NEW ISSUE BOOK-ENTRY-ONLY Rating: S&P: "AA-"

(See "OTHER PERTINENT INFORMATION - Rating", herein)

OFFICIAL STATEMENT
Dated: July 21, 2020

In the opinion of Bond Counsel to the City, interest on the Certificates will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings, and court decisions existing on the date of the initial delivery of the Certificates, subject to the matters described under "TAX MATTERS" herein.

$21,585,000
CITY OF ENNIS, TEXAS
(Ellis County)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2020

Dated Date: August 1, 2020 **Due: February 1, as shown on page ii**

The City of Ennis, Texas (the "City" or the "Issuer") $21,585,000 Combination Tax and Revenue Certificates of Obligation, Series 2020 (the "Certificates") are being issued pursuant to the Constitution and laws of the State of Texas (the "State"), including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, an ordinance (the "Ordinance") adopted by the City Commission, and the City's Home Rule Charter. (See "THE CERTIFICATES - Authority for Issuance" herein.)

The Certificates constitute direct obligations of the Issuer payable from a combination of the levy and collection of an annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and a limited pledge (not to exceed $1,000) of the surplus Net Revenues derived from the operation of the City's combined Waterworks and Sewer System (the "System"). (See "THE CERTIFICATES - Security for Payment" herein.)

Interest on the Certificates will accrue from August 1, 2020 (the "Dated Date") as shown above and will be payable on February 1, 2021, and on each August 1 and February 1 thereafter, until maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Certificates will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository (the "Securities Depository"). Book-entry interests in the Certificates will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof. Purchasers of the Certificates ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Certificates purchased. So long as DTC or its nominee is the registered owner of the Certificates, the principal of and interest on the Certificates will be payable by BOKF, NA, Dallas, Texas, as Paying Agent/Registrar, to DTC, which will in turn remit such principal and interest to its Participants, which will in turn remit such principal and interest to the Beneficial Owners of the Certificates. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Proceeds from the sale of the Certificates will be used to pay all or a portion of the City's contractual obligations for the purpose of (a) acquiring, constructing, installing and equipping additions, extensions, renovations and improvements to the City's waterworks and sewer system, and the acquisition and interests in land and properties therefor; (b) constructing, reconstructing and improving streets, including an underpass of the Union Pacific Railroad line, sidewalks, drainage, signalization, landscaping, streetscaping, lighting, signage and utility relocation, and the acquisition of land and interests in land and properties therefor; (c) acquiring, constructing, reconstructing, improving, installing and equipping a new city hall, and the acquisition of land and interests in land and properties therefor; (d) constructing, reconstructing, improving and equipping park facilities, and the acquisition of land and interests in land and properties therefor; (e) acquisition of a fire truck; (f) renovations to, and equipping of, existing city library; (g) acquisition of vehicles and equipment for, and acquiring, constructing, installing and equipping additions, extensions, renovations and improvements to, the City's solid waste disposal system; (f) acquiring, constructing, installing and equipping an animal shelter; and (h) for the purpose of paying all or a portion of the City's contractual obligations for professional services, including engineers, architects, attorneys, map makers, auditors, and financial advisors, in connection with such projects and said Certificates of Obligation. (See "THE CERTIFICATES - Use of Certificate Proceeds" herein.)

The Issuer reserves the right to redeem the Certificates maturing on and after February 1, 2030, on February 1, 2029, or any date thereafter, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, at the redemption price of par plus accrued interest as further described herein. (See "THE CERTIFICATES - Redemption Provisions" herein.)

STATED MATURITY SCHEDULE
(On Page ii)

The Certificates are offered for delivery, when, as and if issued and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Norton Rose Fulbright US LLP, Dallas, Texas, as counsel to the Underwriters. (See Appendix C – Form of Legal Opinion of Bond Counsel.) (See "OTHER PERTINENT INFORMATION - Legal Opinions and No-Litigation Certificate" herein). It is expected that the Certificates will be available for delivery through DTC on or about August 19, 2020.

FHN Financial Capital Markets

STIFEL **Estrada Hinojosa**

STATED MATURITY SCHEDULE
(Due February 1)
Base CUSIP – 293425[(a)]

Stated Maturity February 1	Principal Amount	Interest Rate (%)	Initial Yield (%)	CUSIP Suffix[(a)]
2021	$ 835,000	5.000	0.230	H56
2022	1,015,000	5.000	0.280	H64
2023	725,000	5.000	0.320	H72
2024	760,000	5.000	0.400	H80
2025	800,000	5.000	0.530	H98
2026	840,000	5.000	0.650	J21
2027	885,000	5.000	0.800	J39
2028	930,000	5.000	0.900	J47
2029	980,000	5.000	0.980	J54
2030	1,020,000	4.000	1.110[(b)]	J62
2031	1,060,000	4.000	1.210[(b)]	J70
2032	1,105,000	4.000	1.320[(b)]	J88
2033	1,150,000	4.000	1.430[(b)]	J96
2034	1,200,000	4.000	1.500[(b)]	K29
2035	1,245,000	4.000	1.550[(b)]	K37
2036	1,295,000	4.000	1.590[(b)]	K45
2037	1,350,000	4.000	1.630[(b)]	K52
2038	1,405,000	4.000	1.650[(b)]	K60
2039	1,460,000	4.000	1.690[(b)]	K78
2040	1,525,000	4.000	1.730[(b)]	K86

(Interest to accrue from the Dated Date)

The Issuer reserves the right to redeem the Certificates maturing on and after February 1, 2030, on February 1, 2029, or any date thereafter, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, at the redemption price of par plus accrued interest as further described herein. (See “THE CERTIFICATES - Redemption Provisions” herein.)

[(a)] “CUSIP” is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the Town nor the Financial Advisor nor the Underwriters are responsible for the selection or correctness of the CUSIP numbers set forth herein.

[(b)] Yield calculated based on the assumption that the Certificates denoted and sold at premium will be redeemed on February 1, 2029, the first optional call date for the Certificates, at a redemption price of par plus accrued interest to the date of redemption.

CITY OF ENNIS, TEXAS
115 W. Brown Street
Ennis, Texas 75119
(972) 875-1234

ELECTED OFFICIALS

Name	Title	First Elected to Commission May	Term Expires May	Occupation
Angeline Juenemann	Mayor	2016	2021	Financial Advisor
Jake Holland	Mayor Pro Tem	2020	2023	Engineer
Rowdy Pruitt	Commissioner, Ward 1	2016	2021	Project Manager / Estimator
Marco Hernandez	Commissioner, Ward 2	2017	2020	Network Technician
Scott Hejny	Commissioner, Ward 3	2016	2022	Attorney
Shirley Watson	Commissioner, Ward 4	2017	2023	Part-time Administrator
Bill Honza	Commissioner, Ward 5	2016	2022	EISD Communications Officer

ADMINISTRATION

Name	Position	Length of Service With the City	Years in Municipal Government
Marty Nelson	City Manager	7 years	7 years
Stephen Barnes	Finance Director	2 years	17 years
Angie Wade	City Secretary	3.5 years	20 years

CONSULTANTS AND ADVISORS

Bond Counsel	McCall, Parkhurst & Horton L.L.P. Dallas, Texas
Certified Public Accountants	Yeldell, Wilson, Wood & Reeve, P.C. Ennis, Texas
Financial Advisor	SAMCO Capital Markets, Inc. San Antonio, Texas

For Additional Information Please Contact:

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Finance Director
City of Ennis
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afriedman@samcocapital.com

USE OF INFORMATION IN THE OFFICIAL STATEMENT

This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information must not be relied upon.

Certain information set forth herein has been provided by sources other than the City that the City believes to be reliable, but the City makes no representation as to the accuracy of such information. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

The Underwriters have provided the following statement for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of their respective responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

NONE OF THE CITY, ITS FINANCIAL ADVISOR OR THE UNDERWRITERS MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC") OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION HAS BEEN PROVIDED BY DTC.

THE CERTIFICATES ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE CERTIFICATES IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE SECURITIES HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21e OF THE SECURITIES AND EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

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The cover page, subsequent pages hereof and appendices attached hereto, are part of this Official Statement.

SELECTED DATA FROM THE OFFICIAL STATEMENT

The selected data is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Certificates to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this page from this Official Statement or to otherwise use it without the entire Official Statement.

The Issuer	The City of Ennis, Texas (the "City" or the "Issuer") is in Ellis County and is a principal commercial center of Ellis County. The City is a political subdivision of the State of Texas and operates under a Commission-Manager form of government with a City Commission comprised of seven members including the Mayor. The Mayor and Mayor Pro Tem are elected at large for two-year staggered terms. The five Commissioners are elected by single member districts for two-year staggered terms. The City's 2010 census figure was 18,513, and the current 2020 estimated population is 20,391. (See Appendix B - "General Information Regarding the City of Ennis and Ellis County, Texas" herein.)
The Certificates	The Certificates are being issued pursuant to the Constitution and laws of the State of Texas (the "State"), including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, an ordinance (the "Ordinance") adopted by the City Commission, and the City's Home Rule Charter. (See "THE CERTIFICATES - Authority for Issuance" herein.)
Paying Agent/Registrar	The initial Paying Agent/Registrar for the Certificates is BOKF, NA, Dallas Texas.
Security	The Certificates constitute direct general obligations of the Issuer payable from a combination of the levy and collection of an annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and a limited pledge (not to exceed $1,000) of the surplus Net Revenues derived from the operation of the City's combined Waterworks and Sewer System (the "System"). (See "THE CERTIFICATES - Security for Payment" herein.
Redemption Provision	The Issuer reserves the right, at its sole option, to redeem Certificates stated to mature on and after February 1, 2030, on February 1, 2029, or any date thereafter, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, at the price of par plus accrued interest to the date fixed for redemption. (See "THE CERTIFICATES - Redemption Provisions" herein.)
Tax Matters	In the opinion of Bond Counsel, the interest on the Certificates will be excludable from gross income for federal tax purposes under statutes, regulations, published rulings and court decisions existing on the date of the initial delivery of the Certificates, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on corporations. (See "TAX MATTERS" for a discussion of the Opinion of Bond Counsel and "APPENDIX C - FORM OF LEGAL OPINION OF BOND COUNSEL" herein.)
Use of Certificate Proceeds	Proceeds from the sale of the Certificates will be used to pay all or a portion of the City's contractual obligations incurred for the purpose of (a) acquiring, constructing, installing and equipping additions, extensions, renovations and improvements to the City's waterworks and sewer system, and the acquisition and interests in land and properties therefor; (b) constructing, reconstructing and improving streets, including an underpass of the Union Pacific Railroad line, sidewalks, drainage, signalization, landscaping, streetscaping, lighting, signage and utility relocation, and the acquisition of land and interests in land and properties therefor; (c) acquiring, constructing, reconstructing, improving, installing and equipping a new city hall, and the acquisition of land and interests in land and properties therefor; (d) constructing, reconstructing, improving and equipping park facilities, and the acquisition of land and interests in land and properties therefor; (e) acquisition of a fire truck; (f) renovations to, and equipping of, existing city library; (g) acquisition of vehicles and equipment for, and acquiring, constructing, installing and equipping additions, extensions, renovations and improvements to, the City's solid waste disposal system; (f) acquiring, constructing, installing and equipping an animal shelter; and (h) for the purpose of paying all or a portion of the City's contractual obligations for professional services, including engineers, architects, attorneys, map makers, auditors, and financial advisors, in connection with such projects and said Certificates of Obligation. (See "THE CERTIFICATES - Use of Certificate Proceeds" herein.)
Book-Entry-Only System	The Issuer intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York described herein. No physical delivery of the Certificates will be made to the beneficial owners of the Certificates. Such Book-Entry-Only System may affect the method and timing of payments on the Certificates and the manner the Certificates may be transferred. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Rating	S&P Global Ratings ("S&P") has assigned a rating of "AA-" to the Certificates An explanation of the significance of such rating may be obtained from the rating agency. (See "OTHER PERTINENT INFORMATION - Rating" herein.)
Issuance of Additional Debt	The City currently has no plans to issue additional ad valorem tax supported debt in 2020, except potentially issuing refunding bonds for debt service savings.
Payment Record	The City has never defaulted on its revenue bonds and has not defaulted on general obligation bonds since 1937 when all bonds were refunded at par with a reduction in interest rate.
Delivery	When issued, anticipated on or about August 19, 2020.
Legality	Delivery of the Certificates is subject to the approval by the Attorney General of the State of Texas and the rendering of an opinion as to legality by McCall, Parkhurst & Horton L.L.P., Bond Counsel, Dallas, Texas.

INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by City of Ennis, Texas (the “City” or the “Issuer”) of its $21,585,000 Combination Tax and Revenue Certificates of Obligation, Series 2020 (the “Certificates”) identified on the cover page hereof.

The Issuer is a political subdivision of the State of Texas and operates as a home-rule municipality under the statutes and the constitution of the State of Texas (the "State”). The Certificates are being issued pursuant to the Constitution and general laws of the State, an ordinance (the “Ordinance”) adopted by the City Commission authorizing the issuance of the Certificates, and the City’s Home Rule Charter. (See “THE CERTIFICATES - Authority for Issuance” herein.)

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Ordinance. Included in this Official Statement are descriptions of the Certificates and certain information about the Issuer and its finances. ***ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT***. Copies of such documents may be obtained from the Issuer or the Financial Advisor noted on page iii hereof.

INFECTIOUS DISEASE OUTBREAK – COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas in response to the Pandemic. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting State business or any order or rule of a State agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor initially issued a number of executive orders relating to COVID-19 preparedness and mitigation. These include, for example, the issuance on March 19, 2020 of Executive Order GA-08 which, among other things, imposed limitations on social gatherings of more than 10 people, banned eating or drinking at bars, restaurants, and food courts and visiting gyms, and temporarily closed school districts throughout the State through April 3, 2020. On April 17, 2020, the Governor issued Executive Order GA-16, which extended the closure of school districts throughout the State for the remainder of the 2019-2020 school year. In addition to the actions by the State and federal officials, certain local officials, including Ellis County, have declared a local state of disaster and have issued “shelter-in-place” orders. Many of the federal, state and local actions and policies under the aforementioned disaster declarations and shelter-in-place orders are focused on limiting instances where the public can congregate or interact with each other, which affects the operation of businesses and directly impacts the economy.

Beginning in mid-April in 2020, the Governor issued several executive orders to implement the State of Texas's ongoing plan to safely and strategically open Texas in phases while minimizing the spread of COVID-19. However, the most recent executive orders reverse earlier orders that provide for the phased reopening of businesses in Texas, subject to future restrictions in the Governor’s discretion. Executive Order GA-28, which was issued on June 26, 2020 and amended on July 2, 2020, and remains in effect until modified, amended, rescinded or suspended by the Governor, reintroduced limitations on social gatherings of more than 10 people and occupancy restrictions on businesses, including restaurants, to 50 percent and mandated the immediate closure of other businesses including bars, and commercial rafting or tubing services. Certain businesses, including hair salons, barber shops, and nail salons may continue to operate at greater than 50 percent capacity provided the workstations allow for social distancing. The order does not apply to outdoor venues including professional or collegiate sporting events, swimming pools, water parks, zoos etc. The order also does not apply to childcare services, religious worship, and recreational sports programs. On July 2, 2020 the Governor issued Executive Order GA-29 requiring all Texans to wear a face covering over the nose and mouth in public spaces in counties with 20 or more positive COVID-19 cases, with few exceptions.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue to negatively affect economic output worldwide and within the City. These negative impacts may reduce or otherwise negatively affect future property values and/or the collection of sales and other excise taxes, charges, and fees within the City as well as the assets of City pension funds. See "AD VALOREM PROPERTY TAXATION". The Certificates are secured, in part, by an ad valorem tax (within the limits prescribed by law), and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Certificates and the City's operations and maintenance expenses. Actions taken to slow the Pandemic are expected to continue to reduce economic activity within the City on which the City collects taxes, charges, and fees. A reduction in the collection of taxes, utility system revenue and other fees and charges may negatively impact the City's operating budget and overall financial condition.

The financial and operating data contained herein are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the current financial condition or future prospects of the City.

The City continues to monitor the spread of COVID-19 and is working with local, State, and national agencies to address the potential impact of the Pandemic upon the City. While the potential impact of the Pandemic on the City cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the City's operations and financial condition, and the effect could be material.

THE CERTIFICATES

General

The Certificates will be dated August 1, 2020 (the "Dated Date"). The Certificates are stated to mature on February 1 in the years and in the principal amounts set forth on page ii hereof. The Certificates shall bear interest from their Dated Date on the unpaid principal amounts, and the amount of interest to be paid with respect to each payment period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Certificates will be payable on February 1, 2021, and on each August 1 or February 1 thereafter until maturity or prior redemption. Principal is payable at the designated offices of the "Paying Agent/Registrar" for the Certificates, initially BOKF, NA, Dallas, Texas. Interest on the Certificates shall be paid to the registered owners whose names appear on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (as hereinafter defined) and shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk of, the registered owner. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to be closed, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

Initially, the Certificates will be registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described below. No physical delivery of the Certificates will be made to the Beneficial Owners. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will distribute the amounts received to the appropriate DTC Participants, who shall in turn make payment to the Beneficial Owners of the Certificates. Such Book-Entry-Only System may change the method and timing of payment for the Certificates and the method of transfer. See "BOOK-ENTRY-ONLY SYSTEM" below for a more complete description of such System.

Authority for Issuance

The Certificates are being issued pursuant to the Constitution and general laws of the State, including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, the Ordinance and the City's Home Rule Charter.

Security for Payment

The Certificates constitute direct obligations of the Issuer payable from a combination of the levy and collection of an annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and a limited pledge (not to exceed $1,000) of the surplus revenues derived from the operation of the City's combined Waterworks and Sewer System (the "System") remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve and other requirements in connection with all of the City's revenue bonds or other obligations (now or hereafter outstanding) which are payable from all or a part of the revenues of the System ("Net Revenues"). (See "CITY APPLICATION OF THE PROPERTY TAX CODE" herein.)

Use of Certificate Proceeds

Proceeds from the sale of the Certificates will be used to pay all or a portion of the City's contractual obligations incurred (for the purpose of (a) acquiring, constructing, installing and equipping additions, extensions, renovations and improvements to the City's waterworks and sewer system, and the acquisition and interests in land and properties therefor; (b) constructing, reconstructing and improving streets, including an underpass of the Union Pacific Railroad line, sidewalks, drainage, signalization, landscaping, streetscaping, lighting, signage and utility relocation, and the acquisition of land and interests in land and properties therefor; (c) acquiring, constructing, reconstructing, improving, installing and equipping a new city hall, and the acquisition of land and interests in land and properties therefor; (d) constructing, reconstructing, improving and equipping park facilities, and the acquisition of land and interests in land and properties therefor; (e) acquisition of a fire truck; (f) renovations to, and equipping of, existing city library; (g) acquisition of vehicles and equipment for, and acquiring, constructing, installing and equipping additions, extensions, renovations and improvements to, the City's solid waste disposal system; (f) acquiring, constructing, installing and equipping an animal shelter; and (h) for the purpose of paying all or a portion of the City's contractual obligations for professional services, including engineers, architects, attorneys, map makers, auditors, and financial advisors, in connection with such projects and said Certificates of Obligation.

Redemption Provisions

Optional Redemption: The Issuer reserves the right, at its option, to redeem the Certificates maturing on and after February 1, 2030 on February 1, 2029, or any date thereafter, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof (and, if within a stated maturity, selected at random and by lot by the Paying Agent/Registrar), at the redemption price of par plus accrued interest to the date fixed for redemption.

Not less than thirty (30) days prior to a redemption date for the Certificates, the City shall cause a notice of such redemption to be sent by United States mail, first-class postage prepaid, to the registered owners of each Certificate or a portion thereof to be redeemed at its address as it appeared on the registration books of the Paying Agent/Registrar on the day such notice of redemption is mailed. ANY NOTICE OF REDEMPTION SO MAILED TO THE REGISTERED OWNERS WILL BE DEEMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER ONE OR MORE OF THE REGISTERED OWNERS FAILED TO RECEIVE SUCH NOTICE. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Certificates or portions thereof which are to be so redeemed. If such notice of redemption is given and any other condition to redemption satisfied, all as provided above, the Certificates or portion thereof which are to be redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

With respect to any optional redemption of the Certificates, unless certain prerequisites to such redemption required by the Ordinance have been met and money sufficient to pay the principal of and premium, if any, and interest on the Certificates to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption will, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the City will not redeem such Certificates and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that the Certificates have not been redeemed.

The Paying Agent/Registrar and the Issuer, so long as a Book-Entry-Only System is used for the Certificates, will send any notice of redemption, notice of proposed amendment to the Certificates or other notices with respect to the Certificates only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the Beneficial Owner, will not affect the validity of the redemption of the Certificates called for redemption or any other action premised on any such notice. Redemption of portions of the Certificates by the Issuer will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Certificates held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC direct participants and indirect participants may implement a redemption of such Certificates from the Beneficial Owners. Any such selection of Certificates the Issuer has called for redemption will not be governed by the Ordinance and will not be conducted by the Issuer or the Paying Agent/Registrar. Neither the Issuer nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Certificates or the providing of notice to DTC direct participants, indirect participants, or Beneficial Owners of the selection of portions of the Certificates for redemption. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Payment Record

The City has never defaulted on its revenue bonds and has not defaulted on general obligation bonds since 1937 when all bonds were refunded at par with a reduction in interest rate.

Legality

The Certificates are offered when, as and if issued, subject to the approvals of legality by the Attorney General of the State of Texas and McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel. A form of the legal opinion of Bond Counsel appears in Appendix C attached hereto.

Defeasance

The Ordinance provides for the defeasance of the Certificates when the payment of the principal of and premium, if any, on the Certificates, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or otherwise) is provided by irrevocably depositing with the Paying Agent/Registrar or authorized escrow agent, in trust (1) money sufficient to make such payment and/or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Certificates. The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance. The Ordinance provides that "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Certificates. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the City authorizes the defeasance of the Certificates, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that, on the date the City authorizes the defeasance of the Certificates, have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Certificates. Because the Ordinance does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used for defeasance purposes or that for any other Defeasance Security will be maintained at any particular rating category.

Upon such deposit as described above, such Certificates shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of Certificates have been made as described above, all rights of the City to initiate proceedings to call such Certificates for redemption or take any other action amending the terms of such Certificates are extinguished; provided, however, that the right to call such Certificates for redemption is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call such Certificates for redemption; (ii) gives notice of the reservation of that right to the owners of such Certificates immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Amendments

In the Ordinance, the Issuer has reserved the right to amend the Ordinance without the consent of any holder for the purpose of amending or supplementing the Ordinance to (i) cure any ambiguity, defect or omission therein that does not materially adversely affect the interests of the registered owners of the Certificates, (ii) grant additional rights or security for the benefit of the registered owners of the Certificates, (iii) add events of default as shall not be inconsistent with the provisions of the Ordinance that do not materially adversely affect the interests of the registered owners of the Certificates, (iv) qualify the Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect or (v) make such other provisions in regard to matters or questions arising under the Ordinance that are not inconsistent with the provisions thereof and which, in the opinion of Bond Counsel for the City, do not materially adversely affect the interests of the registered owners of the Certificates.

The Ordinance further provides that the registered owners of the Certificates aggregating in principal amount a majority of the outstanding Certificates shall have the right from time to time to approve any amendment not described above to the Ordinance if it is deemed necessary or desirable by the City; provided, however, that without the consent of 100% of the registered owners of the Certificates in original principal amount of the then outstanding Certificates, no amendment may be made for the purpose of: (i) making any change in the maturity of any of the outstanding Certificates; (ii) reducing the rate of interest borne by any of the outstanding Certificates; (iii) reducing the amount of the principal payable on any outstanding Certificates; (iv) modifying the terms of payment of principal of or interest on outstanding Certificates, or imposing any condition with respect to such payment; or (v) changing the minimum percentage of the principal amount of the Certificates necessary for consent to such amendment. Reference is made to the Ordinance for further provisions relating to the amendment thereof.

Default and Remedies

The Ordinance provides that the following events constitute "Events of Default" with respect to the Certificates: (1) the failure by the City to pay the principal of or the interest on any Certificate when the same shall become due, or (2) default in the performance or observance of any other covenant, agreement or obligation of the City, the failure to perform which materially, adversely affects the rights of the registered owners of the Certificates, including, but not limited to, their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any registered owner to the City. The Ordinance does not provide or specify remedies with regard to an Event of Default. Upon the occurrence of an Event of Default, the registered owners may seek a writ of mandamus to compel the City officials to carry out the legally imposed duties with respect to the Certificates if there is no other available remedy at law to compel performance of the Certificates or the Ordinance and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the Certificateholders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On April 1, 2016, the Texas Supreme Court ruled in Wasson Interests, Ltd. v. City of Jacksonville, S.W. 3d (Tex. 2016) that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. If sovereign immunity is determined by a court to exist, then the Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W. 3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, owners of the Certificates may not be able to bring such a suit against the City for breach of the Certificates or Ordinance covenants.

Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or owners of the Certificates of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Certificates are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

Initially, the only registered owner of the Certificates will be Cede & Co., as nominee of DTC. See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the duties of DTC with regard to ownership of the Certificates.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar for the Certificates is BOKF, NA, Dallas, Texas. In the Ordinance, the Issuer retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the Issuer, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar, selected at the sole discretion of the Issuer, shall be a bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. Upon a change in the Paying Agent/Registrar for the Certificates, the Issuer agrees to promptly cause written notice thereof to be sent to each registered owner of the Certificates by United States mail, first-class, postage prepaid.

The Certificates will be issued in fully registered form in multiples of $5,000 for any one stated maturity, and principal and semiannual interest will be paid by the Paying Agent/Registrar. Interest will be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar on the Record Date (as defined below) by check or draft mailed on February 1, 2021, and on each August 1 and February 1 thereafter until maturity or prior redemption of the Certificates, by the Paying Agent/Registrar to the last known address of the registered owner as it appears on the Paying Agent/Registrar's books or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner. Principal of a Certificate will be paid to the registered owner at its stated maturity or its prior redemption upon presentation to the Paying Agent/Registrar. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. So long as Cede & Co. is the registered owner of the Certificates, payments of principal of and interest on the Certificates will be made as described in "BOOK-ENTRY-ONLY SYSTEM" herein.

Record Date

The record date ("Record Date") for interest payable to the registered owner of a Certificate on any Interest Payment Date means the fifteenth day of the month next preceding such Interest Payment Date.

In the event of a non-payment of interest on an Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Future Registration

The Certificates are initially to be issued utilizing the Book-Entry-Only System of The Depository Trust Company, New York, New York ("DTC"). In the event such Book-Entry-Only System should be discontinued, printed certificates will be issued to the owners of the Certificates and thereafter, the Certificates may be transferred, registered, and assigned on the registration books of the Paying Agent/Registrar only upon presentation and surrender of such printed certificates to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Certificate may be assigned by the execution of an assignment form on the Certificate or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Certificate or Certificates will be delivered by the Paying Agent/Registrar in lieu of the Certificates being transferred or exchanged at the designated office of the Paying Agent/Registrar, or sent by United States registered mail to the new registered owner at the registered owner's request, risk and expense. New Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three (3) business days after the receipt of the Certificates to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in denominations of $5,000 for any one stated maturity or any integral multiple thereof and for a like aggregate principal amount and rate of interest as the Certificate or Certificates surrendered for exchange or transfer. (See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be initially utilized in regard to ownership and transferability of the Certificates.)

Limitation on Transfer or Exchange of Certificates

The Paying Agent/Registrar shall not be required to transfer or exchange any Certificates or any portion thereof during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date or with respect to any Certificate or portion called for redemption prior to maturity, within 45 days prior to its redemption date, provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Certificate called for redemption.

Replacement Certificates

In the Ordinance, provision is made for the replacement of mutilated, destroyed, lost, or stolen Certificates upon surrender of the mutilated Certificates to the Paying Agent/Registrar, or the receipt of satisfactory evidence of destruction, loss, or theft, and the receipt by the Issuer and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The Issuer may require payment of taxes, governmental charges, and other expenses in connection with any such replacement.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and credited by DTC while the Certificates are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City, the Financial Advisor, and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Certificates, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Certificates), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission (the "SEC"), and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered Certificates registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). Direct Participants and Indirect Participants are jointly referred to as "Participants". DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices for the Certificates shall be sent to DTC. If less than all of the Certificates within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Certificates held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment on the Certificates to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Certificates are required to be printed and delivered. The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Certificates will be printed and delivered.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by and is not to be construed as a representation by the City, the Financial Advisor, or the Underwriter of the Certificates.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Certificates are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Certificates, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE ISSUER

The City invests funds in instruments authorized by Texas law, specifically the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "PFIA"), in accordance with and investment policies approved by the City Commission. The City Commission appoints the Finance Director as the "Investment officer" of the City. Both State law and the City's investment policies are subject to change.

Under Texas law, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit, (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which are guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by an institution that has its main office or a branch office in the State of Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State of Texas, (9) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (10) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (11) no-load money market mutual funds registered with and regulated by the SEC that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of $1 for each share, and (12) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent and (13) public funds investment pools that have an advisory board which includes participants in the pool and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or AAAm or its equivalent or no lower than investment grade with a weighted average maturity no greater than 90 days. If specifically authorized in the authorizing document, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or Aaam or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Governmental bodies in the State such as the City are authorized to implement securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) of the second paragraph under this caption, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm not less than "A" or its equivalent, or (c) cash invested in obligations that are described in clauses (1) through (6) and (10) through (12) of the second paragraph under this caption, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the governmental body, held in the name of the governmental body and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for City funds, the maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, the City's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and probable income to be derived." At least quarterly the City's investment officers must submit an investment report to the City Commission detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) Texas law. No person may invest City funds without express written authority from the City Commission.

Under Texas law, the City is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution, (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the City Commission; (4) require the qualified representative of firms offering to engage in an investment transaction with the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the City's designated Investment Officer; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements, and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

Current Investments

State law does not require the Issuer to periodically mark its investments to market price, and the Issuer does not do so, other than annually upon the conclusion of each fiscal year, for the purpose of compliance with applicable accounting policies concerning the contents of the Issuer's audited financial statements. Given the nature of its investments, the Issuer does not believe that the market value of its investments differs materially from book value.

As of June 4, 2020 (unaudited), the Issuer's investable funds were invested as shown below.

Fund and Investment Type		Amount	Percentage of Portfolio
Operating Checking Account		$23,576,775	77.97%
Local Checking / Money Market Accounts (General Fund)		6,343,005	20.98%
TexPool Money Market Accounts		319,849	1.06%
	Total Investments	**$30,239,629**	**100.00%**

As of such date, the market value of such investments (as determined by the City by reference to published quotations, dealer bids, and comparable information) was approximately 100% of their book value. No funds of the City are invested in derivative securities, i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

The Texas State Comptroller of Public Accounts exercises oversight responsibility over the Texas Local Government Investment Pool ("TexPool"). Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed both of participants in TexPool and of the other persons who do not have a business relationship with TexPool. The advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAA by S&P. TexPool operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. As such, TexPool uses amortized cost to report net assets and share prices since that amount approximates fair value.

DEFINED BENEFIT PENSION PLAN

Plan Description

The City of Ennis Texas participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. 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.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the City Commission 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.

	Plan Provisions
Employee deposit rate	7%
Municipal current matching ratio	2-1
Updated service credits:	
Rate (%)	100T
Year effective	1998R
Increase benefits to retirees:	
Rate (%) [(1)]	70
Year effective	2001R
Vesting	5 yrs
Service retirement eligibilities	5 yrs/age 60, 20 yrs/any age
Restricted prior service credit effective date	1-93
Supplemental death benefits:	
Employees	Yes
Retirees	Yes
Statutory maximum (%)	Removed

(1) For years prior to 1982, the rate is the actual percentage in annuities. For 1982 and later, the rate is the percentage of the change in the CPI-U since retirement date, granted to each annuitant as an increase of the original annuity.
T — Includes Transfer Credits.
R — Annually Repeating. Ordinance automatically renews effective January 1 of each successive year.

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

Inactive employees or beneficiaries currently receiving benefits	135
Inactive employees entitled to but not yet receiving benefits	58
Active employees	193
	386

Contributions

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

Employees for the City of Ennis were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Ennis were 16.90% and 17.49% in calendar years 2019 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2019, were $1,987,824, and were equal to the required contributions.

Net Pension Liability

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

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

Inflation	2.5% per year
Overall payroll growth	3.5% per year
Investment Rate of Return	6.75%, net of pension Plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the City, rates are multiplied by a factor of 100%. 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 Adjustment are used with males 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 was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	100%	

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.

Changes in the Net Pension Liability (NPL)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan fiduciary net position (b)	Net Pension (Asset) liability (a) – (b)
Balance at 12/31/2017	$ 67,396,220	$61,468,738	$ 5,927,482
Changes for the year:			
Service Cost	2,160,079	-	2,160,079
Interest	4,513,388	-	4,513,388
Difference between expected and actual Experience	(488,779)		(488,479)
Changes of assumptions			
Contributions – employer	-	2,010,628	(2,010,628)
Contributions - employee	-	804,713	(804,713)
Net investment income	-	(1,841,480)	1,841,480
Benefit payments, including refunds of employee contributions	(3,222,511)	(3,222,511)	-
Administrative expense	-	(35,586)	35,586
Other changes	-	(1,859)	1,859
Net Changes	$ 2,962,177	$ (2,286,095)	$ 5,248,272
Balance at 12/31/2018	**$ 70,358,397**	**$ 59,182,643**	**$ 11,175,754**

Sensitivity of the net pension liability to changes in the discount rate - The following presents the NPL of the City, calculated using the discount rate of 6.75%, as well as what the City's NPL would be 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:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1.0% Increase in Discount Rate (7.75%)
City's net pension liability	$ 20,821,333	$ 11,175,754	$ 3,230,744

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

Payables to the Pension Plan - Legally required contributions outstanding at the end of the year totaled $145,004.

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

For the year ended September 30, 2019, the City recognized a pension expense of $2,667,688.

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

	Deferred Outflow of Resources	
	Governmental Activities	Business-Type Activities
Contributions subsequent to the measurement date	$ 1,137,826	$ 285,130
Difference between projected and actual investment earnings	2,535,728	652,613
Differences between expected and actual economic experience	20,391	5,596
Total	$ 3,693,945	$ 943,339

	Deferred Inflow of Resources	
	Governmental Activities	Business-Type Activities
Changes in actuarial assumptions	$ 7	$ 2
Differences between expected and actual economic experience	549,608	148,689
Total	$ 549,615	$ 148,691

$1,422,956 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 asset 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	$ 844,087
2020	290,245
2021	344,021
2022	1,110,818
2023	(73,149)
Total	$ 2,516,022

OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS

Plan Description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The 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) and as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single-employer, defined benefit OPEB plan. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at *www.tmrs.com.*

Benefits provided

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 OPEB and is
a fixed amount of $7,500.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the 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 Covered by Benefit Terms

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

Inactive employees currently receiving benefits	96
Inactive employees entitled to but not yet receiving benefits	14
Active employees	193
	303

Total OPEB Liability

The City's total OPEB liability of $903,171 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 10.50%, including inflation
Discount rate*	3.71%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates – disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2017	$ 583,239
Changes for the year:	
Service cost	22,992
Interest	19,591
Difference between expected and actual experience	322,231
Changes in assumptions or other inputs	(39,134)
Benefit payments**	(5,748)
Net Changes	$ 319,932
Balance at 12/31/2018	$ 903,171

** Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Sensitivity of the total OPEB liability to changes in the discount rate –

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability 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 (2.71%)	Current Discount Rate (3.71%)	1% Increase (4.71%)
Total OPEB liability	$ 1,008,334	$ 903,171	$ 820,345

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

For the year ended September 30, 2019, the City recognized OPEB expense of $103,514. At September 30, 2019, the City reported deferred outflows of resources and related to OPEB from the following sources:

	Deferred Outflows of Resources	
	Governmental Activities	Business-Type Activities
Differences between expected and actual economic experience	$ 222,263	$ 55,705
City contributions subsequent to the measurement date	12,119	3,037
Total	$ 234,382	$ 58,742

	Deferred Inflows of Resources	
	Governmental Activities	Business-Type Activities
Changes of assumptions	$ 2,050	$ 290
Total	$ 2,050	$ 290

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31	
2019	$ 44,837
2020	44,837
2021	44,837
2022	44,837
2023	44,837
Thereafter	51,443
Total	$ 275,628

Payable to the OPEB Plan

At September 30, 2019, the City reported a payable of $1,544 for the outstanding amount of contributions to the Plan required for the year ended September 30, 2019.

AD VALOREM TAX PROCEDURES

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Prospective investors are encouraged to review Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Property Tax Code and Countywide Appraisal District

The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board responsible for appraising property for all taxable units within the county. The Ellis County Appraisal District (the "Appraisal District") is responsible for appraising property within the City, generally, as of January 1 of each year. Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under the Property Tax Code to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and the method considered most appropriate by the chief appraiser is to be used. State law further limits the appraised value of a residence homestead for a tax year to an amount not to exceed the lesser of (1) the market value of the property for the most recent tax year that the market value was determined by the appraisal office, or (2) the sum of (a) 10% of the property's appraised value for the preceding tax year, plus (b) the property's appraised value for the preceding tax year, plus (c) the market value of all new improvements to the property. The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board (the "Appraisal Review Board") consisting of five members, which are appointed by the Board of Directors of the Appraisal District. Such appraisal rolls, as approved by the Appraisal Review Board, are used by the City in establishing its tax roll and tax rate. The Appraisal District is required to review the value of property within the Appraisal District at least every three years. The City may require annual review at its own expense and is entitled to challenge the determination of appraised value of property within the City by petition filed with the Appraisal Review Board.

The Property Tax Code establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions and appraisals of property not previously on an appraisal roll. Article VIII, Section 21 of the Texas Constitution provides that, subject to any exception prescribed by general law, the total amount of property taxes imposed by a political subdivision in any year may not exceed the total amount of property taxes imposed in the preceding year unless a notice of intent to consider an increase in taxes is given and two public hearings on the proposed increase are held before the total taxes are increased. See "AD VALOREM TAX PROCEDURES - Public Hearing and Maintenance and Operations Tax Rate Limitations", herein.

Property Subject to Taxation by the Issuer

Reference is made to the Property Tax Code for identification of property subject to taxation; property exempt, or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Article VIII of the State Constitution ("Article VIII") and State law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value, and the exemption of certain personal property from ad valorem taxation.

Residence Homestead Exemptions: Under Section 1-b, Article VIII, and State law, the governing body of a political subdivision, at its option, may grant an exemption of not less than $3,000 of the market value of the residence homestead of person 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision. Once authorized, such exemption may be increased or decreased in amount, or repealed altogether, either (i) by the governing body of the political subdivision, or (ii) by a favorable vote of a majority of the qualified voters at an election called by the governing body of the political subdivision, which election must be called upon receipt of a petition signed by at least 20% of the number of qualified voters who voted in the preceding election of the political subdivision. In the case of a decrease, the amount of the exemption may not be reduced to less than $3,000 of the market value.

The surviving spouse of an individual who qualifies for the foregoing exemption for the residence homestead of a person 65 or older (but not the disabled) is entitled to an exemption for the same property in an amount equal to that of the exemption for which the deceased spouse qualified if (i) the deceased spouse died in a year in which the deceased spouse qualified for the exemption; (ii) the surviving spouse was at least 55 years of age when the deceased spouse died; and (iii) the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse.

In addition to any other exemptions provided by the Property Tax Code, the governing body of a political subdivision may, at its option, grant an exemption of up to 20% of the market value of residence homesteads, with a minimum exemption of $5,000.

In the case of residence homestead exemptions granted under Section 1-b, Article VIII, ad valorem taxes may continue to be levied against the value of homesteads exempted where ad valorem taxes have previously been pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created.

Homestead Tax Limitation: Under Article VIII and State law, the governing body of a county, municipality or junior college district may provide for a freeze on total amount of ad valorem levied on the residence homestead of a disabled person or persons 65 years of age or older above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon receipt of a petition signed by five percent of the registered voters of the county, municipality or junior college district, an election must be held to determine by majority vote whether to establish such a limitation on taxes paid on residence homesteads of persons 65 years of age or older or who are disabled. Upon providing for such exemption, the total amount of taxes imposed on such homestead cannot be increased except for improvements (other than repairs or improvements required to comply with governmental requirements) and such freeze is transferable to a different residence homestead and to the surviving spouse living in such homestead if (1) the deceased spouse died in a year in which the deceased spouse qualified for the exemption, (2) the surviving spouse was disabled or was 55 or older when the deceased spouse died and (3) the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse. If improvements (other than repairs or improvements required to comply with governmental requirements) are made to the property, the value of the improvements is taxed at the then current tax rate, and the total amount of taxes imposed is increased to reflect the new improvements with the new amount of taxes then serving as the ceiling on taxes for the following year. Once established such freeze cannot be repealed or rescinded.

Disabled/Deceased Veterans Exemption: State law and Section 2, Article VIII, mandate an additional property tax exemption for disabled veterans or the surviving spouse (for so long as the surviving spouse remains unmarried) or children (under 18 years of age) of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from $5,000 to a maximum of $12,000; provided, however, that beginning in the 2009 tax year, a disabled veteran who receives from the United States Department of Veterans Affairs, or its successor, 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead. In addition, subject to certain conditions, surviving spouses of a deceased veteran who had received a disability rating of 100% will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries.

Following the approval by the voters at a November 7, 2017 statewide election (with an effective date of January 1, 2018), the surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to a property tax exemption for all or part of the market value of such surviving spouse's residence homestead, if the surviving spouse has not remarried since the first responder's death and said property was the first responder's residence homestead at the time of death. Such exemption is transferable to a different property of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

Agricultural/Open-Land Exemption: Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Section 1-d and 1-d-1.

Nonbusiness Personal Property Exemption: Nonbusiness personal property, such as automobiles or light trucks, is exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats owned as nonbusiness property are exempt from ad valorem taxation.

Freeport Exemption: Article VIII, Section 1-j, provides for "freeport property" to be exempted from ad valorem taxation. Freeport property is defined as goods detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. Notwithstanding such exemption, counties, school districts, junior college districts and cities may tax such tangible personal property provided official action to tax the same was taken before April 1, 1990. Decisions to continue to tax may be reversed in the future; decisions to exempt freeport property are not subject to reversal.

Goods in Transit: Article VIII, Section 1-n of the Texas Constitution provides for an exemption from taxation of "goods-in-transit", which are defined as (i) personal property acquired or imported into the State and transported to another location inside or outside the State, (ii) stored under a contract for bailment in public warehouses not in any way owned or controlled by the owner of the stored goods, and (iii) transported to another location inside or outside the State within 175 days of the date the property was acquired or imported into the State. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out-board motor, heavy equipment and manufactured housing inventory.

Pursuant to changes enacted during the 2011 Texas Legislative Special Session, all taxing units, including those that have previously taken official action to tax goods-in-transit, may not tax goods-in-transit in the 2012 tax year or thereafter, unless the governing body of the taxing unit holds a public hearing and takes action on or after October 1, 2011, to provide for the taxation of the goods-in-transit. After holding a public hearing, a taxing unit may take official action prior to January 1 of the first tax year in which the governing body proposes to tax goods-in-transit. After taking such official action, the goods-in-transit remain subject to taxation by the taxing unit until the governing body of the taxing units rescinds or repeals its previous action to tax goods-in-transit. If, however, a taxing unit took official action prior to October 1, 2011 to tax goods-in-transit and pledged the taxes imposed on the goods-in-transit for the payment of a debt, taxes may continue to be imposed on goods-in-transit until the debt is discharged, if cessation of the imposition of the tax would impair the obligations of the contract by which the debt was created.

For a discussion of how the various exemptions described above are applied by the City, see "CITY APPLICATION OF THE PROPERTY TAX CODE" herein.

Tax Increment Reinvestment Zones and Tax Abatements: The City by action of the City Commission, may create one or more tax increment reinvestment zones ("TIRZs") within the City, and in doing so, other overlapping taxing entities may agree to contribute taxes levied against the "Incremental Value" in the TIRZ to finance or pay for public improvements or projects within the TIRZ to encourage development and redevelopment within the TIRZ. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value of taxable real property in the TIRZ is known as the "Incremental Value", and during the existence of the TIRZ, all or a portion (as determined by the City) of the taxes levied by the City against the Incremental Value in the TIRZ are restricted to paying project and financing costs within the TIRZ and are not available for the payment of other obligations of the City.

The City also may enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The City, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

The City is also authorized, pursuant to Chapter 380, Texas Local Government Code, as amended ("Chapter 380"), to establish programs to promote state or local economic development and to stimulate business and commercial activity in the City. In accordance with a program established pursuant to Chapter 380, the City may make loans or grants of public funds for economic development; provided, however, that no obligations secured by ad valorem taxes may be issued for such purposes unless approved by the voters of the City. The City may contract with the federal government, the State, another political subdivision, a nonprofit organization or any other entity, including private entities, for the administration of such a program.

Public Hearing and Maintenance and Operations Tax Rate Limitations

The following terms as used in this section have the meanings provided below:

"adjusted" means lost values are not included in the calculation of the prior year's taxes and new values are not included in the current year's taxable values.

"de minimis rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted), plus the rate that produces an additional $500,000 in tax revenue when applied to the current year's taxable value, plus the debt service tax rate.

"no-new-revenue tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted).

"special taxing unit" means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per $100 of taxable value.

"unused increment rate" means the cumulative difference between a city's voter-approval tax rate and its actual tax rate for each of the tax years 2020 through 2022, which may be applied to a city's tax rate in tax years 2021 through 2023 without impacting the voter-approval tax rate.

"voter-approval tax rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the "unused increment rate".

The Issuer's tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the "maintenance and operations tax rate"), and (2) a rate for funding debt service in the current year (the "debt service tax rate"). Under State law, the assessor for the Issuer must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the Issuer to the City Commission by August 1 or as soon as practicable thereafter.

A city must annually calculate its voter-approval tax rate and no-new-revenue tax rate in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the city and the county tax assessor-collector for each county in which all or part of the city is located. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new- revenue tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its de minimis rate, an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase.

For cities with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

For cities with a population less than 30,000 as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a city has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a special taxing unit, if a city's adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the city's voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the city would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its voter-approval tax rate using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city's total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the Issuer's ability to set a debt service tax rate in each year sufficient to pay debt service on all of the Issuer's tax-supported debt obligations, including the Bonds.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

Levy and Collection of Taxes

The Issuer is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. Property within the City is generally assessed as of January 1 of each year based upon the valuation of property within the City as of the preceding January 1. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of a valuation process, which uses pricing information contained in the most recently published Early Release Overview of the Annual Energy Outlook published by the United States Energy Information Administration, as well as appraisal formulas developed by the State Comptroller of Public Accounts. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. The Property Tax Code makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and final installment due on August 1.

Penalties and Interest

Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Penalty	Interest	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July[(a)]	12	6	18

[(a)] *After July, the penalty remains at 12% and interest accrues at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid. A delinquent tax continues to accrue interest as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest penalty is to compensate the taxing unit for revenue lost because of the delinquency. In addition, the taxing unit may contract with an attorney for the collection of delinquent taxes and the amount of compensation as set forth in such contract may not provide for a fee not to exceed 20% of the amount of delinquent tax, penalty, and interest collected. Under certain circumstances, taxes, which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed.*

In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

Tax Rate Limitations

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, annual direct ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limit prescribed by law. Article XI, Section 5, of the Texas Constitution applicable to home-rule cities is applicable to the City, and limits the maximum ad valorem tax rate of the City to $2.50 per $100 taxable assessed valuation for all City purposes. The Home Rule Charter of the City authorizes a maximum rate of $1.50 per $100 valuation for all city purposes. Administratively, the Attorney General of the State of Texas will permit allocation of $1.00 of the $1.50 maximum tax rate for all general obligation debt, as calculated at the time of issuance and based on 90% tax collection factor.

Issuer's Rights in the Event of Tax Delinquencies

Taxes levied by the Issuer are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each local taxing unit, including the Issuer, having power to tax the property. The Issuer's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the Issuer is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the Issuer may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the Issuer must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two (2) years after the purchaser's deed issued at the foreclosure sale is filed in the City records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court

CITY APPLICATION OF THE PROPERTY TAX CODE

The City's property taxes are collected by Ellis County.

The City grants a 1% exemption to the market value of all residence homesteads with a minimum exemption of $5,000.

The City grants an additional exemption of $4,000 to the market value to persons 65 years or older and the disabled.

The City taxes business personal property.

The Issuer does not permit split payments and does not allow discounts.

Pursuant to City action taken on December 18, 1989, the City elected to continue to tax Article VIII, Section 1-j property ("freeport property").

The City does not grant an exemption for "goods in transit".

The City has not adopted the tax freeze described above under "Homestead Tax Limitation".

The City adopted a Tax Increment Reinvestment Zone for the downtown business district on August 1, 2016.

The City adopted a Tax Increment Reinvestment Zone for the I45 Corridor on May 16, 2017.

The City has entered into tax abatement agreements with the businesses listed below and has adopted criteria therefor, which is a prerequisite to the execution of abatement agreements.

A. Depicted in the table below are active economic development agreements that abate, or refund dollars based on property tax.

   a. Chapter 312 agreements are traditional property tax abatements (property tax not paid).

   b. Chapter 380 agreements are grants paid by the City based on a property tax refund calculation.

B. For the 2018 Tax Year:

   a. The amount of City property tax revenue abated or refunded annually is approximately $398,414.

   b. The amount of City property tax revenue collected annually is approximately $190,648.

Project			Investment		Property Tax		Incentives					
Year	TAD	Company Name	New Capital	Jobs	Abated /Refunded	Collected	Type	Source	Chapter	Terms / Value	Start - End	Purpose
2014	54	Leggett & Platt 1	$10,000,000	40	$53,250	$17,750	Tax Abatement	City of Ennis	312	75% - 7 Years	2015-2021	New Capital & Jobs
2014	55	Ennis Steel 1	$8,200,000	25	$41,918	$16,302	Tax Abatement	City of Ennis	312	72% - 7 Years	2015-2021	New Capital & Jobs
2016	57	Leggett & Platt 2	$5,000,000	15	$23,075	$12,425	Tax Abatement	City of Ennis	312	65% - 5 Years	2017-2021	New Capital & Jobs
2017		Spyglass	$20,000,000	10	$106,500	$35,500	Tax Refund	City of Ennis	380	75% - 5 Years	2018-2022	New Capital & Jobs
2017		Polyguard	$500,000	15	$30,000	$0	Tax Refund	City of Ennis	380	$30k - 10 years	2018-2028	Retained Jobs and New HQ
2017		Globe Products	$1,500,000	50	$35,000	$0	Tax Refund	City of Ennis	380	$35k - 10 years	2018-2028	New Capital & Retained Jobs
2018	59	GAF	$30,000,000	15	$108,671	$108,671	Tax Refund	City of Ennis	312	50% - 4 years	2019-2022	New Capital & Jobs
			$75,200,000	170	$398,414	$190,648						

C. The City has two additional programs that abate, or refund monies based on property tax.

   a. The Historic Landmark Tax Exemption applies to designated properties in the Downtown and Residential Historic Districts are eligible. The exemption applies to 25% of the property value, up to a maximum of $25,000. The maximum abatement is: $25,000*.0071 = $177.50 per property.

   b. The Historic Reinvestment Tax Abatement Refund applies to designated "commercial" properties in the National Register Historic District. Eligible work includes structural, electrical, plumbing, mechanical and exterior restoration. This program can refund up to 100% of City property taxes paid if matched with eligible work.

ADDITIONAL TAX COLLECTIONS

Municipal Sales Tax Collections

The City has adopted the provisions of Chapter 34 of the Tax Code, as amended, which provides for the maximum levy of a one percent sales tax which may be used by the City for any lawful purpose except that the City may not pledge any of the anticipated sales tax revenue to secure the payment of the Certificates or other indebtedness. Net collections on a fiscal year basis are shown in Table 15 of Appendix A – Financial Information of the Issuer.

Optional Sales Tax

The Tax Code provides certain cities and counties the option of assessing a maximum one-half percent (½%) sales tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional tax is approved and levied, the ad valorem property tax levy must be reduced by the amount of the estimated sales tax revenues to be generated in the current year. Further, the Tax Code provides certain cities the option of assessing a maximum one-half percent (½%) sales tax on retail sales of taxable items for economic development purposes, if approved by a majority of the voters in a local option election.

At an election held on November 7, 1995, the City's registered voters approved an additional one-half percent (½%) sales tax to be collected for economic development purposes for the Ennis Economic Development Corporation in accordance with Chapters 501, 502 and 505, Texas Local Government Code, as amended (Type B economic development corporation). Levy of the additional sales tax began on April 1, 1996 and the City received its first payment in June 1996. Net collections on a fiscal year basis are shown in Table 15 entitled "MUNICIPAL SALES TAX" of Appendix A. **Such sales tax proceeds are not pledged for the payment of the Certificates.**

The City has not held an election regarding an additional sales tax for the purpose of reducing its ad valorem taxes or for economic development purposes in accordance with Chapters 501, 502 and 504, Texas Local Government Code, as amended (Type A economic development corporation).

TAX MATTERS

Opinion

On the date of initial delivery of the Certificates, McCall, Parkhurst & Horton L.L.P., Bond Counsel to the City, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Certificates for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Certificates will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel to the City will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Certificates. See Appendix C -- Form of Legal Opinion of Bond Counsel.

In rendering its opinion, Bond Counsel to the City will rely upon (a) the City's federal tax certificate, and (b) covenants of the City with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Certificates and certain other matters. Failure of the City to comply with these representations or covenants could cause the interest on the Certificates to become includable in gross income retroactively to the date of issuance of the Certificates.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Certificates in order for interest on the Certificates to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Certificates to be included in gross income retroactively to the date of issuance of the Certificates. The opinion of Bond Counsel to the City is conditioned on compliance by the City with the covenants and the requirements described in the preceding paragraph, and Bond Counsel to the City has not been retained to monitor compliance with these requirements subsequent to the issuance of the Certificates.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. The Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Certificates.

A ruling was not sought from the Internal Revenue Service by the City with respect to the Certificates or the facilities financed or refinanced with the proceeds of the Certificates. Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the representations of the City that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Certificates, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the Certificateholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Certificates may be less than the principal amount thereof or one or more periods for the payment of interest on the Certificates may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Certificates"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Certificate, and (ii) the initial offering price to the public of such Original Issue Discount Certificate would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Certificates less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Certificate in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Certificate equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Certificate prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Certificate in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Certificate was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Certificate is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Certificates and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Certificate for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Certificate.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Certificates which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Certificates should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Certificates and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Certificates.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Certificates. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE CERTIFICATES.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Certificates, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Certificates, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such Certificates; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Certificates under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Certificates will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Certificates under Federal or state law and could affect the market price or marketability of the Certificates. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Certificates should consult their own tax advisors regarding the foregoing matters.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Certificates. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB").

Annual Reports

The City will provide annually to the MSRB, in the electronic format prescribed by the MSRB, financial information and operating data (the "Annual Operating Report") with respect to the City of the general type included in this Official Statement under (i) "INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE ISSUER – Current Investments" in the body of this Official Statement, and (ii) Tables 1 through 13, 15 and 19 of "APPENDIX A – FINANCIAL INFORMATION OF THE ISSUER". The City will additionally provide financial statements of the City (the "Financial Statements"), that will be (i) prepared in accordance with the accounting principles described in the City's annual audited financial statements or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation and shall be in substantially the form included in this Official Statement and (ii) audited, if the City commissions an audit of such Financial Statements and the audit is completed within the period during which they must be provided. The City will update and provide the Annual Operating Report within six months after the end of each fiscal year and the Financial Statements within 12 months of the end of each fiscal year, in each case beginning with the fiscal year ending in and after 2020. The City may provide the Financial Statements earlier, including at the time it provides its Annual Operating Report, but if the audit of such Financial Statements is not complete within

12 months after any such fiscal year end, then the City shall file unaudited Financial Statements within such 12-month period and audited Financial Statements for the applicable fiscal year, when and if the audit report on such Financial Statements becomes available.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Website or filed with the SEC, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements for the Issuer, if the Issuer commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial information of the type described in the preceding paragraph by the required time and audited financial statements when they become available. Any such financial statements will be prepared in accordance with the accounting principles described in the Issuer's annual financial statements, or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation.

The Issuer's current fiscal year end is September 30. Accordingly, it must provide updated information by the last day in March in each year and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) by September 30 in each year, unless the Issuer changes its fiscal year. If the Issuer changes its fiscal year, it will notify the MSRB of the change.

Notice of Certain Events

The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Certificates to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of holders of the Certificates, if material; (8) Certificate calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties. In addition, the City will provide timely notice of any failure by the City to provide annual financial information or operating data in accordance with their agreement described above under "Annual Reports".

For these purposes, any event described in (12) of the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

For the purposes of the above described event notices (15) and (16), the term "financial obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii); provided however, that a "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

Availability of Information from MSRB

The Issuer has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

Limitations and Amendments

The Issuer has agreed to update information and to provide notices of specified events only as described above. The Issuer has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The Issuer makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Certificates at any future date. The Issuer disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its agreement or from any statement made pursuant to its agreement, although holders or beneficial owners of Certificates may seek a writ of mandamus to compel the Issuer to comply with its agreement.

The Issuer may amend its agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, if the agreement, as amended, would have permitted an underwriter to purchase or sell Certificates in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Certificates consent or any person unaffiliated with the Issuer (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Certificates. The Issuer may also repeal or amend its agreement if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but in either case only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the Issuer amends its agreement, it must include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and data provided.

Compliance with Prior Agreements

During the past five years, the City has complied in all material respects with its previous continuing disclosure agreements made in accordance with the Rule.

OTHER PERTINENT INFORMATION

Registration and Qualification of Certificates for Sale

The sale of the Certificates has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Certificates have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Certificates been qualified under the securities acts of any jurisdiction. The Issuer assumes no responsibility for qualification of the Certificates under the securities laws of any jurisdiction in which the Certificates may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

Litigation

In the opinion of the City Attorney, the Issuer is not a party to any litigation or other proceeding pending or to its knowledge, threatened, in any court, agency or other administrative body (either state or federal) which, if decided adversely to the Issuer, would have a material adverse effect on the financial condition of the City.

Future Debt Issuance

The City currently has no plans to issue additional ad valorem tax supported debt in 2020, except potentially issuing refunding bonds for debt service savings.

Legal Investments and Eligibility to Secure Public Funds in Texas

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Certificates are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are real and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Certificates by municipalities or other political subdivisions or public agencies of the State, the PFIA requires that the Certificates be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "OTHER PERTINENT INFORMATION - Rating" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivision, and are legal security for those deposits to the extent of their fair market value. No review by the City has been made of the laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

No representation is made that the Certificates will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes. The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to any such persons or entities or which might otherwise limit the suitability of the Certificates for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Certificates for such purposes. Additionally, with respect to the Certificates, Section 271.051 of the Texas Local Government Code expressly provides that certificates of obligation approved by the Attorney General of Texas are legal authorized investments for banks, savings banks, trust companies, and savings and loan associations, insurance companies, fiduciaries, trustees, and guardians, and sinking funds of municipalities, counties, school districts, or other political corporations or subdivisions of the State.

Legal Opinions and No-Litigation Certificate

The Issuer will furnish the Underwriter with a complete transcript of proceedings incident to the authorization and issuance of the Certificates, including the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the Certificates are valid and legally binding obligations of the Issuer, and based upon examination of such transcript of proceedings, the approval of certain legal matters by Bond Counsel, to the effect that the Certificates are valid and legally binding obligations of the Issuer and, subject to the qualifications set forth herein under "TAX MATTERS," the interest on the Certificates is excludable from the gross income of the owners thereof for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions existing on the date of the initial delivery of the Certificates, including the alternative minimum tax on corporations. The form of Bond Counsel's opinion is attached hereto as Appendix C. Except as noted below, Bond Counsel did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein except that in its capacity as Bond Counsel, such firm has reviewed the information appearing under the captions "THE CERTIFICATES" (except for subcaptions "Payment Record" and "Default and Remedies"), "REGISTRATION, TRANSFER AND EXCHANGE," "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION" (exclusive of the subcaption "Compliance With Prior Agreements"), and the subcaptions "Registration and Qualification of Certificates for Sale," Legal Investments and Eligibility to Secure Public Funds in Texas" and "Legal Matters" (excluding the last sentences of the first paragraph thereunder), under the caption "OTHER PERTINENT INFORMATION" to determine whether such information accurately and fairly summarizes the material and documents referred to therein and is correct as to matters of law, and that such information conforms to the Ordinance.. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Certificates are contingent on the sale and delivery of the Certificates. Though it represents the Financial Advisor and certain entities that may bid on the Certificates from time to time in matters unrelated to the issuance of the Certificates, Bond Counsel has been engaged by and only represents the City in connection with the issuance of the Certificates. Certain legal matters will be passed upon for the Underwriters by their counsel, Norton Rose Fulbright US LLP., Dallas, Texas, whose fee is contingent upon the sale and delivery of the Certificates.

The various legal opinions to be delivered concurrently with the delivery of the Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise from the transaction.

Rating

S&P Global Ratings ("S&P") has assigned a rating of "AA-" to the Certificates. An explanation of the significance of such rating may be obtained from the rating agency. A rating by a rating agency reflects only the view of such company at the time the rating is given, and the Issuer makes no representations as to the appropriateness of the rating. There is no assurance that such a rating will continue for any given period of time, or that it will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Certificates.

Financial Advisor

SAMCO Capital Markets, Inc. is employed as the Financial Advisor to the Issuer in connection with the issuance of the Certificates. In this capacity, the Financial Advisor has compiled certain data relating to the Certificates and has assisted in drafting this Official Statement. The Financial Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the Issuer to determine the accuracy or completeness of this Official Statement. Because of its limited participation, the Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The fees for Financial Advisor are contingent upon the issuance, sale and delivery of the Certificates.

Underwriting

The Underwriters have agreed, subject to certain conditions, to purchase the Certificates from the Issuer at a price of $25,641,433.78 (representing the par amount of the Certificates of $21,585,000.00, plus a reoffering premium of $4,182,837.45, and less an Underwriters' discount of $126,403.67), and accrued interest on the Certificates in the amount of $47,055.00.

The Underwriters' obligation is subject to certain conditions precedent. The Underwriters will be obligated to purchase all of the Certificates, if any of the Certificates are purchased. The Certificates may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Certificates into investment trusts) and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement pursuant to their responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

FHN Financial Capital Markets is a division of First Horizon Bank and First Horizon Advisors, Inc. is a wholly owned subsidiary of First Horizon Bank. FHN Financial Capital Markets has entered into a distribution agreement with First Horizon Advisors, Inc. for the distribution of the offered Bonds at the original issue prices. Such arrangement generally provides that FHN Financial Capital Markets will share a portion of its underwriting compensation or selling concession with First Horizon Advisors, Inc.

On November 4, 2019, First Horizon and IberiaBank announced its intention to enter into a merger, creating a leading regional financial services company. This transaction is now complete effective July 1, 2020. The new company retains the name First Horizon and will have its headquarters in Memphis, TN, expanding its presence to eleven states in the combined organization's existing footprint.

Links to Websites

The City has provided links to websites in this Official Statement to allow investors independent access to information or expertise that may be of value. INFORMATION ON SUCH WEBSITES IS NOT INCORPORATED INTO THIS OFFICIAL STATEMENT BY REFERENCE OR OTHERWISE. The inclusion of any links does not imply a recommendation or endorsement of the information or views expressed within a website. The City has not participated in the preparation, compilation or selection of information or views in any website referenced in this Official Statement, and assumes no responsibility or liability for the information or views, or accuracy or completeness thereof, in any website referenced herein.

Forward-Looking Statements Disclaimer

The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City' expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The City's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

Concluding Statement

The financial data and other information contained in this Official Statement have been obtained from the City's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and ordinances contained in this Official Statement are made subject to all of the provisions of such statues, documents and ordinances. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original statutes, documents and ordinances in all respects.

This Official Statement has been approved by the City Commission of the Issuer for distribution in accordance with the provisions of the Rule.

CITY OF ENNIS, TEXAS

Angeline Juenemann
Mayor
City of Ennis, Texas

ATTEST:

Angie Wade
City Secretary
City of Ennis, Texas

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APPENDIX A

FINANCIAL INFORMATION OF THE ISSUER

(This appendix contains quantitative financial information and operating data with respect to the Issuer. The information is only a partial representation and does not purport to be complete. For further and more complete information, reference should be made to the original documents, which can be obtained from various sources, as noted.)

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FINANCIAL INFORMATION OF THE ISSUER

ASSESSED VALUATION		TABLE 1
2019 Actual Appraised Value of Taxable Property (100% of Actual)[(a)]		$ 2,303,256,487
Less Exemptions/Losses:		
Local Over-65 and/or Disabled Homestead Exemptions	$ 5,084,114	
Local, Optional Percentage Homestead	15,029,035	
Disabled and Deceased Veterans' Exemptions	6,879,376	
Pollution Control	9,716,253	
Productivity Loss	49,530,982	
Abatement Loss	34,901,790	
Value Cap Loss (10%)	20,758,175	
Historical / Minimal Value & Other	2,746,240	
Totally Exempt Property	205,919,692	350,565,657
2019 Certified Net Taxable Assessed Valuation		$ 1,952,690,830
2020 Preliminary Net Taxable Assessed Valuation		$ 2,171,252,342

(a) *See "CITY APPLICATION OF THE PROPERTY TAX CODE" in the Official Statement for a description of the Issuer's taxation procedures.*

Source: Ellis Appraisal District.

GENERAL OBLIGATION BONDED DEBT PRINCIPAL	TABLE 2
General Obligation Debt Principal Outstanding: (As of May 31, 2020)	
Combination Tax and Revenue Certificates of Obligation, Series 2012	$ 100,000
General Obligation Refunding Bonds, Series 2012A	865,000
Combination Tax and Revenue Certificates of Obligation, Series 2014	4,695,000
General Obligation Refunding Bonds, Taxable Series 2014	5,870,000
Combination Tax and Revenue Certificates of Obligation, Series 2015	8,470,000
General Obligation Refunding Bonds, Series 2016	2,490,000
Combination Tax and Revenue Certificates of Obligation, Series 2016	2,840,000
General Obligation Refunding Bonds, Series 2017	3,225,000
Combination Tax and Revenue Certificates of Obligation, Series 2017	6,585,000
Combination Tax and Revenue Certificates of Obligation, Series 2018	2,510,000
Combination Tax and Revenue Certificates of Obligation, Series 2018A	4,085,000
Combination Tax and Revenue Certificates of Obligation, Series 2019	9,520,000
Combination Tax and Revenue Certificates of Obligation, Series 2019A	16,660,000
Combination Tax and Revenue Certificates of Obligation, Series 2020 (the "Certificates")	21,585,000
Total **Gross** General Obligation Debt Principal Outstanding (Following the Issuance of the Certificates):	$ 89,500,000
Less: Self-Supporting General Obligation Debt Principal [(a)]	
General Obligation Refunding Bonds, Series 2012A (Approx. 68.21% Utility Fund)	$ 590,000
Combination Tax and Revenue Certificates of Obligation, Series 2015 (Approx. 47.28% Utility Fund)	4,005,000
General Obligation Refunding Bonds, Series 2016 (Approx. 29.32% Utility Fund)	730,000
Combination Tax and Revenue Certificates of Obligation, Series 2016 (Approx 25.18% Utility Fund)	715,000
General Obligation Refunding Bonds, Series 2017 (61.40% Utility Fund)	1,980,000
Combination Tax and Revenue Certificates of Obligation, Series 2017 (Approx 29.03% Utility Fund)	1,990,000
Combination Tax and Revenue Certificates of Obligation, Series 2018 (Approx 42.23% Utility Fund)	1,060,000
Combination Tax and Revenue Certificates of Obligation, Series 2018A (100% Utility Fund)	4,085,000
Combination Tax and Revenue Certificates of Obligation, Series 2019 (100% CCPD)	9,520,000
Combination Tax and Revenue Certificates of Obligation, Series 2020 (Approx 21.57% Utility Fund) (the "Certificates")	4,665,000
Total Self-Supporting General Obligation Debt Principal	$ 29,340,000
Total **Net** General Obligation Debt Principal Outstanding (Following the Issuance of the Certificates):	$ 60,160,000
General Obligation Interest and Sinking Fund Balance as of September 30, 2019	$ 732,532
Ratio of Gross General Obligation Debt to 2019 Certified Net Taxable Assessed Valuation	4.58%
Ratio of Net General Obligation Debt to 2019 Certified Net Taxable Assessed Valuation	3.08%
2019 Certified Net Taxable Assessed Valuation	$ 1,952,690,830
Population: 1980 - 12,110; 1990 - 13,883; 2000 - 16,045; 2010 - 18,513; Current (Estimate) -	20,391
Per Capita 2019 Certified Net Assessed Valuation -	$ 95,762
Per Capita Gross General Obligation Debt Principal -	$ 4,389
Per Capita Net General Obligation Debt Principal -	$ 2,950

(a) *In the event the City changes its policy to pay this general obligation debt service from other revenue sources, or such revenues are not sufficient to pay debt service on such obligations, the City will be required to levy an ad valorem tax to pay such debt service.*

DEVELOPMENT AGREEMENT PAYABLE

The City entered into a development agreement with PRHC-Ennis GP, Inc. (subsequently LifePoint Hospitals, Inc.) (the “Company”) for the construction, maintenance and operation of an acute municipal hospital. Under the terms of the development agreement the City purchased the constructed hospital from the Company. The purchase price paid at closing was reduced by an amount identified as rent under the terms of the development agreement and the terms of a lease agreement. This development agreement payable ($21,795,735) was recorded at closing and is reduced as rent revenue under the lease agreement as earned.

The development agreement payable currently outstanding and reported as a liability of the City’s governmental activities at September 30, 2019 totaled $15,211,611. The amount due within one year totals $544,893.

LEASE PURCHASE AGREEMENTS (Equipment)

As of September 30, 2019, the estimated future lease payments are as follows:

Fiscal	Governmental Activates		
Year Ended	Principal	Interest	Total
2021	$ 84,158	$ 3,844	$ 88,002
2022	86,059	1,943	88,002
Total	$ 170,217	$ 5,787	$ 176,004

CONTRACTS WITH THE TRINITY RIVER AUTHORITY OF TEXAS

The City has entered into two water supply contracts with the Trinity River Authority of Texas (the "Authority") and is making contractual payments to Authority in compliance with those contracts.

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

TABLE 4

Fiscal Year 30-Sep	Current Total Debt Service[(a)]	The Certificates Principal	The Certificates Interest	The Certificates Total	Combined Debt Service[(a)]	Less: Self-Supporting Debt Paid From WS Rev[(b)]	Less: Self-Supporting Debt Paid From CCPD [(c)]	Net General Obligation Debt Service[(d)]
2020	$ 8,233,614	$ -	$ -	$ -	$ 8,233,614	$ 2,248,885	$ 700,438	$ 5,284,291
2021	6,962,459	835,000	920,225	1,755,225	8,717,684	2,244,924	699,313	5,773,447
2022	6,980,478	1,015,000	873,975	1,888,975	8,869,453	2,244,729	697,438	5,927,286
2023	5,768,170	725,000	830,475	1,555,475	7,323,645	1,275,563	699,688	5,348,394
2024	5,774,857	760,000	793,350	1,553,350	7,328,207	1,274,592	700,938	5,352,677
2025	5,516,068	800,000	754,350	1,554,350	7,070,418	1,276,872	701,188	5,092,358
2026	4,419,710	840,000	713,350	1,553,350	5,973,060	1,278,146	700,438	3,994,476
2027	4,346,076	885,000	670,225	1,555,225	5,901,301	1,152,609	698,688	4,050,004
2028	4,158,304	930,000	624,850	1,554,850	5,713,154	1,143,366	700,813	3,868,975
2029	4,167,720	980,000	577,100	1,557,100	5,724,820	1,152,606	696,788	3,875,426
2030	4,153,522	1,020,000	532,200	1,552,200	5,705,722	1,147,584	697,013	3,861,125
2031	4,167,205	1,060,000	490,600	1,550,600	5,717,805	1,152,042	701,388	3,864,375
2032	3,960,502	1,105,000	447,300	1,552,300	5,512,802	1,145,520	699,569	3,667,713
2033	3,958,114	1,150,000	402,200	1,552,200	5,510,314	1,147,718	701,509	3,661,087
2034	3,955,635	1,200,000	355,200	1,555,200	5,510,835	1,148,404	697,169	3,665,262
2035	3,330,535	1,245,000	306,300	1,551,300	4,881,835	1,153,073	696,869	3,031,893
2036	2,676,424	1,295,000	255,500	1,550,500	4,226,924	815,815	700,397	2,710,712
2037	2,665,215	1,350,000	202,600	1,552,600	4,217,815	813,902	697,344	2,706,569
2038	1,983,164	1,405,000	147,500	1,552,500	3,535,664	588,364	698,063	2,249,237
2039	1,724,256	1,460,000	90,200	1,550,200	3,274,456	329,200	697,844	2,247,412
2040	-	1,525,000	30,500	1,555,500	1,555,500	331,500	-	1,224,000
	$ 88,902,027	$ 21,585,000	$ 10,018,000	$ 31,603,000	$ 120,505,027	$ 25,065,414	$ 13,982,888	$ 81,456,718

(a) *Includes all self-supporting debt.*

(b) *Includes only self-supporting debt paid from Water and Sewer System (the "System") revenues. See Table 2, page A-1 for self-supporting percentages.*

(c) *Includes the self-supporting debt paid by the Crime Control Prevention District ("CCPD"). See Table 2, page A-1 for self-supporting percentages.*

(d) *Excludes all self-supporting debt .*

TAX ADEQUACY (Includes Self-Supporting Debt)

TABLE 5

2019 Net Taxable Assessed Valuation	$ 1,952,690,830
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-22)	$ 8,869,453
Indicated Maximum Interest and Sinking Fund Tax Rate at 97% Collections	$ 0.46826

Note: Above computation is exclusive of investment earnings, delinquent tax collections and penalties and interest on delinquent tax collections.

TAX ADEQUACY (Excludes Self-Supporting Debt)

TABLE 6

2019 Net Taxable Assessed Valuation	$ 1,952,690,830
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-22)	$ 5,927,286
Indicated Maximum Interest and Sinking Fund Tax Rate at 97% Collections	$ 0.31293

Note: Above computation is exclusive of investment earnings, delinquent tax collections and penalties and interest on delinquent tax collections.

INTEREST AND SINKING FUND MANAGEMENT INDEX — TABLE 7

Interest and Sinking Fund Balance, Fiscal Year Ended September 30, 2019	$	732,532
2020 Interest and Sinking Fund Tax Levy of $0.274610 at 97% Collections Produces		5,201,416
Total Available for Debt Service	$	5,933,948
Less: Net General Obligation Debt Service Requirements, Fiscal Year Ending 9-30-20[a)]		5,284,291
Estimated Surplus at Fiscal Year Ending 9-30-20[(b)]	$	649,656

[(a)] *Includes the Certificates and excludes self-supporting general obligation debt.*
[(b)] *Does not include delinquent tax collections, penalties and interest on delinquent tax collections or investment earnings.*

COMPUTATION OF WATERWORKS AND SEWER SYSTEM SELF-SUPPORTING DEBT — TABLE 8

Net System Revenues Available, Fiscal Year End September 30, 2019	$	4,076,308
Transfer from Undesignated Utility Fund Reserve		-
Less: 2019 Annual Debt Service Requirements on Outstanding Revenue Bonds		-
Balance Available for Other Purposes	$	4,076,308
System General Obligation Debt for Fiscal Year Ended September 30, 2020	$	2,248,885
Percentage of System General Obligation Debt Self-Supporting		181.26%

GENERAL OBLIGATION PRINCIPAL REPAYMENT SCHEDULE — TABLE 9

	Principal Repayment Schedule			Obligations	Percent of
Fiscal Year Ending 9-30	Currently Outstanding[(a)]	The Certificates	Total	Unpaid at End of Year	Principal Retired (%)
2020	$ 4,425,000		$ 4,425,000	85,075,000	4.94%
2021	4,985,000	$ 835,000	5,820,000	79,255,000	11.45%
2022	5,130,000	1,015,000	6,145,000	73,110,000	18.31%
2023	4,055,000	725,000	4,780,000	68,330,000	23.65%
2024	4,195,000	760,000	4,955,000	63,375,000	29.19%
2025	4,075,000	800,000	4,875,000	58,500,000	34.64%
2026	3,120,000	840,000	3,960,000	54,540,000	39.06%
2027	3,155,000	885,000	4,040,000	50,500,000	43.58%
2028	3,080,000	930,000	4,010,000	46,490,000	48.06%
2029	3,200,000	980,000	4,180,000	42,310,000	52.73%
2030	3,290,000	1,020,000	4,310,000	38,000,000	57.54%
2031	3,410,000	1,060,000	4,470,000	33,530,000	62.54%
2032	3,315,000	1,105,000	4,420,000	29,110,000	67.47%
2033	3,420,000	1,150,000	4,570,000	24,540,000	72.58%
2034	3,525,000	1,200,000	4,725,000	19,815,000	77.86%
2035	3,000,000	1,245,000	4,245,000	15,570,000	82.60%
2036	2,440,000	1,295,000	3,735,000	11,835,000	86.78%
2037	2,505,000	1,350,000	3,855,000	7,980,000	91.08%
2038	1,895,000	1,405,000	3,300,000	4,680,000	94.77%
2039	1,695,000	1,460,000	3,155,000	1,525,000	98.30%
2040	-	1,525,000	1,525,000	-	100.00%
	$ 67,915,000	$ 21,585,000	$ 89,500,000		

[(a)] *As of May 31, 2020. Includes self-supporting debt.*

CLASSIFICATION OF ASSESSED VALUATION[(a)]

TABLE 10

Category	2019	% of Total	2018	% of Total	2017	% of Total	2016	% of Total	2015	% of Total
Real, Residential, Single-Family	$ 616,722,064	26.78%	$ 529,776,113	26.86%	$ 483,875,950	25.77%	$ 441,628,622	24.08%	$ 418,857,317	23.61%
Real, Residential, Multi-Family	90,587,168	3.93%	49,426,991	2.51%	45,737,560	2.44%	43,253,960	2.36%	42,593,050	2.40%
Real, Vacant Lots/Tracts	28,114,592	1.22%	21,347,950	1.08%	19,589,510	1.04%	19,548,556	1.07%	19,602,209	1.11%
Real, Acreage (Land Only)	52,476,136	2.28%	45,960,324	2.33%	38,032,288	2.03%	37,065,329	2.02%	35,821,651	2.02%
Real, Farm & Ranch Improvements	33,912,845	1.47%	26,136,823	1.32%	21,878,373	1.17%	21,807,892	1.19%	21,365,753	1.20%
Real, Commercial	296,231,705	12.86%	252,120,477	12.78%	244,569,756	13.03%	222,383,133	12.13%	214,373,428	12.09%
Real, Industrial	265,657,209	11.53%	231,260,384	11.72%	232,647,274	12.39%	225,505,129	12.30%	229,966,120	12.96%
Real & Tangible, Personal Utilities	37,363,306	1.62%	33,584,862	1.70%	30,812,692	1.64%	28,936,750	1.58%	29,266,100	1.65%
Tangible Personal, Commercial	213,721,700	9.28%	204,286,987	10.36%	211,974,285	11.29%	198,249,012	10.81%	178,194,076	10.05%
Tangible Personal, Industrial	429,609,213	18.65%	377,876,283	19.16%	359,683,600	19.16%	405,928,028	22.13%	387,843,321	21.87%
Tangible Personal, Mobile Homes	1,583,360	0.07%	1,274,830	0.06%	1,338,790	0.07%	1,286,950	0.07%	947,070	0.05%
Real, Property / Residential Inventory	26,201,607	1.14%	6,720,790	0.34%	5,519,567	0.29%	4,932,250	0.27%	4,781,210	0.27%
Special Inventory	5,155,890	0.22%	4,524,310	0.23%	4,869,730	0.26%	6,222,470	0.34%	5,801,600	0.33%
Totally Exempt Property	205,919,692	8.94%	188,375,979	9.55%	176,900,812	9.42%	177,326,089	9.67%	184,389,002	10.40%
Total Appraised Value	$ 2,303,256,487	100.00%	$ 1,972,673,103	100.00%	$ 1,877,430,187	100.00%	$ 1,834,074,170	100.00%	$ 1,773,801,907	100.00%
Less Exemptions:										
Local, Over-65 and/or Disabled	$ 5,084,114		$ 4,924,446		$ 4,861,521		$ 4,859,445		$ 4,800,342	
Local, Optional Percentage Homestead	15,029,035		14,589,482		14,571,839		14,671,075		14,929,588	
Disabled and Deceased Veterans	6,879,376		5,920,883		3,770,200		2,623,832		1,693,126	
Pollution Control	9,716,253		9,436,477		13,470,942		15,910,684		17,789,087	
Productivity Loss	49,530,982		42,922,813		35,315,467		34,362,022		33,292,974	
Tax Abatement	34,901,790		38,945,456		39,127,827		25,800,896		28,790,988	
Low Income Housing Exemption	-		-		-		-		4,705,420	
Value Cap Loss (10%)	20,758,175		9,550,633		5,769,208		1,196,206		1,090,729	
Historical / Minimal Value & Other	2,746,240		2,493,742		2,449,837		2,363,496		2,228,314	
Totally Exempt Property	205,919,692		188,375,979		176,900,812		177,326,089		179,441,159	
Total Exemptions	$ 350,565,657		$ 317,159,911		$ 296,237,653		$ 279,113,745		$ 288,761,727	
Net Taxable Assessed Valuation	$ 1,952,690,830		$ 1,655,513,192		$ 1,581,192,534		$ 1,554,960,425		$ 1,485,040,180	

(a) *Assessed Valuations may change during the year due to various supplements and protests, and valuations on a later date or in other tables of this Official Statement may not match those shown on this table.*

Source: Texas Comptroller of Public Accounts and Ellis Appraisal District

PRINCIPAL TAXPAYERS

TABLE 11

Name	Type of Business/Property	2019 Net Taxable Assessed Valuation	% of Total 2019 Assessed Valuation
CVS Texas Distribution LP	Pharmacy Retailer Distribution	$ 107,775,900	5.52%
Ennis Power Company, LLC	Electric Power Generation	101,920,000	5.22%
Sterilite Corporation	Plastic Container Manufacturing	64,673,060	3.31%
Elk Roofing Products	Fiberglass Roofing Materials	53,584,760	2.74%
Leggett & Platt Inc #0003	Bedding Components Manufacturing	51,063,830	2.62%
Syngenta Crop Protection LLC	Chemical Products	45,774,320	2.34%
JTEKT Automotive Texas LP	Automotive Steering Products Manufacturing	38,829,950	1.99%
Oncor Electric Delivery Company	Electric Delivery	32,663,640	1.67%
Spyglass Apartments of Ennis LC	Apartments	24,147,130	1.24%
Ennis TX 287 LLC	Asphalt Products	22,500,000	1.15%
	Total	$ 542,932,590	27.80% *

* Based on a 2019 Net Taxable Assessed Valuation of $ 1,952,690,830

Source: Ellis Appraisal District and the Issuer.

PROPERTY TAX RATES AND COLLECTIONS [(a)]

TABLE 12

Tax Year	Net Taxable Assessed Valuation[(b)]	Tax Rate	Tax Levy	% Collections Current	% Collections Total	Year Ended
2010	$1,307,574,814	0.6950	$ 9,067,308	98.42%	99.73%	9/30/2011
2011	1,339,671,916	0.6950	9,282,003	98.76%	99.69%	9/30/2012
2012	1,375,246,813	0.6950	9,625,186	98.22%	99.36%	9/30/2013
2013	1,411,761,140	0.6950	9,827,953	98.76%	98.76%	9/30/2014
2014	1,410,087,870	0.6950	9,809,002	98.79%	99.97%	9/30/2015
2015	1,485,040,180	0.6692	9,931,494	98.05%	99.08%	9/30/2016
2016	1,554,960,425	0.6990	10,869,173	99.18%	100.08%	9/30/2017
2017	1,581,192,534	0.7100	11,215,175	99.14%	100.04%	9/30/2018
2018	1,655,513,192	0.7100	11,754,144	99.01%	99.01%	9/30/2019
2019	1,952,690,830	0.7240	14,146,659	95.55% (c)	95.83% (c)	9/30/2020

(a) See "CITY APPLICATION OF THE PROPERTY TAX CODE" in the Official Statement for a description of the Issuer's taxation procedures.

(b) Assessed Valuations may change during the year due to various supplements and protests, and valuations on a later date or in other tables of this Official Statement may not match those shown on this table.

(c) Collections are as of April 30, 2020.

Source: The Issuer and Municipal Advisory Council of Texas.

TAX RATE DISTRIBUTION

TABLE 13

	2019-20	2018-19	2017-18	2016-17	2015-16
General Fund	$0.44987	$0.47000	$0.47000	$0.45900	$0.43989
I & S Fund	0.27461	0.24000	0.24000	0.24000	0.22928
TOTAL	$0.72447	$0.71000	$0.71000	$0.69900	$0.66917

Sources: Ellis Appraisal District and the Issuer.

TAXABLE ASSESSED VALUATION FOR TAX YEARS — TABLE 14

Fiscal Year	Net Taxable Assessed Valuation[(a)]	Change From Preceding Year Amount	Percent
2010-11	$ 1,307,574,814	-	0.00%
2011-12	1,339,671,916	32,097,102	2.45%
2012-13	1,375,246,813	35,574,897	2.66%
2013-14	1,411,761,140	36,514,327	2.66%
2014-15	1,410,087,870	(1,673,270)	(0.12%)
2015-16	1,485,040,180	74,952,310	5.32%
2016-17	1,554,960,425	69,920,245	4.71%
2017-18	1,581,192,534	26,232,109	1.69%
2018-19	1,655,513,192	74,320,658	4.70%
2019-20	1,952,690,830	297,177,638	17.95%

(a) Assessed Valuations may change during the year due to various supplements and protests, and valuations on a later date or in other tables of this Official Statement may not match those shown on this table.

Sources: The Issuer and the Ellis Appraisal District.

MUNICIPAL SALES TAX — TABLE 15

The Issuer has adopted the provisions of Chapter 321, Texas Tax Code, as amended. 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 1/2% additional sales tax to be used for economic development purposes. Levy of the additional sales taxes began on April 1, 1996, and the City received its first payment in June 1996. The voters of the City approved the imposition of an additional 1/4 cent sales tax to be used for a Crime Control & Prevention District ("CCPD"). Levy began in April 2015 and the CCDD received its first payment in June 2015. At the same time the voters approved the imposition of an additional 1/4 cent sales tax to be used for street maintenance.
Collections on calendar year basis are as follows:

Fiscal Year	City of Ennis (1%)	Ennis Economic Development Corporation (½%)	Street Maintenance (1/4%)	CCPD (1/4%)	Total Sales Tax Collections	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate
2010	2,358,671	1,172,972	-	-	3,531,643	38.95%	0.27
2011	2,462,042	1,224,653	-	-	3,686,695	39.72%	0.28
2012	2,541,704	1,264,453	-	-	3,806,157	39.54%	0.27
2013	2,753,904	1,376,952	-	-	4,130,856	42.03%	0.29
2014	2,979,576	1,489,788	-	-	4,469,364	45.56%	0.32
2015	3,021,563	1,510,781	398,145	363,066	5,293,555	53.30%	0.37
2016	3,389,044	1,694,512	847,261	781,875	6,712,692	61.69%	0.43
2017	3,584,920	1,792,527	896,230	851,227	7,124,904	63.53%	0.44
2018	3,631,116	1,815,493	907,743	865,373	7,219,725	61.42%	0.44
2019	3,598,266	1,799,130	899,567	826,473	7,123,436	50.35%	0.36

(a) Current Fiscal Year collections are unauditedas of May 2020.

Source: Texas Comptroller of Public Accounts website.

Note: The Comptroller's website figures list sales tax revenues in the month they are delivered to the City, which is two months after they are generated/collected.

OVERLAPPING DEBT

TABLE 16

Taxing Entity	Gross Debt Principal	As of	% Overlapping	Amount Overlapping
Ellis County	$ 38,300,000	5/31/2020	11.02%	$ 4,220,660
Ennis Independent School District	115,313,683	5/31/2020	77.46%	89,321,979
Total Gross Overlapping Debt Principal				$ 93,542,639
Ennis, City of (Following the issuance of the Certificates)	89,500,000 [(a)]		100.00%	89,500,000 [(a)]
Total Direct and Overlapping Debt Principal				$ 183,042,639 [(a)]

Ratio of Direct and Overlapping Debt Principal to 2019 Net Taxable Assessed Valuation	9.37% [(a)]
Ratio of Direct and Overlapping Debt Principal to 2019 Actual Assessed Value	7.95% [(a)]
Per Capita Direct and Overlapping Debt Principal	$8,977 [(a)]

Note: The above figures show **Gross** General Obligation Debt Principal for the City

The Issuer's **Net** General Obligation Debt Principal is:	$ 60,160,000
Calculations on the basis of Net General Obligation Debt would change the above figures as follows:	
Total Net Direct and Overlapping Debt	$ 153,702,639

Ratio of Direct and Overlapping Debt Principal to 2019 Net Taxable Assessed Valuation	7.87%
Ratio of Direct and Overlapping Debt Principal to 2019 Actual Assessed Value	6.67%
Per Capita Net Direct and Overlapping Debt Principal	$7,538

[(a)] *Includes the Certificates*
Sources: Municipal Advisory Council of Texas.

ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ENTITIES

TABLE 17

Governmental Entity	2019 Net Taxable Assessed Valuation	% of Actual	2019 Tax Rate
Ellis County	$ 17,592,041,486	100%	$0.3300
Ennis Independent School District	2,281,326,469	100%	1.4880

Source: Municipal Advisory Council of Texas.

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS OF DIRECT AND OVERLAPPING GOVERNMENTAL ENTITIES

TABLE 18

Ellis County	None
Ennis ISD	None
Ennis, City	None

Sources: Municipal Advisory Council of Texas.

GENERAL FUND COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES AND ANALYSIS OF CHANGES IN FUND BALANCES **TABLE 19**

	Fiscal Year Ended September 30				
	2019	2018	2017	2016	2015
Revenues:					
Property Taxes	$ 7,810,673	$ 7,493,962	$ 7,192,254	$ 6,582,359	$ 6,122,234
Sales Taxes	3,598,266	3,631,116	3,584,920	3,389,044	3,021,563
Franchise Taxes	1,494,793	1,647,872	1,629,324	1,550,923	1,606,673
Alcoholic Beverage Taxes	52,512	46,153	42,885	43,442	38,206
Licenses and Permits	457,282	692,179	367,628	292,635	200,916
Fines, Forfeits and Penalties	409,817	571,643	553,506	603,300	451,022
Charges for Services	239,467	158,165	151,752	207,909	233,969
Revenues from use of money and property	127,014	126,828	211,127	196,175	221,604
Other	409,405	401,640	179,771	73,881	224,308
Intergovernmental	661,141	1,742,270	1,095,619	446,431	317,548
Total Revenues	$ 15,260,370	$ 16,511,828	$ 15,008,786	$ 13,386,099	$ 12,438,043
Expenditures:					
General Government	$ 3,011,243	$ 3,214,159	$ 4,529,001	$ 2,484,620	$ 1,719,608
Public Safety	10,762,410	10,528,350	9,508,486	8,769,392	8,238,340
Streets	1,157,857	1,332,660	1,492,794	920,975	1,092,572
Health	548,751	519,089	389,665	317,168	375,606
Equipment Service	900,753	335,479	303,858	322,871	254,287
Cultural and Recreation	1,529,166	1,433,359	1,443,003	1,065,060	1,123,354
Airport	-	-	-	14,570	54,601
Public Works	324,467	339,063	306,571	297,208	179,385
Debt Service	88,002	106,752	121,813	211,578	121,493
Total Expenditures	$ 18,322,649	$ 17,808,911	$ 18,095,191	$ 14,403,442	$ 13,159,246
Excess (Deficit) of Revenues Over Expenditures	$ (3,062,279)	$ (1,297,083)	$ (3,086,405)	$ (1,017,343)	$ (721,203)
Other Financing Sources (Uses):					
Operating Transfers In	4,264,468	2,057,056 [(a)]	1,526,019	618,441	700,274
Operating Transfers Out	-	-	(233,290)	-	(240,842)
Sale of capital assets	14,800	144,084	30,798	-	-
Total Other Financing Sources (Uses):	4,279,268	2,201,140	1,323,527	618,441	459,432
Net Change in Fund Balance	$ 1,216,989	$ 904,057	$ (1,762,878)	$ (398,902)	$ (261,771)
Fund Balance - Beginning of Year	$ 6,858,538	$ 5,954,481	$ 7,717,359	$ 8,116,261	$ 8,378,032
Fund Balance - End of Year	$ 8,075,527 *	$ 6,858,538	$ 5,954,481 [(b)]	$ 7,717,359 [(c)]	$ 8,116,261

* Anticipated unaudited General Fund balance for period ending September 30, 2020. $ 7,568,939

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[(a)] *The Transfer In amount is for Indirect Cost Allocations, Water / Sewer and Sanitation Franchise Fees and Payments in Lieu of Taxes. Also included in the transfers were amounts to cover expenditures on a Sanitation Truck, Capital Parks Improvements and the Union Pacific Railroad Safety Zone Street Project.*

[(b)] *The reduction in Fund Balance for Fiscal Year 2017 is attributable to the following: a Downtown Master Plan in the amount of $258,798; the purchase of fleet vehicles in the amount of $383,159; consultant fees related to the City's Union Pacific Safety Zone and other projects in the amount of $614,513; Equipment and infrastructure improvements in the amount of $740,202; and the purchase of land in the amount of $54,396. The Transfer into the General Fund in the amount of $1,526,019 was transferred from the EDC, Hotel/Motel Tourism, Water & Sewer, and Sanitation funds for payments in lieu of taxes and also to cover indirect cost charged to the General Fund.*

[(c)] *The reduction in Fund Balance for Fiscal Year 2016 is attributable to the following: Completion of a Downtown Master plan of $595,007 and the purchase of fleet vehicles for police and public works department of $557,300.*

Source: The Issuer

FUND BALANCES **TABLE 20**

	Audited As of 9/30/2019
General Fund	$ 8,077,277
Special Revenue Fund	1,014,996
Capital Projects Fund (General Fund)	21,241,692
General Obligation Interest and Sinking Fund (Debt Service)	732,532
Water & Sewer General Operating Fund (Investments & Assets)	19,992,261
Capital Projects Fund (Water & Sewer)	10,985,060
Total Fund Balances	$ 62,043,818

WATERWORKS AND SEWER SYSTEM OPERATING STATEMENT **TABLE 21**

	Fiscal Year Ended September 30				
	2019	**2018**	**2017**	**2016**	**2015**
Total Operating Revenues plus Interest Income	$10,432,409	$10,187,748	$ 9,262,074	$ 8,649,043	$ 8,177,569
Total Expenses less Depreciation/Amortization	6,356,101	6,928,459	8,316,064	5,649,392	5,245,884
Available for Debt Service	$ 4,076,308	$ 3,259,289	$ 946,010	$ 2,999,651	$ 2,931,685
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	$ 2,256,705	$ 1,993,614	$ 2,005,867	$ 1,813,724	$ 1,907,477
Coverage of Annual Requirements on all Bonds Paid from System Revenues	1.81 x	1.63 x	0.47 x	1.65 x	1.54 x
Customer Count:					
Water	6,245	6,108	5,919	5,884	5,868
Sewer	5,641	5,547	5,500	5,556	5,548

WATER RATES **TABLE 22**

Current Rates

(Rates Effective November 1, 2017)

Residential		
Monthly Minimum Per One Family Unit		$ 23.00
Additional Cost Per 1,000 Gallons to 6,000 Gallons		$ 3.00
Additional Cost Per 7,000 Gallons to 10,000 Gallons		$ 4.50
Additional Cost Per 11,000 Gallons to 20,000 Gallons		$ 5.25
Additional Cost Per 1,000 Gallons over 20,000 Gallons		$ 6.00
Commercial		
Monthly Minimum Per One Family Unit (Apartments)		
or commercial unit Additional Cost per 1,000 Gallons of Water	3/4"	$ 24.71
	1"	$ 45.31
	1 1/2"	$ 82.38
	2"	$ 125.92
	3"	$ 327.15
	4"	$ 557.80
	6"	$ 1,181.51
	8"	$ 2,059.40
	10"	$ 3,087.93
Consumption Rate (per 1,000 gallons)		$ 2.73

Source: Information from the Issuer

PRINCIPAL WATER CUSTOMERS — TABLE 23

(October 1, 2018 to September 30, 2019)

Name of Customer	Average Annual Consumption (Gallons)	2019 % of Total Water Gallons Used	Average Monthly Bill
Elk Corporation of Texas	80,640,000	8.82%	$ 20,404.77
Ennis Acquisitions	23,880,000	2.61%	6,199.26
Sterilite	26,280,000	2.87%	7,185.15
Community Water	29,760,000	3.25%	14,828.52
East Garrett Water (470397)	27,792,000	3.04%	13,854.21
East Garrett Water (470457)	26,256,000	2.87%	13,095.58
Silverton Village Town Homes	17,040,000	1.86%	5,952.99
Rice Water Company	20,952,000	2.29%	10,462.21
Ennis Power Company LLC	33,000,000	3.61%	7,859.13
McWhorter Technologies	16,500,000	1.80%	4,082.04
Totals	302,100,000	33.03%	$ 103,923.86

Total Water Consumption for FY 2019 914,628,000 Gallons.

SEWER RATES — TABLE 24

Current Rates

(Rates Effective October 1, 2017)

Residential	
Monthly Minimum Per One Family Unit (Including Apartments)	$ 26.77
Additional Cost Per 1,000 Gallons of Water Over 1,000 Gallons up to and Including 6,000 Gallons	$ 2.53
Commercial	
Monthly Minimum Per Commercial Unit	$ 33.40
Additional Cost Per 1,000 Gallons of Water Over 1,000 Gallons	$ 2.82

PRINCIPAL SEWER CUSTOMERS — TABLE 25

(October 1, 2018 to September 30, 2019)

Name of Customer	Average Annual Consumption (Gallons)	2019 % of Total Sewer Gallons Used	Average Monthly Bill
Elk Corporation of Texas	80,640,000	11.06%	$ 18,980.75
Ennis Acquisitions, Inc.	23,808,000	3.27%	5,974.58
Sterilite	26,280,000	3.60%	6,237.67
Ennis Power Company LLC	30,732,000	4.21%	7,251.90
McWhorter Technologies	16,500,000	2.26%	3,909.26
City of Garrett	13,224,000	1.81%	7,887.00
Ennis Agri-Tech Inc.	6,336,000	0.87%	1,551.87
Ennis Regional Medical Center	5,484,000	0.75%	1,380.01
Ruffin & Mikel Investments	5,244,000	0.72%	1,293.97
GS Roofing Products	2,676,000	0.37%	660.15
Totals	210,924,000	28.93%	$ 55,127.16

Total Sewer Consumption for FY 2019 729,121,000 Gallons.

Source: Information from the Issuer

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APPENDIX B

GENERAL INFORMATION REGARDING THE CITY OF ENNIS AND ELLIS COUNTY, TEXAS

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GENERAL INFORMATION REGARDING THE CITY OF ENNIS AND ELLIS COUNTY, TEXAS

General

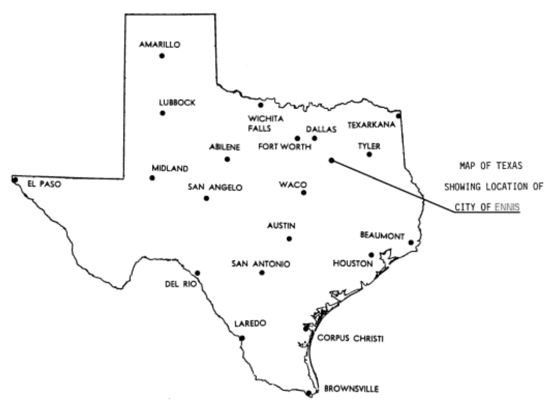
The City of Ennis, Texas (the “City”) is a commercial and industrial center located in north central Texas’s Ellis County. The City has always shared the good fortune of proximity to the Dallas-Fort Worth Metroplex (DFW) and its location at the convergence of major transportation routes. The combined Dallas-Fort Worth-Arlington economy is the 4th largest economy in the United States (US Department of Commerce).

Ennis is strategically located at the intersection of Interstate 45 and State highway 287. Downtown Dallas is 35 miles north and downtown Fort Worth is 57 miles to the northwest. Traffic from these cities and related suburbs traverse the two highways to Houston, 205 miles to the south.

The genesis of Ennis was as a railway hub and rail transportation continues to be a major asset to the City's economy. From Ennis, rail access extends in all four major directions and accentuates the attractiveness of the City to business dependent upon multiple forms of transportation.

The City's economy is based on manufacturing and agriculture. Approximately 55 manufacturing plants are located in the City producing goods including, but not limited to, ladies' clothing, business forms, auto parts, vinyl siding, fiberglass products, electric alarms and bedsprings. The City's 2010 census population was 18,513, an increase of 15.38% over the 2000 census population of 16,045. The City’s current estimated population estimate is 20,391 per the Texas State Demographer.

Encompassing an area of 939.90 square miles, the central Texas county of Ellis (the “County”) is a component of the Dallas-Fort Worth Consolidated Metropolitan Statistical Area (CMSA) and is traversed by Interstate Highways 35E and 45, United States Highways 77 and 287, State Highways 34 and 342 and 13 farm-to-market roads. The City of Waxahachie, with 2017 estimated population of 35,340 serves as the County seat. Additional cities within the County include Midlothian, Ferris, Italy, Palmer and Red Oak. Major industries within the County include warehousing, steel production, government, distribution center and cement production. Major minerals include sand, gravel, gas and cement, and agricultural products include nursery crops, corn, hay, cotton and cattle. The County's 2020 population estimate of the Texas State Demographer was 173,636.



Population Trends

Year	City of Ennis	Ellis County
2020 Estimate	20,391	173,636
2010 Census	18,513	149,610
2000 Census	16,045	111,360
1990 Census	13,883	85,167
1980 Census	12,100	59,743
1970 Census	11,046	46,638
1960 Census	9,347	43,395

Sources: U.S. Census Bureau Website and the Issuer.

Major Employers in the City of Ennis-2019

Employer	Principal Line of Business/Product	Estimated Number of Employees (2019)
Ennis Independent School District	Public Education	733
TeleTech	Customer Service Center	700
Sterilite Corporation of Texas	Plastic Storage Containers	650
Cenveo	Envelope Manufacturing	300
Wal-Mart	Retail Sales	250
GAF	Roofing Shingles Manufacturing	225
Buc-ee's	Travel Center	210
Leggett Partners LP	Furniture Components	200
City of Ennis	Municipal Government	199
JTEKT of Texas, Inc.	Automotive Steering Products	185
Ennis Flint	Highway Paint	180

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Source: The Issuer

Total Value of Residential and Commercial Building New Construction

	Residential Construction		Commercial Construction		Totals	
Fiscal Year	AV Dollar Amount of Property	No. of Units	AV Dollar Amount of Property	No. of Units	AV Dollar Amount of Property	No. of Units
2019 [(a)]	$ 14,810,355	65	$ 53,743,046	17	$ 68,553,401	82
2018	56,446,153	247	35,655,947	18	92,102,100	265
2017	12,778,301	63	8,988,279	13	21,766,580	76
2016	9,578,414	41	5,362,364	11	14,940,778	52
2015	5,375,899	21	2,552,643	11	7,928,542	32
2014	5,916,093	23	3,342,655	11	9,258,758	34
2013	2,628,500	15	4,977,050	7	7,605,550	22
2012	2,859,000	13	399,616	6	3,258,616	19
2011	2,769,276	112	2,078,497	46	4,847,773	158
2010	3,806,049	102	11,155,272	62	14,961,321	164

(a) Current Fiscal Year figures are as of September 30, 2019.
Source: City of Ennis

Labor Force Statistics - Ellis County

	Ellis County		Dallas-Fort Worth-Arlington MSA	
	April 2020	April 2019	April 2020	April 2019
Civilian Labor Force	84,894	91,516	3,685,992	3,922,980
Total Employed	75,681	89,074	3,215,884	3,811,372
Total Unemployed	9,213	2,442	470,108	111,608
% Unemployed	10.9%	2.7%	12.8%	2.8%
% Unemployed (Texas)	13.0%	3.0%	13.0%	3.0%
% Unemployed (US)	14.4%	3.3%	14.4%	3.3%

Source: Texas Workforce Commission, Labor Market Information Department.

APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

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Proposed Form of Opinion of Bond Counsel

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Certificates, assuming no material changes in facts or law.

[ISSUE DATE]

CITY OF ENNIS, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
SERIES 2020
DATED AUGUST 1, 2020
IN THE PRINCIPAL AMOUNT OF $21,585,000

AS BOND COUNSEL FOR THE CITY OF ENNIS, TEXAS (the "Issuer") in connection with the issuance of the Certificates of Obligation described above (the "Certificates"), we have examined into the legality and validity of the Certificates, which bear interest from the dates and mature on the dates, and are subject to redemption, in accordance with the terms and conditions stated in the text of the Certificates. Terms used herein and not otherwise defined shall have the meaning given in the Ordinance of the Issuer authorizing the issuance and sale of the Certificates (the "Ordinance").

WE HAVE EXAMINED the Constitution and laws of the State of Texas, certified copies of the proceedings of the City Commission of the Issuer relating to the issuance of the Certificates, including the Ordinance and other documents authorizing and relating to the issuance of the Certificates; and we have examined various certificates and documents executed by officers and officials of the Issuer upon which certificates and documents we rely as to certain matters stated below. We have also examined one of the executed Certificates (Number T-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Certificates have been duly authorized, issued and delivered, all in accordance with law; and that, except as may be limited by laws applicable to the Issuer relating to bankruptcy, reorganization, and other similar matters affecting creditors' rights generally, or by general principles of equity and governmental immunity of political subdivisions which permit the exercise of judicial discretion, the Certificates will constitute valid and legally binding obligations of the Issuer, and ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Certificates have been levied and pledged for such purpose, within the limit prescribed by law, and that the Certificates are additionally secured by and payable from limited surplus revenues (not to exceed $1,000) of the Issuer's Waterworks and Sewer System remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve, and other requirements in connection with all of the Issuer's revenue bonds or other obligations (now or hereafter outstanding), which are payable from all or any part of the Net Revenues of the Issuer's Waterworks and Sewer System, all as provided in the Ordinance.

IT IS FURTHER OUR OPINION that, except as discussed below, under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion, for federal income tax purposes, the interest on the Certificates (i) is excludable from the gross income of the owners thereof and (ii) the Certificates will not be treated as "specified private activity bonds", the interest on which would be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants regarding the use and investment of the proceeds of the Certificates and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or if the Issuer fails to comply with such covenants, interest on the Certificates may become includable in gross income retroactively to the date of issuance of the Certificates.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Certificates, including the amount, accrual or receipt of interest on, the Certificates. Owners of the Certificates should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Certificates.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Certificates, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Certificates is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Certificates for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Certificates, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Certificates and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of, and assessed valuation of taxable property within, and the sufficiency of the pledged surplus net revenues of, the Issuer. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Certificates. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Certificates as includable in gross income for federal income tax purposes.

Respectfully,

APPENDIX D

ISSUER'S AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

(Independent Auditor's Report, Management's Discussion and Analysis, General Financial Statements and Notes to the Financial Statements - not intended to be a complete statement of the Issuer's financial condition. Reference is made to the complete Annual Financial Report for further information.)

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CITY OF ENNIS, TEXAS

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended

September 30, 2019

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CITY OF ENNIS, TEXAS
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2019

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CITY OF ENNIS, TEXAS
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2019

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FINANCIAL SECTION

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YELDELL, WILSON, WOOD & REEVE, P.C
CERTIFIED PUBLIC ACCOUNTANTS
Greer Yeldell, CPA | Glen Wilson, CPA | Tracie Wood, CPA | Joyce Reeve, CPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Commissioners
City of Ennis, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ennis, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's 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.

611 S. Clay St. | P.O. Box 1087 | Ennis, Texas 75120 • 405 Sycamore St. | Waxahachie, Texas 75165
P: 972.878.2611 | www.ywcocpa.com | F: 972.878.2220

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 units, each major fund, and the aggregate remaining fund information of the City of Ennis, Texas, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-13, schedule of changes in net pension liability and related ratios on page 72, schedule of contributions on page 73, and schedule of changes in total OPEB liability and related ratios on page 74 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 Ennis, Texas' basic financial statements. The combining and individual fund financial statements and schedules, supplementary financial data, and continuing financial disclosure tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The continuing financial disclosure tables have 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.

Yeldell, Wilson, Wood & Reeve, P.C.

Yeldell, Wilson, Wood & Reeve, P.C.
Certified Public Accountants

Ennis, Texas
June 5, 2020

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ENNIS
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of the City of Ennis, Texas, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $62,719,171 (*net position*). Of this amount, $2,673,863 represents unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by $211,165.
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of $29,745,750, an increase of $11,422,995 in comparison with the prior year primarily as the result of bond proceeds. Approximately 21% of this amount ($6,311,547) is available for spending at the City's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was $8,017,606, or approximately 44% of the total general fund expenditures.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

The *statement of net position* presents financial information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference 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 is improving or deteriorating.

The *statement of activities* presents information showing how the City'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 for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City 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 include general government, public safety, streets, health, equipment services, cultural and recreational, airport, hospital, and public works . The business-type activities of the City include water, sewer and sanitation operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate economic development corporation and a legally separate industrial development corporation for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. Complete financial statements for the component unit are available from the City Finance Director upon request.

The government-wide financial statements can be found on pages 15-16 of this report.

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, 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 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 assessing 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 *governmental 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 maintains twenty-five individual governmental 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, QIPP Fund, Capital projects Fund, Certificates of Obligation Series 2019 Fund, Certificates of Obligation Series 2019A Fund, and the Debt Service Fund, which are considered to be major funds. Data from the other nineteen 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 in the combining and individual fund statements and schedules section of this report.

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

The basic governmental fund financial statements can be found on pages 17-21 of this report.

Proprietary Funds. The City maintains one type of proprietary fund. The *enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses the enterprise funds to account for its water and sewer, sanitation, and airport operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for the management of its self-insurance. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility fund, which is considered to be a major fund of the City. Data from the other two enterprise funds are combined into a single aggregated presentation. Data for the internal service fund is also presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 22-24 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-70 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligations to provide pension benefits to its employees. Required supplementary information can be found on pages 72-74 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 77-90 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government’s financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by $62,719,171, at the close of the most recent fiscal year.

CITY OF ENNIS' NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Current and other assets	$ 37,383,878	$ 21,603,436	$ 13,288,318	$ 14,235,377	$ 50,672,196	$ 35,838,813
Capital assets	77,555,183	67,801,088	37,556,798	35,180,425	115,111,981	102,981,513
Total assets	114,939,061	89,404,524	50,845,116	49,415,802	165,784,177	138,820,326
Total deferred outflows of resources	4,325,247	1,687,926	1,078,545	429,918	5,403,792	2,117,844
Long term liabilities	81,107,715	52,485,945	18,232,530	19,090,590	99,340,245	71,576,535
Other liabilities	6,487,203	3,187,034	1,940,704	1,132,690	8,427,907	4,319,724
Total liabilities	87,594,918	55,672,979	20,173,234	20,223,280	107,768,152	75,896,259
Total deferred inflows of resources	551,665	1,712,536	148,981	399,039	700,646	2,111,575
Net position:						
Net investment in capital assets	28,875,948	29,095,218	29,033,174	25,043,255	57,909,122	54,138,473
Restricted	2,136,186	4,037,124	-	-	2,136,186	4,037,124
Unrestricted	105,591	574,593	2,568,272	4,180,146	2,673,863	4,754,739
Total net position	$ 31,117,725	$ 33,706,935	$ 31,601,446	$ 29,223,401	$ 62,719,171	$ 62,930,336

Certain reclassifications have been made to the prior year data to conform with the current year presentation.

By far, the largest portion of the City's net position (92.3%) reflects its investment in capital assets (e.g., land, construction in progress, buildings, improvements, machinery and equipment, infrastructure, and water rights), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (3.41%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $2,673,863 is unrestricted and may be used to meet the City’s ongoing obligations to its citizens and creditors.

The City’s total net investment in capital assets increased as the additions from capital outlays and work-in-progress exceeded capital related debt issued, depreciation and retirements.

The City's overall net position decreased $211,165 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

CITY OF ENNIS' CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	$ 13,583,372	$ 2,088,738	$ 11,885,615	$ 11,875,721	$ 25,468,987	$ 13,964,459
Operating grants and contributions	1,180,486	2,070,536	19,970	-	1,200,456	2,070,536
Capital grants and contributions	466,874	1,262,084	52,824	1,249,618	519,698	2,511,702
General revenues:						
Property taxes	11,865,422	11,290,108	-	-	11,865,422	11,290,108
Sales taxes	5,324,306	5,404,232	-	-	5,324,306	5,404,232
Franchise taxes	1,494,793	1,647,872	-	-	1,494,793	1,647,872
Hotel occupancy taxes	391,787	389,228	-	-	391,787	389,228
Alcoholic beverage taxes	52,512	46,153	-	-	52,512	46,153
Grants and contributions not restricted to specific programs	-	121,200	-	-	-	121,200
Investment earnings	391,289	146,149	169,245	30,040	560,534	176,189
Gain (loss) on sale of capital assets	14,800	112,907	-	(47,914)	14,800	64,993
Miscellaneous	403,138	507,296	-	-	403,138	507,296
Total revenues	35,168,779	25,086,503	12,127,654	13,107,465	47,296,433	38,193,968
Expenses:						
General government	3,323,582	3,052,597	-	-	3,323,582	3,052,597
Public safety	10,731,634	10,408,224	-	-	10,731,634	10,408,224
Streets	3,805,200	4,793,071	-	-	3,805,200	4,793,071
Health	14,151,551	502,639	-	-	14,151,551	502,639
Equipment services	405,495	318,197	-	-	405,495	318,197
Cultural and recreational	1,696,613	1,540,188	-	-	1,696,613	1,540,188
Airport	-	359,718	165,814	-	165,814	359,718
Hospital	1,160,052	1,160,052	-	-	1,160,052	1,160,052
Public works	869,278	362,099	-	-	869,278	362,099
Interest on long-term debt	1,818,008	897,132	-	-	1,818,008	897,132
Water	-	-	4,556,559	5,329,795	4,556,559	5,329,795
Sewer	-	-	3,643,086	3,501,855	3,643,086	3,501,855
Sanitation	-	-	1,180,725	1,182,579	1,180,725	1,182,579
Total expenses	37,961,413	23,393,917	9,546,185	10,014,229	47,507,598	33,408,146
Change in net position before transfers	(2,792,634)	1,692,586	2,581,469	3,093,236	(211,165)	4,785,822
Transfers	203,424	(97,570)	(203,424)	97,570	-	-
Change in net position	(2,589,210)	1,595,016	2,378,045	3,190,806	(211,165)	4,785,822
Net position - beginning, as restated	33,706,935	32,111,919	29,223,401	26,032,595	62,930,336	58,144,514
Net position - ending	$ 31,117,725	$ 33,706,935	$ 31,601,446	$ 29,223,401	$ 62,719,171	$ 62,930,336

Certain reclassifications have been made to the prior year data to conform with the current year presentation.

Governmental Activities. During the current fiscal year, net position for governmental activities decreased $2,589,210 from the prior fiscal year for an ending balance of $31,117,725. Revenues and expenses rose 40.2% and 62.27%, respectively, primarily as a result of the City's QIPP program implemented in 2019.

Business-type Activities. For the City's business-type activities, the results for the current fiscal year resulted in a net increase in net position to an ending balance of $31,601,446. The total increase in net position for business-type activities (utility, sanitation and airport operations) was $2,378,045 or 8.14% from the prior fiscal year. Revenues from charges for services rose 0.08%. Total expenses before transfers decreased $633,858 in fiscal year 2019.

Financial Analysis of Governmental Funds

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

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Commissioners.

At September 30, 2019, the City's governmental funds reported combined fund balances of $29,745,750, an increase of $11,422,995 in comparison with the prior year. Approximately 21.2% of this amount ($6,311,547) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either nonspendable or restricted to indicate that it is 1) not in spendable form ($53,213), 2) legally required to be maintained intact ($28,966), or 3) restricted for particular purposes ($23,352,024).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was $8,017,606, while total fund balance increased to $8,075,527. 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 general fund expenditures. Unassigned fund balance represents approximately 43.8% of total general fund expenditures, while total fund balance represents approximately 44.1% of that same amount.

The fund balance of the City's general fund increased by $1,216,989 during the current fiscal year. Revenues decreased by $1,251,458 (7.58%) under the previous year with intergovernmental revenues contributing $1,081,129 to the decrease. General fund expenditures experienced an increase of $513,738 (2.88%).

The QIPP fund, a major governmental fund, has a $1,537,504 decrease in fund balance during the current fiscal year which decreased total fund balance to $1,537,504. The decrease is primarily the result of consulting and legal fees to establish the program.

The capital projects fund, a major governmental fund, has a $6,466,032 decrease in fund balance during the current fiscal year which decreased total fund balance to $593,205. The decrease is primarily the result of bond proceeds being spent during the year.

The Certificate of Obligations Series 2019 fund, a major governmental fund, has a $7,471,897 increase in fund balance during the current fiscal year which increased total fund balance to $7,363,248. The increase is primarily the result of bond proceeds received during the year.

The Certificate of Obligations Series 2019A fund, a major governmental fund, has a $12,561,207 increase in fund balance during the current fiscal year which increased total fund balance to $12,561,207. The increase is primarily the result of bond proceeds received during the year.

The debt service fund, a major fund, had an increase in fund balance during the current year of $38,288 to bring the year end fund balance to $732,532.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position (deficit) of the Utility and Nonmajor Enterprise funds at the end of the year amounts to $3,062,923 and $(707,027). Net position increased in 2019 by $1,565,042 and $492,527, respectively. For the Utility fund, operating revenues decreased in 2019 by $100,756 (1.0%). Operating expenses decreased $394,798 (4.7%). For the Nonmajor Enterprise funds, operating revenues increased in 2019 by $110,650 (7.3%). Operating expenses increased by $196,035 (15.8%).

General Fund Budgetary Highlights

Final budget compared to actual results. General fund actual revenues of $15,260,370 exceeded budgeted revenues of $14,698,055 by $562,315. Following are the main components that experienced an increase or decrease of actual revenue compared to budgeted revenue:

- The $526,848 increase in intergovernmental is the result of increased grants and contributions.

Budgeted general fund expenditures of $19,306,157 exceeded actual expenditures of $18,322,649. This $983,508 positive variance in expenditures was achieved through a series of expenditure restrictions imposed during the year.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounts to $115,111,981 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, infrastructure, and water rights. The total increase in capital assets for the current fiscal year was approximately 10.54%.

City of Ennis' Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	$ 6,403,372	$ 7,237,923	$ 1,088,290	$ 253,739	$ 7,491,662	$ 7,491,662
Construction in progress	14,279,466	6,372,709	6,003,131	2,357,825	20,282,597	8,730,534
Buildings	22,970,197	20,882,347	3,342,108	3,509,143	26,312,305	24,391,490
Improvements	1,865,464	1,683,159	25,977,152	27,619,846	27,842,616	29,303,005
Machinery and equipment	4,442,670	3,975,664	745,381	1,005,742	5,188,051	4,981,406
Infrastructure	27,594,014	27,649,286	-	-	27,594,014	27,649,286
Water rights	-	-	400,736	434,130	400,736	434,130
Total	$ 77,555,183	$ 67,801,088	$ 37,556,798	$ 35,180,425	$ 115,111,981	$ 102,981,513

Certain reclassifications have been made to the prior year data to conform with the current year presentation.

Major capital asset events during the current fiscal year included the following:

- Construction in progress additions of approximately $16,025,000 consisting of street, park, building and water and sewer improvements.
- Completion of approximately $4,473,000 of construction in progress of street improvements and buildings.
- Machinery and equipment additions of approximately $1,882,000 were comprised of nine vehicles, 1 excavator, 1 wheel loader, 1 skid steer loader and other smaller acquisitions.

Additional information on the City's capital assets can be found in Note 2.D on pages 39-41 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of $69,390,000, which is backed by the full faith and credit of the government. The remainder of the City's long-term obligations comprises development agreement payable and capital leases.

City of Ennis' Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Certificates of obligation	$ 44,810,000	$ 19,170,000	$ 12,130,000	$ 12,450,000	$ 56,940,000	$ 31,620,000
General obligations	9,150,000	11,065,000	3,300,000	4,865,000	12,450,000	15,930,000
Development agreement payable	15,211,611	15,756,504	-	-	15,211,611	15,756,504
Capital leases	170,217	252,517	-	-	170,217	252,517
Total	$ 69,341,828	$ 46,244,021	$ 15,430,000	$ 17,315,000	$ 84,771,828	$ 63,559,021

The City's total debt increased by $21,212,807 (33.37%) during the current fiscal year. The reason for the increase is primarily the result of the issuance of certificates of obligation.

The City's General Obligation and Combination Tax and Revenue Certificates of Obligation ratings are listed below.

	Standard's & Poor's
General Obligation Bonds	AA-
Certificates of Obligation	AA

Additional information on the City's long term-debt can be found in Note 2.J on pages 48-52 of this report.

Economic Factors and Next Year's Budgets and Rates

The overall economic outlook of the City remains positive. The taxable assessed valuation increased 17.88% for fiscal year 2019-20. As a result, the General Fund Budgeted Property Tax Revenue increased by $610,944. Sales Tax has also steadily increased each year. This increase in sales tax is anticipated to continue considering there are several new business that are scheduled to open over the next two years.

The Utility Fund revenue and customer base has also continuously increased and as a result the fiscal year 2020 budgeted revenue is $413,217 higher than fiscal year 2019.

The City strives to maintain fiscally responsible fund balances and in fiscal year 2020 a surplus was budgeted in both the General Fund and Utility Fund.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 115 W. Brown Street, Ennis, Texas 75119.

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BASIC FINANCIAL STATEMENTS

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CITY OF ENNIS, TEXAS
STATEMENT OF NET POSITION
September 30, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Ennis Economic Development Corporation	Ennis Industrial Development Corporation
ASSETS					
Cash and cash equivalents	$ 33,245,166	$ 4,268,278	$37,513,444	$ 6,786,627	$ 1,020
Receivables (net of allowance for uncollectibles)	2,028,053	1,455,043	3,483,096	-	-
Intergovernmental receivables	539,323	26,824	566,147	-	-
Due from component unit	1,002,973	-	1,002,973	-	-
Internal balances	515,150	(515,150)	-	-	-
Inventories	31,024	183,978	215,002	-	-
Prepaid items	22,189	-	22,189	-	-
Restricted cash and cash equivalents	-	7,869,345	7,869,345	899,008	-
Capital assets:					
Non-depreciable	20,682,838	7,091,421	27,774,259	4,415,129	-
Depreciable (net of accumulated depreciation)	56,872,345	30,465,377	87,337,722	507,915	-
Total Assets	114,939,061	50,845,116	165,784,177	12,608,679	1,020
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	396,920	76,464	473,384	136,202	-
Deferred outflows of resources related to pension	3,693,945	943,339	4,637,284	-	-
Deferred outflows of resources related to OPEB	234,382	58,742	293,124	-	-
Total Deferred Outflows of Resources	4,325,247	1,078,545	5,403,792	136,202	-
LIABILITIES					
Accounts payable and other current liabilities	3,589,856	296,549	3,886,405	175,884	-
Accrued payroll payable	677,092	151,253	828,345	-	-
Accrued interest payable	391,729	53,805	445,534	1,781,613	-
Line of credit	1,828,526	-	1,828,526	-	-
Customer deposits payable	-	594,270	594,270	-	-
Due to primary government	-	-	-	1,002,973	-
Liabilities payable from restricted assets	-	844,827	844,827	103,423	-
Noncurrent liabilities:					
Due within one year	4,649,528	1,660,328	6,309,856	535,000	-
Due in more than one year	76,458,187	16,572,202	93,030,389	4,110,754	-
Total Liabilities	87,594,918	20,173,234	107,768,152	7,709,647	-
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources related to pension	549,615	148,691	698,306	-	-
Deferred inflows of resources related to OPEB	2,050	290	2,340	-	-
Total Deferred Inflows of Resources	551,665	148,981	700,646	-	-
NET POSITION					
Net investment in capital assets	28,875,948	29,033,174	57,909,122	277,290	-
Restricted for:					
Cultural and recreational:					
Expendable	689,026	-	689,026	-	-
Nonexpendable	28,966	-	28,966	-	-
Debt service	732,532	-	732,532	795,585	-
Economic development	-	-	-	3,962,359	-
Industrial development	-	-	-	-	1,020
Public safety	509,097	-	509,097	-	-
Tourism	176,565	-	176,565	-	-
Unrestricted	105,591	2,568,272	2,673,863	-	-
Total Net Position	$ 31,117,725	$ 31,601,446	$62,719,171	$ 5,035,234	$ 1,020

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

CITY OF ENNIS, TEXAS

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position				
					Primary Government			Component Units	
Function/Programs:	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**	**Ennis Economic Development Corporation**	**Ennis Industrial Development Corporation**
Primary government:									
Governmental activities:									
General government	$ 3,323,582	$ 500,257	$ 388,350	$ -	$ (2,434,975)	$ -	$ (2,434,975)	$ -	$ -
Public safety	10,731,634	556,997	282,570	-	(9,892,067)	-	(9,892,067)	-	-
Streets	3,805,200	-	-	-	(3,805,200)	-	(3,805,200)	-	-
Health	14,151,551	11,915,091	314,171	-	(1,922,289)	-	(1,922,289)	-	-
Equipment services	405,495	-	-	-	(405,495)	-	(405,495)	-	-
Cultural and recreational	1,696,613	65,684	194,254	169,000	(1,267,675)	-	(1,267,675)	-	-
Hospital	1,160,052	544,893	-	-	(615,159)	-	(615,159)	-	-
Public works	869,278	450	1,141	297,874	(569,813)	-	(569,813)	-	-
Interest	1,818,008	-	-	-	(1,818,008)	-	(1,818,008)	-	-
Total governmental activities	37,961,413	13,583,372	1,180,486	466,874	(22,730,681)	-	(22,730,681)	-	-
Business-type activities:									
Water	4,556,559	6,027,408	-	-	-	1,470,849	1,470,849	-	-
Sewer	3,643,086	4,235,965	-	52,824	-	645,703	645,703	-	-
Sanitation	1,180,725	1,481,012	-	-	-	300,287	300,287	-	-
Airport	165,814	141,230	19,970	-	-	(4,614)	(4,614)	-	-
Total business-type activities	9,546,185	11,885,615	19,970	52,824	-	2,412,224	2,412,224	-	-
Total primary government	$ 47,507,598	$ 25,468,987	$ 1,200,456	$ 519,698	(22,730,681)	2,412,224	(20,318,457)	-	-
Component units:									
Ennis Economic Development Corporation	$ 2,107,043	$ -	$ 288	$ -				(2,106,755)	-
Ennis Industrial Development Corporation	-	-	-	-				-	-
Total component units	$ 2,107,043	$ -	$ 288	$ -				(2,106,755)	-
General revenues:									
Property taxes					11,865,422	-	11,865,422	-	-
Sales taxes					5,324,306	-	5,324,306	1,799,130	-
Franchise taxes					1,494,793	-	1,494,793	-	-
Hotel occupancy taxes					391,787	-	391,787	-	-
Alcoholic beverage taxes					52,512	-	52,512	-	-
Investment earnings					391,289	169,245	560,534	114,339	10
Gain on sale of capital asset					14,800	-	14,800	-	-
Miscellaneous					403,138	-	403,138	296	-
Transfers					203,424	(203,424)	-	-	-
Total general revenues					20,141,471	(34,179)	20,107,292	1,913,765	10
Change in net position					(2,589,210)	2,378,045	(211,165)	(192,990)	10
Net position - beginning, as restated					33,706,935	29,223,401	62,930,336	5,228,224	1,010
Net position - ending					$ 31,117,725	$ 31,601,446	$ 62,719,171	$ 5,035,234	$ 1,020

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

CITY OF ENNIS, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2019

	General	QIPP	Capital Projects	Certificates Of Obligation Series 2019	Certificates Of Obligation Series 2019A	Debt Service	Total Nonmajor Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	$ 7,728,041	$ 57,379	$ 593,205	$ 8,369,655	$ 11,595,344	$ 732,532	$ 1,894,600	$ 30,970,756
Receivables (net of allowance for uncollectibles)	1,624,962	-	-	-	-	-	403,091	2,028,053
Intergovernmental receivables	-	314,171	42,260	-	-	-	182,892	539,323
Due from other funds	686,436	-	-	-	783,511	-	9,117	1,479,064
Due from component unit	-	-	-	-	1,533,641	-	-	1,533,641
Inventories	31,024	-	-	-	-	-	-	31,024
Prepaid items	22,189	-	-	-	-	-	-	22,189
Total assets	$ 10,092,652	$ 371,550	$ 635,465	$ 8,369,655	$ 13,912,496	$ 732,532	$ 2,489,700	$ 36,604,050
LIABILITIES								
Accounts payable	$ 598,223	$ 11,443	$ -	$ 1,006,407	$ 1,351,289	$ -	$ 40,494	$ 3,007,856
Accrued payroll payable	664,224	-	-	-	-	-	12,868	677,092
Due to other funds	7,319	-	-	-	-	-	295,911	303,230
Due to component unit	530,668	-	-	-	-	-	-	530,668
Accrued interest payable	-	26,302	-	-	-	-	-	26,302
Line of credit	-	1,828,526	-	-	-	-	-	1,828,526
Total liabilities	1,800,434	1,866,271	-	1,006,407	1,351,289	-	349,273	6,373,674
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue-property taxes	127,081	-	-	-	-	-	-	127,081
Unavailable revenue-grants	-	42,783	42,260	-	-	-	182,892	267,935
Unavailable revenue-other	89,610	-	-	-	-	-	-	89,610
Total deferred inflows of resources	216,691	42,783	42,260	-	-	-	182,892	484,626
FUND BALANCES								
Nonspendable:								
Endowment	-	-	-	-	-	-	28,966	28,966
Inventories	31,024	-	-	-	-	-	-	31,024
Prepaid items	22,189	-	-	-	-	-	-	22,189
Restricted:								
Capital projects	3,112	-	593,205	7,363,248	12,561,207	-	724,032	21,244,804
Cultural and recreational	1,520	-	-	-	-	-	687,506	689,026
Debt service	-	-	-	-	-	732,532	-	732,532
Public safety	76	-	-	-	-	-	509,021	509,097
Tourism	-	-	-	-	-	-	176,565	176,565
Unassigned	8,017,606	(1,537,504)	-	-	-	-	(168,555)	6,311,547
Total fund balances	8,075,527	(1,537,504)	593,205	7,363,248	12,561,207	732,532	1,957,535	29,745,750
Total liabilities, deferred inflows of resources, and fund balances	$ 10,092,652	$ 371,550	$ 635,465	$ 8,369,655	$ 13,912,496	$ 732,532	$ 2,489,700	$ 36,604,050

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

CITY OF ENNIS, TEXAS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2019

Amounts reported for governmental activities in the statement of net position (page 15) are different because:

Total fund balances - governmental funds (page 17)		$ 29,745,750
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		77,555,183
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		484,626
Deferred outflows of resources are not reported in the governmental funds:		
Deferred charges on refunding	$ 396,920	
Deferred outflows of resources related to pension	3,693,945	
Deferred outflows of resources related to OPEB	234,382	4,325,247
Internal service funds are used by management to charge the cost of self-insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		1,031,726
Interest payable on long-term debt does not require current financial resources. Therefore interest payable is not reported as a liability in the governmental funds balance sheet.		(365,427)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Due within one year	(4,649,528)	
Due in more than one year	(76,458,187)	(81,107,715)
Deferred inflows of resources are not reported in the governmental funds:		
Deferred inflows of resources related to pension	(549,615)	
Deferred inflows of resources related to OPEB	(2,050)	(551,665)
Net position of governmental activities (page 15)		$ 31,117,725

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

CITY OF ENNIS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2019

	General	QIPP	Capital Projects	Certificates Of Obligation Series 2019	Certificates Of Obligation Series 2019A	Debt Service	Total Nonmajor Funds	Total Governmental Funds
REVENUES								
Property taxes	$ 7,810,673	$ -	$ -	$ -	$ -	$ 3,992,696	$ 35,274	$ 11,838,643
Sales taxes	3,598,266	-	-	-	-	-	1,726,040	5,324,306
Franchise taxes	1,494,793	-	-	-	-	-	-	1,494,793
Hotel occupancy taxes	-	-	-	-	-	-	391,787	391,787
Alcoholic beverage taxes	52,512	-	-	-	-	-	-	52,512
Licenses and permits	457,282	-	-	-	-	-	-	457,282
Fines and forfeitures	409,817	-	-	-	-	-	16,821	426,638
Charges for services	239,467	11,915,091	-	-	-	-	-	12,154,558
Investment earnings	127,014	806	24,355	68,199	64,663	70,570	35,682	391,289
Miscellaneous	409,405	-	-	-	-	-	6,143	415,548
Intergovernmental	661,141	271,389	132,913	-	-	-	28,026	1,093,469
Contributions and donations	-	-	60,141	-	150,000	-	17,550	227,691
Total revenues	15,260,370	12,187,286	217,409	68,199	214,663	4,063,266	2,257,323	34,268,516
EXPENDITURES								
Current:								
General government	3,011,243	-	-	-	-	-	359,583	3,370,826
Public safety	10,762,410	-	-	-	-	-	215,356	10,977,766
Streets	1,157,857	-	-	-	-	-	1,138,849	2,296,706
Health	548,751	13,698,488	-	-	-	-	-	14,247,239
Equipment services	900,753	-	-	-	-	-	-	900,753
Cultural and recreational	1,529,166	-	-	-	-	-	12,465	1,541,631
Public works	324,467	-	-	-	-	-	-	324,467
Capital outlay:								
General government	-	-	1,970,664	-	1,287,393	-	10,000	3,268,057
Public safety	-	-	1,817,172	4,436,127	4,200	-	-	6,257,499
Streets	-	-	2,244,497	-	-	-	-	2,244,497
Equipment services	-	-	-	-	67,022	-	-	67,022
Cultural and recreational	-	-	15,372	-	17,755	-	-	33,127
Public works	-	-	-	-	2,019,412	-	-	2,019,412
Debt service:								
Principal retirement	82,300	-	-	-	-	3,175,000	-	3,257,300
Interest and fiscal charges	5,702	26,302	-	-	400	1,096,892	400	1,129,696
Bond issuance costs	-	-	-	-	282,020	-	216,995	499,015
Total expenditures	18,322,649	13,724,790	6,047,705	4,436,127	3,678,202	4,271,892	1,953,648	52,435,013
Excess (deficiency) of revenues over (under) expenditures	(3,062,279)	(1,537,504)	(5,830,296)	(4,367,928)	(3,463,539)	(208,626)	303,675	(18,166,497)
OTHER FINANCING SOURCES (USES)								
Transfers in	4,264,468	-	-	11,839,825	204,940	246,914	213,752	16,769,899
Transfers out	-	-	(635,736)	-	(2,467,201)	-	(12,596,497)	(15,699,434)
Certificates of obligation issued	-	-	-	-	17,065,000	-	9,835,000	26,900,000
Premium on bonds issued	-	-	-	-	1,222,007	-	382,220	1,604,227
Sale of capital assets	14,800	-	-	-	-	-	-	14,800
Total other financing sources (uses)	4,279,268	-	(635,736)	11,839,825	16,024,746	246,914	(2,165,525)	29,589,492
Net change in fund balances	1,216,989	(1,537,504)	(6,466,032)	7,471,897	12,561,207	38,288	(1,861,850)	11,422,995
Fund balances-beginning	6,858,538	-	7,059,237	(108,649)	-	694,244	3,819,385	18,322,755
Fund balances-ending	$ 8,075,527	$ (1,537,504)	$ 593,205	$ 7,363,248	$ 12,561,207	$ 732,532	$ 1,957,535	$ 29,745,750

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

CITY OF ENNIS, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2019

Amounts reported for governmental activities in the statement of activities (page 16) are different because:

Net Change in Fund Balances - total governmental funds (page 19)		$ 11,422,995
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay recorded as capital assets in the current period.		13,982,616
The net effect of various miscellaneous transactions involving capital assets (i.e., asset retirements/disposals) is to decrease net position.		
Asset retirements/disposals		(867,039)
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.		(3,361,482)
The issuance of long-term debt (e.g. bonds) 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.		
Bonds issued	$ (26,900,000)	
Premium on bonds issued	(1,604,227)	
Bond principal retirement	3,175,000	
Amortization of bond premiums/discounts	107,471	
Amortization of deferred charge on refunding	(72,520)	
Development agreement payable retirement	544,893	
Capital lease retirement	82,300	(24,667,083)
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds. Change in accrued interest.		(224,248)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		257,874
Pension and OPEB contributions are recorded as expenditures in the governmental funds. However, in the statement of activities, these contributions are converted to the full accrual GASBS 68 pension amounts.		
Deferred outflows/inflows of resources related to pension	3,680,517	
Deferred outflows/inflows of resources related to OPEB	190,197	3,870,713
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences	425,238	
Net pension liability	(4,196,628)	
OPEB liability	(255,817)	(4,027,207)
The internal service funds are used by management to charge the costs of self-insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		1,023,651
Change in net position of governmental activities (page 16)		$ (2,589,210)

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

CITY OF ENNIS, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		**Actual**	
	Original	**Final**	**GAAP Basis**	**Variance with Final Budget**
REVENUES				
Property taxes	$ 8,033,920	$ 8,033,920	$ 7,810,673	$ (223,247)
Sales taxes	3,250,000	3,250,000	3,598,266	348,266
Franchise taxes	1,658,865	1,658,865	1,494,793	(164,072)
Alcoholic beverage taxes	43,961	43,961	52,512	8,551
Licenses and permits	436,931	436,931	457,282	20,351
Fines and forfeitures	574,237	574,237	409,817	(164,420)
Charges for services	174,165	174,165	239,467	65,302
Investment earnings	58,700	58,700	127,014	68,314
Miscellaneous	519,122	332,983	409,405	76,422
Intergovernmental	134,293	134,293	661,141	526,848
Total revenues	14,884,194	14,698,055	15,260,370	562,315
EXPENDITURES				
Current:				
General government:				
City commission	262,028	238,693	197,914	(40,779)
Administration	593,328	598,902	603,524	4,622
Finance	336,684	314,806	310,969	(3,837)
Economic development	539,638	542,936	530,434	(12,502)
Information technology	142,692	353,673	320,424	(33,249)
Human resources	327,087	320,940	314,651	(6,289)
Nondepartmental	589,759	1,061,921	733,327	(328,594)
Total general government	2,791,216	3,431,871	3,011,243	(420,628)
Public safety:				
Police protection	4,810,157	4,803,899	4,721,169	(82,730)
Judicial	301,947	280,228	280,944	716
Fire protection	4,908,659	5,145,810	5,186,383	40,573
Planning and inspection	557,407	551,799	573,914	22,115
Total public safety	10,578,170	10,781,736	10,762,410	(19,326)
Streets	1,224,368	1,243,826	1,157,857	(85,969)
Health	581,451	583,091	548,751	(34,340)
Equipment services	327,435	1,020,884	900,753	(120,131)
Cultural and recreational:				
Parks and recreation	1,079,149	1,285,169	997,016	(288,153)
Library	586,098	487,439	491,215	3,776
Museum	44,284	44,339	40,935	(3,404)
Total cultural and recreational	1,709,531	1,816,947	1,529,166	(287,781)
Public works	306,284	334,098	324,467	(9,631)
Debt service:				
Principal retirement	88,002	88,002	82,300	(5,702)
Interest and fiscal charges	5,702	5,702	5,702	-
Total debt service	93,704	93,704	88,002	(5,702)
Total expenditures	17,612,159	19,306,157	18,322,649	(983,508)
Excess (deficiency) of revenues over (under) expenditures	(2,727,965)	(4,608,102)	(3,062,279)	1,545,823
OTHER FINANCING SOURCES (USES)				
Transfers in	4,621,498	5,047,726	4,264,468	(783,258)
Sale of capital assets	50,000	50,000	14,800	(35,200)
Total other financing sources and uses	4,671,498	5,097,726	4,279,268	(818,458)
Net change in fund balance	1,943,533	489,624	1,216,989	727,365
Fund balance-beginning	-	-	6,858,538	6,858,538
Fund balance-ending	$ 1,943,533	$ 489,624	$ 8,075,527	$ 7,585,903

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

CITY OF ENNIS, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2019

	Business-type Activities - Enterprise			Governmental Activities
	Utility	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 4,264,783	$ 3,495	$ 4,268,278	$ 2,274,410
Restricted cash and cash equivalents - bond construction	844,827	-	844,827	-
Receivables (net of allowance for uncollectibles)	1,276,221	178,822	1,455,043	-
Due from other funds	-	75,467	75,467	-
Intergovernmental receivable	26,824	-	26,824	-
Inventories	155,683	28,295	183,978	-
Total current assets	6,568,338	286,079	6,854,417	2,274,410
Noncurrent Assets:				
Restricted cash and cash equivalents - bond construction	7,024,518	-	7,024,518	-
Capital assets (net, where applicable of accumulated depreciation)	36,438,022	1,118,776	37,556,798	-
Total noncurrent assets	43,462,540	1,118,776	44,581,316	-
Total assets	50,030,878	1,404,855	51,435,733	2,274,410
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	76,464	-	76,464	-
Deferred outflows of resources related to pension	709,337	234,002	943,339	-
Deferred outflows of resources related to OPEB	44,320	14,422	58,742	-
Total deferred outflows of resources	830,121	248,424	1,078,545	-
LIABILITIES				
Current Liabilities:				
Accounts payable	270,062	26,487	296,549	582,000
Accrued payroll payable	113,255	37,998	151,253	-
Due to other funds	310,661	492,332	802,993	448,308
Compensated absences	48,842	11,486	60,328	-
Customer deposits payable	594,270	-	594,270	-
Bonds payable	1,600,000	-	1,600,000	-
Accrued interest payable	53,805	-	53,805	-
Current liabilities payable from restricted assets:				
Accounts payable	844,827	-	844,827	-
Total current liabilities	3,835,722	568,303	4,404,025	1,030,308
Noncurrent Liabilities:				
Bonds payable	14,024,606	-	14,024,606	-
Net pension liability	1,772,919	590,357	2,363,276	-
OPEB liability	139,009	45,311	184,320	-
Total noncurrent liabilities	15,936,534	635,668	16,572,202	-
Total liabilities	19,772,256	1,203,971	20,976,227	1,030,308
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pension	111,200	37,491	148,691	-
Deferred inflows of resources related to OPEB	222	68	290	-
Total deferred inflows of resources	111,422	37,559	148,981	-
NET POSITION (DEFICIT)				
Net investment in capital assets	27,914,398	1,118,776	29,033,174	-
Unrestricted	3,062,923	(707,027)	2,355,896	1,244,102
Total net position (deficit)	$ 30,977,321	$ 411,749	$ 31,389,070	$ 1,244,102
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the enterprise funds over time			212,376	
Net position of business-type activities (page 15)			$ 31,601,446	

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

CITY OF ENNIS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2019

	Business-type Activities - Enterprise			Governmental Activities
	Utility	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
Operating revenues:				
Water revenue	$ 6,027,408	$ -	$ 6,027,408	$ -
Sewer revenue	4,235,965	-	4,235,965	-
Sanitation revenue	-	1,481,012	1,481,012	-
Airport revenue	-	141,230	141,230	-
Charges for insurance and services	-	-	-	4,253,503
Total operating revenues	10,263,373	1,622,242	11,885,615	4,253,503
Operating expenses:				
Personnel	2,928,838	1,010,042	3,938,880	-
Supplies	1,266,568	165,286	1,431,854	-
Maintenance and replacement	889,234	73,190	962,424	-
Miscellaneous services	896,036	72,522	968,558	-
Insurance claims and expenses	-	-	-	2,953,651
Depreciation and amortization	2,071,721	117,799	2,189,520	-
Total operating expenses	8,052,397	1,438,839	9,491,236	2,953,651
Operating income	2,210,976	183,403	2,394,379	1,299,852
Nonoperating revenue (expenses):				
Investment earnings	169,036	209	169,245	-
Insurance recoveries	-	-	-	44,276
Interest expense	(375,425)	-	(375,425)	-
Total nonoperating revenue (expenses)	(206,389)	209	(206,180)	44,276
Income before contributions and transfers	2,004,587	183,612	2,188,199	1,344,128
Capital contributions	52,824	887,011	939,835	-
Transfer in	1,887,617	-	1,887,617	-
Transfer out	(2,379,986)	(578,096)	(2,958,082)	-
Change in net position	1,565,042	492,527	2,057,569	1,344,128
Net position (deficit)-beginning, as restated	29,412,279	(80,778)	29,331,501	(100,026)
Net position-ending	$ 30,977,321	$ 411,749	$ 31,389,070	$ 1,244,102
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the enterprise funds over time			212,376	
Net position of business-type activities (page 16)			$ 31,601,446	

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

CITY OF ENNIS, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2019

	Business-type Activities - Enterprise			Governmental Activities
	Utility	Nonmajor Enterprise Fund	Total Enterprise Funds	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$10,420,083	$ 1,656,024	$12,076,107	$ -
Receipts from interfund charges for self-insurance	-	-	-	4,281,691
Payments to suppliers and service providers	(2,946,704)	(334,827)	(3,281,531)	(2,953,651)
Payments to employees for salaries and benefits	(2,837,331)	(982,630)	(3,819,961)	-
Net cash provided by (used for) operating activities	4,636,048	338,567	4,974,615	1,328,040
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advances to other funds	-	(18,966)	(18,966)	-
Advances from other funds	18,966	-	18,966	40,582
Repayment of advances to other funds	-	(20,774)	(20,774)	-
Insurance recoveries	-	-	-	44,276
Transfers from other funds	1,887,617	3,495	1,891,112	-
Transfers to other funds	(2,379,986)	(364,345)	(2,744,331)	-
Net cash provided by (used for) noncapital financing activities	(473,403)	(400,590)	(873,993)	84,858
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	26,000	65,309	91,309	-
Acquisition and construction of capital assets	(2,891,397)	-	(2,891,397)	-
Principal paid on bond maturities	(1,885,000)	-	(1,885,000)	-
Interest and fiscal charges paid on bonds	(371,707)	-	(371,707)	-
Net cash provided by (used for) capital and related financing activities	(5,122,104)	65,309	(5,056,795)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	169,036	209	169,245	-
Net cash provided by investing activities	169,036	209	169,245	-
Net increase (decrease) in cash and cash equivalents	(790,423)	3,495	(786,928)	1,412,898
Cash and cash equivalents October 1 (including $8,570,310 reported in restricted accounts)	12,924,551	-	12,924,551	861,512
Cash and cash equivalents September 30 (including $7,869,345 reported in restricted accounts)	$ 12,134,128	$ 3,495	$ 12,137,623	$ 2,274,410
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 2,210,976	$ 183,403	$ 2,394,379	$ 1,299,852
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation and amortization	2,071,721	117,799	2,189,520	-
(Increase) decrease in accounts receivable	128,900	33,782	162,682	28,188
(Increase) decrease in inventory	(13,936)	(20,299)	(34,235)	-
(Increase) decrease in pension related deferred inflows/outflows	(672,412)	(215,481)	(887,893)	-
(Increase) decrease in OPEB related deferred inflows/outflows	(35,850)	(11,663)	(47,513)	-
Increase (decrease) in accounts payable	119,070	(3,530)	115,540	-
Increase (decrease) in accrued payroll payable	4,385	(1,071)	3,314	-
Increase (decrease) in compensated absences	(46,530)	(18,219)	(64,749)	-
Increase (decrease) in customer deposits	27,810	-	27,810	-
Increase (decrease) in net pension liability	793,540	258,105	1,051,645	-
Increase (decrease) in OPEB liability	48,374	15,741	64,115	-
Total adjustments	2,425,072	155,164	2,580,236	28,188
Net cash provided by (used for) operating activities	$ 4,636,048	$ 338,567	$ 4,974,615	$ 1,328,040
Schedule of non-cash transactions:				
Purchase of capital assets on account	$ 844,827	$ -	$ 844,827	$ -
Governmental activities capital assets assumed	$ -	$ 867,040	$ 867,040	$ -

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities,* which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting entity

The City of Ennis, Texas (the "City") was incorporated May 2, 1872, and operates under a Commission-Manager form of government. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the City is required to consider other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units.

Discretely presented component units. The Corporations described below are included in the City's reporting entity because the City appoints the governing body and the Corporations are fiscally dependent on the City. The Corporations are reported as discretely presented component units since the governing body is not substantively the same as the governing body of the City, and they provide service to the citizens of Ennis and the surrounding area as opposed to only the primary government. To emphasize that they are legally separate from the City, they are reported in separate columns in the financial statements.

The *Ennis Economic Development Corporation, Inc.* (the "Corporation") is responsible for collecting and disbursing the one-half percent sales tax to be used for economic development within the City. The members of the Corporation's board are appointed by the City. The City can impose its will on the Corporation by significantly influencing the program, projects, activities, or level of service performed by the Corporation. The Corporation is presented as a governmental fund type and has a September 30 year end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Reporting entity (continued)

Separately issued financial reports are available for the Corporation. This report may be obtained by contacting the following office.

City of Ennis
115 West Brown Street
Ennis, Texas 75119

The *Ennis Industrial Development Corporation, Inc.* (IDC) is authorized to acquire, whether by-construction, devise, purchase, gift, lease or otherwise or any one or more of such methods to construct, improve, maintain, equip and furnish development projects within or partially within the City limits and to issue revenue bonds to defray all or part of the cost of any project. The members of the IDC's board are appointed by the City Commission. The City can impose its will on the IDC by significantly influencing the program, projects, activities, or level of service performed by the IDC. Separate financial statements for the IDC are not issued.

C. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service fund, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As discussed earlier, the City has discretely presented component units. The Economic Development Corporation and Industrial Development Corporation are considered to be major component units and are shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer and sanitation functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of presentation – fund financial statements

The fund financial statements provide information about the City's funds. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of presentation – fund financial statements (continued)

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *QIPP fund* is used to account for revenues and expenditures generated from the City's participation in the Quality Incentive Payment Program for nursing homes.

The *capital projects fund* is used to account for improvements to streets and building construction from issuance of certificates of obligation.

The *Certificates of Obligation Series 2019 fund* is used to account for building construction from issuance of certificates of obligation.

The *Certificates of Obligation Series 2019A* fund is used to account for capital project expenditures funded from issuance of certificates of obligation.

The *debt service fund* is used to account for the accumulation of resources that are restricted for the payment of principal and interest on long-term obligations of governmental funds.

The City reports the following major enterprise fund:

The *utility fund* accounts for the activities of the sewage treatment plant, sewage pumping stations and collection systems, and the water distribution system.

Additionally, the City reports the following fund type:

Internal service funds account for self-insurance services provided to other departments of the City on a cost-reimbursement basis.

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. 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 (i.e., 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 (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of presentation – fund financial statements (continued)

Further, certain activity occurs during the year involving transfers of resources between funds. In 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.

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 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 City considers revenues to be available if they are collected within 60 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Measurement focus and basis of accounting (continued)

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period if received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting.*

F. Budgetary information

1. *Budgetary basis of accounting*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and debt service fund. The annual budgets for the utility and nonmajor enterprise funds are prepared on the budgetary basis of accounting. Appropriations in all budgeted funds lapse at the end of the fiscal year. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. *Cash and cash equivalents*

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

2. *Investments*

Investments for the City are reported at fair value (generally based on quoted market prices) except for the position in TexPool. In accordance with state law, TexPool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, TexPool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. TexPool is subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

The State Comptroller of Public Accounts oversees TexPool. Federated Investors is the full service provider to the pool managing the assets, providing participant services, and arranging for all custody and other functions in support of the pool operations under a contract with the Comptroller.

TexPool is managed conservatively to provide a safe, efficient, and liquid investment alternative to Texas governments. The pool seeks to maintain a $1.00 value per share as required by the Texas Public Funds Investment Act. TexPool investments consist exclusively of U.S. Government securities, repurchase agreements collateralized by U.S. Government securities, and AAA-rated no-load money market mutual funds. TexPool is rated AAAm by Standard & Poor's, the highest rating a local government investment pool can achieve. The weighted average maturities of the pool cannot exceed 60 days, with the maximum maturity of any investment limited to 13 months. TexPool , like its participants, is governed by the Texas Public Funds Investment Act, and is in full compliance with the Act.

3. *Restricted assets*

Certain proceeds of the City's enterprise funds general obligation bonds are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "revenue bond construction" account is used to report those proceeds of revenue bond issuances that are restricted for use in construction.

4. *Inventories and prepaid items*

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

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 City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year.

As the government constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their acquisition value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Capital asset classes	Lives
Buildings	7-50
Improvements	7-50
Machinery and equipment	5-30
Infrastructure	10-50
Water rights	30

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

6. *Deferred outflows/inflows of resources*

In addition to assets, the statement of financial 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. Deferred outflows of resources reported in this year's financial statements include (1) the differences between the projected and actual investment earnings, (2) a deferred outflow of resources for contributions made to the City's defined benefit pension plan and OPEB plan between the measurement date and the end of the City's fiscal year, (3) a deferred outflow of resources for the difference between expected and actual experience data used by the actuary for the pension and OPEB plans, and (4) deferred charge on refunding. Deferred outflows of resources for the differences between the projected and actual investment earnings are attributed to pension expense over a total of 5 years, including the current year. Deferred outflows for pension and OPEB contributions will be recognized in the subsequent fiscal year. Deferred outflows of resources for the difference between expected and actual experience data is attributed to pension expense over a total of 3.5 years, including the current year and OPEB expense over a total of 7.8 years, including the current year. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. No deferred outflows of resources affect the governmental funds financial statements in the current year.

In addition to liabilities, the statement of financial 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. Deferred inflows of resources are reported in the City's various statements of net position for (1) a deferred inflow of resources related to changes in actuarial assumptions of the City's defined benefit pension plan, (2) a deferred inflow of resources related to changes in actuarial assumptions of the City's OPEB plan, and (3) the difference between expected and actual experience data used by the actuary for the pension plan. Deferred inflows for changes in actuarial assumptions is attributed to pension expense over a total of 2.42 years. Deferred inflows for changes in actuarial assumptions is attributed to OPEB expense over a total of 7.28 years. The deferred inflow of resources related to the difference between expected and actual experience data used by the actuary is attributed to pension expense over a total of 5.88 years, including the current year. In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The City will not recognize the related revenues until they are available (collected not later than 60 days after the end of the City's fiscal year) under the modified accrual basis of accounting. Accordingly, *unavailable revenues* from property taxes and intergovernmental revenues are reported in the governmental funds balance sheet.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

7. *Long-term obligations*

In the government-wide financial statements, and proprietary fund type 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 fund type statements 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond 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, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. *Net position flow assumption*

Net position represent the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the government-wide financial statements. Net positions are classified in the following categories:

Net investment in capital assets —This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted net position —This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position —This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

Sometimes the City 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 fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

9. *Fund balance flow assumption*

The governmental fund financial statements present fund balance categorized based on the nature and extent of the constraints placed on the specific purposes for which a government's funds may be spent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance —amounts that are not in spendable form (such as inventories and prepaid items) or are required to be maintained intact.

Restricted fund balance —amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance —amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Commissioners). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.

Assigned fund balance —amounts the City intends to use for a specific purpose. Intent can be expressed by the City Commissioners or by an official or body to which the City Commissioners delegates the authority.

Unassigned fund balance— amounts that represent fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed, or assigned. Positive balances are reported only in the general fund.

Sometimes the City 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 City'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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

10. *Library Endowment*

Under terms of the endowment, and consistent with State statutes, the City is authorized on a total-return policy to spend the net appreciation for the benefit of the Ennis Public Library. All available net appreciation has been expended as of September 30, 2019.

11. *Deficit fund equity*

As of September 30, 2019, the Court Technology fund, a nonmajor governmental fund, has a deficit fund balance of $8,230.

As of September 30, 2019, the Street Maintenance fund, a nonmajor governmental fund, has a deficit fund balance of $160,325.

As of September 30, 2019, the Sanitation fund, a nonmajor enterprise fund, has a deficit net position of $236,948.

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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Revenues and expenditures/expenses (continued)

2. *Property taxes*

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property. Appraised values are established by the Ellis Appraisal District as market value and assessed at 100% of appraised value. Property taxes attach as an enforceable lien on property as of January 1. The Ellis County Tax Assessor/Collector bills and collects the City's property taxes, which are due October 1. Full payment can be made prior to the next January 31 to avoid penalty and interest charges. Over time substantially all property taxes are collected.

3. *Compensated absences*

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from City service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Vacation leave shall be taken during the year following its accumulation.

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 utility, nonmajor enterprise, and internal service funds are charges to customers for sales and services. The utility 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 the enterprise funds and internal service fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Revenues and expenditures/expenses (continued)

5. Pensions and Other Post Employment Benefits (OPEB)

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 75 requires recognition of the Total OPEB Liability (TOL), deferred (inflows)/outflows of resources, and total OPEB expense on the face of the employer's financial statements. The TOL is calculated by the System's actuary in accordance with the provisions of GASB 75. The OPEB expense and deferred (inflows)/outflows of resources related to OPEB, which are required to be reported by an employer, primarily result from changes in the components of the TOL. Most changes in the TOL will be included in OPEB expense in the period of the change. For example, changes in the TOL resulting from current-period service cost, interest on the TOL, and changes of benefit terms are required to be included in OPEB expense immediately. Changes in the TOL that have not been included in OPEB expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to OPEB.

6. Self-Insurance

The City is self-insured for medical and prescription drug claims. The Internal Service Fund is used to account for the activity of this program. It is the City's policy to provide in each fiscal year, through premiums charged to all operating funds, amounts sufficient for self-insurance program expenses and reserves associated with claims, that are determined based on loss experience. The amount recorded as liability for known claims and for incurred but not reported claims (IBNRs), if any, is based on the recommendations of a third party claims administrator.

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash deposits with financial institutions

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. The City's deposits were fully insured or collateralized as required by State statutes at September 30, 2019. At year end, the bank balance of the City's deposits was $45,035,915. Of the bank balance, $500,000 was covered by federal depository insurance and the remaining balance, $44,535,915, was covered by collateral pledged in the City's name. The collateral was held in the City's name by the safekeeping department of the pledging bank's agent and had a fair value of approximately $56,024,000.

B. Investments

State statutes authorize the City to invest in certificates of deposit, obligations of the U.S. Treasury and the State Treasurer's Investment Pool.

The State Treasurer's Investment Pool (TexPool) operates in accordance with state law, which requires it to meet all of the requirements of Rule 2a-7 of the Securities and Exchange Commission. See note 1.G.2, *Investments,* for a discussion of how the shares in the Pool are valued. TexPool invests in a high quality portfolio of debt securities investments legally permissible for municipalities and school districts in the state.

Investment Type	Fair Value
TexPool	$ 317,230

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of September 30, 2019, the City's investment in TexPool was rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

Concentration of credit risk. The City's investment policy contains no limitations on the amount that can be invested in any one issuer.

TexPool is considered a cash equivalent on the Government-wide Statement of Net Position and on the Balance Sheets of the Fund Financial Statements.

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

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 for the general, nonmajor governmental, utility, and nonmajor enterprise funds, including the applicable allowances for uncollectible accounts:

Receivables:	General	Nonmajor Governmental	Utility	Nonmajor Enterprise	Total
Taxes	$ 1,635,045	$ 403,091	$ -	$ -	$ 2,038,136
Accounts	52,137	-	1,436,591	236,374	1,725,102
Other	99,044	-	-	-	99,044
Gross receivables	1,786,226	403,091	1,436,591	236,374	3,862,282
Less: allowance for uncollectibles	(161,264)	-	(160,370)	(57,552)	(379,186)
Net total receivables	$ 1,624,962	$ 403,091	$ 1,276,221	$ 178,822	$ 3,483,096

D. Capital assets

Capital asset activity for the year ended September 30, 2019, was as follows:

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 7,237,923	$ -	$ (834,551)	$ 6,403,372
Construction in progress	6,372,709	12,380,141	(4,473,384)	14,279,466
Total capital assets not being depreciated	13,610,632	12,380,141	(5,307,935)	20,682,838
Capital assets being depreciated:				
Buildings	30,941,170	2,901,316	(72,801)	33,769,685
Improvements	3,627,573	326,301	-	3,953,874
Machinery and equipment	14,320,684	1,650,474	(408,283)	15,562,875
Infrastructure	50,400,723	1,197,768	(1,271,716)	50,326,775
Totals capital assets being depreciated	99,290,150	6,075,859	(1,752,800)	103,613,209
Less accumulated depreciation for:				
Buildings	(10,058,823)	(798,144)	57,479	(10,799,488)
Improvements	(1,944,414)	(143,996)	-	(2,088,410)
Machinery and equipment	(10,345,020)	(1,166,302)	391,117	(11,120,205)
Infrastructure	(22,751,437)	(1,253,040)	1,271,716	(22,732,761)
Total accumulated depreciation	(45,099,694)	(3,361,482)	1,720,312	(46,740,864)
Total capital assets, being depreciated, net	54,190,456	2,714,377	(32,488)	56,872,345
Governmental activities capital assets, net	$ 67,801,088	$ 15,094,518	$ (5,340,423)	$ 77,555,183

Certain reclassifications have been made to the prior year data to conform with the current year presentation.

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

D. Capital assets (continued)

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

Governmental activities:	
General government	$ 6,647
Public safety	433,477
Streets	1,400,129
Health	20,241
Equipment services	78,800
Cultural and recreational	215,398
Hospital	1,160,052
Public works	46,738
Total depreciation expense - governmental activities	$ 3,361,482

Business-type activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 253,739	$ 834,551	$ -	$ 1,088,290
Construction in progress	2,357,825	3,645,306	-	6,003,131
Total capital assets not being depreciated	2,611,564	4,479,857	-	7,091,421
Capital assets being depreciated:				
Buildings	9,408,105	72,801	-	9,480,906
Improvements	54,203,122	1,271,716	-	55,474,838
Machinery and equipment	2,799,943	231,451	-	3,031,394
Water rights	1,001,831	-	-	1,001,831
Total capital assets being depreciated	67,413,001	1,575,968	-	68,988,969
Less accumulated depreciation for:				
Buildings	(5,898,962)	(239,836)	-	(6,138,798)
Improvements	(26,583,276)	(2,914,410)	-	(29,497,686)
Machinery and equipment	(1,794,201)	(491,812)	-	(2,286,013)
Water rights	(567,701)	(33,394)	-	(601,095)
Total accumulated depreciation	(34,844,140)	(3,679,452)	-	(38,523,592)
Total capital assets being depreciated, net	32,568,861	(2,103,484)	-	30,465,377
Business-type capital assets, net	$ 35,180,425	$ 2,376,373	$ -	$ 37,556,798

Certain reclassifications have been made to the prior year data to conform with the current year presentation.

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

D. Capital assets (continued)

Depreciation expense was charged to the functions/programs of the business-type activities of the primary government as follows:

Business-type activities:	
Water	$ 1,163,151
Sewer	908,570
Sanitation	107,123
Airport	10,676
Total depreciation expense - business-type activities	$ 2,189,520

* In 2019, governmental activities assets were contributed to a nonmjor enterprise fund. Governmental activities land, buildings, infrastructure, and machinery and equipment with a cost of $2,356,972 and accumulated depreciation of $1,489,932 is included as an increase to the business-type activities land, buildings, infrastructure, and machinery and equipment and related accumulated depreciation.

E. Construction commitments

Construction commitments. The City has active construction projects as of September 30, 2019. The projects include buildings, park improvements, street improvements, infrastructure and water and sewer improvements. At year end the City's commitments with contractors are as follows:

Project	**Spent-to-Date**	**Commitment**
Buildings	$ 7,717,403	$ 10,011,443
Park improvements	-	245,504
Street improvements	5,151,126	1,473,694
Infrastructure	447,592	112,809
Water and sewer improvements	5,590,934	5,629,328
	$ 18,907,055	$ 17,472,778

The buildings, park improvements, street improvements, and infrastructure projects are commitments of the City’s capital projects fund. The projects are being funded by operating revenues, grant proceeds and bond proceeds.

The water and sewer improvements projects are a commitments of the Utility fund. The projects are being funded by certificates of obligation and grant proceeds.

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

F. Tax abatements

The City has three programs through which tax abatements are provided:

The City is authorized by Texas Tax Code Chapter 312 Property Redevelopment and Tax Abatement Act (Tax Abatement Act) to enter into property tax abatement agreements as an economic development tool available to cities to attract new industries and to encourage the retention and development of existing businesses through property tax exemptions or reductions. Tax abatements, which can range from sixty percent to one-hundred percent of property tax on the value of the property improvement with a duration of three to ten years, may be established upon property which is industrial or commercial zoned within the City or the extra-territorial jurisdiction of the City. The threshold criteria used for the abatement include adding a minimum of ten full-time employees and an investment of at least $1,000,000 in property improvements. The City recaptures any and all property tax revenue lost as a result of the agreement if the owner of the property fails to complete, make, and maintain the threshold criteria. The City Commission establishes the criteria and guidelines that govern all tax abatement agreements including the percentage amount and duration of the tax abatement, which is not to exceed ten years. The market value of the property is reduced by the exempted amount under the agreement to arrive at the taxable value used to bill the property owner.

Historic Landmark Tax Exemption Program. This program is authorized by City Ordinance and is intended to promote historic preservation and revitalization activities in the National Register Historic Downtown District. Historic landmark structures are eligible for a historical appraised tax value exemption of twenty-five (25) percent of the appraised value of the property not to exceed twenty-five thousand dollars ($25,000). To be eligible for the historical appraised tax value exemption; the owner of the landmark or structure must make application annually prior to the 1st day of February to the tax collector of the City. The market value of the property is reduced by the exempted amount under the agreement to arrive at the taxable value used to bill the property owner.

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

F. Tax abatements (continued)

Historic Reinvestment Tax Abatement Refund Program. This program is authorized by City Ordinance and is intended to promote historic preservation and revitalization activities in the National Register Historic Downtown District. Eligible historic landmark structures shall be entitled to reinvestment tax abatement equal to the amount of investment completed within a calendar year. The maximum tax abatement for a project shall not exceed the annual tax liability of the real property. The investments eligible shall be investments made for structural repairs and improvements, electrical repairs and improvements, plumbing repairs and improvements, mechanical repairs and improvements, interior repairs and improvements or exterior restoration. Taxes incurred for investment in personal property shall not be eligible for abatement. Each landowner who desires to apply for a historic reinvestment tax abatement shall apply for said abatement on or before May 1st of the year the tax abatement is to be granted. The abatement, if granted, shall be applicable to only one year. Subsequent abatements for additional projects must be applied for each year.

Historic Preservation Tax Reimbursement Program. This program is authorized by City Ordinance and is intended to promote historic preservation and revitalization activities in the National Register Historic Downtown District. Historic preservation (construction, reconstruction or restoration) projects within the national register historic downtown district with documented expenditure for construction, reconstruction or restoration in an amount in excess of fifteen thousand dollars ($15,000) shall be eligible for a seven (7) year, one hundred (100) percent city tax reimbursement. Following full payment of taxes to the City, the City shall annually pay an eligible property owner one hundred (100) percent of all real property taxes assessed against the existing real property that are paid to the City.

Tax Abatement Program	Amount Abated
Tax Abatement Act	$ 276,513
Historic Landmark Tax Exemption Program	16,782
Historic Reinvestment Tax Abatement Refund Program	28,999
Historic Preservation Tax Reimbursement Program	6,071

The City has also entered into Economic Development Agreements to promote local economic development and to stimulate business and commercial activity in the City. These agreements include provisions for repayment if the recipient fails to fully meet its commitments. The City's agreements were as follows at September 30, 2019:

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

F. Tax abatements (continued)

An agreement to make annual grants in an amount not to exceed the equivalent of 75% of the ad valorem real property taxes paid for a period of five consecutive years for Spyglass Gen Par, LC to develop real property and construct thereon improvements for a multi-family residential development. The incentive period began November 2016. The abatement amounted to $0 for the fiscal year ended September 30, 2019.

An agreement to make annual grants in the amount of $30,000 per year, not to exceed the total amount of ad valorem real and personal property taxes paid for two consecutive five year terms for Kent Industries, Inc., Polyguard Products, Inc., Muncaster Capital of Texas, Inc. for construction and improvements made to the corporate headquarters and training facility. The incentive period began March 2017. The abatement amounted to $30,000 for the fiscal year ended September 30, 2019.

An agreement to make annual grants in the amount of $35,000 per year, not to exceed the total amount of ad valorem real and personal property taxes paid for a period of ten consecutive years for Globe Products, Inc., Milglo, LLC., Minimilglo, LTD., Extreme Dead Nuts, LLC. and DNM Holding, LLC., for construction of improvements for new and expanded business development. The incentive period began October 2017. The abatement amounted to $35,000 for the fiscal year ended September 30, 2019.

An agreement to make grant payments in an amount not to exceed a total of $300,000 paid, in annual payments not to exceed 50% of the ad valorem property taxes paid by DA Ennis 45 Partner, LP., to develop approximately 6.7 acres of land and the construction and operation of multiple retail developments. The incentive period will begin upon the first tax year following the year after issuance of a certificate of occupancy. The abatement amounted to $0 for the fiscal year ended September 30, 2019.

An agreement to make grant payments in an amount not to exceed 50% of the ad valorem property taxes paid by Forum Meat Company for a period of 3 years for construction of improvements for new and expanded business development. The incentive period began October 2018. The abatement amounted to $0 for the fiscal year ended September 30, 2019.

An agreement to make grant payments in an amount not to exceed 50% of the ad valorem property taxes paid by GAF, LP., Elk Verashield Building Solutions and Elk Roofing Products for a period of 4 years for construction of improvements for manufacturing and industrial development. The incentive period will begin upon the first tax year following the year after issuance of a certificate of occupancy. The abatement amounted to $0 for the fiscal year ended September 30, 2019.

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

F. Tax abatements (continued)

An agreement to make annual grant payments in an amount not to exceed 50% of the ad valorem property taxes paid by Buc-ee's Ennis, LLC., for a period of 15 years for construction of retail developments. The incentive period will begin upon the first tax year following the year after development opens for business. The abatement amounted to $0 for the fiscal year ended September 30, 2019.

An agreement to make annual grant payments equal to one percent of the sales that are subject to sales tax collection, minus fees deducted by the Texas Comptroller paid by Buc-ee's Ennis, LLC., for a period of 20 years. The incentive period will begin upon the first tax year following the year after development opens for business. The abatement amounted to $0 for the fiscal year ended September 30, 2019.

G. Other significant commitments

The City has entered into a contract with Trinity River Authority of Texas whereby the City pays for operation and maintenance cost annually for the Bardwell Dam Reservoir. The Trinity River Authority (TRA) is a governmental agency, which is controlled by directors appointed by the governor. Actual payments for the year ended September 30, 2019 were $443,402.

The City has entered into a contract with Trinity River Authority, subject to a Raw Water Supply Contract between Trinity River Authority and the Tarrant Regional Water District, whereby the City acquired the right to utilize .25 MGD of raw water from the Richland-Chambers and Cedar Creek Reservoir. Under the terms of the agreement the City is to make a payment if the City draws no water or a higher payment if the City draws water (Take or Pay Contract). Actual payments for the year ended September 30, 2019 were $67,276.

Complete separate financial statements for the Trinity River Authority may be obtained at Trinity River Authority of Texas, 5300 South Collins, P.O. Box 60, Arlington, Texas 76004.

The City has entered into a contract with Union Pacific Railroad Company (Union Pacific) whereby the City agrees to reimburse Union Pacific in an amount not to exceed $500,000 for preliminary engineering related to the proposed construction of underpasses under the Union Pacific's rail line. Actual payments for the year ended September 30, 2019 were $221,723.

The City has entered into contracts with Schaumburg & Polk, Inc. for engineering services related to water, wastewater, and stormwater master planning in the amount of $280,000 and for a raw water study in the amount of $125,000. Actual payments for the year ended September 30, 2019 were $29,400.

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

G. Other significant commitments (commitments)

The City is participating in the Texas Health and Human Services Quality Incentive payment Program (QIPP) for nursing homes. The City is the license holder for various health facilities and has engaged various companies to manage the facilities on the City's behalf. The City pays the manager a fee equal to 5% of ordinary revenues each month. In addition, the manager is entitled to receive incentive payments that are equal to any surplus working capital plus 60% of net operating income.

The City has entered into an agreement with Healthcare Quality Improvement Services, LLC (Consultant), as a consultant in relation to the QIPP. Under this agreements the Consultant provides certain financial, operations and clinical review services for the City. The City pays a monthly base consulting fee in the amount of $1,600 per facility. In addition to the base fee the City pays the Consultant $600 per month of each quarter in the which the facility exceeds 90% of all QIPP component measures. Actual payments for the year ended September 30, 2019 were $87,200.

H. Risk management

The City self-insured for medical and prescription drug claims. The City uses an internal service fund to account for and finance both insured and uninsured risks of loss. At September 30, 2019, the internal service fund has a fund balance of $1,244,102. Stop-loss insurance is purchased for claims in excess of $100,000.

All operating funds of the City participate in the program and make payments to the fund based on estimates of the amounts needed to pay prior and current claims. The estimated insurance claims payable of $582,000 at September 30, 2019, is based on the requirements of GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, as amended by GASB Statement No. 30, Risk Financing Omnibus, which requires that claims liabilities be based upon the estimated ultimate costs of settling the claims. The liability also includes incurred but not reported claims (IBNR) developed by the third party claims administrator. Changes in the balance of estimated insurance claims payable for the year ended September 30, 2019 are:

	2019
Claims liability at beginning of year	$ 582,000
Current year claims and estimate changes	2,378,587
Claims payments	(2,378,587)
Claims liability at end of year	$ 582,000

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

I. Lease obligations

1. Operating lease (as lessor)

The City entered into a lease agreement with PRHC-Ennis GP, Inc. (subsequently LifePoint Hospitals, Inc.)(the “Company”) for the purpose of managing, operating and maintaining the new municipally owned hospital. Under the terms of the lease agreement the City has agreed to make the new hospital available to the Company for a term of forty years with two renewal periods of ten years, each. The Company has agreed to operate and maintain the hospital during the initial lease term and subsequent renewal periods and will pay the City $3,200,000 for each lease renewal period (Total consideration for the initial term and two lease renewal periods will be $28,195,735). The Company has the right to terminate the lease on 180 days notice to the City and the rent paid or payable under the lease will be proportionately and equitably rebated in accordance with the terms of the lease. Rental revenue reported under the lease agreement for the year ended September 30, 2019 totaled $544,893.

The assets leased under the agreement are as follows:

Asset	Governmental Activities
Building	$ 28,531,928
Machinery and equipment	7,524,584
Less: accumulated depreciation	(14,840,571)
Total	$ 21,215,941

2. Capital lease (as lessee)

The City is currently purchasing equipment under lease purchase agreements. The interest on the leases is 2.258%.

The assets acquired through capital leases are as follows:

Asset	Governmental Activities
Machinery and equipment	$ 1,031,741
Less: accumulated depreciation	(521,603)
Total	$ 510,138

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

I. Lease obligations (continued)

Annual debt service requirements to maturity are as follows –

	Capital Lease Obligations	
	Governmental Activities	
Year Ending September 30	Principal	Interest
2020	$ -	$ -
2021	84,158	3,844
2022	86,059	1,943
	$ 170,217	$ 5,787

J. Long-term liabilities

Certificates of Obligation

The City issues certificates of obligation to provide funds for the acquisition, construction and maintenance of major capital facilities. Certificates of obligation have been issued for both governmental and business-type activities. Certificates of obligation are direct obligations and pledge the full faith and credit of the government. Certificates of obligation outstanding at September 30, 2019 are as follows:

Governmental Activities:

Series	Issue Amount	Maturity Date	Interest Rate	Year-end Balances
2012	$ 2,955,000	8/1/2020	2.0-3.0	$ 100,000
2014	6,000,000	2/1/2034	2.0-3.75	4,970,000
2015	5,990,000	8/1/2035	2.0-3.375	4,465,000
2016	2,770,000	8/1/2031	2.0-2.10	2,125,000
2017	5,225,000	2/1/2037	3.0	4,800,000
2018	1,495,000	8/1/2037	3.0-5.0	1,450,000
2019	9,835,000	2/1/2039	3.0-5.0	9,835,000
2019A	17,065,000	2/1/2039	3.0-5.0	17,065,000
Total				$ 44,810,000

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

J. Long-term liabilities (continued)

Business-type Activities:

Series	Issue Amount	Maturity Date	Interest Rate	Year-end Balances
2015	$ 4,005,000	8/1/2035	2.0-3.375	$ 4,005,000
2016	715,000	8/1/2026	2.0	715,000
2017	2,285,000	2/1/2037	3.0	2,055,000
2018	1,095,000	8/1/2037	3.0-5.0	1,060,000
2018A	4,500,000	2/1/2038	0.14-1.54	4,295,000
Total				$ 12,130,000

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition, construction and maintenance of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds outstanding at September 30, 2019 are as follows:

Governmental Activities:

Series	Issue Amount	Maturity Date	Interest Rate	Year-end Balances
2012A - Refunding	1,984,500	8/1/2022	2.00-3.00	$ 275,000
2014 - Refunding	10,045,000	8/1/2025	2.00-3.75	5,870,000
2016 - Refunding	3,325,000	8/1/2027	1.79	1,760,000
2017 - Refunding	2,080,000	8/1/2022	1.47	1,245,000
Total				$ 9,150,000

Business-type Activities:

Series	Issue Amount	Maturity Date	Interest Rate	Year-end Balances
2012A - Refunding	$ 3,685,500	8/1/2022	2.0-3.0	$ 590,000
2016 - Refunding	3,065,000	8/1/2020	1.79	730,000
2017 - Refunding	3,300,000	8/1/2022	1.47	1,980,000
Total				$ 3,300,000

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

J. Long-term liabilities (continued)

Development Agreement Payable

The City entered into a development agreement with PRHC-Ennis GP, Inc. (subsequently LifePoint Hospitals, Inc.) (the “Company”) for the construction, maintenance and operation of an acute municipal hospital. Under the terms of the development agreement the City purchased the constructed hospital from the Company. The purchase price paid at closing was reduced by an amount identified as rent under the terms of the development agreement and the terms of a lease agreement (described in Note 2.I.1). This development agreement payable ($21,795,735) was recorded at closing and is reduced as rent revenue under the lease agreement as earned.

The development agreement payable currently outstanding and reported as a liability of the City’s governmental activities at September 30, 2019 totaled $15,211,611. The amount due within one year totals $544,893.

Compensated Absences

Compensated absences represent the estimated liability for employees’ paid time off benefits for which employees are entitled to be paid upon termination. The retirement of this liability is paid from the General Fund, Utility Fund and nonmajor enterprise fund based on the assignment of an employee at termination.

Net Pension Liability

The net pension liability represents the liability for employees’ for projected pension benefit payments to be provided to current active and inactive employees that is attributed to those employees’ past periods of service less the amount of the pension plan’s fiduciary net position.

Other Post-Employment Benefit Liability (OPEB)

The total OPEB liability represents the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB Statement No. 75.

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

J. Long-term liabilities (continued)

Changes in Long-Term Liabilities

Changes in the City's long-term liabilities for the year ended September 30, 2019 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Certificates of obligation	$ 19,170,000	$ 26,900,000	$ (1,260,000)	$ 44,810,000	$ 2,010,000
General obligation bonds	11,065,000	-	(1,915,000)	9,150,000	1,970,000
Less deferred amounts:					
For issuance discount	(1,727)	-	693	(1,034)	-
For issuance premium	614,893	1,604,227	(108,164)	2,110,956	-
Total bonds payable	30,848,166	28,504,227	(3,282,471)	56,069,922	3,980,000
Development agreement payable	15,756,504	-	(544,893)	15,211,611	544,893
Capital leases	252,517	-	(82,300)	170,217	-
Compensated absences	549,873	352,600	(777,838)	124,635	124,635
Net pension liability	4,615,851	4,196,628	-	8,812,479	-
OPEB liability	463,034	255,817	-	718,851	-
Governmental activity Long-term liabilities	$ 52,485,945	$ 33,309,272	$ (4,687,502)	$ 81,107,715	$ 4,649,528

Certificates of obligation and general obligation bonds issued for governmental activity purposes are liquidated by the debt service fund. Governmental capital lease obligations, compensated absences, net pension liability, and OPEB liability will be liquidated by the general fund. Vacation leave shall be taken during the year following its accumulation.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable:					
Certificates of obligation	$ 12,450,000	$ -	$ (320,000)	$ 12,130,000	$ 320,000
General obligation bonds	4,865,000	-	(1,565,000)	3,300,000	1,600,000
Less deferred amounts:					
For issuance discount	(7,986)	-	1,996	(5,990)	-
For issuance premium	226,663	-	(26,067)	200,596	-
Total bonds payable	17,533,677	-	(1,909,071)	15,624,606	1,600,000
Compensated absences	125,077	177,291	(242,038)	60,330	60,330
Net pension liability	1,311,631	1,051,644	-	2,363,275	-
OPEB liability	120,205	64,116	-	184,321	-
Business-type activity Long-term liabilities	$ 19,090,590	$ 1,293,051	$ (2,151,109)	$ 18,232,532	$ 1,660,330

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

J. Long-term liabilities (continued)

Certificates of obligation, general obligation bonds, compensated absences, net pension liability, and OPEB liability issued for business-type activities are repaid from those activities.

The debt service requirements for the City's bonds are as follows:

	Governmental Activities			
	Certificates of Obligation		General Obligation bonds	
Year Ending September 30	Principal	Interest	Principal	Interest
2020	$ 2,010,000	$ 1,752,513	$ 1,970,000	$ 252,218
2021	1,790,000	1,475,583	1,625,000	206,352
2022	2,025,000	1,417,270	1,600,000	166,254
2023	2,190,000	1,348,258	1,160,000	126,125
2024	2,280,000	1,265,733	1,195,000	88,432
2025-2029	11,590,000	5,015,850	1,600,000	59,180
2030-2034	13,365,000	2,737,212	-	-
2035-2039	9,560,000	767,341	-	-
	$ 44,810,000	$ 15,779,760	$ 9,150,000	$ 898,561

	Business-Type Activities			
	Certificates of Obligation		General Obligation Bonds	
Year Ending September 30	Principal	Interest	Principal	Interest
2020	$ 320,000	$ 269,012	$ 1,600,000	$ 59,873
2021	680,000	264,414	890,000	31,110
2022	695,000	251,910	810,000	15,044
2023	705,000	238,788	-	-
2024	720,000	225,692	-	-
2025-2029	3,440,000	902,848	-	-
2030-2034	3,595,000	497,767	-	-
2035-2038	1,975,000	77,253	-	-
	$ 12,130,000	$ 2,727,684	$ 3,300,000	$ 106,027

K. Fund Balance

Minimum fund balance policy. In the general fund, the City strives to maintain an adequate General Fund Reserve which shall be at least the equivalent of ninety working days of general fund operating expenditures or $1,000,000, whichever is the greater.

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

L. Interfund receivables and payables

The composition of interfund balances as of September 30, 2019 is as follows:

Receivable Fund	Payable Fund	Amount
General	Utility	$ 238,128
General	Internal service fund	448,308
Certificates of Obligation Series 2019A	Nonmajor governmental funds	297,661
Certificates of Obligation Series 2019A	Nonmajor enterprise funds	485,850
Certificates of Obligation Series 2019A	General	1,750
Nonmajor governmental funds	General	2,635
Nonmajor governmental funds	Nonmajor enterprise funds	6,482
Nonmajor enterprise fund	General	2,934
Nonmajor enterprise fund	Utility	72,533
		$ 1,556,281

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

M. Interfund transfers

The composition of interfund transfers as of September 30, 2019 is as follows:

	Transfer In:						
Transfer out:	General	Certificates of Obligation Series 2019	Certificates of Obligation Series 2019A	Debt Service	Nonmajor Governmental Funds	Utility	Total
Certificates of Obligation Series 2019	$ 430,796	$ -	$ 204,940	$ -	$ -	$ -	$ 635,736
Certificates of Obligation Series 2019A	579,584	-	-	-	-	1,887,617	2,467,201
Nonmajor governmental funds	509,758	11,839,825	-	246,914	-	-	12,596,497
Utility	2,379,986	-	-	-	-	-	2,379,986
Nonmajor enterprise funds	364,344	-	-	-	213,752	-	578,096
Total	$ 4,264,468	$ 11,839,825	$ 204,940	$ 246,914	$ 213,752	$ 1,887,617	$ 18,657,516

Transfers are primarily used to reimburse General Fund for administrative services provided, moving bond proceeds from the Crime Control and Prevention District to capital project funds for construction, and moving capital construction costs from capital project funds to the Utility fund.

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

N. Discretely presented component units

1. Ennis Economic Development Corporation, Inc. (Corporation)

Cash deposits with financial institutions

At year-end, the Corporation's bank balance was $7,685,635. Of the bank balance, $250,000 was covered by federal depository insurance and the remaining balance, $7,435,635 was covered by collateral pledged in the Corporation's name. The collateral was held in the Corporation's name by the safekeeping departments of the pledging bank's agent and had a fair value of approximately $8,549,000.

Capital assets

Capital asset activity for the Corporation for the year ended September 30, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 4,053,432	$ -	$ -	$ 4,053,432
Construction in progress	323,912	37,785	-	361,697
Total capital assets not being depreciated	4,377,344	37,785	-	4,415,129
Capital assets being depreciated:				
Building	567,855	-	-	567,855
Improvements	343,429	-	-	343,429
Totals capital assets being depreciated	911,284	-	-	911,284
Less accumulated depreciation				
Building	(41,011)	(18,929)	-	(59,940)
Improvements	(343,429)	-	-	(343,429)
Total accumulated depreciation	(384,440)	(18,929)	-	(403,369)
Total capital assets being depreciated, net	526,844	(18,929)	-	507,915
Corporation capital assets, net	$ 4,904,188	$ 18,856	$ -	$ 4,923,044

The Corporation has an active construction project as of September 30, 2019 for a building. At year end the Corporation's commitment with the contractor is as follows:

Project	Spent-to-Date	Remaining Commitment
Building	$ 228,555	$ 24,295

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

N. Discretely presented component units (continued)

On May 13, 2002, the Corporation entered into a letter of agreement with Lowe's Home Centers, Inc. (Lowe's) whereby the Corporation conveyed 41 acres of land in consideration of certain promises, agreements and covenants as outlined in the letter of agreement. As part of the letter of agreement, Lowe's agreed to invest in private infrastructure and employ a minimum number of individuals for a period of twenty years from the opening date of its facilities in Ennis, Texas.

The conditional advance of land valued at $1,009,625 shall not be reimbursed by Lowe's in the event Lowe's maintains its Ennis, Texas facility at the levels described in the letter of agreement for a period of twenty years from the date of opening its facility in Ennis, Texas. Each year Lowe's maintains its facility at the levels described in the letter of agreement, Lowe's obligation for any land cost reimbursement shall be reduced by one-twentieth.

On January 23, 2003, the Corporation entered into a letter of agreement with CVS Texas Distribution, L.P. (CVS) whereby the Corporation conveyed 61.8 acres of land in consideration of certain promises, agreements and covenants as outlined in the letter of agreement. As part of the letter of agreement, CVS agreed to invest in private infrastructure and employ a minimum number of individuals for a period of twenty years from the opening date of its facilities in Ennis, Texas.

The conditional advance of land valued at $800,000 shall not be reimbursed by CVS in the event CVS maintains its Ennis, Texas facility at the levels described in the letter of agreement for a period of twenty years from the date of opening its facility in Ennis, Texas. Each year CVS maintains its facility at the levels described in the letter of agreement, CVS's obligation for any land cost reimbursement shall be reduced by one-twentieth.

On August 2, 2004, the Corporation entered into a letter of agreement with Koyo Steering Systems of Texas, L.P. (Koyo) whereby the Corporation conveyed 41.98 acres of land in consideration of certain promises, agreements and covenants as outlined in the letter of agreement. As part of the letter of agreement, Koyo agreed to invest in private infrastructure and employ a minimum number of individuals for a period of twenty years from the opening date of its facilities in Ennis, Texas.

The conditional advance of land valued at $1,049,500 shall not be reimbursed by Koyo in the event Koyo maintains its Ennis, Texas facility at the levels described in the letter of agreement for a period of twenty years from the date of opening its facility in Ennis, Texas. Each year Koyo maintains its facility at the levels described in the letter of agreement, Koyo's obligation for any land cost reimbursement shall be reduced by one-twentieth.

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

N. Discretely presented component units (continued)

On June 5, 2005, the Corporation entered into a letter of agreement with ASMO Manufacturing, Inc. (ASMO) whereby the Corporation conveyed 23.0155 acres of land in consideration of certain promises, agreements and covenants as outlined in the letter of agreement. As part of the letter of agreement, ASMO agreed to invest in private infrastructure and employ a minimum number of individuals for a period of twenty years from the opening date of its facilities in Ennis, Texas.

The conditional advance of land valued at $805,543 shall not be reimbursed by ASMO in the event ASMO maintains its Ennis, Texas facility at the levels described in the letter of agreement for a period of twenty years from the date of opening its facility in Ennis, Texas. Each year ASMO maintains its facility at the levels described in the letter of agreement, ASMO's obligation for any land cost reimbursement shall be reduced by one-twentieth.

On August 9, 2006, the Corporation entered into a letter of agreement with Alliance Data Systems, Inc. (ADS) whereby the Corporation conveyed 15.570 acres of land in consideration of certain promises, agreements and covenants as outlined in the letter of agreement. As part of the letter of agreement, ADS agreed to invest in private infrastructure and employ a minimum number of individuals for a period of twenty years from the opening date of its facilities in Ennis, Texas.

The conditional advance of land valued at $622,800 shall not be reimbursed by ADS in the event ADS maintains its Ennis, Texas facility at the levels described in the letter of agreement for a period of twenty years from the date of opening its facility in Ennis, Texas. Each year ADS maintains its facility at the levels described in the letter of agreement, ADS's obligation for any land cost reimbursement shall be reduced by one-twentieth.

On February 3, 2015, the Corporation entered into a letter of agreement with Dakota Utility Contractors, Inc. (Dakota) whereby the Corporation conveyed 17.5 acres of land in consideration of certain promises, agreements and covenants as outlined in the letter of agreement. As part of the letter of agreement, Dakota agreed to invest in private infrastructure and employ a minimum number of individuals for a period of twenty years from the opening date of its facilities in Ennis, Texas.

The conditional advance of land valued at $545,508 shall not be reimbursed by Dakota in the event Dakota maintains its Ennis, Texas facility at the levels described in the letter of agreement for a period of twenty years from the date of opening its facility in Ennis, Texas. Each year Dakota maintains its facility at the levels described in the letter of agreement, Dakota's obligation for any land cost reimbursement shall be reduced by one-twentieth.

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

N. Discretely presented component units (continued)

Economic Development Agreements

On May 20, 2016, the Corporation entered into an economic development agreement and land sales agreement with Schirm USA, Inc. (Schirm) to sale land to Schirm. Under the agreements Schirm agrees to expand its current manufacturing facility with a minimum cost of $1,500,000. In the event Schirm fails to construct and maintain such facility, Schirm agrees to resell the property to the Corporation in the amount of the original purchase price without interest.

On September 30, 2016, the Corporation entered into an economic development agreement with Novelinks, LLC (Novelinks) to reimburse Novelinks for costs associated with the installation of infrastructure improvements through the payment of grants in an amount not to exceed $175,000. Under the agreement Novelinks agrees to complete a minimum of $2,500,000 of capital improvements not later than three years from the effective date of the agreement. In addition Novelinks agrees to create and employ 20 full time jobs within one year of the completion of the improvements and to maintain those jobs for three years after the effective date. If Novelinks is unable to comply with requirements of this grant the Corporation shall have the right to demand repayment of the incentives. As of September 30, 2019, the Corporation has made payment of $175,000 under this agreement.

On May 12, 2017, the Corporation entered into a land sale agreement and an economic development agreement with Price Distributing Company (Price) to sale land to and reimburse Price for costs associated with the installation of infrastructure improvements through the payment of grants in an amount not to exceed $75,000. Under the agreements Price agrees to complete a minimum of $4,000,000 of capital improvements not later than one year from the effective date of the agreement. If Price fails to construct the improvements by the construction deadline, Price will pay liquidated damages of (a) any portion of the $75,000 grant made to Price, and (b) $25,000. In addition, Price agrees to create and employ 40 full time jobs within one year of the completion of the improvements and to maintain those jobs for three years after the effective date. As of September 30, 2019, the Corporation has made payment of $75,000 under this agreement.

On May 1, 2018, the Corporation entered into an economic development agreement with a DA Ennis 45 Partners, LP (DA Ennis). Under the agreement, the Corporation shall pay DA Ennis a grant of $450,000 paid as four separate grants after specific project performance requirements are met by DA Ennis. The project includes the investment of approximately $12,000,000 to develop approximately 6.7 acres of land and the construction and operation of multiple retail developments. As of September 30, 2019, the Corporation has not made any payments under this agreement.

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

N. Discretely presented component units (continued)

On October 18, 2018, the Corporation entered into an economic development agreement with Columbia Packing Company (Columbia) to reimburse Columbia for costs associated with the construction and site improvements for a n facility through the payment of a grant in an amount not to exceed $35,154. Under the agreement Columbia agrees to complete a minimum of $7,000,000 of capital improvements not later than one year from the effective date of the agreement. In addition Columbia agrees to create and employ 5 full time jobs within three years of the completion of the improvements and to maintain those jobs for three years after the effective date. If Columbia is unable to comply with requirements of this grant the Corporation shall have the right to demand repayment of the incentive. As of September 30, 2019, the Corporation has made payment of $35,154 under this agreement.

Long-term liabilities

Sales Tax Revenue Bonds

Revenue bonds currently outstanding and reported as liabilities of the Corporation are:

Series	Issue Amount	Maturity Date	Interest Rate	Year-end Balances
1999	$ 3,290,430	8/1/2034	3.50-8.45	$ 455,430
2008 Refunding	5,460,000	8/1/2024	3.50-5.25	2,160,000
2014 Refunding	2,745,000	8/1/2034	0.50-4.50	2,040,000
Total				$ 4,655,430

Annual debt service requirements to maturity for revenue bonds are as follows:

	Component Unit	
	Sales Tax Revenue Bonds	
Year Ending September 30	Principal	Interest
2020	$ 535,000	$ 194,080
2021	555,000	169,618
2022	585,000	143,598
2023	615,000	115,908
2024	640,000	86,581
2025-2029	844,455	2,638,959
2030-2034	880,975	2,588,695
	$ 4,655,430	$ 5,937,439

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

N. Discretely presented component units (continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Corporation					
Bonds payable:					
Sales tax revenue bonds	$ 5,170,430	$ -	$ (515,000)	$ 4,655,430	$ 535,000
Less deferred amounts:					
For issuance discount	(10,554)	-	878	(9,676)	-
	5,159,876	-	(514,122)	4,645,754	535,000
	$ 5,159,876	$ -	$ (514,122)	$ 4,645,754	$ 535,000

Subsequent events

Subsequent to year end, the Corporation approved the following items:

- Historic preservation grants in the amount of $46,000.
- Facade grants in the amount of $52,500.
- Economic development agreements in the amount of $300,000.
- Issuance of Ennis Economic Development Corporation, Inc. Sales Tax Revenue Refunding Bonds, Taxable Series 2019 in the amount of $2,240,000
- Grant programs for local businesses adversely impacted by COVID-19 in the amount of $485,000.

O. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. 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 government expects such amounts, if any, to be immaterial.

P. Line of credit

The City has a $4,000,000 revolving line of credit maturing May 30, 2020 secured by gross revenues. Interest is payable semi-annually at a rate equal to the lesser of the Prime Rate plus 1.00% or 4.50%. The outstanding balance on the line of credit as of September 30, 2019 was $1,828,526.

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

Q. Related party transactions

The significant transactions between the component unit and primary government during the year ended September 30, 2019 consisted of contributions of $385,000 for administrative costs and $225,000 for construction projects.

R. Subsequent events

Subsequent to year end the City:

- Approved various contracts for professional services for approximately $208,000.
- Approved various contracts related to construction projects for approximately $7,601,000.
- Approved the purchase of machinery and equipment, including a bulk refuse truck, police and fire vehicles, and a digital library sign for a total of approximately $848,000.
- Approved the renewal of the QIPP fund line of credit and an increase of the limit to $10,260,363.
- Approved a lease agreement for a new City Hall with a term of 20 years and annual payments ranging from $210,000 to $450,000.

S. Prior period adjustment

Corrections have been made to the governmental activities and business-type activities beginning net position in the government-wide financial statements and utility fund beginning net position in the fund financial statements due to an understatement of capital assets, and an understatement of net position. The change to the beginning fund balance as of October 1, 2018 is summarized as follows:

	Government-wide Financial Statements		Fund Financial Statements
	Governmental Activities	Business-type Activities	Utility
As previously reported, October 1, 2018	$ 32,456,447	$ 27,973,783	$ 28,162,661
Correct understatement of capital assets	1,250,488	1,249,618	1,249,618
Restated, October 1, 2018	$ 33,706,935	$ 29,223,401	$ 29,412,279
Effect of restatement on operations for the year ended September 30, 2018	$ 1,250,488	$ 1,249,618	$ 1,249,618

NOTE 3 - DEFINED BENEFIT PENSION PLANS

A. Plan description

The City of Ennis Texas participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. 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.

B. 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.

NOTE 3 - DEFINED BENEFIT PENSION PLANS (continued)

B. Benefits provided (continued)

	Plan Provisions
Employee deposit rate	7%
Municipal current matching ratio	2 - 1
Updated service credits:	
Rate (%)	100 T
Year effective	1998R
Increase benefits to retirees:	
Rate (%) [1]	70
Year effective	2001R
Vesting	5 yrs
Service retirement eligibilities	5 yrs/age 60, 20 yrs/any age
Restricted prior service credit effective date	1-93
Supplemental death benefits:	
Employees	Yes
Retirees	Yes
Statutory maximum (%)	Removed

(1) For years prior to 1982, the rate is the actual percentage in annuities. For 1982 and later, the rate is the percentage of the change in the CPI-U since retirement date, granted to each annuitant as an increase of the original annuity.

T — Includes Transfer Credits.

R — Annually Repeating. Ordinance automatically renews effective January 1 of each successive year.

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	135
Inactive employees entitled to but not yet receiving benefits	58
Active employees	193
	386

NOTE 3 - DEFINED BENEFIT PENSION PLANS (continued)

C. Contributions

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

Employees for the City of Ennis, Texas were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Ennis, Texas were16.90% and 17.49% in calendar years 2019 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2019, were $1,987,824, and were equal to the required contributions.

D. Net pension liability

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

Actuarial assumptions

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

Inflation	2.5% per year
Overall payroll growth	3.5% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the City, rates are multiplied by a factor of 100%. 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 Adjustment are used with males 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.

NOTE 3 - DEFINED BENEFIT PENSION PLANS (continued)

D. Net pension liability (continued)

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 was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected
Domestic Equity	17.5%	4.30%
International Equity	17.5%	610.00%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	100%	

NOTE 3 - DEFINED BENEFIT PENSION PLANS (continued)

D. Net pension liability (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.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balance at 12/31/2017	$67,396,220	$61,468,738	$ 5,927,482
Changes for the year:			
Service cost	2,160,079	-	2,160,079
Interest	4,513,388	-	4,513,388
Difference between expected and actual experience	(488,779)	-	(488,779)
Contributions - employer	-	2,010,628	(2,010,628)
Contributions - employee	-	804,713	(804,713)
Net investment income	-	(1,841,480)	1,841,480
Benefit payments, including refunds of employee contributions	(3,222,511)	(3,222,511)	-
Administrative expense	-	(35,586)	35,586
Other changes	-	(1,859)	1,859
Net Changes	$ 2,962,177	$ (2,286,095)	$ 5,248,272
Balance at 12/31/2018	**$70,358,397**	**$59,182,643**	**$ 11,175,754**

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 would be 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:

	1.0% Decrease in Discount Rate (5.75%)	**Discount Rate (6.75%)**	**1.0% Increase in Discount Rate (7.75%)**
City's net pension liability	$ 20,821,333	$ 11,175,754	$ 3,230,744

NOTE 3 - DEFINED BENEFIT PENSION PLANS (continued)

D. Net pension liability (continued)

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan - Legally required contributions outstanding at the end of the year totaled $145,004.

E. Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the year ended September 30, 2019, the City recognized pension expense of $2,667,688.

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

	Deferred Outflows of Resources			
	Governmental Activities		Business-Type Activities	
Contributions subsequent to the measurement date	$	1,137,826	$	285,130
Difference between projected and actual investment earnings		2,535,728		652,613
Differences between expected and actual economic experience		20,391		5,596
Total	$	3,693,945	$	943,339

	Deferred Inflow of Resources			
	Governmental Activities		Business-Type Activities	
Changes in actuarial assumptions	$	7	$	2
Differences between expected and actual economic experience		549,608		148,689
Total	$	549,615	$	148,691

$1,422,956 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 asset 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:

NOTE 3 - DEFINED BENEFIT PENSION PLANS (continued)

E. Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions (continued)

Year Ended December 31	
2019	$ 844,087
2020	290,245
2021	344,021
2022	1,110,818
2023	(73,149)
Total	$ 2,516,022

NOTE 4 - OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS

A. Plan description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The 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) and as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single-employer, defined benefit OPEB plan. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at *www.tmrs.com.*

B. Benefits provided

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 OPEB and is a fixed amount of $7,500.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the 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.

NOTE 4 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (continued)

C. Employees covered by benefit terms

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

Inactive employees currently receiving benefits	96
Inactive employees entitled to but not yet receiving benefits	14
Active employees	193
	303

D. Total OPEB liability

The City's total OPEB liability of $903,171 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 10.50%, including inflation
Discount rate*	3.71%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates - disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

NOTE 4 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (continued)

D. Total OPEB liability (continued)

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2017	$ 583,239
Changes for the year:	
Service cost	22,992
Interest	19,591
Difference between expected and actual experience	322,231
Changes in assumptions or other inputs	(39,134)
Benefit payments**	(5,748)
Net Changes	$ 319,932
Balance at 12/31/2018	**$ 903,171**

** Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Sensitivity of the total OPEB liability to changes in the discount rate -

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability 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 (2.71%)	Current Discount Rate (3.71%)	1% Increase (4.71%)
Total OPEB liability	$ 1,008,334	$ 903,171	$ 820,345

NOTE 4 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (continued)

E. OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended September 30, 2019, the City recognized OPEB expense of $103,514. At September 30, 2019, the City reported deferred outflows and deferred inflows of resources and related to OPEB from the following sources:

	Deferred Outflows of Resources	
	Governmental Activities	Business-Type Activities
Differences between expected and actual economic experience	$ 222,263	$ 55,705
City contributions subsequent to the measurement date	12,119	3,037
Total	$ 234,382	$ 58,742

	Deferred Inflows of Resources	
	Governmental Activities	Business-Type Activities
Changes of assumptions	$ 2,050	$ 290
Total	$ 2,050	$ 290

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31	
2019	$ 44,837
2020	44,837
2021	44,837
2022	44,837
2023	44,837
Thereafter	51,443
Total	$ 275,628

F. Payable to the OPEB plan

At September 30, 2019, the City reported a payable of $1,544 for the outstanding amount of contributions to the Plan required for the year ended September 30, 2019.

Financial Advisory Services
Provided By:

SAMCO Capital