental revenue was down \$173,172 with general revenues being up \$1,409,450 and program revenues being down \$1,582,622. General revenues were up in most categories. Program revenues were down primarily due to a reduction in capital grants.

	General Revenues		
	2017	2018	Increase (Decrease)
Property Taxes	\$ 8,175,530	\$ 9,170,951	\$ 995,421
Sales Taxes	7,233,526	7,317,162	83,636
Franchise Taxes	4,211,397	4,315,694	104,297
Hotel Occupancy Tax	657,270	662,263	4,993
Unrestricted Investment Earnings	173,656	426,518	252,862
Miscellaneous	361,125	387,306	26,181
Gain (Loss) on Sale of Capital Asset	-	(57,940)	(57,940)
	<u>\$ 20,812,504</u>	<u>\$ 22,221,954</u>	<u>\$ 1,409,450</u>

The following table provides a summary of the City's operations for the years ending 2017 and 2018 for both governmental and business-type activities.

City of Paris
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
Revenues						
Program Revenues:						
Charges for Services	\$ 4,823,046	\$ 5,049,136	\$ 13,781,748	\$ 14,168,934	\$ 18,604,794	\$ 19,218,070
Operating Grants and Contributions	338,718	154,497	-	-	338,718	154,497
Capital Grants and Contributions	2,147,065	522,574	-	-	2,147,065	522,574
General Revenues:						
Property Taxes	8,175,530	9,170,951	-	-	8,175,530	9,170,951
Sales Taxes	7,233,526	7,317,162	-	-	7,233,526	7,317,162
Franchise Taxes	4,211,397	4,315,694	-	-	4,211,397	4,315,694
Hotel Occupancy Tax	657,270	662,263	-	-	657,270	662,263
Unrestricted Investment Earnings	173,656	426,518	315,872	380,393	489,528	806,911
Other	361,125	329,366	-	-	361,125	329,366
Total Revenues	28,121,333	27,948,161	14,097,620	14,549,327	42,218,953	42,497,488
Expenses						
General Government	2,164,967	3,825,666	-	-	2,164,967	3,825,666
Public Safety	12,456,655	12,061,033	-	-	12,456,655	12,061,033
Public Works	7,126,349	6,882,186	-	-	7,126,349	6,882,186
Health	2,836,429	2,884,339	-	-	2,836,429	2,884,339
Culture and Recreation	781,092	866,435	-	-	781,092	866,435
Other	1,982,260	-	-	-	-	-
Cox Field	235,546	243,666	-	-	235,546	243,666
Interest on Long-Term Debt	185,852	399,291	-	-	185,852	399,291
Water and Sewer	-	-	12,100,940	14,594,309	12,100,940	14,594,309
Total Expenses	27,769,150	27,162,616	12,100,940	14,594,309	37,887,830	41,756,925
Increase (Decrease) in Net Position Before Transfers	352,183	785,545	1,996,680	(44,982)	4,331,123	740,563
Transfers/Special Items	382,794	610,955	(382,794)	(610,955)	-	-
Increase (Decrease) in Net Position	734,977	1,396,500	1,613,886	(655,937)	4,331,123	740,563
Net Position, Beginning	35,400,053	36,135,030	45,485,281	41,924,468	80,885,334	78,059,498
Prior Period Adjustment	-	(4,216,013)	(5,174,699)	-	(5,174,699)	(4,216,013)
Net Position, Ending	\$ 36,135,030	\$ 33,315,517	\$ 41,924,468	\$ 41,268,531	\$ 80,041,758	\$ 74,584,048

Business-Type Activities

Business-type activities decreased the City of Paris' net position by \$655,937. This decrease was caused by substantially increased expenses.

Financial Analysis of the Government's Funds

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

Governmental Funds

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

	Governmental Funds	
	2017	2018
Total Assets	\$ 25,942,853	\$ 26,896,350
Total Liabilities	\$ 1,123,781	\$ 1,733,070
Deferred Inflows of Resources	954,578	1,108,832
Fund Balances:		
Nonspendable:		
Inventory	326,985	418,995
Permanent Fund Principal	92,347	93,689
Restricted for:		
Debt Service	1,652,355	1,836,162
Capital Projects	10,087,553	8,957,151
Notes	42,483	-
Law Enforcement	228,578	199,194
Public Education	445,056	496,852
Assigned:		
Library	82,042	85,554
Community Development	-	213,459
Unassigned:		
General Fund	10,907,095	11,753,392
Total Fund Balances	23,864,494	24,054,448
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 25,942,853	\$ 26,896,350

As of the end of the current fiscal year, the City of Paris' governmental funds reported combined ending fund balances of \$24,054,448. Approximately 48.86% of this total amount (\$11,753,392) 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 (\$93,689), 2) pay debt service (\$1,836,162), 3) inventories (\$418,995), 4) law enforcement (\$199,194), 5) library (\$85,554), 6) Public Education (\$496,852), 7) capital projects (\$8,957,151) and 8) Community Development (\$213,459).

	Governmental Funds Revenues, Expenditures, and Changes in Fund Balances	
	2017	2018
Revenues	\$ 26,994,291	\$ 27,811,332
Expenditures	27,173,947	28,624,534
Deficiency of Revenues Under Expenditures	(179,656)	(813,202)
Total Other Financing Sources (Uses)	10,296,193	800,961
Net Change in Fund Balances	10,116,537	(12,241)
Increase (Decrease) in Inventory	103,074	40,517
Fund Balances - Beginning	13,644,883	23,864,494
Prior Period Adjustment	-	161,678
Fund Balances - Ending	\$ 23,864,494	\$ 24,054,448

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 \$11,753,392 (\$10,849,390 the previous year), while total fund balance reached \$12,670,746 (\$11,622,868 the previous year). The increase in the fund balance of the general fund was primarily due to increased investments, receivables and reduced accounts payable. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 47.72% of total general fund expenditures, while total fund balance represents 51.45% of that same amount.

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

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

Budget Analysis

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

The final appropriation of the general fund was underspent by \$563,605 (\$1,547,174 underspent the previous year). This 2.23% variance was spread out among most departments and is mainly due to conservative forecasting. General Fund revenues were over budget by \$1,036,684 (4.19%). Higher than expected property tax collections, sales taxes, and intergovernmental revenue were the primary reasons for this difference.

Capital Projects Fund

The Capital Projects Fund is funded by the General Fund and/or the Proprietary Fund on an as needed basis or by debt issue authorized by the City Council. As Proprietary Fund projects are completed in the Capital Projects Fund, they are transferred back to the Proprietary Fund. The fund balance in the Capital Projects Fund was \$8,955,644 (\$10,086,115 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 \$1,836,162 (\$1,652,355 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 \$183,807 (\$564,691 increase the previous year). The government enacted a dedicated property tax for debt service at the beginning of the current fiscal year. This tax produced revenues of \$1,795,313 in the current fiscal year (\$1,243,883 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 \$22,945,722 (\$17,725,646 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, 2018, amounts to \$99,797,549 (\$100,422,605 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	2018	2017	2018	2017	2018
Land	\$ 5,929,099	\$ 5,927,478	\$ 339,620	\$ 339,620	\$ 6,268,719	\$ 6,267,098
Buildings and System Improvements Other than Buildings	10,488,899	10,561,301	37,304,516	29,532,653	47,793,415	40,093,954
Machinery, Furniture, and Equipment	4,805,596	3,206,534	-	-	4,805,596	3,206,534
Infrastructure	3,446,937	3,948,088	798,930	1,395,284	4,245,867	5,343,372
Construction in Progress	14,595,422	12,931,632	-	-	14,595,422	12,931,632
Water Rights-Net	250,886	1,166,700	19,113,250	27,474,441	19,364,136	28,641,141
	-	-	3,349,450	3,313,818	3,349,450	3,313,818
Total	<u>\$ 39,516,839</u>	<u>\$ 37,741,733</u>	<u>\$ 60,905,766</u>	<u>\$ 62,055,816</u>	<u>\$ 100,422,605</u>	<u>\$ 99,797,549</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

The City has two capital leases with \$1,253,181 in principal outstanding at year end. The City of Paris also has total bonded debt outstanding in the amount of \$57,375,000. Of this amount, \$14,150,000 comprises debt being paid for by property tax revenues, and \$43,225,000 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	\$ 870,000	\$ 1,410,000	6/15/2020	Aa3
2010 Tax and Rev C.O.s	2,180,000	-	12/15/2029	Aa3
2012 G.O. Refunding Bonds	1,570,000	-	12/15/2021	Aa3
2013 C.O.s (TWDB)	-	2,150,000	6/15/2032	N/A
2013 G.O. Bonds	-	30,065,000	12/15/2032	Aa3
2016 G.O. Bonds	-	8,400,000	12/15/2036	Aa3
2017 G.O. Bonds	9,340,000	-	6/15/2037	Aa3
2018 G.O. Bonds	190,000	1,200,000	9/30/2028	
Capital Leases – Firetrucks	1,253,181	-		
	<u>\$ 15,403,181</u>	<u>\$43,225,000</u>		

The City of Paris' bond debt decreased by \$1,910,000 (3.32%) during the fiscal year despite the small 2018 issue of bonds. 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 \$0.55195 per \$100 valuation for the 2017-18 fiscal year. This rate was broken down into \$0.44248 per \$100 valuation for operations and \$0.10947 per \$100 valuation for debt service. Using the traditional allowance of the state attorney general as a guide, the City of Paris is utilizing only 7.29% 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 31 residential units and 33 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 2018-19.

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, 2018

Statement 1

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development
Assets				
Cash and Cash Equivalents	\$ 6,822,201	\$ 3,740,047	\$ 10,562,248	\$ 3,232,550
Investments	6,578,433	476,598	7,055,031	581,809
Receivables (Net of Allowance for Uncollectibles)	2,653,692	2,174,037	4,827,729	250,037
Note Receivable	-	-	-	400,000
Inventories	418,995	225,262	644,257	-
Net Pension Asset	-	13,720	13,720	-
Restricted Assets				
Cash and Cash Equivalents	3,685	9,141,708	9,145,393	-
Investments	9,688,311	10,165,547	19,853,858	-
Due from Other Governments	731,032	-	731,032	-
Land Development Costs	-	-	-	2,239,699
Water Rights (Net of Accumulated Amortization)	-	3,313,818	3,313,818	-
Capital Assets Not Being Depreciated				
Land	5,927,478	339,620	6,267,098	-
Construction in Progress	1,166,700	27,474,441	28,641,141	-
Capital Assets (Net of Accumulated Depreciation)				
Buildings and System Improvements Other Than Buildings	10,561,301	29,532,653	40,093,954	-
Machinery and Equipment	3,206,534	-	3,206,534	-
Infrastructure	3,948,088	1,395,284	5,343,372	6,780
	12,931,632	-	12,931,632	-
Total Assets	64,638,082	87,992,735	152,630,817	6,710,875
Deferred Outflows of Resources				
Deferred Outflows Related to Pensions	1,170,682	239,151	1,409,833	-
Deferred Outflows Related to OPEB	148,713	13,468	162,181	-
Total Deferred Outflows of Resources	1,319,395	252,619	1,572,014	-

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

CITY OF PARIS, TEXAS
Statement of Net Position
September 30, 2018

Statement 1
(Continued)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development
Liabilities				
Accounts Payable and Other Current Liabilities	1,733,070	482,857	2,215,927	5,679
Accrued Interest Payable	153,298	510,426	663,724	6,323
Unearned Revenue	-	139,812	139,812	-
Customers' Deposits	-	915,167	915,167	-
Net Pension Liability	10,196,559	-	10,196,559	-
Net OPEB Liability	2,583,867	166,627	2,750,494	-
Noncurrent Liabilities				
Due Within One Year	1,603,209	2,288,437	3,891,646	-
Due in More Than One Year	15,263,579	42,191,948	57,455,527	-
Total Liabilities	<u>31,533,582</u>	<u>46,695,274</u>	<u>78,228,856</u>	<u>12,002</u>
Deferred Inflows of Resources				
Deferred Inflows Related to Pensions	<u>1,108,378</u>	<u>281,549</u>	<u>1,389,927</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>1,108,378</u>	<u>281,549</u>	<u>1,389,927</u>	<u>-</u>
Net Position				
Net Investment in Capital Assets	12,463,487	18,322,809	30,786,296	-
Restricted for				
Construction	18,337,494	-	18,337,494	-
Debt Service	1,652,355	-	1,652,355	-
Notes Receivables	42,483	-	42,483	-
Law Enforcement	228,578	-	228,578	-
Education	445,056	-	445,056	-
Industrial Incentives	-	-	-	456,250
Land Development Costs	-	-	-	2,239,699
Permanent Library Funds				
Nonexpendable	92,347	-	92,347	-
Unrestricted	<u>53,717</u>	<u>22,945,722</u>	<u>22,999,439</u>	<u>4,002,924</u>
Total Net Position	<u>\$ 33,315,517</u>	<u>\$ 41,268,531</u>	<u>\$ 74,584,048</u>	<u>\$ 6,698,873</u>

CITY OF PARIS, TEXAS
Statement of Activities
Year Ended September 30, 2018

Statement 2

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General Government	\$ 3,825,666	\$ 214,000	\$ -	\$ -
Public Safety	12,061,033	376,322	154,497	33,170
Public Works	6,882,186	1,470,248	-	452,728
Health	2,884,339	2,732,908	-	-
Culture and Recreation	866,435	120,942	-	-
Cox Field Airport	243,666	134,716	-	36,676
Interest on Long-Term Debt	399,291	-	-	-
Total Governmental Activities	<u>27,162,616</u>	<u>5,049,136</u>	<u>154,497</u>	<u>522,574</u>
Business-Type Activities				
Water and Sewer	<u>14,594,309</u>	<u>14,168,934</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities	<u>14,594,309</u>	<u>14,168,934</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u><u>\$ 41,756,925</u></u>	<u><u>\$ 19,218,070</u></u>	<u><u>\$ 154,497</u></u>	<u><u>\$ 522,574</u></u>
Component Unit				
Economic Development	<u><u>\$ 853,801</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
General Revenues				
Property Taxes				
Sales Taxes				
Franchise Taxes				
Hotel Occupancy Taxes				
Unrestricted Investment Earnings				
Miscellaneous				
Gain (Loss) on Return of Asset				
Transfers				
Total General Revenues and Transfers				
Changes in Net Position				
Net Position - Beginning				
Prior Period Adjustment				
Net Position - Ending				

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Economic Development
\$ (3,611,666)	\$ -	\$ (3,611,666)	\$ -
(11,497,044)	-	(11,497,044)	-
(4,959,210)	-	(4,959,210)	-
(151,431)	-	(151,431)	-
(745,493)	-	(745,493)	-
(72,274)	-	(72,274)	-
(399,291)	-	(399,291)	-
<u>(21,436,409)</u>	<u>-</u>	<u>(21,436,409)</u>	<u>-</u>
-	(425,375)	(425,375)	-
-	(425,375)	(425,375)	-
<u>(21,436,409)</u>	<u>(425,375)</u>	<u>(21,861,784)</u>	<u>-</u>
-	-	-	(853,801)
9,170,951	-	9,170,951	-
7,317,162	-	7,317,162	1,466,934
4,315,694	-	4,315,694	-
662,263	-	662,263	-
426,518	380,393	806,911	19,841
387,306	-	387,306	154,540
(57,940)	-	(57,940)	-
610,955	(610,955)	-	-
<u>22,832,909</u>	<u>(230,562)</u>	<u>22,602,347</u>	<u>1,641,315</u>
1,396,500	(655,937)	740,563	787,514
<u>36,135,030</u>	<u>41,924,468</u>	<u>78,059,498</u>	<u>5,911,359</u>
<u>(4,216,013)</u>	<u>-</u>	<u>(4,216,013)</u>	<u>-</u>
<u>\$ 33,315,517</u>	<u>\$ 41,268,531</u>	<u>\$ 74,584,048</u>	<u>\$ 6,698,873</u>

CITY OF PARIS, TEXAS
Balance Sheet - Governmental Funds
September 30, 2018

Statement 3

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 4,504,715	\$ 1,827,278	\$ -	\$ 493,893	\$ 6,825,886
Investments	6,441,408	-	9,727,213	98,124	16,266,745
Receivables (Net of Allowance for Uncollectibles)	2,514,858	115,396	23,438	-	2,653,692
Inventories	418,995	-	-	-	418,995
Due from Other Governments	731,032	-	-	-	731,032
Total Assets	<u>\$ 14,611,008</u>	<u>\$ 1,942,674</u>	<u>\$ 9,750,651</u>	<u>\$ 592,017</u>	<u>\$ 26,896,350</u>
Liabilities, Deferred Inflows, and Fund Balances					
Liabilities					
Bank Overdraft	\$ -	\$ -	\$ 783,932	\$ -	\$ 783,932
Accounts Payable and Accrued Liabilities	937,942	-	11,075	121	949,138
Total Liabilities	<u>937,942</u>	<u>-</u>	<u>795,007</u>	<u>121</u>	<u>1,733,070</u>
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	530,861	106,512	-	-	637,373
Unavailable Revenue - Other	471,459	-	-	-	471,459
Total Deferred Inflows of Resources	<u>1,002,320</u>	<u>106,512</u>	<u>-</u>	<u>-</u>	<u>1,108,832</u>
Fund Balances					
Nonspendable					
Inventory	418,995	-	-	-	418,995
Permanent Library Funds	-	-	-	93,689	93,689
Restricted for					
Debt Service	-	1,836,162	-	-	1,836,162
Capital Projects	1,507	-	8,955,644	-	8,957,151
Notes	-	-	-	-	-
Law Enforcement	-	-	-	199,194	199,194
Public Education	496,852	-	-	-	496,852
Assigned					
Library	-	-	-	85,554	85,554
Community Development	-	-	-	213,459	213,459
Unassigned: General Fund	11,753,392	-	-	-	11,753,392
Total Fund Balances	<u>12,670,746</u>	<u>1,836,162</u>	<u>8,955,644</u>	<u>591,896</u>	<u>24,054,448</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 14,611,008</u>	<u>\$ 1,942,674</u>	<u>\$ 9,750,651</u>	<u>\$ 592,017</u>	<u>\$ 26,896,350</u>
Fund Balances - Total Governmental Funds (above)					\$ 24,054,448
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)					37,741,733
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred or not reflected in the funds.					1,108,831
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.					(17,020,086)
Included in noncurrent liabilities is the recognition of the City's proportionate share of the net pension liability required by GASB 68 in the amount of \$10,196,559, a Deferred Outflow of Resources in the amount of \$1,170,682, and a Deferred Inflow of Resources in the amount of \$1,108,378. This amounted to a decrease in Net Position of \$10,134,255.					(10,134,255)
Included in noncurrent liabilities is the recognition of the City's proportionate share of the net OPEB liability required by GASB 75 in the amount of \$2,583,867, and a Deferred Outflow of Resources in the amount of \$148,713. This amounted to a decrease in Net Position of \$2,435,154.					(2,435,154)
Net Position of Governmental Activities					<u>\$ 33,315,517</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 Balances
Governmental Funds
Year Ended September 30, 2018

Statement 4

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes					
Property	\$ 7,357,425	\$ 1,795,313	\$ -	\$ -	\$ 9,152,738
Sales	7,317,162	-	-	-	7,317,162
Franchise	4,315,694	-	-	-	4,315,694
Hotel Occupancy	662,263	-	-	-	662,263
Licenses and Permits	197,920	-	-	-	197,920
Fines and Fees	446,670	-	-	49,038	495,708
Use of Money and Property	329,365	33,580	187,720	10,569	561,234
Sanitation	1,470,248	-	-	-	1,470,248
Health	2,614,504	-	-	-	2,614,504
Intergovernmental	677,072	-	-	-	677,072
Other	341,330	-	-	5,459	346,789
Total Revenues	25,729,653	1,828,893	187,720	65,066	27,811,332
Expenditures					
Current					
General Government	1,541,274	-	-	43,449	1,584,723
Public Safety	10,884,241	-	-	(33,703)	10,850,538
Public Works	5,356,374	-	-	-	5,356,374
Health	2,668,477	-	-	1,654	2,670,131
Culture and Recreation	734,826	-	-	1,687	736,513
Cox Field	112,562	-	-	-	112,562
Other	1,716,365	-	-	-	1,716,365
Debt Service					
Principal	186,690	1,393,992	-	-	1,580,682
Interest	-	447,294	-	-	447,294
Bond Issuance Costs	-	-	-	-	-
Capital Outlay					
General Government	10,100	-	137,195	-	147,295
Public Safety	168,163	-	-	72,888	241,051
Public Works	612,947	-	1,830,561	-	2,443,508
Health	554,083	-	103,953	-	658,036
Cox Field	37,275	-	-	-	37,275
Other	42,187	-	-	-	42,187
Total Expenditures	24,625,564	1,841,286	2,071,709	85,975	28,624,534
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,104,089	(12,393)	(1,883,989)	(20,909)	(813,202)

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, 2018

Statement 4
(Continued)

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)					
General Obligation Bonds Issued	-	190,000	-	-	190,000
Transfers In	124,968	6,200	753,517	109,650	994,335
Transfers Out	(383,374)	-	-	-	(383,374)
Total Other Financing Sources (Uses)	(258,406)	196,200	753,517	109,650	800,961
Net Changes in Fund Balances	845,683	183,807	(1,130,472)	88,741	(12,241)
Fund Balances - Beginning	11,622,868	1,652,355	10,086,116	503,155	23,864,494
Increase in Inventory	40,517	-	-	-	40,517
Prior Period Adjustment	161,678	-	-	-	161,678
Fund Balances - Ending	<u>\$ 12,670,746</u>	<u>\$ 1,836,162</u>	<u>\$ 8,955,644</u>	<u>\$ 591,896</u>	<u>\$ 24,054,448</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, 2018

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).	\$ (12,241)
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.	861,559
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net assets	(57,940)
Contributions of capital assets that do not provide current financial resources are not reported as revenues in governmental funds.	-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.	154,253
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.	(25,770)
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.	(74,216)
The net change in inventory is a direct adjustment to fund balance in the funds.	40,517
Pension expenses are not reported as expenditures in governmental funds and contributions after the measurement date are deferred.	(671,289)
OPEB expenses are not reported as expenditures in governmental funds and contributions after the measurement date are deferred.	(120,209)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>1,301,836</u>
Change in net position of governmental activities (Statement 2).	<u><u>\$ 1,396,500</u></u>

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

CITY OF PARIS, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended September 30, 2018

Statement 6

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ 7,025,059	\$ 7,025,059	\$ 7,357,425	\$ 332,366
Sales Taxes	7,184,950	7,184,950	7,317,162	132,212
Franchise Taxes	4,216,300	4,216,300	4,315,694	99,394
Hotel Occupancy Taxes	625,000	625,000	662,263	37,263
Licenses and Permits	134,625	134,625	197,920	63,295
Fines and Fees	473,280	473,280	446,670	(26,610)
Investment Earnings	152,458	152,458	329,365	176,907
Sanitation	1,510,201	1,510,201	1,470,248	(39,953)
Health	2,562,000	2,562,000	2,614,504	52,504
Intergovernmental Revenues	495,596	495,596	677,072	181,476
Other	313,500	313,500	341,330	27,830
Total Revenues	24,692,969	24,692,969	25,729,653	1,036,684
EXPENDITURES				
General Government				
Council	81,530	106,530	105,464	1,066
Manager	392,302	392,302	398,881	(6,579)
Attorney	347,968	347,968	285,179	62,789
Municipal Court	244,555	244,555	231,464	13,091
Clerk	149,045	149,045	125,943	23,102
Finance	442,839	442,839	404,443	38,396
Total General Government	1,658,239	1,683,239	1,551,374	131,865
Public Safety				
Police	6,552,255	6,484,255	6,500,379	(16,124)
Fire	4,916,871	4,916,871	4,738,715	178,156
Total Public Safety	11,469,126	11,401,126	11,239,094	162,032
Public Works				
Community Development	658,388	693,388	517,647	175,741
Engineering	505,066	505,066	655,180	(150,114)
Public Works	231,598	231,598	231,270	328
Parks and Recreation	1,233,829	1,233,829	1,215,390	18,439
Sanitation	1,150,526	1,150,526	1,032,495	118,031
Streets and Highways	1,579,583	1,579,583	1,488,880	90,703
Traffic and Public Lighting	564,620	564,620	514,152	50,468
Garage	361,500	361,500	314,307	47,193
Total Public Works	6,285,110	6,320,110	5,969,321	350,789

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, 2018

Statement 6
(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES (Continued)				
Health	2,685,200	3,120,200	3,222,560	(102,360)
Culture and Recreation				
Paris Band	23,050	23,050	21,581	1,469
Library Services	733,179	733,179	713,245	19,934
Total Culture and Recreation	756,229	756,229	734,826	21,403
Other				
Cox Field Airport	117,650	157,650	149,837	7,813
Other	1,720,615	1,750,615	1,758,552	(7,937)
Total Other	1,838,265	1,908,265	1,908,389	(124)
Total Expenditures	24,692,169	25,189,169	24,625,564	563,605
Excess (Deficiency) of Revenues Over Expenditures	800	(496,200)	1,104,089	1,600,289
Other Financing Sources (Uses)				
General Obligation Bonds Issued	-	-	-	-
Transfers In	-	-	124,968	124,968
Transfers Out	-	-	(383,374)	(383,374)
Total Other Financing Sources (Uses)	-	-	(258,406)	(258,406)
Net Changes in Fund Balance	800	(496,200)	845,683	1,341,883
Fund Balance - Beginning	11,622,868	11,622,868	11,622,868	-
Increase in Inventory	-	-	40,517	40,517
Prior Period Adjustment	-	-	161,678	161,678
Fund Balance - Ending	<u>\$ 11,623,668</u>	<u>\$ 11,126,668</u>	<u>\$ 12,670,746</u>	<u>\$ 1,544,078</u>

CITY OF PARIS, TEXAS
Statement of Net Position
Proprietary Funds
September 30, 2018 and 2017

Statement 7

	Water and Sewer Enterprise Fund Current Year	Water and Sewer Enterprise Fund Prior Year
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 3,740,047	\$ 5,914,271
Restricted Cash and Cash Equivalents	9,141,708	4,141,285
Total Cash and Cash Equivalents	<u>12,881,755</u>	<u>10,055,556</u>
Accounts Receivable, Net	2,118,610	1,910,568
Accrued Interest Receivable	55,427	20,044
Inventories	225,262	224,070
Total Current Assets	<u>15,281,054</u>	<u>12,210,238</u>
Noncurrent Assets		
Investments		
Construction	6,716,680	18,577,936
Reserve and Contingency	3,448,867	3,575,323
Unrestricted	476,598	405,746
Total Investments	<u>10,642,145</u>	<u>22,559,005</u>
Water Rights (Net of Accumulated Amortization)	<u>3,313,818</u>	<u>3,349,450</u>
Capital Assets		
Land	339,620	339,620
Construction in Progress	27,474,441	18,760,776
Plant, Pumps, and Motors	31,414,324	31,138,604
Distribution System	46,869,832	46,854,889
Collection System	25,280,843	25,227,311
Maintenance Equipment and Vehicles	4,131,891	3,970,888
Furniture and Equipment	2,054,372	2,048,155
Less Accumulated Depreciation	<u>(78,823,325)</u>	<u>(75,816,413)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>58,741,998</u>	<u>52,523,830</u>
Total Noncurrent Assets	<u>72,697,961</u>	<u>78,432,285</u>
Total Assets	<u>87,979,015</u>	<u>90,642,523</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	239,151	714,697
Deferred Outflows Related to OPEB	13,468	3,332
Total Deferred Outflows	<u>252,619</u>	<u>718,029</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, 2018 and 2017

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	482,857	1,074,196
Accrued Interest Payable	510,426	512,912
Unearned Revenue	139,812	696,358
Customers' Deposits	915,167	897,127
Bonds Payable - Current Portion	2,266,857	2,110,584
Accrued Compensated Absences - Current Portion	21,580	23,509
Total Current Liabilities	<u>4,336,699</u>	<u>5,314,686</u>
Noncurrent Liabilities		
Bonds Payable - Noncurrent Portion	41,997,732	43,064,589
Accrued Compensated Absences - Noncurrent Portion	194,216	211,583
Net Pension Liabilities	(13,720)	645,172
Net OPEB Liabilities	166,627	145,545
Total Noncurrent Liabilities	<u>42,344,855</u>	<u>44,066,889</u>
Total Liabilities	<u>46,681,554</u>	<u>49,381,575</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	<u>281,549</u>	<u>54,509</u>
NET POSITION		
Net Investment in Capital Assets	18,322,809	24,198,822
Unrestricted	<u>22,945,722</u>	<u>17,725,646</u>
Total Net Position	<u>\$ 41,268,531</u>	<u>\$ 41,924,468</u>

CITY OF PARIS, TEXAS
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Years Ended September 30, 2018 and 2017

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	\$ 7,916,462	\$ 7,680,906
Sewer Charges and Taps	5,788,319	5,649,035
Sanitation Billing Fees	70,361	75,698
Service Charges	154,313	154,367
Industrial Surcharges	33,927	26,520
Miscellaneous	205,552	195,222
Total Operating Revenues	<u>14,168,934</u>	<u>13,781,748</u>
Operating Expenses		
Personnel	3,364,353	3,462,204
Supplies	1,180,374	975,174
Contractual	3,710,765	3,739,186
Maintenance	953,593	1,142,003
Sundry Charges	575,890	537,474
Other	137,113	46,764
Depreciation	3,006,912	3,212,642
Total Operating Expenses	<u>12,929,000</u>	<u>13,115,447</u>
Operating Income	<u>1,239,934</u>	<u>666,301</u>
Nonoperating Revenues (Expenses)		
Investment Earnings	380,393	315,872
Interest Expense - Revenue and General Obligation Bonds	(1,738,171)	(992,323)
Bond Issue Costs	(27,090)	(90,955)
Amortization of Water Rights	(35,632)	(35,632)
Amortization of Bond Premium	135,584	138,497
Net Nonoperating Revenues (Expenses)	<u>(1,284,916)</u>	<u>(664,541)</u>
Income Before Contributions, Other Revenue, and Transfers	<u>(44,982)</u>	<u>1,760</u>
Capital Contributions, Other Revenue, and Transfers		
Intergovernmental Revenue	-	-
Transfers In	5,776,146	-
Transfers Out	(6,387,101)	(382,794)
Total Capital Contributions, Other Revenue, and Transfers	<u>(610,955)</u>	<u>(382,794)</u>
Changes in Net Position	(655,937)	(381,034)
Total Net Position - Beginning	41,924,468	47,480,201
Prior Period Adjustment	<u>-</u>	<u>(5,174,699)</u>
Total Net Position - Ending	<u>\$ 41,268,531</u>	<u>\$ 41,924,468</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, 2018 and 2017

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	\$ 13,630,428	\$ 14,819,404
Payments to Suppliers, Contractors, and Service Providers	(7,146,831)	(6,671,827)
Payments to Employees for Salaries and Benefits	(3,540,486)	(3,262,876)
Net Cash Provided by Operating Activities	<u>2,943,111</u>	<u>4,884,701</u>
Cash Flows from Noncapital Financing Activities		
Transfers In	5,776,146	3,352,516
Transfers Out	(6,387,101)	(3,735,310)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(610,955)</u>	<u>(382,794)</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from General Obligation Bonds	1,200,000	8,780,000
Purchases of Capital Assets	(9,225,080)	(11,127,111)
Principal Paid on Bonds	(1,975,000)	(1,575,000)
Contributions from Other Governments	-	-
Interest Paid on Long-Term Debt	(1,740,657)	(928,817)
Premium Received on Bonds Issued	-	110,955
Bond Origination Fees	(27,090)	(90,955)
Net Cash (Used) by Capital and Related Financing Activities	<u>(11,767,827)</u>	<u>(4,830,928)</u>
Cash Flows from Investing Activities		
Interest on Investments	345,010	393,894
Purchases of Investment Securities	(7,371,637)	(46,533,008)
Maturities of Investments	19,288,497	45,478,810
Net Cash (Used) by Investing Activities	<u>12,261,870</u>	<u>(660,304)</u>
Net Increase in Cash and Cash Equivalents	2,826,199	(989,325)
Cash and Cash Equivalents - Beginning	<u>10,055,556</u>	<u>11,044,881</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 12,881,755</u></u>	<u><u>\$ 10,055,556</u></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, 2018 and 2017

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>\$ 1,239,934</u>	<u>\$ 666,301</u>
Adjustments to Reconcile Operating Income to Net Cash		
Provided by (Used in) Operating Activities		
Depreciation	3,006,912	3,212,642
Decrease (Increase) in Accounts Receivable	(208,042)	317,070
Decrease (Increase) in Inventory	(1,192)	34,483
Decrease (Increase) in Deferred Outflows of Resources	465,410	193,287
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(591,339)	(265,709)
Increase (Decrease) in Unearned Revenue	(556,546)	696,358
Increase (Decrease) in Customers' Deposits	18,040	24,228
Increase (Decrease) in Accrued Compensated Absences	(19,296)	14,935
Increase (Decrease) in Net Pension Liabilities	(658,892)	(21,391)
Increase (Decrease) in Net OPEB Liabilities	21,082	-
Increase (Decrease) in Deferred Inflows of Resources	<u>227,040</u>	<u>12,497</u>
Total Adjustments	<u>1,703,177</u>	<u>4,218,400</u>
Net Cash Provided by Operating Activities	<u><u>\$ 2,943,111</u></u>	<u><u>\$ 4,884,701</u></u>
Noncash Investing, Capital, and Financing Activities		
Increase (Decrease) in Fair Value of Investments	<u><u>\$ 139,221</u></u>	<u><u>\$ 78,021</u></u>

CITY OF PARIS, TEXAS
Notes to Financial Statements
September 30, 2018

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 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. 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, 2018

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, 2018

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, 2018

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, 2018, 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, 2018, the City Council approved a transfer of \$565,000 from various departments to other departmental line items. Expenditures exceeded appropriations in the following departments: Manager \$6,579, Police \$16,124, Engineering \$150,114, Health \$102,360, and Other \$7,937.

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, 2018

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, 2018

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 an expense during the period incurred.

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

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

6. Capital Leases

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports a deferred outflow of resources related to pensions. 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, 2018

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, 2018

I. Summary of Significant Accounting Policies (Continued)

H. Revenues and Expenditures/ Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Compensated Absences

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

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

I. Recent Accounting Pronouncements Adopted

GASB Statement No. 75, Accounting for Financial Reporting for Post-Employment Benefits Other Than Pensions, relates to the governmental employers that provide post-employment benefits other than pensions and is effective for fiscal years beginning after June 15, 2017. This statement requires the recognition of the City's proportionate share of fiduciary net position related to OPEB, including related deferred outflows or resources and deferred inflows of resources related to OPEB, OPEB expense, and information about assets, liabilities, and additions to/deductions from fiduciary net position as related to OPEB.

In June 2018, the Governmental Accounting Standards Board issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. This update requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. The statement is effective for reporting periods beginning after December 15, 2019. The City elected to early adopt the new requirement as of September 30, 2018, as permitted by the statement.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2018

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 \$37,741,733 are as follows:

Land	\$ 5,927,478
Construction in Progress	1,166,700
Buildings	19,665,316
Less: Accumulated Depreciation – Buildings	(9,104,015)
Improvements Other Than Buildings	6,552,117
Less: Accumulated Depreciation – Improvements Other Than Buildings	(3,345,583)
Machinery and Equipment	20,992,957
Less: Accumulated Depreciation – Machinery and Equipment	(17,044,869)
Infrastructure	45,175,454
Less: Accumulated Depreciation – Infrastructure	<u>(32,243,822)</u>
Net Adjustment to Increase Fund Balance – Total Governmental Funds to Arrive at Net Position – Governmental Activities	<u>\$ 37,741,733</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 \$17,020,086 difference are as follows:

Bonds Payable	\$ 14,150,000
Plus: Premiums on Bonds Payable (to be Amortized Over the Life of the Debt)	156,032
Capital Lease	1,253,181
Accrued Interest	153,298
Compensated Absences	1,157,575
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>\$ 17,020,086</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 \$861,559 difference are as follows:

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2018

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

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

Capital Outlay	\$ 3,551,918
Depreciation Expense	<u>(2,690,359)</u>
Net Adjustment to Increase Net Changes in Fund Balances -	
Total Governmental Funds to Arrive at Changes in Net Position	
Of Governmental Activities	<u>\$ 861,559</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$1,301,836 difference are as follows:

Issuance of General Obligation Bonds	\$ (190,000)
Amortization of Premium	20,472
Principal Repayments	<u>1,471,364</u>
Net Adjustment to Increase Net Changes in Fund Balances -	
Total Governmental Funds to Arrive at Changes in Net Position	
of Governmental Activities	<u>\$ 1,301,836</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, 2018.

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, 2018

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

B. Investments

As of September 30, 2018, 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	\$ 22,527	AA+	1.92	
Federal National Mortgage Association	5,150,205	AA+	7.06	
Government National Mortgage Association	4,996		1.00	
Certificates of Deposit	93,128	Not Rated	.58	
U.S. Treasury Bills OID	12,960,740		.08	
U.S. Treasury Notes	6,293,385		.17	
LOGIC Investment Pool	2,383,908	AAAm		31
Paris Economic Development Corporation				
Texas Class Investment Pool	581,375	AAAm		78
LoneStar Bond Investment Pool	434	AAAm		28
Totals	<u>\$ 27,490,698</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, 2018

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, 2018, 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	Enterprise
Receivables:				
Interest	\$ 84	\$ -	\$ 23,438	\$ 55,427
Property Taxes	946,518	153,862	-	-
Sales Taxes	1,249,885	-	-	-
Accounts	172,398	-	-	2,222,330
Notes	-	-	-	-
Street Assessments	26,473	-	-	-
Fines	198,107	-	-	-
EMS	2,393,366	-	-	-
Gross Receivables	4,986,831	153,862	23,438	2,277,757
Less: Allowance for Uncollectibles	(2,471,973)	(38,466)	-	(103,720)
Net Total Receivables	<u>\$ 2,514,858</u>	<u>\$ 115,396</u>	<u>\$ 23,438</u>	<u>\$ 2,174,037</u>

Net receivable balances not expected to be collected within one year are Property Taxes - \$560,208, Fines - \$49,054, EMS - \$100,000, and Street Assessments - \$26,473.

At year end, PEDC had a receivable for sales tax of \$250,037. The balance is expected to be collected within one year.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2018

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

D. Capital Assets

Capital assets activity for the year ended September 30, 2018, follows:

	Balance 9/30/17	Additions	Retirements	Balance 9/30/18
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 5,927,478	\$ -	\$ -	\$ 5,927,478
Construction in Progress	250,885	2,271,619	1,355,804	1,166,700
Total Capital Assets, Not Being Depreciated	<u>6,178,363</u>	<u>2,271,619</u>	<u>1,355,804</u>	<u>7,094,178</u>
Capital Assets, Being Depreciated				
Buildings	19,416,397	248,919	-	19,665,316
Improvements Other Than Buildings	5,738,565	813,552	-	6,552,117
Machinery and Equipment	20,874,718	645,259	527,020	20,992,957
Infrastructure	44,220,961	954,493	-	45,175,454
Total Capital Assets, Being Depreciated	<u>90,250,641</u>	<u>2,662,223</u>	<u>527,020</u>	<u>92,385,844</u>
Less Accumulated Depreciation for				
Buildings	8,662,688	441,327	-	9,104,015
Improvements Other Than Buildings	3,130,507	215,076	-	3,345,583
Machinery and Equipment	16,511,360	976,472	442,963	17,044,869
Infrastructure	31,186,338	1,057,484	-	32,243,822
Total Accumulated Depreciation	<u>59,490,893</u>	<u>2,690,359</u>	<u>442,963</u>	<u>61,738,289</u>
Total Capital Assets, Being Depreciated, Net	<u>30,759,748</u>	<u>(28,136)</u>	<u>84,057</u>	<u>30,647,555</u>
Governmental Activities, Capital Assets, Net	<u>\$ 36,938,111</u>	<u>\$ 2,243,483</u>	<u>\$ 1,439,861</u>	<u>\$ 37,741,733</u>

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2018

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

D. Capital Assets (Continued)

	Balance 9/30/17	Additions	Retirements	Balance 9/30/18
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 339,620	\$ -	\$ -	\$ 339,620
Construction in Progress	18,760,774	8,713,667	-	27,474,441
Total Capital Assets, Not Being Depreciated	19,100,394	8,713,667	-	27,814,061
Capital Assets, Being Depreciated				
Plant, Pumps, and Motors	31,138,604	275,720	-	31,414,324
Distribution System	46,854,893	14,939	-	46,869,832
Collection System	25,227,311	53,532	-	25,280,843
Maintenance Equipment and Vehicles	3,970,888	161,003	-	4,131,891
Furniture and Equipment	2,048,155	6,217	-	2,054,372
Total Capital Assets, Being Depreciated	109,239,851	511,411	-	109,751,262
Less Accumulated Depreciation for				
Plant, Pumps, and Motors	24,515,007	611,324	-	25,126,331
Distribution System	27,328,717	1,423,675	-	28,752,392
Collection System	19,450,736	702,887	-	20,153,623
Maintenance Equipment and Vehicles	3,086,696	206,504	-	3,293,200
Furniture and Equipment	1,435,257	62,522	-	1,497,779
Total Accumulated Depreciation	75,816,413	3,006,912	-	78,823,325
Total Capital Assets, Being Depreciated, Net	33,423,438	(2,495,501)	-	30,927,937
Business-Type Activities, Capital Assets, Net	52,523,832	6,218,166	-	58,741,998
Intangible Asset – Water Rights	4,113,119	-	-	4,113,119
Less Accumulated Amortization	763,669	35,632	-	799,301
Total Intangible Asset - Water Rights, Net	3,349,450	(35,632)	-	3,313,818
Business-Type Activities, Capital and Intangible Assets, Net	\$55,873,282	\$ 6,182,534	\$ -	\$62,055,816

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2018

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	\$ 113,056
Public Safety	693,311
Public Works, Including Depreciation of General Infrastructure Assets	1,470,377
Health	163,343
Culture and Recreation	119,168
Cox Field Airport	<u>131,104</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 2,690,359</u>
Business-Type Activities	
Water and Sewer	<u>\$ 3,006,912</u>
Total Depreciation Expense – Business-Type Activities	<u>\$ 3,006,912</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 883 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, 2018

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 2017</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, 2018

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, 2017, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	204
Inactive Employees Entitled to but not yet Receiving Benefits	130
Active employees	<u>260</u>
Total	<u><u>594</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 were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City were 6.97% and 6.78% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018, were \$825,691 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability was measured as of December 31, 2017, 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, 2017, 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, 2018

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

F. Employee Retirement Systems and Plans (Continued)

1. Texas Municipal Retirement System (Continued)

Actuarial Assumptions (Continued)

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5	6.35
Core Fixed Income	10.0	1.00
Non-Core Fixed Income	20.0	3.90
Real Return	10.0	3.80
Real Estate	10.0	4.50
Absolute Return	10.0	3.75
Private Equity	5.0	7.50
Total	100.0%	

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2018

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 12/31/2016	\$ 59,510,831	\$55,580,270	\$ 3,930,561
Changes for the year:			
Service Cost	1,192,255	-	1,192,255
Interest	3,952,930	-	3,952,930
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	19,208	-	19,208
Changes of Assumptions	-	-	-
Contributions – Employer	-	817,914	(817,914)
Contributions – Employee	-	704,087	(704,087)
Net Investment Income	-	7,698,497	(7,698,497)
Benefit Payments, Including Refunds of Employee Contributions	(3,090,075)	(3,090,075)	-
Administrative Expense	-	(39,921)	39,921
Other Changes	-	(2,023)	2,023
Net Changes	2,074,318	6,088,479	(4,014,161)
Balance at 12/31/2017	\$ 61,585,149	\$61,668,749	\$ (83,600)

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, 2018

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)	\$7,642,990	\$(83,600)	\$(6,524,627)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2018, the City recognized pension expense of \$1,091,883.

At September 30, 2018, 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)	\$ 14,245	\$ 157,867
Changes in Actuarial Assumptions	424,704	-
Differences Between Projected and Actual Investment Earnings (Net of Current Year Amortization)	-	1,522,780
Contributions Subsequent to the Measurement Date	622,927	-
Total	<u>\$ 1,061,876</u>	<u>\$ 1,680,647</u>

\$622,927 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, 2019. 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,	
2019	\$ 394,510
2020	(61,264)
2021	(785,579)
2022	(789,365)
2023	-
Thereafter	-
	<u>\$ (1,241,698)</u>

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2018

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

F. Employee Retirement Systems and Plans (Continued)

2. Firefighters' Relief and Retirement Fund

Plan Description

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

Eligibility

The plan covers current and former firefighters of the City of Paris, Texas, as well as certain beneficiaries. The City of Paris contributes 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 2018 was based on a payroll of \$2,717,229 and amounted to \$326,067. Covered employees made contributions of \$407,584.

Employees Covered by Benefit Terms

At the December 31, 2017, 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	5
Active employees	49
Total	<u>96</u>

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2018

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

F. Employee Retirement Systems and Plans (Continued)

2. Firefighters' Relief and Retirement Fund (Continued)

Service Retirement Disability and Death Benefits

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

Actuarial Methods and Assumptions

The actuarial valuation date used to determine the total pension liability for the year ended September 30, 2018, 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, 2017. 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.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2018

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

F. Employee Retirement Systems and Plans (Continued)

2. Firefighters' Relief and Retirement Fund (Continued)

Net Pension Liability and Changes in the Pension Liability

		Increase (Decrease)	
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balance at 12/31/2016	\$ 14,957,795	\$ 4,764,272	\$ 10,193,523
Changes for the year:			
Service Cost	254,567	-	254,567
Interest	1,094,074	-	1,094,074
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions – Employer	-	326,396	(326,396)
Contributions – Employee	-	407,996	(407,996)
Net Investment Income	-	578,324	(578,324)
Benefit Payments, Including Refunds of Employee Contributions	(1,249,430)	(1,249,430)	-
Administrative Expense	-	(37,553)	37,553
Other Changes	-	5	(5)
Net Changes	99,211	(25,738)	73,473
Balance at 12/31/2017	\$ 15,057,006	\$ 4,790,010	\$10,266,996

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	\$11,851,541	\$10,266,996	\$8,927,331

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, 2018, the City recognized pension expense of \$774,793.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2018

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

F. Employee Retirement Systems and Plans (Continued)

2. Firefighters' Relief and Retirement Fund (Continued)

At September 30, 2018, 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	\$ -	\$ 248,882
Changes in Actuarial Assumptions	-	(539,602)
Difference Between Projected and Actual Investment Earnings	57,524	-
Contributions Subsequent to the Measurement Date	290,433	-
Total	<u>\$ 347,957</u>	<u>\$ (290,720)</u>

\$290,433 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, 2019. 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,	
2018	137,759
2019	98,242
2020	(9,649)
2021	(8,272)
2022	40,068
2023-2027	176,119
Thereafter	-
Total	<u>\$ 434,267</u>

G. Other Post Employment Benefit (OPEB) Obligations

1. Supplemental Death Benefits Fund

Plan Description

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

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2018

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

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

1. Supplemental Death Benefits Fund (Continued)

Benefits

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

Employees Covered by Benefit Terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	164
Inactive employees entitled to but not yet receiving benefits	33
Active employees	254
Total	<u>451</u>

Contributions

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

Employees of the City were not required to contribute to the OPEB plan during the fiscal year. The contribution rates for the City were 0.23% and 0.23% of gross earnings in calendar year 2017 and 2018, respectively. The City's TMRS SDBF for the year ended September 30, 2018 were \$27,247 and were equal to the required contributions.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2018

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

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

1. Supplemental Death Benefits Fund (Continued)

Changes in the OPEB Liability

	Increase (Decrease)
	Total OPEB Liability
Balance at 12/31/2016	\$ 886,699
Changes for the year:	
Service Cost	26,990
Interest	33,850
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions	76,984
Contributions – Employer	-
Contributions – Employees	-
Net Investment Income	-
Benefit Payments, Including Refunds of Employee Contributions	(9,388)
Administrative Expense	-
Other Changes	-
Net Changes	128,436
Balance at 12/31/17	\$ 1,015,135

The following presents the total SDBF OPEB liability of the City, calculated using the discount rate of 3.31%, (the applicable discount rate of an unfunded OPEB is based on an index of tax exempt 20-year municipal bond rates rated as AA or higher), as well as what the City's total SDBF OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31%) or 1-percentage-point higher (4.31%) than the current rate:

	1% Decrease in Discount Rate 2.31%	Discount Rate 3.31%	1% Increase in Discount Rate 4.31%
Net Pension Liability	\$1,210,725	\$1,015,135	\$861,176

Supplemental Death Benefits Fund Net Position

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

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2018

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

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

1. Supplemental Death Benefits Fund (Continued)

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

For the year ended September 30, 2018, the City recognized OPEB expense in the amount of \$76,330.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Economic Experience (Net of Current Year Amortization)	\$ -	\$ -
Changes in Actuarial Assumptions	61,494	-
Differences Between Projected and Actual Investment Earnings (Net of Current Year Amortization)	-	-
Contributions Subsequent to the Measurement Date	20,556	-
Total	<u>\$ 82,050</u>	<u>\$ -</u>

\$20,556 reported as deferred outflows of resources related to SDBF OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	
2019	\$ 15,490
2020	15,490
2021	15,490
2022	15,024
2023	-
Thereafter	-
Total	<u>\$ 61,494</u>

2. City of Paris Retiree Health Care Plan

Plan Description

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

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2018

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

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

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

Benefits

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

Employees Covered by Benefit Terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by benefit terms:

Inactive retirees or beneficiaries currently receiving benefits	16
Inactive, Nonretired Members	-
Active employees	90
Total	<u>106</u>

Contributions

The City's contributions are financed on a pay-as-you-go basis. For the year ended September 30, 2018, the contributions were approximately \$64,470 for 17 retired employees.

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2018

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

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

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

Changes in the OPEB Liability

	Increase (Decrease)
	Total OPEB Liability
Balance at 12/31/2016	\$ 1,646,161
Changes for the year:	
Service Cost	36,410
Interest	61,432
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions	51,925
Contributions – Employer	-
Contributions – Employees	-
Net Investment Income	-
Benefit Payments, Including Refunds of Employee Contributions	(103,929)
Administrative Expense	-
Other Changes	-
Net Changes	45,838
Balance at 12/31/17	\$ 1,691,999

The following presents the total Plan OPEB liability of the City, calculated using the discount rate of 3.31%, as well as what the City's total Plan OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31%) or 1-percentage-point higher (4.31%) than the current rate:

	1% Decrease in Discount Rate 2.31%	Discount Rate 3.31%	1% Increase in Discount Rate 4.31%
Net OPEB Liability	\$1,799,111	\$1,691,999	\$1,589,378

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

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Net OPEB Liability	\$1,556,135	\$1,691,999	\$1,843,729

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2018

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

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

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

OPEB Plan Net Position

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

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

For the year ended September 30, 2018, the City recognized OPEB expense in the amount of \$64,470.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Economic Experience (Net of Current Year Amortization)	\$ -	\$ -
Changes in Actuarial Assumptions	43,602	-
Contributions Subsequent to the Measurement Date	36,529	-
Total	<u>\$ 80,131</u>	<u>\$ -</u>

\$36,529 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	
2019	\$ 8,323
2020	8,323
2021	8,323
2022	8,323
2023	8,323
Thereafter	1,987
Total	<u>\$ 43,602</u>

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2018

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

H. Water Sales and Commitments

1. Water Sales

The City has contracts extending for several years to sell treated and untreated water to six entities. Total water sales under these contracts to these entities during the year ended September 30, 2018, were approximately \$2,907,099.

2. Construction Commitments

The City has active construction projects as of September 30, 2018. 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	\$42,421,330	\$ 9,004,665
Street Construction and Improvement and Other Costs Relating to Such Improvements	5,083,932	3,539,931
Total	<u>\$47,505,262</u>	<u>\$12,544,596</u>

3. Water Storage Commitment

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

4. Civic Center Contract Commitment

The City is a party to a contract with the Chamber of Commerce of Lamar County, Inc. whereby three-sevenths of the hotel/motel tax is to be dedicated to a fund to be used for improving, enlarging, equipping, repairing, operating, or maintaining a civic center. The contract provides that the Chamber of Commerce of Lamar County, Inc. will operate the civic center through September 30, 2018, and may be reviewed for four additional one year terms upon written agreement of the parties. Either party may terminate this contract at the end of the current term by giving thirty days notice.

5. Interlocal Cooperative Agreement

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

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2018

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

H. Water Sales and Commitments (Continued)

6. Other Commitments - PEDC

Daisy Dairy – In 2009, the Board of Directors reached an incentive agreement with Daisy Dairy providing that upon the creation and retention of jobs, PEDC will reimburse Daisy Dairy for the difference between Daisy Dairy's annual potable water bill from the City and Daisy Dairy's fixed annual water bill (calculated at a rate of \$1.20/1,000 gallons) multiplied by the actual usage for the year. The remaining balance is estimated to be \$456,250.

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.

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, 2018. 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>166,406</u>
Capital Lease Equipment, Net	<u>\$ 450,708</u>

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2018

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, 2018, are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2019	\$ 72,353
2020	72,353
2021	72,353
2022	72,353
2023	72,353
2024-2025	144,704
Total Minimum Lease Payments	506,469
Less: Amount Representing Interest	(55,761)
Present Value of Net Minimum Lease Payments	450,708
Less: Current Maturities of Capital Lease Obligation	(58,829)
Long-Term Portion of Capital Lease Obligation	<u>\$ 391,879</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	172,707
Capital Lease Equipment, Net	<u>\$ 802,478</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, 2018, are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2019	\$ 114,337
2020	114,337
2021	114,337
2022	114,337
2023	114,337
2024-2026	343,008
Total Minimum Lease Payments	914,693
Less: Amount Representing Interest	(112,220)
Present Value of Net Minimum Lease Payments	802,473
Less: Current Maturities of Capital Lease Obligation	(90,262)
Long-Term Portion of Capital Lease Obligation	<u>\$ 712,211</u>

K. Long-Term Liabilities

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

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2018

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, 2018

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.

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

The ordinances require that property taxes be levied and collected at a rate sufficient to pay principal and interest as they come due. They also require that these funds be placed in special interest and sinking funds created solely for the benefit of the obligations. At September 30, 2018, the fund balances in the Interest and Sinking Funds are \$1,836,162.

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, 2018

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, 2018, follows:

	Balance September 30, 2017	Additions	Reductions	Balance September 30, 2018	Due Within One Year
Governmental Activities					
Debt Payable					
Bonds Payable	\$ 15,285,000	\$ 190,000	\$ 1,325,000	\$ 14,150,000	\$ 1,320,000
Premium	176,503	-	20,471	156,032	18,361
Capital Leases	1,397,929	-	144,748	1,253,181	149,091
Total Debt Payable	16,859,432	190,000	1,490,219	15,559,213	1,487,452
Compensated Absences	1,083,358	834,883	760,666	1,157,575	115,757
Landfill Post-Closure Care Costs	150,000	-	-	150,000	-
Governmental Activities Long-Term Liabilities	<u>\$ 18,092,790</u>	<u>\$ 1,024,883</u>	<u>\$ 2,250,885</u>	<u>\$ 16,866,788</u>	<u>\$ 1,603,209</u>
Business-Type Activities					
Debt Payable					
Bonds Payable	\$ 44,000,000	\$ 1,200,000	\$ 1,975,000	\$ 43,225,000	\$ 2,140,000
Premium	1,175,173	-	135,584	1,039,589	126,857
Total Debt Payable	45,175,173	1,200,000	2,110,584	44,264,589	2,266,857
Compensated Absences	235,092	168,205	187,501	215,796	21,580
Business-Type Activities Long-Term Liabilities	<u>\$ 45,410,265</u>	<u>\$ 1,368,205</u>	<u>\$ 2,298,085</u>	<u>\$ 44,480,385</u>	<u>\$ 2,288,437</u>
Component Unit					
Bonds Payable	\$ 340,000	\$ -	\$ 340,000	\$ -	\$ -
Component Unit Long-Term Liabilities	<u>\$ 340,000</u>	<u>\$ -</u>	<u>\$ 340,000</u>	<u>\$ -</u>	<u>\$ -</u>

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

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2018

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
2019	\$ 1,320,000	\$ 403,932	\$ 2,140,000	\$ 1,708,956
2020	1,355,000	364,291	2,210,000	1,632,897
2021	1,035,000	1,423,489	2,300,000	1,538,633
2022	1,065,000	301,523	2,345,000	1,445,168
2023	585,000	276,421	2,445,000	1,342,040
2024-2028	3,240,000	1,088,240	13,820,000	5,070,890
2029-2033	3,115,000	595,611	15,915,000	2,077,809
2034-2037	2,435,000	175,846	2,050,000	129,426
Totals	<u>\$ 14,150,000</u>	<u>\$ 4,629,353</u>	<u>\$ 43,225,000</u>	<u>\$ 14,945,819</u>

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

L. Interfund Transfers

During the year ended September 30, 2018, the City made transfers from the General Fund and the Water and Sewer Fund to the Debt Service Fund of \$6,200 to make debt service payments. Other minor transfers were made between funds making up transfers of:

	General	Debt Service	Other Governmental	Capital Projects	Transfers Out
General	\$ -	\$ -	\$ 109,650	\$ 129,000	\$ 238,650
Capital Projects	124,968	-	-	-	124,968
Water and Sewer	-	6,200	-	624,517	630,717
Transfers In	<u>\$ 124,968</u>	<u>\$ 6,200</u>	<u>\$ 109,650</u>	<u>\$ 753,517</u>	<u>\$ 994,335</u>

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2018

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

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, 2018, these accounts, shown as cash and investments on the Statement of Net Position – Proprietary Funds, are as follows:

Reserve Fund	\$ 6,894,263
Contingency Fund	1,801,927

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

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

	Cash and Cash Equivalents	Certificates of Deposit and Other Investments	Other Receivables
Grants Receivable	\$ -	\$ -	\$ 731,032
Lake Crook	3,685	-	-
Contingency	676,917	1,125,010	-
Loan	34,168	-	-
Bond Reserves and Sinking Funds	1,865,693	2,323,857	-
Construction	6,564,930	16,404,991	-
Total Restricted Assets	<u>\$ 9,145,393</u>	<u>\$ 19,853,858</u>	<u>\$ 731,032</u>

N. Related Party

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

O. Contingent Liabilities

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

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

CITY OF PARIS, TEXAS
Notes to the Financial Statements (Continued)
September 30, 2018

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

P. Tax Abatements

As of September 30, 2018, 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 2017-18</u>
Industrial Incentives	\$ 270,819,080
Residential Incentives	269,940

Q. Prior Period Adjustment

During fiscal year 2018, the City adopted GASB Statement No. 75 for Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. With GASB 75, the City must assume their proportionate share of the Net OPEB Liability of the Texas Municipal Retirement System and the City of Paris Retiree Health Care Plan. Adoption of GASB 75 required a prior period adjustment to report the effect of GASB 75 retroactively. The prior period adjustment totaled \$(4,054,335) for governmental activities and \$(142,213) for business type activities. During the fiscal 2018, the City determined that adjustments were necessary to various capital asset accounts. The prior period adjustment totaled \$(161,678) for governmental activities and \$(5,032,486) for business type activities. The restated beginning net position for governmental activities and business type activities is \$31,919,017 and \$42,305,502, respectively.

R. Subsequent Event

On November 12, 2018, the City voted to enter into a contract, in an amount not to exceed \$2,200,000 for street construction as part of the 2017 bond streets project.

On December 10, 2018, the City voted to terminate the tax abatement agreement with Paris Regional Medical Center and seek all taxes owed.

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, 2018

Schedule I

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

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

CITY OF PARIS, TEXAS
Required Supplementary Information
Texas Municipal Retirement System -
Schedule of City Contributions
Year Ended September 30, 2018

Schedule 2

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

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

CITY OF PARIS, TEXAS
Required Supplementary Information
Paris Firefighters' Relief and Retirement Fund -
Schedule of Changes in Net Pension Liability
Year Ended September 30, 2018

Schedule 3

	Plan Year Ended December 31,			
	2017	2016	2015	2014
Total Pension Liability				
Service Cost	\$ 254,567	\$ 258,484	\$ 247,353	\$ 236,701
Interest	1,094,074	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	(1,249,430)	(1,136,379)	(1,156,654)	(1,200,964)
Net Change in Total Pension Liability	99,211	781,660	183,573	19,489
Total Pension Liability - Beginning	14,957,795	14,175,471	13,991,898	13,972,409
Total Pension Liability - Ending	<u>\$ 15,057,006</u>	<u>\$ 14,957,131</u>	<u>\$ 14,175,471</u>	<u>\$ 13,991,898</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 326,396	\$ 317,902	\$ 310,483	\$ 281,896
Contributions - Employee	407,996	397,475	388,212	352,370
Net Investment Income	578,324	377,387	(121,104)	245,555
Benefit Payments, Including Refunds of Employee Contributions	(1,249,430)	(1,136,379)	(1,156,654)	(1,200,964)
Administrative Expense	(37,553)	(70,404)	(6,500)	(84,445)
Other	5	2,121	-	5,315
Net Change in Plan Fiduciary Net Position	25,738	(111,898)	(585,563)	(400,273)
Plan Fiduciary Net Position - Beginning	4,764,272	4,876,170	5,461,733	5,862,006
Plan Fiduciary Net Position - Ending	<u>\$ 4,790,010</u>	<u>\$ 4,764,272</u>	<u>\$ 4,876,170</u>	<u>\$ 5,461,733</u>
City's Net Pension Liability (Asset) - Ending	\$ 10,266,996	\$ 10,192,859	\$ 9,299,301	\$ 8,530,165
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	31.81%	31.85%	34.40%	39.03%
Covered-Employee Payroll	\$ 2,717,229	\$ 2,785,912	\$ 2,511,047	\$ 2,368,370
City's Net Pension Liability as a Percentage of Covered-Employee Payroll	377.85%	365.87%	370.34%	360.17%

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

CITY OF PARIS, TEXAS
Required Supplementary Information
Paris Firefighters' Relief and Retirement Fund
Schedule of City Contributions
Year Ended September 30, 2018

Schedule 4

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

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

CITY OF PARIS, TEXAS
Required Supplementary Information
Texas Municipal Retirement System -
Schedule of Changes in Total OPEB Liability and Related Ratios
Year Ended September 30, 2018

Schedule 5

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

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

CITY OF PARIS, TEXAS
Required Supplementary Information
Texas Municipal Retirement System -
Schedule of City Contributions
Year Ended September 30, 2018

Schedule 6

	Fiscal Year Ended September 30, <u>2018</u>
Actuarially Determined Contribution	\$ 27,247
Contributions in Relation to Actuarially Determined Contribution	<u>(27,247)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered Payroll	\$ 11,846,360
Contributions as a Percentage of Covered Payroll	0.23%

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

CITY OF PARIS, TEXAS
Required Supplementary Information
City of Paris Retiree Health Care Plan -
Schedule of Changes in Total OPEB Liability and Related Ratios
Year Ended September 30, 2018

Schedule 7

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

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

CITY OF PARIS, TEXAS
Required Supplementary Information
City of Paris Retiree Health Care Plan -
Schedule of City Contributions
Year Ended September 30, 2018

Schedule 8

	Fiscal Year Ended September 30, <u>2018</u>
Actuarially Determined Contribution	\$ 33,407
Contributions in Relation to Actuarially Determined Contribution	<u>(33,407)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered Payroll	\$ 5,284,495
Contributions as a Percentage of Covered Payroll	0.63%

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

Nonmajor Governmental Funds

Special Revenue

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

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

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

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

Permanent Funds

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

Other Major Governmental Funds

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

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

CITY OF PARIS, TEXAS
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2018

Schedule 9

	Special Revenue				Permanent	
	Community Development Block Grant	Special Revenue Fund	Library Memorial Funds	Total	Library Trust Funds	Total Nonmajor Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 208,463	\$ 199,315	\$ 85,554	\$ 493,332	\$ 561	\$ 493,893
Investments	4,996	-	-	4,996	93,128	98,124
Notes Receivables	-	-	-	-	-	-
 Total Assets	 <u>\$ 213,459</u>	 <u>\$ 199,315</u>	 <u>\$ 85,554</u>	 <u>\$ 498,328</u>	 <u>\$ 93,689</u>	 <u>\$ 592,017</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ -	\$ 121	\$ -	\$ 121	\$ -	\$ 121
 Total Liabilities	 <u>-</u>	 <u>121</u>	 <u>-</u>	 <u>121</u>	 <u>-</u>	 <u>121</u>
Fund Balances:						
Nonspendable						
Permanent Library Funds	-	-	-	-	93,689	93,689
Restricted for:						
Notes	-	-	-	-	-	-
Law Enforcement	-	199,194	-	199,194	-	199,194
Assigned:						
Library	-	-	85,554	85,554	-	85,554
Community Development	213,459	-	-	213,459	-	213,459
Total Fund Balances	<u>213,459</u>	<u>199,194</u>	<u>85,554</u>	<u>498,207</u>	<u>93,689</u>	<u>591,896</u>
 Total Liabilities and Fund Balances	 <u>\$ 213,459</u>	 <u>\$ 199,315</u>	 <u>\$ 85,554</u>	 <u>\$ 498,328</u>	 <u>\$ 93,689</u>	 <u>\$ 592,017</u>

CITY OF PARIS, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended September 30, 2018

Schedule 10

	Special Revenue				Permanent	
	Community Development Block Grant	Special Revenue	Library Memorial Funds	Total	Library Trust Funds	Total Nonmajor Governmental Funds
REVENUES						
Fees and Fines	\$ -	\$ 49,038	\$ -	\$ 49,038	\$ -	\$ 49,038
Intergovernmental	-	-	-	-	-	-
Interest Earned	3,621	3,996	1,610	9,227	1,342	10,569
Miscellaneous	-	1,870	3,589	5,459	-	5,459
Total Revenues	<u>3,621</u>	<u>54,904</u>	<u>5,199</u>	<u>63,724</u>	<u>1,342</u>	<u>65,066</u>
EXPENDITURES						
Current						
General Government	-	43,449	-	43,449	-	43,449
Public Safety	-	39,185	-	39,185	-	39,185
Community Development	-	-	-	-	-	-
Health	-	1,654	-	1,654	-	1,654
Culture and Recreation	-	-	1,687	1,687	-	1,687
Capital Outlay						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>84,288</u>	<u>1,687</u>	<u>85,975</u>	<u>-</u>	<u>85,975</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,621</u>	<u>(29,384)</u>	<u>3,512</u>	<u>(22,251)</u>	<u>1,342</u>	<u>(20,909)</u>
Other Financing Sources (Uses)						
Transfers In	109,650	-	-	109,650	-	109,650
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>109,650</u>	<u>-</u>	<u>-</u>	<u>109,650</u>	<u>-</u>	<u>109,650</u>
Net Changes in Fund Balances	113,271	(29,384)	3,512	87,399	1,342	88,741
Fund Balances - Beginning	<u>100,188</u>	<u>228,578</u>	<u>82,042</u>	<u>410,808</u>	<u>92,347</u>	<u>503,155</u>
Fund Balances - Ending	<u>\$ 213,459</u>	<u>\$ 199,194</u>	<u>\$ 85,554</u>	<u>\$ 498,207</u>	<u>\$ 93,689</u>	<u>\$ 591,896</u>

CITY OF PARIS, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Special Revenue Fund
Year Ended September 30, 2018

Schedule 11

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fees and Fines	\$ 19,500	\$ 19,500	\$ 49,038	\$ 29,538
Intergovernmental	-	-	-	-
Interest Earned	-	-	3,996	3,996
Miscellaneous	-	-	1,870	1,870
Total Revenues	<u>19,500</u>	<u>19,500</u>	<u>54,904</u>	<u>35,404</u>
EXPENDITURES				
Municipal Court	127,250	127,250	43,449	83,801
Police	104,000	104,000	39,185	64,815
Health	3,500	3,500	1,654	1,846
Total Expenditures	<u>234,750</u>	<u>234,750</u>	<u>84,288</u>	<u>150,462</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(215,250)</u>	<u>(215,250)</u>	<u>(29,384)</u>	<u>185,866</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	(215,250)	(215,250)	(29,384)	185,866
Fund Balance - Beginning	<u>228,578</u>	<u>228,578</u>	<u>228,578</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 13,328</u>	<u>\$ 13,328</u>	<u>\$ 199,194</u>	<u>\$ 185,866</u>

CITY OF PARIS, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Debt Service Fund
Year Ended September 30, 2018

Schedule 12

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 1,926,388	\$ 1,926,388	\$ 1,795,313	\$ (131,075)
Interest Earned	-	-	33,580	33,580
Total Revenues	<u>1,926,388</u>	<u>1,926,388</u>	<u>1,828,893</u>	<u>(97,495)</u>
EXPENDITURES				
Bond Principal Retirement	1,643,634	1,643,634	1,393,992	249,642
Interest and Fiscal Charges	276,203	276,203	447,294	(171,091)
Total Expenditures	<u>1,919,837</u>	<u>1,919,837</u>	<u>1,841,286</u>	<u>78,551</u>
Excess of Revenues Over Expenditures	<u>6,551</u>	<u>6,551</u>	<u>(12,393)</u>	<u>(18,944)</u>
Other Financing Sources (Uses):				
General Obligation Bonds Issued	-	-	190,000	190,000
Transfers In	743,550	743,550	6,200	(737,350)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>743,550</u>	<u>743,550</u>	<u>196,200</u>	<u>(547,350)</u>
Net Changes in Fund Balance	750,101	750,101	183,807	(566,294)
Fund Balance - Beginning	<u>1,652,355</u>	<u>1,652,355</u>	<u>1,652,355</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 2,402,456</u>	<u>\$ 2,402,456</u>	<u>\$ 1,836,162</u>	<u>\$ (566,294)</u>

CITY OF PARIS, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Capital Projects Fund
From Inception and Year Ended September 30, 2018

Schedule 13

	Prior Years	Current Year	Total to Date	Project Authorization (Budget)
REVENUES				
Interest Earned	\$ 95,829	\$ 187,720	\$ 283,549	\$ -
Total Revenues	<u>95,829</u>	<u>187,720</u>	<u>283,549</u>	<u>-</u>
EXPENDITURES				
City Council	114,109	132,785	246,894	144,109
Police	285,630	-	285,630	285,630
Fire	915,942	-	915,942	915,942
Community Development	725,207	-	725,207	870,350
Engineering	35,555	-	35,555	35,555
Parks and Recreation	563,384	-	563,384	923,781
Solid Waste	568,811	-	568,811	1,181,019
Streets and Highways	5,035,103	1,834,971	6,870,074	8,088,932
Health	16,600	103,953	120,553	129,000
Library	7,100	-	7,100	15,000
Cox Field Airport	110,667	-	110,667	90,100
Total Expenditures	<u>8,378,108</u>	<u>2,071,709</u>	<u>10,449,817</u>	<u>12,679,418</u>
Deficiency of Revenues Over Expenditures	(8,282,279)	(1,883,989)	(10,166,268)	(12,679,418)
Other Financing Sources (Uses):				
Transfers In	8,166,042	-	8,166,042	-
Transfers Out	(2,976,453)	753,517	(2,222,936)	-
Certificates of Obligation Issued	12,918,399	-	12,918,399	-
SPECIAL ITEM				
Proceeds from Sale of Assets	<u>90,100</u>	<u>-</u>	<u>90,100</u>	<u>-</u>
Net Changes in Fund Balance	<u>\$ 9,915,809</u>	<u>(1,130,472)</u>	<u>\$ 8,785,337</u>	<u>\$ (12,679,418)</u>
Fund Balance - Beginning		<u>10,086,116</u>		
Fund Balance - Ending		<u>\$ 8,955,644</u>		

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

CITY OF PARIS, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source
September 30, 2018 and 2017

Schedule 14

	<u>2018</u>	<u>2017</u>
Governmental Funds Capital Assets:		
Land	\$ 5,927,478	\$ 5,927,478
Buildings	19,665,316	19,416,397
Improvements Other Than Buildings	6,552,117	5,738,565
Machinery and Equipment	20,992,957	20,874,718
Infrastructure	45,175,454	44,220,961
Construction in Progress	<u>1,166,700</u>	<u>250,885</u>
Total Governmental Funds Capital Assets	<u>\$ 99,480,022</u>	<u>\$ 96,429,004</u>
Investments in Governmental Funds Capital Assets by Source:		
General Fund	\$ 66,609,277	\$ 64,607,433
Capital Projects Funds	25,262,491	24,107,251
Donations	<u>7,608,254</u>	<u>7,714,320</u>
Total Investments in Governmental Funds Capital Assets by Source	<u>\$ 99,480,022</u>	<u>\$ 96,429,004</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			
	2009	2010	2011	2012
Governmental Activities:				
Net Investment in Capital Assets	\$ 26,663,557	\$ 26,871,917	\$ 25,311,134	\$ 27,532,353
Restricted	952,225	5,454,967	3,958,563	5,421,971
Unrestricted	15,119,471	10,358,596	12,801,387	12,700,759
Total Governmental Activities, Net Position	\$ 42,735,253	\$ 42,685,480	\$ 42,071,084	\$ 45,655,083
Business-Type Activities:				
Net Investment in Capital Assets	\$ 26,288,945	\$ 28,883,901	\$ 31,855,910	\$ 34,499,646
Restricted	3,813,439	1,636,722	-	-
Unrestricted	7,237,951	9,815,653	11,416,134	8,496,996
Total Business-Type Activities, Net Position	\$ 37,340,335	\$ 40,336,276	\$ 43,272,044	\$ 42,996,642
Primary Government:				
Net Investment in Capital Assets	\$ 52,952,502	\$ 55,755,818	\$ 57,167,044	\$ 62,031,999
Restricted	4,765,664	7,091,689	3,958,563	5,421,971
Unrestricted	22,357,422	20,174,249	24,217,521	21,197,755
Total Primary Government, Net Assets/Position	\$ 80,075,588	\$ 83,021,756	\$ 85,343,128	\$ 88,651,725

Table 1
(Continued)

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 28,732,801	\$ 28,427,758	\$ 28,043,910	\$ 30,505,784	\$ 21,971,338	\$ 20,713,428
4,949,039	4,949,039	3,393,033	3,003,799	3,004,564	12,548,372
12,301,829	10,023,934	5,694,771	1,890,470	11,159,128	53,717
<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>	<u>\$ 33,315,517</u>
\$ 33,003,801	\$ 33,041,432	\$ 33,331,038	\$ 33,466,855	\$ 24,198,822	\$ 18,322,809
-	-	-	-	-	-
10,075,150	12,172,944	13,508,734	14,460,833	22,900,345	22,945,722
<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>	<u>\$ 41,268,531</u>
\$ 61,736,602	\$ 61,469,190	\$ 61,374,948	\$ 63,972,639	\$ 46,170,160	\$ 39,036,237
4,949,039	4,949,039	3,393,033	3,003,799	3,004,564	12,548,372
22,376,979	22,196,878	19,203,505	16,351,303	34,059,473	22,999,439
<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>	<u>\$ 74,584,048</u>

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

Table 2

	Fiscal Year			
	2009	2010	2011	2012
EXPENSES				
Governmental Activities:				
General Government	\$ 3,590,461	\$ 2,632,370	\$ 2,890,290	\$ 2,094,110
Finance	449,227	481,106	437,320	480,144
Public Safety	9,498,749	10,021,261	9,880,712	10,771,351
Public Works	6,905,252	7,279,655	7,667,367	7,568,269
Health	3,133,324	3,184,085	3,202,551	3,416,360
Library Services	730,925	751,523	719,240	712,033
Cox Field Airport	294,089	225,565	220,027	261,463
Interest on Long-Term Debt	507,788	460,678	438,460	342,554
Bond Issue Costs	-	-	-	-
Total Governmental Activities Expenses	25,109,815	25,036,243	25,455,967	25,646,284
Business-Type Activities:				
Water and Sewer Services	11,197,470	10,423,943	10,694,363	11,008,967
Total Primary Government Expenses	36,307,285	35,460,186	36,150,330	36,655,251
PROGRAM REVENUES				
Governmental Activities:				
Charges for Services:				
General Government	-	-	-	-
Public Safety	676,229	757,291	606,792	729,267
Public Works	1,693,133	1,709,552	1,775,841	1,788,753
Health	2,638,943	2,595,679	2,608,306	2,721,421
Library Services	21,335	21,123	19,707	20,877
Cox Field	-	-	-	-
Operating Grants and Contributions	1,317,832	1,431,301	1,953,631	1,305,387
Capital Grants and Contributions	224,458	355,429	205,628	636,974
Total Governmental Activities Program Revenues	6,571,930	6,870,375	7,169,905	7,202,679
Business-Type Activities:				
Charges for Services:				
Water and Sewer Service	13,616,713	13,650,486	13,798,137	13,852,441
Total Primary Government Program Revenues	20,188,643	20,520,861	20,968,042	21,055,120

Table 2
(Continued)

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 2,905,871	\$ 2,997,393	\$ 2,909,807	\$ 3,463,908	\$ 3,748,965	\$ 3,421,223
393,526	407,463	404,567	400,665	398,262	404,443
9,982,926	10,449,953	11,037,966	12,595,127	12,456,655	12,061,033
8,396,001	7,909,651	7,508,978	7,020,333	7,126,349	6,882,186
3,348,281	3,228,513	2,404,782	2,633,051	2,836,429	2,884,339
787,242	816,376	790,339	799,187	781,092	866,435
259,938	158,632	152,063	217,995	235,546	243,666
436,690	287,256	276,197	237,313	185,852	399,291
314,765	-	-	-	-	-
26,825,240	26,255,237	25,484,699	27,367,579	27,769,150	27,162,616
11,504,538	11,940,791	11,929,499	12,100,940	14,095,860	14,594,309
38,329,778	38,196,028	37,414,198	39,468,519	41,865,010	41,756,925
2,447	3,310	17,634	6,572	181,197	214,000
412,150	433,828	370,308	361,100	342,083	376,322
1,860,656	1,799,918	1,862,606	1,780,836	1,463,576	1,470,248
2,463,907	2,371,757	2,391,817	2,519,387	2,609,811	2,732,908
27,824	19,400	19,433	16,874	127,997	120,942
78,234	67,037	76,689	91,810	98,382	134,716
1,959,427	926,506	1,396,711	672,298	338,718	154,497
117,080	690,176	271,961	424,332	2,147,065	522,574
6,921,725	6,311,932	6,407,159	5,873,209	7,308,829	5,726,207
14,005,748	13,881,328	14,281,964	14,617,218	13,781,748	14,168,934
20,927,473	20,193,260	20,689,123	20,490,427	21,090,577	19,895,141

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

Table 2
(Continued)

	Fiscal Year			
	2009	2010	2011	2012
Net (Expense)/Revenue				
Governmental Activities	(18,537,885)	(18,165,868)	(18,286,062)	(18,443,605)
Business-Type Activities	2,419,243	3,226,543	3,103,774	2,843,474
 Total Primary Government, Net Expense	 (16,118,642)	 (14,939,325)	 (15,182,288)	 (15,600,131)
 General Revenues and Other Changes in Net Assets/Position				
Governmental Activities:				
Taxes				
Property	7,794,381	7,853,487	7,620,281	7,619,472
Sales	6,441,260	5,843,494	6,033,469	5,993,859
Franchise	2,859,338	2,743,214	2,719,496	2,731,097
Hotel Occupancy	526,998	500,755	449,213	498,667
Investment Earnings	174,636	113,006	84,327	55,875
Grants, Donations and Miscellaneous	-	-	-	1,642,126
Capital Contributions	902,699	1,062,139	764,880	3,486,508
Loss on Sale of Capital Assets	-	-	-	-
Transfers	-	-	-	-
Total Governmental Activities	18,699,312	18,116,095	17,671,666	22,027,604
 Business-Type Activities:				
Investment Earnings	212,479	103,220	162,374	63,722
Contribution	628,090	728,317	434,500	303,910
Transfers	(902,699)	(1,062,139)	(764,880)	(3,486,508)
Total Business-Type Activities	(62,130)	(230,602)	(168,006)	(3,118,876)
 Total Primary Government	 18,637,182	 17,885,493	 17,503,660	 18,908,728
 Changes in Net Assets/Position				
Governmental Activities	161,427	(49,773)	(614,396)	3,583,999
Business-Type Activities	2,357,113	2,995,941	2,935,768	(275,402)
 Total Primary Government	 \$ 2,518,540	 \$ 2,946,168	 \$ 2,321,372	 \$ 3,308,597

Table 2
(Continued)

Fiscal Year					
2013	2014	2015	2016	2017	2018
(19,903,515)	(19,943,305)	(19,077,540)	(21,494,370)	(20,460,321)	(21,436,409)
2,501,210	1,940,537	2,352,465	2,516,278	(314,112)	(425,375)
(17,402,305)	(18,002,768)	(16,725,075)	(18,978,092)	(20,774,433)	(21,861,784)
7,597,667	7,575,840	7,651,005	7,748,872	8,175,530	9,170,951
6,304,250	6,416,749	7,684,113	7,051,858	7,233,526	7,317,162
2,550,447	2,662,604	2,641,537	2,502,614	4,211,397	4,315,694
572,150	547,354	594,493	630,545	657,270	662,263
64,386	45,799	51,741	80,129	173,656	426,518
615,222	122,703	369,689	315,989	361,125	387,306
2,527,979	(10,682)	1,087,474	651,847	-	-
-	-	-	(57,026)	-	(57,940)
-	-	-	1,579,100	382,794	610,955
20,232,101	17,360,367	20,080,052	20,503,928	21,195,298	22,832,909
(42,124)	83,206	77,787	291,131	315,872	380,393
550,978	101,000	-	-	-	-
(2,527,979)	10,682	(1,087,474)	(1,579,100)	(382,794)	(610,955)
(2,019,125)	194,888	(1,009,687)	(1,287,969)	(66,922)	(230,562)
18,212,976	17,555,255	19,070,365	19,215,959	21,128,376	22,602,347
328,586	(2,582,938)	1,002,512	(990,442)	734,977	1,396,500
482,085	2,135,425	1,342,778	1,228,309	(381,034)	(655,937)
\$ 810,671	\$ (447,513)	\$ 2,345,290	\$ 237,867	\$ 353,943	\$ 740,563

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

Table 3

	Fiscal Year			
	2009	2010	2011 (1)	2012 (1)
General Fund				
Nonspendable	\$ 215,128	\$ 214,932	\$ 199,519	\$ 218,117
Restricted	-	-	-	-
Unassigned	13,751,446	11,376,619	12,156,169	11,764,593
Total General Fund	<u>\$ 13,966,574</u>	<u>\$ 11,591,551</u>	<u>\$ 12,355,688</u>	<u>\$ 11,982,710</u>
All Other Governmental Funds				
Reserved	\$ 1,008,826	\$ 5,540,873	\$ -	\$ -
Unreserved, Reported in:				
Special Revenue Funds	792,271	781,230	-	-
Permanent Funds	84,365	86,564	-	-
Nonspendable	-	-	88,520	89,632
Restricted	-	-	3,870,043	5,332,339
Assigned	-	-	532,263	456,463
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 1,885,462</u>	<u>\$ 6,408,667</u>	<u>\$ 4,490,826</u>	<u>\$ 5,878,434</u>

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

Table 3
(Continued)

Fiscal Year					
2013 (1)	2014 (1)	2015 (1)	2016 (1)	2017 (1)	2018 (1)
\$ 271,292	\$ 233,127	\$ 294,776	\$ 223,911	\$ 326,985	\$ 418,995
-	271,269,000	331,086	387,950	446,493	498,359
11,969,203	11,194,101	12,969,124	10,227,839	10,849,390	11,753,392
<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>	<u>\$ 12,670,746</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
90,062	90,572	90,800	91,565	92,347	93,689
4,858,977	3,031,192	2,726,900	2,525,049	12,009,532	10,991,000
457,471	389,511	267,440	188,569	82,042	299,013
-	-	-	-	57,705	-
<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>	<u>\$ 11,383,702</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		
	2009	2010	2011
REVENUES			
Taxes	\$ 17,606,479	\$ 16,941,815	\$ 16,824,545
Licenses and Permits	171,906	88,935	112,142
Fines and Fees	554,424	526,668	501,601
Use of Money and Property	317,028	274,986	313,948
Public Safety	65,283	57,369	40,297
Sanitation	1,306,867	1,347,707	1,461,736
Health	2,583,958	2,621,420	2,578,496
Intergovernmental	1,575,080	1,736,611	1,768,322
Other	221,114	301,069	247,354
Total Revenues	24,402,139	23,896,580	23,848,441
EXPENDITURES			
Current:			
General Government	1,075,990	1,109,767	1,219,607
Finance	430,364	462,282	425,455
Public Safety	9,303,726	9,489,393	9,154,646
Public Works	5,591,689	5,509,576	7,459,432
Health Department	900,945	942,596	908,339
Emergency Medical Service	2,111,069	2,095,897	2,146,210
Library	616,148	642,830	630,977
Cox Field Airport	180,364	112,800	107,276
Other	2,360,244	1,468,366	1,545,147
Debt Service:			
Interest	518,682	443,618	945,016
Principal	847,851	871,978	480,448
Bond Issuance Costs	-	-	-
Capital Outlay	808,089	2,666,238	815,623
Total Expenditures	24,745,161	25,815,341	25,838,176
Excess (Deficiency) of Revenues Over Expenditures	(343,022)	(1,918,761)	(1,989,735)
Other Financing Sources (Uses):			
Proceeds of Capital Leases	-	-	-
General Obligation Bonds Issued	-	-	-
Transfers In	3,359,644	5,338,879	1,176,462
Transfers Out	(2,456,945)	(4,276,740)	(411,581)
Long-Term Debt Issued	-	3,005,000	-
Payment to Escrow Agent and Premium	-	-	-
Sale of General Capital Assets	-	-	-
Total Other Financing Sources (Uses)	902,699	4,067,139	764,881
Increase (Decrease) in Reserve for Inventory	(36,283)	(196)	(15,414)
Net Changes in Fund Balances	\$ 523,394	\$ 2,148,182	\$ (1,240,268)
Debt Service as a Percentage of Noncapital Expenditures	5.46%	5.68%	6.11%

Table 4
(Continued)

Fiscal Year						
2012	2013	2014	2015	2016	2017	2018
\$16,822,577	\$17,020,156	\$17,194,419	\$18,457,686	\$ 17,976,072	\$ 20,280,057	\$ 21,447,857
145,792	154,923	386,775	220,696	152,016	155,363	197,920
550,496	624,609	586,429	573,953	515,147	491,880	495,708
210,476	142,620	138,629	137,030	173,004	272,039	561,234
-	-	-	-	-	-	-
1,468,917	1,463,210	1,472,278	1,462,810	1,474,874	1,463,576	1,470,248
2,818,196	2,453,270	2,111,439	2,383,355	2,519,387	2,609,811	2,614,504
1,858,092	2,069,494	1,603,165	1,662,824	1,096,630	1,463,514	677,072
271,709	317,981	169,261	224,463	386,853	258,051	346,789
<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>	<u>27,811,332</u>
1,029,702	1,197,486	1,153,686	1,076,798	1,301,401	1,288,458	1,180,280
473,719	393,526	407,443	404,567	400,665	398,262	404,443
9,659,131	9,462,148	9,712,876	10,206,584	11,125,560	11,026,655	10,850,538
5,757,456	6,646,804	6,507,603	5,861,079	5,556,359	5,549,270	5,356,374
955,930	1,043,502	916,260	8,672	-	-	-
2,302,247	2,132,692	2,127,225	2,240,853	2,366,673	2,535,135	2,670,131
632,515	632,040	707,716	692,290	717,395	697,503	736,513
150,848	153,182	97,778	102,539	110,330	129,269	112,562
1,434,177	1,560,051	1,548,753	1,641,714	1,771,889	1,738,115	1,716,365
1,080,200	379,241	311,919	280,733	254,304	196,358	447,294
424,730	1,185,622	1,226,543	1,077,610	991,899	1,161,513	1,580,682
-	-	-	-	-	103,399	4,410
2,649,513	2,407,415	1,332,959	1,920,359	4,474,952	2,350,010	3,564,942
<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>28,624,534</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>	<u>(813,202)</u>
-	-	-	617,114	975,185	-	-
-	-	-	-	-	9,913,399	190,000
5,100,935	3,938,899	1,782,291	1,504,281	3,437,300	466,536	994,335
(1,614,427)	(1,410,920)	(1,792,973)	(416,807)	(1,858,200)	(83,742)	(383,374)
-	4,505,000	-	-	-	-	-
-	(4,424,955)	-	-	-	-	-
-	72,108	-	95,098	-	-	-
<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>800,961</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>40,517</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>	<u>\$ 28,276</u>
6.44%	6.74%	5.38%	5.76%	5.07%	5.47%	8.09%

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
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
2017	2017-18	9,145,965	8,973,214	98.11	62,442	9,035,656

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
97.58%	\$ 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
98.79	172,751	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

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
City of Paris										
M & O	\$ 0.43113	\$ 0.42439	\$ 0.41713	\$ 0.41000	\$ 0.41487	\$ 0.39129	\$ 0.40635	\$ 0.42547	\$ 0.42443	\$ 0.44248
I & S	0.08887	0.09561	0.10287	0.11000	0.09620	0.11066	0.09560	0.07648	0.07752	0.10947
Total	<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>	<u>\$ 0.55195</u>
Lamar County										
M & O	\$ 0.41430	\$ 0.40360	\$ 0.39420	\$ 0.39990	\$ 0.41850	\$ 0.40580	\$ 0.42640	\$ 0.40920	\$ 0.40660	\$ 0.37550
I & S	0.01860	0.01900	0.01890	0.01930	0.02020	0.01930	0.01900	0.01830	0.01730	0.01880
Total	<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>	<u>\$ 0.39430</u>
Paris ISD										
M & O	\$ 1.04000	\$ 1.17000	\$ 1.17000	\$ 1.17000	\$ 1.17000	\$ 1.17000	\$ 1.17000	\$ 1.17000	\$ 1.17000	\$ 1.17000
I & S	0.40500	0.15500	0.25500	0.25500	0.28500	0.28500	0.28500	0.28500	0.28500	0.28500
Total	<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>	<u>\$ 1.45500</u>
Chisum ISD										
M & O	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000
I & S	0.20000	0.18000	0.16000	0.16000	0.16000	0.14500	0.14678	0.14678	0.20650	0.19500
Total	<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>	<u>\$ 1.23500</u>
North Lamar ISD										
M & O	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000
I & S	0.118110	0.10811	0.09650	0.08650	0.08150	0.07110	0.06750	0.06750	-	-
Total	<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>	<u>\$ 1.04000</u>
Paris Junior College										
M & O	\$ 0.18740	\$ 0.18500	\$ 0.18974	\$ 0.19000	\$ 0.18700	\$ 0.18660	\$ 0.18660	\$ 0.18750	\$ 0.17730	\$ 0.08500
I & S	-	-	-	-	-	-	-	-	-	-
Total	<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>	<u>\$ 0.08500</u>

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

Table 7

Roll	Year	Real Property		Personal Property	
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
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
2017	2017-18	1,206,992,530	1,773,796,952	474,754,769	697,701,527

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		
\$ 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
789,751,180	1,681,747,299	2,471,498,479	68.04	0.55195

CITY OF PARIS, TEXAS
Principal Property Taxpayers
September 30, 2018 and 2009
Unaudited

Table 8

Taxpayer	Type of Business	2018		
		Taxable Assessed Value	Rank	Percentage of Total Freeze Adjusted Taxable Assessed Value
La Frontera Holdings LLC (Lamar Power Partners)	Electric Utility	\$ 334,077,700	1	20.79%
Campbell Soup Company - A	Food Manufacturer	97,815,034	2	6.09%
Kimberly-Clark Corporation - A	Disposable Diapers	96,931,715	3	6.03%
Oncor Electric Delivery	Electric Utility	24,023,400	4	1.49%
Essent PRMC, LP A	Hospital	23,067,180	5	1.44%
Huhtamaki Inc	Packaging Mfg.	13,221,309	6	0.82%
Silgan Can Company	Can Manufacturer	12,109,330	7	0.75%
Potter Industries, LLP	Glass Manufacturer	11,325,644	8	0.70%
Alpha Lake Limited	Shopping Center	10,596,530	9	0.66%
Paris Generation, LP	Electric Utility	21,701,150	10	1.35%
Campbell Soup Company - B	Warehouse	-	-	-
Kimberly-Clark Corporation - B	Warehouse	-	-	-
Essent PRMC, LP - B	Clinics	-	-	-
Totals		<u>\$ 644,868,992</u>		<u>40.12%</u>

Source:
Lamar County Appraisal District

Table 8
(Continued)

2009		
Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
\$ 225,707,100	1	16.06%
46,979,380	3	3.34%
114,657,809	2	8.16%
20,880,950	8	1.49%
36,065,360	4	2.57%
-		
23,127,200	7	1.65%
-		
-		
24,952,240	5	1.78%
24,778,414	6	1.76%
15,268,470	9	1.09%
14,905,790	10	1.06%
<hr/>		
<u>\$ 547,322,713</u>		<u>38.96%</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
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
2017-18	25,450	1,732,236,641	14,306,032	1,073,917	13,232,115	0.76	519.93

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
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	-	-
2018	14,306,032	1,253,181	-	44,264,589	-	-

Note:

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

Table 10
(Continued)

	Total Primary Government	Percentage of Personal Income (2)	Per Capita
\$	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
	59,823,802	2.91	2,304

CITY OF PARIS, TEXAS
Direct and Overlapping
Governmental Activities Debt
September 30, 2018
Unaudited

Table 11

Taxing Jurisdiction	General Obligation Bonded Debt Outstanding	Percent Applicable to Government	Amount Applicable to Government
Lamar County	\$ 5,504,060	62.75%	\$ 3,453,798
Paris Independent School District	46,175,000	49.30	22,764,275
Chisum Independent School District	29,321,027	47.75	14,000,790
North Lamar Independent School District	-		-
Subtotal Overlapping Debt	81,000,087		40,218,863
City of Paris	15,344,470	47.12	7,285,000
Total Direct and Overlapping Debt	<u>\$ 96,344,557</u>		<u>\$ 47,503,863</u>
Per Capita Direct and Overlapping Funded Debt	<u>\$ 3,786</u>		<u>\$ 1,868</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, 2018
Unaudited

Table 12

The maximum tax rate permitted by Article XI, Section 5 of the State of Texas constitution is \$2.50 per \$100 of assessed valuation. Consequently, no legal debt margin can be calculated. The state attorney general has traditionally allowed up to \$1.50 per \$100 valuation to be applied to debt service. The City levied a tax rate of \$.55195 per \$100 valuation for the fiscal year ended September 30, 2018.

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***	
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
2017-18	14,549,327	9,922,088	4,627,239	-	-	-	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
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
2017	49,587	2,013,704,000	40,610	40.6	12,758	3.5

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

Sources:

Paris Independent School District - 3,804
North Lamar Independent School District - 2,422
Chisum Independent School District - 952
Paris Junior College - 5,580
Chamber of Commerce
Bureau of Economic Analysis

CITY OF PARIS, TEXAS
Principal Employers
Fiscal Years End 2018 and 2009
Unaudited

Table 15

Taxpayer	September 30, 2018			September 30, 2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Paris Regional Medical Center	1000	1	4.83%	1,000	1	6.19%
Kimberly-Clark Corporation	850	2	4.10%	850	2	5.26%
Campbell Soup Company	800	3	3.86%	800	3	4.95%
Turner Industries	700	4	3.38%	700	4	4.33%
J. Skinner Baking Company	600	5	2.90%	600	5 (1)	3.71%
TCIM	550	6	2.65%	550	6	3.40%
We Pack Logistics, Inc.	300	7	1.45%	300	7	1.86%
RK Hall Construction LTD	250	8	1.21%	250	8 (3)	1.55%
Huhtamaki	176	9	0.85%	176	9 (2)	1.09%
Silgan Can Company	90	10	0.43%	-	-	0.00%
Totals	<u>5,316</u>		<u>25.66%</u>	<u>5,226</u>		<u>32.34%</u>

Source:

Chamber of Commerce
U.S. Department of Labor
PEDC

Additional Information:

Public Employers:

Paris ISD	620
North Lamar ISD	475
City of Paris	331
Paris Junior College	205
Chisum ISD	138
Lamar County	194
Total	<u>1,963</u>

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			
	2009	2010	2011	2012
FACILITIES:				
Airports:				
Number of Airports	1	1	1	1
Fire Protection:				
Number of Stations	3	3	3	3
Number of Fire Hydrants	1,173	1,189	1,222	1,217
Number of Employees (certified)	48	51	51	51
Employees Per 1,000 Population	1.77	1.88	2.01	2.01
Libraries:				
Number of Libraries	1	1	1	1
Number of Volumes	97,243	98,895	90,524	85,357
Circularization of Materials	162,957	159,966	144,830	136,286
Circulation Per Capita	6.04	5.90	5.71	5.37
Library Cards in Force	12,011	15,941	13,461	14,563
Police Protection:				
Number of Stations	1	1	1	1
Number of Employees (certified)	61	62	62	62
Employees Per 1,000 Population	2.26	2.28	2.44	2.44
Parks and Recreation:				
Park Acres Developed	87	87	87	87
Park Acres Undeveloped	221	221	221	221
City Parks	24	25	24	24
Streets:				
Paved Lanes - Miles	160	171	160	160
Unpaved Streets - Miles	3	3	3	3
WATER AND SEWER UTILITY:				
Average Daily Water Consumption - Gallons	10,185,500	10,069,000	11,687,000	11,560,000
Maximum Day's Water Consumption - Gallons	20,394,000	21,311,000	21,900,000	21,010,000
Annual Water Consumption - Gallons	3,624,429,000	3,675,218,000	4,611,321,000	4,234,583,000
Water Mains - Miles	184	183	183	183
Water Connections - Metered	9,905	10,076	9,834	9,966
Sewer Mains - Miles	190	197	188	188
Area Miles	39.18	39.18	39.18	39.18
Number of Full-Time Employees	322	322	324	325

Table 16
(Continued)

Fiscal Year					
2013	2014	2015	2016	2017	2018
1	1	1	1	1	1
3	3	3	3	3	3
1,240	1,262	1,299	1,313	1333	1357
51	51	51	51	51	51
2.01	2.03	2.02	2.01	2.00	2.00
1	1	1	1	1	1
82,878	82,832	81,893	84,162	85,630	72,288
127,053	127,002	127,824	119,265	114,611	103,389
5.01	5.06	5.07	4.69	4.5	4.06
14,896	16,519	15,507	13,551	14,312	10,441
1	1	1	1	1	1
62	60	60	60	60	57
2.44	2.39	2.38	2.36	2.35	2.24
87	87	87	87	87	87
221	221	221	221	221	221
24	24	24	24	24	24
160	160	160	171	171	171
3	3	3	3	3	3
11,400,000	11,472,271	11,006,721	10,701,294	13,241,942	10,759,444
20,764,000	17,201,000	20,662,000	17,983,000	18,493,000	18,137,000
4,177,171,000	4,187,379,000	4,017,453,000	3,977,369,000	4,833,309,000	3,927,197,000
183	183	185	185	185	185
9,816	9,819	10,024	9,995	9,766	9,698
188	189	209	209	209	209
39.18	39.18	39.18	38.02	38.02	38.02
325	326.5	327	328.0	330	331.5

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

Table 17

	Fiscal Year			
	2009	2010	2011	2012
Function:				
Public Safety				
Police				
Stations	1	1	1	1
Patrol Units	10	10	10	10
Fire Stations	3	3	3	3
Sanitation				
Collection Trucks	8	8	8	7
Highways and Streets				
Streets (miles)	160	174	174	163
Streetlights	2,217	2,216	2,220	2,220
Traffic Signals*	-	-	-	-
Culture and Recreation				
Park Acreage	308	308	286	286
Swimming Pools - Municipal	1	1	1	1
Tennis Courts	14	14	14	14
Community Centers	1	1	1	1
Water				
Water Mains (miles)	184	184	183	183
Fire Hydrants	1,173	1,189	1,222	1,217
Maximum Daily Capacity (thousands of gallons)	36,000	36,000	36,000	36,000
Sewer				
Sanitary Sewers (miles)	190	190	189	189
Maximum Daily Treatment Capacity (thousands of gallons)	7,250	7,250	7,250	7,250

Source: Various City Departments

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

Table 17
(Continued)

Fiscal Year					
2013	2014	2015	2016	2017	2018
1	1	1	1	1	1
10	10	10	10	10	10
3	3	3	3	3	3
6	6	6	6	6	6
163	163	174	174	174	174
2,223	2,225	2,228	2,228	2,230	2,231
-	-	-	-	-	-
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	185	185	185	185
1,240	1,262	1,299	1,313	1,333	1,357
36,000	36,000	36,000	36,000	36,000	36,000
189	189	209	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

<u>Property Value Fiscal Year</u>	<u>Commercial Units</u>	<u>Commercial Construction Value</u>	<u>Residential Units</u>	<u>Residential Construction Value</u>	<u>Total Construction Value</u>
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
2018	33	39,273,020	31	4,101,770	43,374,790

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

Table 19

Function:	Fiscal Year			
	2009	2010	2011	2012
Manager	2.0	2.0	2.0	3.0
Attorney	4.0	4.0	4.0	4.0
Court Clerk	3.0	4.0	4.0	4.0
City Clerk	3.0	3.0	3.0	3.0
Finance	5.5	5.5	6.0	5.0
Police*	84.0	84.0	84.5	85.5
Fire	52.0	52.0	52.0	52.0
Community Development	5.5	5.5	7.0	7.5
Engineering	6.5	6.5	6.5	6.5
Public Works	3.0	3.0	3.0	3.0
Parks & ROW	9.5	9.5	9.0	10.0
Sanitation	12.0	12.0	12.0	12.0
Streets	15.0	15.0	15.0	15.0
Traffic & Lighting	2.0	2.0	2.0	2.0
Garage	6.0	6.0	5.5	5.5
EMS	26.0	26.0	26.0	26.0
Library	10.5	10.5	10.5	10.5
Warehouse	2.0	2.0	2.0	2.0
Water Billing	8.0	8.0	8.0	8.0
Water Treatment Plant	15.5	15.5	15.5	15.5
Water Distribution	11.5	11.5	11.5	10.5
Waste Water Collection	7.5	7.5	7.5	7.5
Waste Water Treatment Plant	22.5	22.5	22.5	22.5
Lift Stations	3.0	3.0	3.0	3.0
Information Technology	2.0	2.0	2.0	2.0
Totals	322.5	322.5	324.0	325.5

* Includes related grant employees.
Seasonal employees not included.

Table 19
(Continued)

Fiscal Year					
2013	2014	2015	2016	2017	2018
3.0	3.0	3.0	3.0	3.0	3.0
4.0	4.0	4.0	4.0	4.0	2.0
4.0	4.0	4.0	4.0	4.0	4.0
3.0	2.0	2.0	2.0	2.0	2.0
5.0	5.0	5.0	5.0	5.0	5.0
85.5	83.0	83.0	83.0	83.0	83.5
52.0	57.0	57.0	57.0	58.0	58.0
7.5	5.5	4.5	4.5	4.5	4.0
6.5	7.5	7.5	7.5	7.5	6.0
3.0	3.0	2.0	2.0	2.0	3.0
10.0	10.0	11.0	11.0	12.0	12.0
12.0	12.0	12.0	12.0	12.0	11.0
15.0	15.0	15.0	15.0	15.0	17.0
2.0	2.0	2.0	2.0	2.0	2.0
5.5	5.5	5.5	5.5	5.5	6.0
26.0	26.0	26.0	26.0	26.0	26.0
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	16.5	16.5	16.5
10.5	11.0	11.0	11.0	11.0	12.5
7.5	7.5	8.5	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	2.5	2.5	2.5	3.5
325.5	326.5	327.0	328.0	330.0	331.5

CONTINUING DISCLOSURE INFORMATION
(UNAUDITED)

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

ASSESSED VALUATION

TABLE 1

2018-2019 Actual Market Value of Taxable Property (100% of Actual)		\$ 2,555,772,131
Less Exemptions:		
Local, Optional Over-65 and/or Disabled Homestead Exemptions	\$ 44,697,442	
Disabled and Deceased Veterans' Exemptions	7,842,734	
Productivity Loss	19,317,000	
Personal Use of Business Vehicle	351,810	
Freeport	80,148,183	
Pollution Control / Solar	65,489,258	
Abatement Loss	273,133,765	
Cap Loss (10%)	3,848,691	
Historical / Other	11,518,110	
Totally Exempt Property	<u>317,188,497</u>	
Total Exemptions		<u>823,535,490</u>
2018-2019 Net Taxable Assessed Valuation		<u>1,732,236,641</u>
Frozen Taxable Value and Transfer Adjustment		<u>(125,233,571)</u>
Freeze Adjusted Net Taxable Assessed Valuation		<u>\$ 1,607,003,070</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, 2018)		
General Obligation Refunding Bonds, Series 2010	\$ 2,280,000	
Combination Tax and Revenue Certificates of Obligation, Series 2010	2,180,000	
General Obligation Refunding Bonds, Series 2012	1,570,000	
Combination Tax and Revenue Certificates of Obligation, Series 2013 (TWDB)	2,150,000	
General Obligation Bonds, Series 2013	30,065,000	
General Obligation Bonds, Series 2016	8,400,000	
General Obligation Bonds, Series 2017	9,340,000	
General Obligation Bonds, Series 2018	<u>1,390,000</u>	
Total Gross General Obligation Debt Principal Outstanding:		<u>57,375,000</u>
Less: Self-Supporting General Obligation Debt Principal		
General Obligation Refunding Bonds, Series 2010 (62% WS)	1,410,000	
Combination Tax and Revenue Certificates of Obligation, Series 2013 (TWDB) (100% WS)	2,150,000	
General Obligation Bonds, Series 2013 (100% WS)	30,065,000	
General Obligation Bonds, Series 2016 (100% WS)	8,400,000	
General Obligation Bonds, Series 2018 (86% WS)	<u>1,200,000</u>	
Total Self-Supporting General Obligation Debt Outstanding Following the Issuance of the Bonds:		<u>43,225,000</u>
Total Net General Obligation Debt Principal Outstanding Following the Issuance of the Bonds:		<u>\$ 14,150,000</u>
General Obligation Interest and Sinking Fund Balance as of September 30, 201	\$ 1,073,917	
Ratio of Gross General Obligation Debt Principal to 2018-2019 Freeze Adjusted Net Taxable Assessed Valuation		3.57%
Ratio of Net General Obligation Debt Principal to 2018-2019 Freeze Adjusted Net Taxable Assessed Valuation		0.88%
2016-2017 <u>Freeze Adjusted</u> Net Taxable Assessed Valuation		\$ 1,607,003,070
Population: 1980 - 25,498; 1990 - 24,699; 2000 - 25,898; 2010 - 25,171	Current (Estimate)	25,450
Per Capita 2018-2019 Freeze Adjusted Net Taxable Assessed Valuation	\$	63,144
Per Capita Gross General Obligation Debt Principal	\$	2,254
Per Capita Net General Obligation Debt Principal	\$	556

CLASSIFICATION OF ASSESSED VALUATION^(a)
TABLE 3

Category	2018-2019	% of Total	2017-2018	% of Total	2016-2017	% of Total	2015-2016	% of Total	2014-2015	% of Total
Real, Residential, Single-Family	\$ 518,229,379	20.28%	\$ 513,053,546	20.51%	\$ 492,321,832	19.93%	\$ 480,226,542	20.93%	\$ 470,196,966	20.83%
Real, Residential, Multi-Family	58,124,577	2.27	55,673,247	2.22	53,990,547	2.18	53,843,387	2.34	52,669,735	2.33
Real, Vacant Lots/Tracts	29,816,535	1.17	29,663,525	1.19	30,536,814	1.24	28,523,324	1.24	17,374,401	0.77
Real, Acreage (Land Only)	20,248,490	0.79	20,285,840	0.81	38,531,048	1.56	39,756,598	1.73	38,581,158	1.71
Farm & Ranch Improvements	18,823,998	0.74	18,316,868	0.73	337,570	0.01	423,770	0.02	413,500	0.02
Real, Commercial	287,273,575	11.24	288,609,812	11.53	281,898,938	11.40	279,980,115	12.19	280,408,794	12.42
Real Industrial	594,509,050	23.26	594,247,570	23.74	566,417,810	22.91	466,395,690	20.31	475,970,232	21.08
Real & Tangible, Personal Utilities	42,946,270	1.68	42,243,760	1.69	39,254,700	1.59	40,297,180	1.75	36,804,620	1.63
Tangible Personal, Commercial	138,781,040	5.43	138,468,717	5.53	139,533,387	5.64	131,778,067	5.74	132,126,257	5.85
Tangible Personal, Industrial	499,291,590	19.54	475,659,420	19.01	498,480,500	20.17	450,783,530	19.63	434,917,430	19.26
Tangible Personal, Mobile Homes	719,810	0.03	768,990	0.03	786,850	0.03	751,440	0.03	705,510	0.03
Residential / Special, Inventory	18,409,010	0.72	18,382,080	0.73	18,576,040	0.75	16,976,540	0.74	15,346,780	0.68
Totally Exempt Property	328,598,807	12.86	307,256,120	12.28	311,327,306	12.59	306,675,207	13.35	302,286,562	13.39
Total Market Value	2,555,772,131	100.00%	2,502,629,495	100.00%	2,471,993,342	100.00%	2,296,411,390	100.00%	2,257,801,945	100.00%
Less Exemptions:										
Productivity Loss	19,317,000		19,378,050		19,896,755		21,114,465		20,638,320	
Cap Loss (10%)	3,848,691		6,410,256		6,598,959		4,097,312		1,375,900	
Local, Optional Over-65/Disabled	44,697,442		45,466,649		46,662,768		45,146,544		44,943,985	
Disabled and Deceased Veterans'	7,842,734		7,810,386		7,395,996		6,570,475		6,036,649	
Exempt Property	317,188,497		295,991,820		310,950,536		306,021,687		302,039,162	
Freeport	80,148,183		89,590,207		109,717,826		112,530,666		115,052,946	
Pollution Control / Solar	65,489,258		67,165,339		61,792,647		46,002,535		46,097,383	
Tax Abatement Loss	273,133,765		271,984,849		280,503,879		219,967,287		190,473,730	
Personal Use of Business Vehicle	351,810		378,570		376,770		653,520		247,400	
Other / Historical	11,518,110		11,363,360		699,739		572,331		529,382	
Total Exemptions	823,535,490		815,539,486		844,595,875		762,676,822		727,434,857	
Net Taxable Assessed Valuation	1,732,236,641		1,687,090,009		1,627,397,467		1,533,734,568		1,530,367,088	
Freeze Taxable & Transfer Adjustment	(125,233,571)		(125,125,367)		(117,126,272)		(114,701,909)		(108,151,971)	
Freeze Adjusted Net Taxable										
Assessed Valuation	\$ 1,607,003,070		\$ 1,561,964,642		\$ 1,510,271,195		\$ 1,419,032,659		\$ 1,422,215,117	

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

Source: Lamar County Appraisal District and the Issuer.

PRINCIPAL TAXPAYERS 2018-2019
TABLE 4

<u>Name</u>	<u>Type of Property</u>	<u>2018 Net Taxable Assessed Valuation</u>	<u>% of Total 2018 Assessed Valuation</u>
La Frontera Holdings LLC	Electric Utility	\$ 334,077,700	20.82%
Campbell Soup	Food Manufacturing	97,815,034	5.65
Kimberly Clark Corporation	Disposable Diaper Mfg.	96,931,715	5.66
Oncor Electric Delivery Company	Utility	24,023,400	1.54
Essent PRMC LP	Health Care Services/Hospital	23,067,180	1.65
Huhtamaki Inc.	Packaging Manufacturing	13,221,309	0.61
Silgan Containers	Manufacturing	12,109,330	0.64
Potter Industries, LLC	Glass Manufacturer	11,325,644	
Alpha Lake LTD	Shopping Center	10,596,530	0.68
Paris Generation, LP	Utility	21,701,150	1.15
Total		\$ 644,868,992	38.99%
Based on a 2018 Freeze Adjusted Net Taxable Assessed Valuation of		\$ 1,607,003,070	

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>	
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	1,607,003,070	0.50195	7,627,731	97.10	99.90	9-30-16
2016	1,510,271,195	0.50195	8,093,094	98.11 ^(b)	99.52 ^(b)	9-30-17
2017	1,556,621,932	0.55195	9,145,965	98.11	99.51	9-30-18

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

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

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

^(b) Current Fiscal Year collections are as of September 30, 2018 (Unaudited).

Source: The Lamar County Appraisal District, the City's 2018 Comprehensive Annual Financial Report and additional information from the City.

TAX RATE DISTRIBUTION
TABLE 6

	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
General Fund	\$ 0.43831	\$0.44248	\$ 0.42440	\$ 0.40635	\$ 0.40635	\$ 0.39129
I & S Fund	0.11364	0.10947	0.07752	0.09560	0.09560	0.11066
TOTAL	\$ 0.55195	\$0.55195	\$ 0.50192	\$ 0.50195	\$ 0.50195	\$ 0.50195

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	8,827,668	5,885,112	1,471,278	90.74	0.50	1,471,278
2019	2,205,737 ^(a)	1,470,491	367,623	19.50	0.11	367,623

^(a) Current year collections are for January 2019 through February 2019.

* 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				
	2018	2017	2016	2015	2014
Revenues:					
Ad Valorem Taxes	\$ 7,357,425	\$ 6,933,981	\$ 6,622,742	\$ 6,122,949	\$ 5,922,165
Sales Taxes	7,317,162	7,233,526	7,051,858	7,684,113	6,416,749
Franchise Tax	4,315,694	4,211,397	2,502,614	2,641,537	2,662,604
Hotel Occupancy Taxes	662,263	657,270	630,545	594,493	555,141
Licenses and Permits	197,920	155,363	152,016	220,696	108,943
Fines and Fees	446,670	449,008	498,164	528,433	586,429
Investment Earnings	329,365	206,551	141,134	122,264	119,847
Sanitation	1,470,248	1,463,576	1,474,874	1,462,810	1,472,278
Health	2,614,504	2,609,811	2,519,387	2,383,355	2,111,439
Intergovernmental Revenue	677,072	1,463,514	705,786	1,033,512	1,128,989
Other Revenues	341,330	253,679	377,469	218,616	166,021
Total Revenues	25,729,653	25,637,676	22,676,589	23,012,778	21,250,605
Expenditures:					
Current					
General Government	1,541,274	1,666,051	1,687,660	1,463,624	1,528,924
Finance	-	-	-	-	-
Public Safety	10,884,241	10,963,989	11,037,399	10,190,716	9,703,311
Public Works	5,356,374	6,415,221	5,199,269	5,311,538	6,218,485
Health	2,668,477	2,532,665	2,351,220	2,240,853	2,127,225
Culture and Recreation	734,826	693,078	688,258	687,923	685,970
Library Service	-	-	-	-	-
Cox Field Airport	112,562	134,705	110,330	-	-
Other	1,716,365	1,743,614	1,771,889	1,744,253	1,646,531
Capital Outlay					
General Government	10,100	-	268,397	40,375	-
Public Safety	168,163	178,453	1,096,587	856,859	398,186
Public Works	612,947	248,452	952,651	580,152	655,750
Health	554,083	149,850	176,386	161,756	165,765
Cox Field Airport	37,275	-	-	-	-
Debt Service	186,690	186,690	72,353	-	-
Other	42,187	-	9,680	6,109	-
Total Expenditures	24,625,564	24,912,768	25,422,079	23,284,158	23,130,147
Excess (Deficit) of Revenues Over Expenditures	1,104,089	724,908	(2,745,490)	(271,380)	(1,879,542)
Other Financing Sources (Uses):					
Capital Lease	-	-	975,185	617,114	-
Operating Transfers In	124,968	-	1,633,000	1,497,286	1,579,000
Operating Transfers Out	(383,374)	(44,814)	(1,806,200)	(13,178)	(203,291)
Sale of Capital Assets	-	-	-	4,998	-
Total Other Financing Sources (Uses):	(258,406)	(44,814)	801,985	2,106,220	1,375,709
Excess of Revenues and Other Sources Over Expenditures and Other Uses	845,683	680,094	(1,943,505)	1,834,840	(503,833)
Fund Balance - Beginning of Year	11,622,868	10,839,700	13,594,986	11,698,497	12,240,495
Increase (Decrease) in Reserve for Inventory	40,517	103,074	(70,865)	61,649	(38,165)
Prior Period Adjustment	161,678	-	(740,916)	-	-
Fund Balance - End of Year	\$ 12,670,746	\$ 11,622,868	\$ 10,839,700	\$ 13,594,986	\$ 11,698,497

^(a) Restated.

Source: The Issuer's Comprehensive Annual Financial Reports.

CONDENSED WATERWORKS AND SEWER SYSTEM OPERATING STATEMENT
TABLE 9

	Fiscal Year Ended September 30				
	2018 (Unaudited)	2017	2016	2015	2014
Operating Revenues ^(a)					
Total Revenues	\$ 14,684,911	\$ 14,236,117	\$ 15,053,698	\$ 14,284,506	\$ 13,888,079
Expenses ^(b)	9,886,456	9,867,173	7,799,136	7,400,588	7,342,744
Net Revenue Available for Debt Service	<u>\$ 4,798,455</u>	<u>\$ 4,368,944</u>	<u>\$ 7,254,562</u>	<u>\$ 6,883,918</u>	<u>\$ 6,545,335</u>
Annual Revenue Bond Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -
Coverage of Annual Revenue Bond Requirements	N/A	N/A	N/A	N/A	N/A
Annual Requirements on all Bonds Paid from System Revenues	\$ 3,848,956	\$ 3,244,870	\$ 3,338,021	\$ 3,867,154	\$ 4,049,311
Coverage of Annual Requirements on all Bonds Paid from System Revenues	1.25 x	2.17 x	2.17 x	1.78 x	1.62 x
Customer Count:					
Water	9,698	9,766	9,995	10,024	9,794
Sewer	9,208	9,180	9,276	9,320	9,274

^(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		
<i>(Rates Effective July 1, 2018)</i>		
<u>Residential Class</u>		
Meter Size (Inches)	Base Cost (Per Cubic Foot)	Service in Excess of Base (For Each Additional 100 Cubic Feet)
5/8" - 3/4"	\$11.10 for first 200 Cubic Feet	\$4.08 / 100 Cubic Feet
1" and Larger	\$54.15 for first 1,000 Cubic Feet	\$4.08 / 100 Cubic Feet
<u>Commercial Industrial Class</u>		
Meter Size (Inches)	Base Cost (Per Cubic Foot)	Service in Excess of Base (For Each Additional 100 Cubic Feet)
5/8" - 3/4"	\$13.28 for first 200 Cubic Feet	\$4.00 / 100 Cubic Feet
1" - 2"	\$53.11 for first 1,000 Cubic Feet	\$3.27 / 100 Cubic Feet
Larger than 2"	\$190.65 for first 2,000 Cubic Feet	\$3.27 / 100 Cubic Feet
<u>Commercial Industrial Class (Meters Greater Than Three Inches)</u>		
Meter Size (Inches)	Base Cost (Per Cubic Foot)	Service in Excess of Base (For Each Additional 100 Cubic Feet)
4"	\$3,132.73 for first 100,000 Cubic Feet	\$3.27 / 100 Cubic Feet
6"	\$4,697.34 for first 150,000 Cubic Feet	\$3.27 / 100 Cubic Feet
8" and Larger	\$6,264.30 for first 200,000 Cubic Feet	\$3.27 / 100 Cubic Feet

Source: Information from the Issuer

PRINCIPAL WATER CUSTOMERS 2017-2018
TABLE 11
(October 1, 2017 to September 30, 2018)

<u>Name of Customer</u>	<u>Average Monthly Consumption (Gals.)</u>	<u>Average Monthly Bill</u>	
Lamar Power Partners*	18,034,434	\$ 25,849	
Campbell Soup Company	12,028,695	97,983	
Lamar County Water Supply	11,524,741	96,381	
Daisy Farms*	3,792,299	20,610	
Paris Generation	1,226,452	19,677	
Kimberly Clark	959,308	28,997	
Paris Regional Medical Center	351,040	12,440	
The James Skinner Baking Co.	326,667	10,022	
Paris Housing Authority	174,174	5,992	
Texas Highway Department	152,493	4,605	
Total	48,570,303	\$ 322,556	^(a)

 Total Water Sales as of September 30, 2018 (unaudited) \$ 7,270,489
^(a) Principal Water Customers represent approximately 53.24% of total annual water sales.

* Includes raw water sales.

SEWER RATES
TABLE 12

Current Rates
(Rates Effective July 1, 2018)

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	\$12.66 for first 200 Cubic Feet	\$5.34 / 100 Cubic Feet
1" and Larger	\$59.05 for first 1,000 Cubic Feet	\$5.34 / 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	\$16.86 for first 200 Cubic Feet	\$5.54 / 100 Cubic Feet
1" - 2"	\$59.05 for first 1,000 Cubic Feet	\$5.54 / 100 Cubic Feet
Larger than 2"	\$119.47 for first 2,000 Cubic Feet	\$5.54 / 100 Cubic Feet

PRINCIPAL SEWER CUSTOMERS - 2017-2018
TABLE 13
(October 1, 2017 to September 30, 2018)

<u>Name of Customer</u>	<u>Average Monthly Consumption (Gals.)</u>	<u>Average Monthly Bill</u>	
Kimberly Clark	447,463	\$ 23,484	
The James Skinner Baking Co	326,667	17,229	
Paris Regional Medical Center	290,615	15,545	
Paris Housing Authority	193,142	10,184	
Texas State Highway Department	152,493	7,996	
Paris Junior College	115,277	6,287	
Lamar County	91,550	4,837	
Lamar County Human Resources	81,099	4,257	
Paris Independent School District	78,257	4,284	
Potters Industries	71,210	3,703	
Total	1,847,773	\$ 97,806	^(a)

 Total Sewer Charges as of September 30, 2018 (unaudited) \$ 5,686,632
^(a) Principal Sewer Customers represent approximately 20.64% of total annual sewer charges.