NEW ISSUE BOOK-ENTRY-ONLY

Rating: Moody's "Aa3" (Underlying)
S&P "AA" (Insured)
(See "OTHER PERTINENT INFORMATION – Rating", "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein)

OFFICIAL STATEMENT
Dated: April 12, 2021

In the opinion of Bond Counsel, 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 thereof, subject to the matters described under "Tax Matters".

*The City **will not** designate the Certificates as "Qualified Tax-Exempt Obligations"*

$43,855,000
CITY OF PARIS, TEXAS
(Lamar County)
COMBINATION TAX AND SURPLUS REVENUE CERTIFICATES OF OBLIGATION, SERIES 2021

Dated Date: May 1, 2021 **Due: December 15, as shown on page ii**

The City of Paris, Texas (the "City" or the "Issuer") $43,855,000 Combination Tax and SURPLUS REVENUE Certificates of Obligation, Series 2021 (the "Certificates") are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly Chapter 271, Subchapter C, Texas Local Government Code, as amended, and constitute direct obligations of the City of Paris, Texas (the "City"), payable from the levy and collection of a direct and continuing annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, and additionally from a pledge of surplus revenues of the City's waterworks and sewer system (the "System") that remain after payment of all operation and maintenance expenses thereof, and after all debt service, reserve and other requirements in connection with all revenue bonds or other obligations (now or hereafter outstanding) of the City have been met, as provided in the ordinance authorizing the issuance of Certificates (see "The Certificates - Authority for Issuance of the Certificates" and "The Certificates – Security and Source of Payment").

Interest on the Certificates will accrue from May 1, 2021 (the "Dated Date") as shown above and will be payable on December 15, 2021, and on each June 15 and December 15 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 (i) pay all or a portion of the City's contractual obligations incurred in connection with refurbishment of portions of the existing waste water treatment plant as needed in connection with the construction of a new waste water treatment plant for the City and (ii) to pay the costs related to the issuance of the Certificates. (See "THE CERTIFICATES - Use of Certificate Proceeds" herein.)

The Issuer reserves the right to redeem the Certificates maturing on and after December 15, 2031, on December 15, 2030, 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.)

The scheduled payment of principal of and interest on the Certificates when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Certificates by ASSURED GUARANTY MUNICIPAL CORP. (See "BOND INSURANCE" and "BOND INSURANCEGENERAL RISKS" herein.)

STATED MATURITY SCHEDULE
(On Page ii)

The Certificates are offered for delivery, when, as and if issued and received by the HilltopSecurities, Inc. (the "Purchaser") 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. (See Appendix C – Form of Legal Opinion of Bond Counsel.) (See "OTHER PERTINENT INFORMATION - Legal Opinion and "Certification of the Official Statement and No-Litigation" herein). It is expected that the Certificates will be available for delivery through DTC on or about May 12, 2021.

STATED MATURITY SCHEDULE
(Due December 15)
Base CUSIP – 699891 [(a)]

$ 28,325,000 Serial Certificates

Stated Maturity December 15	Principal Amount*	Interest Rate (%)	Initial Yield (%)	CUSIP Suffix[(a)]
2022	$1,210,000	5.000	0.150	PU5
2023	1,885,000	5.000	0.260	PV3
2024	1,985,000	5.000	0.400	PW1
2025	760,000	5.000	0.550	PX9
2026	620,000	5.000	0.700	PY7
2027	655,000	5.000	0.900	PZ4
2028	690,000	5.000	1.050	QA8
2029	725,000	5.000	1.150	QB6
2030	765,000	5.000	1.250	QC4
2031	800,000	5.000	1.320	QD2
2032	1,445,000	4.000	1.450	QE0
2033	1,445,000	4.000	1.500	QF7
2034	1,495,000	3.000	1.630	QG5
2035	1,540,000	3.000	1.650	QH3
2036	1,590,000	3.000	1.690	QJ9
2039	1,695,000	2.000	2.050	QM2
2040	1,730,000	2.000	2.100	QN0
2041	1,765,000	2.000	2.150	QP5
2042	1,800,000	2.125	2.200	QQ3
2043	1,840,000	2.250	2.250	QR1
2044	1,885,000	2.250	2.305	QS9

$ 15,530,000 Term Certificates

$3,290,000 2.000% Term Certificates due December 15, 2038 and priced to yield 2.000% QL4
$5,910,000 2.250% Term Certificates due December 15, 2047 and priced to yield 2.377% QV2
$6,330,000 2.375% Term Certificates due December 15, 2050 and priced to yield 2.434% QY6

(Interest to accrue from the Dated Date)

The Issuer reserves the right to redeem the Certificates maturing on and after December 15, 2031, on December 15, 2030, 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. Additionally, the Certificates maturing on December 15, 2038, December 15, 2047 and December 15, 2050 will also be subject to mandatory sinking fund redemption. (See "THE CERTIFICATES - Redemption Provisions" herein.)

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Certificates. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "Bond Insurance" and "Appendix E – Specimen Municipal Bond Insurance Policy".

[(a)] *CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), 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 services provided by CGS. Neither the City nor the Financial Advisor is responsible for the selection or the correctness of the CUSIP numbers set forth herein.*

CITY OF PARIS, TEXAS
135 SE 1st St.
Paris, Texas 75460-5803
(903) 784-9202

ELECTED OFFICIALS

Name	Title	First Elected May	Term Expires May	Occupation / Employer
Dr. Steve Clifford	Mayor	2015	2021	Physician
Paula Portugal	Mayor Pro Tem	2017	2021	Retired Educator
Renae Stone	Council Member	2018	2022	Nurse/Counselor
Reginald Hughes	Council Member	2020	2022	Retired Military
Gary Savage	Council Member	2020	2022	Bi-vocational Minister
Linda Knox	Council Member	2017	2021	Educator
Clayton Pilgrim	Council Member	2018	2022	Realtor

ADMINISTRATION

Name	Position	Length of Service With the City	Years in Municipal Government
Grayson Path	City Manager	1 year	8 years
Gene Anderson	Director of Finance	36 years	44 years
Janice Ellis	City Clerk	17 years	22 years
Stephanie Harris	City Attorney	10 years	10 Years

CONSULTANTS AND ADVISORS

Bond Counsel	McCall, Parkhurst & Horton L.L.P. Dallas, Texas
Certified Public Accountants	McClanahan and Holmes, LLP Paris, Texas
Financial Advisor	SAMCO Capital Markets, Inc. San Antonio, Texas

For Additional Information Please Contact:

Mr. Gene Anderson
Director of Finance
City of Paris
135 SE 1st St.
Paris, Texas 75460-5803
(903) 784-9241 (Phone)

Mr. Mark McLiney
Senior Managing Director
SAMCO Capital Markets, Inc.
1020 NE Loop 410, Suite 640
San Antonio, Texas 78209
(210) 832-9760 (Phone)

Mr. Andrew Friedman
Managing Director
SAMCO Capital Markets, Inc.
1020 NE Loop 410, Suite 640
San Antonio, Texas 78209
(210) 832-9760 (Phone)

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.

NEITHER THE CITY NOR ITS FINANCIAL ADVISOR 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, OR THE BOND INSURER, IF ANY, AND ITS MUNICIPAL BOND INSURANCE POLICY.

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.

TABLE OF CONTENTS

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 Paris, Texas (the "City" or "Issuer") is located in Lamar County (the "County") and is the County seat and principal commercial center of the County. The City operates under a Council/Manager form of government, with the City Council comprised of seven members including the Mayor. All seven Council members are elected by district for two-year staggered terms. The City's current estimated population is 25,450. (See Appendix B - "General Information Regarding the City of Paris and Lamar County, Texas" herein.)
The Certificates	The Certificates are issued pursuant to the Constitution and general laws of the State, particularly Chapter 271, Subchapter C, Texas Local Government Code, as amended, and the ordinance authorizing the issuance of the Certificates adopted by the City Council of the City (see "The Certificates - Authority for Issuance of the Certificates").
Paying Agent/Registrar	The initial Paying Agent/Registrar for the Certificates is BOKF, NA, Dallas, Texas.
Security	The Certificates constitute direct obligations of the Issuer payable from an annual ad valorem tax levied against all taxable property in the City, within the limits prescribed by law, and additionally from a pledge of surplus revenues of the City's waterworks and sewer system (the "System") that remain after payment of all operation and maintenance expenses thereof, and after all debt service, reserve and other requirements in connection with all revenue bonds or other obligations (now or hereafter outstanding) of the City have been met. (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 December 15, 2031 on December 15, 2030 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. Additionally, the Certificates maturing on December 15, 2038, December 15, 2047 and December 15, 2050 will also be subject to mandatory sinking fund 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 thereof. (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 (i) pay all or a portion of the City's contractual obligations incurred in connection with refurbishment of portions of the existing waste water treatment plant as needed in connection with the construction of a new waste water treatment plant for the City and (ii) to pay the costs related to the issuance of the Certificates. (See "THE CERTIFICATES - Use of Certificate Proceeds" herein.)
Bond Insurance	The scheduled payment of principal of and interest on the Certificates when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Certificates by **ASSURED GUARANTY MUNICIPAL CORP.** (See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" 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	Moody's Investors Service, Inc. ("Moody's") has assigned an underlying, unenhanced rating of "Aa3" to the Certificates. S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), has assigned the Certificates an insured rating of "AA" (stable outlook) based upon the issuance of the Policy by AGM at the time of delivery of the Certificates. An explanation of the significance of such rating may be obtained from Moody's. (See "OTHER PERTINENT INFORMATION - Rating" herein.)

Issuance of Additional Debt	The City does not anticipate the issuance of additional debt within the next twelve months, except potentially refunding bonds for debt service savings.
Payment Record	The City has never defaulted on the payment of either its tax-supported or revenue debt.
Delivery	When issued, anticipated on or about May 12, 2021.
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 the City of Paris, Texas (the "City" or the "Issuer") of its $43,855,000 Combination Tax and Surplus Revenue Certificates of Obligation, Series 2021 (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 of Texas (the "State"), particularly Chapter 271, Subchapter C, Texas Local Government Code, as amended.

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. Under State law, the proclamation of a state of disaster by the Governor may not continue for more than 30 days unless renewed by the Governor. The Governor has renewed this declaration monthly, most recently on January 5, 2021. 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 which has been subsequently extended and is still in effect. In addition, certain local officials, including the County Judge of Coryell County, have also declared a local state of disaster. 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 has issued a number of executive orders relating to COVID-19 preparedness and mitigation. Due to a previous spike in COVID-19 cases, prior executive orders modified the phased reopening of businesses in Texas, subject to further restrictions in the Governor's discretion. The Governor has since issued a number of these including, for example, the issuance on October 7, 2020 of Executive Order GA-32, which, among other things, provided further guidelines for the reopening of businesses and the maximum threshold level of occupancy related to such establishments. Certain businesses, such as cybersecurity services, child care services, local government operations, youth camps, recreational programs, schools, and religious services, do not have the foregoing limitations. The Governor's order also states, in providing or obtaining services, every person (including individuals, businesses, and other legal entities) should use good-faith efforts and available resources to follow the minimum standard health protocols. Executive Order GA-32 remains in place until amended, rescinded, or superseded by the Governor. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

Most of the federal and state actions and policies under the aforementioned disaster declarations 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. Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. Stock values and crude oil prices, in the United States and globally, have seen significant declines attributed to COVID-19 concerns. The State may be particularly at risk from any global slowdown, given the prevalence of international trade in the State and the risk of contraction in the oil and gas industry and spillover effects into other industries. Such adverse economic conditions, if they continue, may reduce or negatively affect economic conditions in the City.

The full extent of the ongoing impact of COVID-19 on the City's longer-term operational and financial performance will depend on future developments, many of which are outside of its control, including the effectiveness of the mitigation strategies discussed above, the duration and spread of COVID-19, and future governmental actions, all of which are highly uncertain and cannot be predicted. 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 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.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the City. The financial and operating data contained herein are the latest available but are for the dates and the periods stated herein, which are for periods prior to the economic impact of the Pandemic and efforts to slow it. It is unclear at this time what effect, if any, COVID-19 and resulting economic disruption may have on future assessed values or the collection of taxes, either because of delinquencies or collection and valuation relief resulting from the declared emergency. The Certificates are secured by an ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Certificates as well as the City's operations and maintenance expenses payable from ad valorem taxes.

The City collects a sales and use tax on all taxable transactions within the City's boundaries and other excise taxes and fees that depend on business activity. 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 sales or other excise taxes, utility system revenue, and utility franchise and other fees and charges may negatively impact the City's operating budget and overall financial condition. In addition, the Pandemic has resulted in volatility of the value of investments in pension funds. Any prolonged continuation of the Pandemic could further weaken asset values or slow or prevent their recovery, which could require increased City contributions to fund or pay retirement and other post-employment benefits in the future.

The financial and operating data contained herein are the latest available, but 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 May 1, 2021 (the "Dated Date"). The Certificates are stated to mature on December 15 in the years and in the principal amounts set forth on page ii hereof. The Certificates shall bear interest from the 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 December 15, 2021, and on each June 15 or December 15 thereafter (each, an "Interest Payment Date") 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 of Texas (the "State") particularly Certificate of Obligation Act of 1971 (Sections 271.041 through 271.064 Texas Local Government Code, as amended), Chapter 1502, as amended, Texas Government Code, and an ordinance (the "Ordinance") adopted by the City Council of the City (the "City Council") on April 12, 2021.

Security for Payment

The Certificates constitute direct obligations of the Issuer payable from an annual ad valorem tax levied against all taxable property in the City, within the limits prescribed by law, and additionally from a pledge of surplus revenues of the City's waterworks and sewer system (the "System") that remain after payment of all operation and maintenance expenses thereof, and after all debt service, reserve and other requirements in connection with all revenue bonds or other obligations (now or hereafter outstanding) of the City have been met. (See "CITY APPLICATION OF THE PROPERTY TAX CODE" herein.)

Tax Rate Limitations

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, 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 cities of more than 5,000 population 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 adopts the constitutionally authorized maximum tax rate of $2.50 per $100 Taxable Assessed Valuation.

Use of Certificate Proceeds

Proceeds from the sale of the Certificates will be used to (i) pay all or a portion of the City's contractual obligations incurred in connection with refurbishment of portions of the existing waste water treatment plant as needed in connection with the construction of a new waste water treatment plant for the City and (ii) to pay the costs related to the issuance of the Certificates.

Redemption Provisions

Optional Redemption: The Issuer reserves the right, at its option, to redeem the Certificates maturing on and after December 15, 2031 on December 15, 2030, 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. In addition, the Certificates maturing on December 15, 2038, December 15, 2047 and December 15, 2050 (the "Term Certificates") will also be subject to mandatory sinking fund redemption.

Mandatory Sinking Fund Redemption

The Term Certificates are subject to mandatory sinking fund redemption in part prior to their stated maturity, and will be redeemed by the Issuer at the redemption prices equal to the principal amounts thereof plus interest accrued thereon to the redemption dates, on the dates and in the principal amounts shown in the following schedule:

Term Certificate
December 15, 2038

Redemption Date	Principal Amount
December 15, 2037	$1,630,000
December 15, 2038*	1,660,000

Term Certificate
December 15, 2047

Redemption Date	Principal Amount
December 15, 2045	$1,925,000
December 15, 2046	1,970,000
December 15, 2047*	2,015,000

Term Certificate
December 15, 2050

Redemption Date	Principal Amount
December 15, 2048	$ 2,060,000
December 15, 2049	2,110,000
December 15, 2050*	2,160,000

_____
* Payable at Stated Maturity

Approximately forty-five (45) days prior to each mandatory redemption date for the Term Certificates, the Paying Agent/Registrar shall select by lot the numbers of the Term Certificates within the applicable Stated Maturity to be redeemed on the next following December 15 from money set aside for that purpose in the Certificate Fund. Any Term Certificates not selected for prior redemption shall be paid on the date of their stated maturity.

The principal amount of a Term Certificate required to be redeemed pursuant to the operation of such mandatory redemption provisions shall be reduced, at the option of the City, by the principal amount of any Term Certificates of such stated maturity which, at least forty-five (45)) days prior to the mandatory redemption date (1) shall have been purchased and delivered to the Paying Agent/Registrar for cancellation, or (2) shall have been redeemed pursuant to the optional redemption provisions set forth above and not theretofore credited against a mandatory redemption requirement.

Notice of 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 the payment of either its tax-supported or revenue debt.

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 payment of the principal amount of the Certificates plus interest accrued on the Certificates to their due date (whether such due date be by reason of stated maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent, or other authorized escrow agent, in trust (1) money in an amount sufficient to make such payment, and/or (2) Government Securities (defined below), to 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 foregoing deposits shall be certified as to sufficiency by an independent accounting firm, the City's Financial Advisor, the Paying Agent/Registrar, or such other qualified financial institution (as provided in the Ordinance). The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government 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 "Government 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 of the purchase thereof, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (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 governing body of the City adopts or approves the proceedings authorizing the financial arrangements have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (d) any additional securities and obligations hereafter authorized by State law as eligible for use to accomplish the discharge of obligations such as the Certificates. City officials are authorized to restrict such eligible securities as deemed appropriate. There is no assurance that the ratings for U.S. Treasury securities acquired to defease any Certificates, or those for any other Government Securities, will be maintained at any particular rating category. Further, there is no assurance that current State law will not be amended in a manner that expands or contracts the list of permissible defeasance securities (such list consisting of these securities identified in clauses (a) through (c) above), or any rating requirement thereon, that may be purchased with defeasance proceeds relating to the Certificates ("Defeasance Proceeds"), though the City has reserved the right to utilize any additional securities for such purpose in the event the aforementioned list is expanded. Because the Ordinance does not contractually limit such permissible defeasance securities and expressly recognizes the ability of the City to use lawfully available Defeasance Proceeds to defease all or any portion of the Certificates, registered owners of Certificates are deemed to have consented to the use of Defeasance Proceeds to purchase such other defeasance securities, notwithstanding the fact that such defeasance securities may not be of the same investment quality as those currently identified under State law as permissible defeasance securities.

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 of the Certificates have been made as described above, all rights of the City to initiate proceedings to call the Certificates for redemption or take any other action amending the terms of the Certificates are extinguished; provided, however, the City has the option, to be exercised at the time of the defeasance of the Certificates, to call for redemption at an earlier date those Certificates which have been defeased to their maturity date, if the City (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Certificates for redemption, (ii) gives notice of the reservation of that right to the owners of the 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.

Default and Remedies

If the City defaults in the payment of principal, interest, or redemption price on the Certificates when due, or if it fails to make payments into any fund or funds created in the Ordinance, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Ordinance, the registered owners may seek a writ of mandamus to compel City officials to carry out their 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 issuance of a writ 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 bondholders 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. The Texas Supreme Court 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.

Furthermore, Tooke, and subsequent jurisprudence, held that a municipality is not immune from suit for torts committed in the performance of its proprietary functions, as it is for torts committed in the performance of its governmental functions (the "Proprietary-Governmental Dichotomy"). Governmental functions are those that are enjoined on a municipality by law and are given by the State as a part of the State's sovereignty, to be exercised by the municipality in the interest of the general public, while proprietary functions are those that a municipality may, in its discretion, perform in the interest of the inhabitants of municipality.

In *Wasson Interests, Ltd., v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("Wasson"), the Court addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that "a city's proprietary functions are not done pursuant to the 'will of the people'" and protecting such municipalities "via the [S]tate's immunity is not an efficient way to ensure efficient allocation of [S]tate resources." While the Court recognized that the distinction between government and proprietary functions is not clear, the Wasson opinion held that Proprietary-Governmental Dichotomy applies in contract-claims context. The Court reviewed Wasson for a second time and issued an opinion on October 5, 2018, clarifying that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance at the time of inception of the contractual relationship.

Notwithstanding the foregoing new case law issued by the Court, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgment, is justiciable against a municipality.

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. As noted above, the Ordinance provides that Certificate holders may exercise the remedy of mandamus to enforce the obligations of the City under the Ordinance. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether Tooke will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract). 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 bondholders 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 Ordinance and the Certificates are qualified with respect to the customary rights of debtors relative to their creditors and general principles of equity that permit the exercise of judicial discretion.

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 May 5, 2021, and on each June 15 and December 15 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 last business 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 (the "Special Payment Date", 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 make any such transfer, conversion or exchange (i) 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 (ii) with respect to any Certificate or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date; provided, however, that such limitation shall not apply to uncalled portions of a Certificate redeemed in part.

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.

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Certificates, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Certificates (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Certificates when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

ASSURED GUARANTY MUNICIPAL CORP.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and, as of October 1, 2019, asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of Certificates insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On October 29, 2020, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.
On July 16, 2020, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Capitalization of AGM

At December 31, 2020:

- The policyholders' surplus of AGM was approximately $2,864 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $940 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,112 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty (Europe) plc ("AGE UK") and Assured Guaranty (Europe) SA ("AGE SA"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGE UK and AGE SA were determined in accordance with accounting principles generally accepted in the United States of America.

Merger of MAC into AGM

On April 1, 2021, MAC was merged into AGM, with AGM as the surviving company. Prior to that merger transaction, MAC was an indirect subsidiary of AGM (which indirectly owned 60.7% of MAC) and AGM's affiliate, Assured Guaranty Corp., a Maryland-domiciled insurance company ("AGC") (which indirectly owned 39.3% of MAC). In connection with the merger transaction, AGM and AGC each reassumed the remaining outstanding par they ceded to MAC in 2013, and AGC sold its indirect share of MAC to AGM. All of MAC's direct insured par exposures have become insured obligations of AGM.

Incorporation of Certain Documents by Reference

Portions of the following document filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof: the Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (filed by AGL with the SEC on February 26, 2021).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

BOND INSURANCE GENERAL RISKS

General

The City has obtained a commitment from the Insurer to provide the Policy relating to the Certificates. The following risk factors related to municipal bond insurance policies generally apply.

In the event of default of the scheduled payment of principal of or interest on the Certificates when all or a portion thereof becomes due, any owner of the Certificates shall have a claim under the Policy for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Certificates by the City which is recovered by the City from the Beneficial Owners as a voidable preference under applicable bankruptcy law is covered by the Policy; however, such payments will be made by the Insurer at such time and in such amounts as would have been due absent such prepayment by the City (unless the Insurer chooses to pay such amounts at an earlier date). Payment of principal of and interest on the Certificates is not subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist (see "THE CERTIFICATES - Default and Remedies").

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Certificates are payable from the ad valorem tax levied, within the limitations prescribed by law, on all taxable property located within the City as further described under "THE CERTIFICATES – Security for Payment". In the event the Insurer becomes obligated to make payments with respect to the Certificates, no assurance is given that such event will not adversely affect the market price or the marketability (liquidity) of the Certificates.

If a Policy is acquired, the enhanced long-term rating on the Certificates will be dependent on the financial strength of the Insurer and its claims paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance can be given that the long-term ratings of the Insurer and of the rating on the Certificates, whether or not subject to the Policy, will not be subject to downgrade and such event could adversely affect the market price or the marketability (liquidity) for the Certificates. See the disclosure described in "OTHER PERTINENT INFORMATION – Ratings" herein.

The obligations of the Insurer under the Policy are general obligations of the Insurer and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law. None of the City, the Purchaser, or the City's Financial Advisor have made an independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given.

Claims-Paying Ability and Financial Strength of Municipal Bond Insurers

Moody's Investor Services, Inc., S&P Global Ratings and Fitch Ratings, Inc. (the "Rating Agencies") have, in recent years, downgraded and/or placed on negative watch the claims-paying and financial strength of many providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers are possible. In addition, recent events in the credit markets have had substantial negative effects on the bond insurance business. These developments could be viewed as having a material adverse effect on the claims-paying ability of such bond insurers, including any bond insurer of the Certificates. Thus, when making an investment decision, potential investors should carefully consider the ability of the City to pay principal and interest on the Certificates and the claims-paying ability of any such bond insurer, particularly over the life of the investment.

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 The Depository Trust Company ("DTC"), New York, New York, 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 Purchaser 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, 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 securities 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 bond certificate will be issued for the Certificates, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest 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, 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"). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. 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 Direct and Indirect 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 Direct or Indirect 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 Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive physical 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 Direct and Indirect 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 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 Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City 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).

Redemption proceeds, principal, and interest 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 City 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 securities 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 nor its nominee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City 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 Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to Issuer or Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to the holder of such Certificates and will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "REGISTRATION, TRANSFER AND EXCHANGE" hereinabove.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City, the Financial Advisor, and the Purchaser believe to be reliable, but none of the City, the Financial Advisor, or the Purchaser take responsibility for the accuracy thereof.

So long as Cede & Co. is the registered owner of the Certificates, the Issuer will have no obligation or responsibility to the DTC. Participants or Indirect Participants, or the persons for which they act as nominees, with respect to payment to or providing of notice to such Participants, or the persons for which they act as nominees.

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 investment policies approved by the City Council. Authority to manage the City's investment program is derived from the City's charter and reconfirmed by the adoption of the Investment Policy by the City Council. Management responsibility for the investment program is delegated to the Director of Finance. 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.

The 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 Council 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 Council.

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 Council; (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.

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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 January 31, 2021, (unaudited), the Issuer's investable funds were invested as shown below.

FUND AND INVESTMENT TYPE		Amount	Percentage (%) of Portfolio
Depository Bank Consolidated Cash Account		$ 23,167,156	60.40%
General Fund Account			
US T-Bill		9,998,450	26.07%
Federal National Mortgage Association		13,566	0.04%
Water & Sewer Fund			
Water Contract Fund			
Federal National Mortgage Association		636,023	1.66%
Freddie Mac		80,856	0.21%
Water and Sewer Contingency Fund			
Federal National Mortgage Association		779,899	2.03%
Water and Sewer Revenue Bonds Reserve Fund			
Freddie Mac		552,051	1.44%
Federal National Mortgage Association		2,550,519	6.65%
Community Development Fund			
Government National Mortgage Association		199,814	0.52%
PEG Fund			
Federal National Mortgage Association		205,473	0.54%
Freddie Mac		78,067	0.20%
Library Trust Funds			
Bank Certificate of Deposit		93,128	0.24%
	Total	$ 38,355,002	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. Of the amounts listed above for each Fund and Investment Type, only those funds maintained in the General Fund Account are unrestricted as to use and available to the City for its spending needs. 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.

EMPLOYEE BENEFITS

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

Texas Municipal Retirement System

Plan Description: The City 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 agency 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 Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at *www.tmrs.org*.

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

For more Information see 2019 Comprehensive Annual Financial Report, Note IV, F. beginning on page 41.

AD VALOREM PROPERTY TAXATION

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.*

Valuation of Taxable Property

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 (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Lamar County Appraisal District (the "Appraisal District"). Except as generally described below, the Appraisal District is required 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, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property.

State law provides that eligible owners of both agricultural land and open-space land, 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 as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates (see "AD VALOREM PROPERTY TAXATION – City and Taxpayer Remedies").

State Mandated Homestead Exemptions

State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

Local Option Homestead Exemptions

The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

Local Option Freeze for the Elderly and Disabled

The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

Personal Property

Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

Freeport and Goods-In-Transit Exemptions

Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods, that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days ("Goods-in-Transit"), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer's motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

Other Exempt Property

Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

Tax Increment Reinvestment Zones

A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries. 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 is known as the "tax increment". During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

Tax Abatement Agreements

Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, 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.

City and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the City, may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Beginning in the 2020 tax year, owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at $50 million for the 2020 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda that could result in the repeal of certain tax increases (see "AD VALOREM PROPERTY TAXATION – Public Hearing and Maintenance and Operations Tax Rate Limitations"). The Property Tax Code also establishes a procedure for providing 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.

Levy and Collection of Taxes

The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the City.

The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

City's Rights in the Event of Tax Delinquencies

Taxes levied by the City are a personal obligation of the owner of the property. 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 each taxing unit, including the City, having power to tax the property. The City'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 City 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 City 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 City 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, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

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.

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 City'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 City must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the City to the City Council 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. See "APPENDIX A – Municipal Sales Tax Collections".

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

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.

Debt Tax Rate Limitations

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax-supported debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $2.50 per $100 of taxable assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of $1.50 of the $2.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

2021 Legislation

On January 12, 2021, the 87th Texas Legislature convened in general session which is scheduled to adjourn on May 31, 2021. Thereafter, the Texas Governor may call one or more additional special sessions. During this time, the Texas Legislature may enact laws that materially change current law as it relates to the City and its finances. The City makes no representation regarding any actions the Texas Legislature may take but intends to monitor proposed legislation for any developments applicable to the City.

CITY APPLICATION OF THE PROPERTY TAX CODE

The City grants an exemption of $20,000 to the market value of the residence homestead of persons 65 years of age or older. The City does not grant this residence homestead exemption for disabled persons. See Appendix A – Table 10 for a listing of the total amount of these exemptions.

The City does not grant the additional exemption for up to 20% of the market value of residence homesteads.

The City taxes only business personal property.

The Lamar County Appraisal District collects property taxes for the City.

The City does not permit discounts or split payments, except in the case of persons 65 years of age or older or disabled persons who are permitted to pay taxes on homesteads in four installments. The first installment is due on February 1 of each year and the final installment is due on August 1 of the same year.

The City grants the Article VIII, Section 1-j property ("freeport property") exemption.

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

On November 4, 2008 voters of the City approved the adoption of the tax freeze described above under "*Homestead Tax Limitation".* The 2008 Tax Year valuations were used as the "Base Values" for the freeze and the 2009 Tax Year was the first year for the City to have a value loss to the freeze. See Appendix A – Table 10 for the freeze loss amount.

The City does participate in a Tax Increment Reinvestment Zone but has no activity at this time.

The City has not entered into any agreements pursuant to Chapter 380 of the Local Government Code.

The City has entered into abatement agreements with the following companies and has adopted criteria therefor, which is a prerequisite to the execution of abatement agreements. For the 2020 Tax Year, the total aggregate amount of the City's assessed valuation loss due to abatement agreements equals $187,457,093 and the expiration dates are shown below. Additional information concerning the City's abatement policy and agreements may be obtained from the City.

Business	Expires December
Paris Regional Medical Center	2022
Potters Industries	2023
The James Skinner Co.	2023
Kimberly Clark Corporation	2023
Turner Pipe	2023
Paris Lakes Medical Center	2025
Potters Industries	2026
American Spiralweld	2026
Kimberly Clark Corporation	2028

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 a special election held on May 1, 1993 the City's voters approved an additional one-quarter percent (¼%) sales tax to be collected for economic development purposes in accordance with Section 4A, Article 5190.6 of Vernon's Annotated Texas Civil Statutes (now codified as V.T.C.A., Local Government Code, Title 12, Subtitle C1). Collections of the 4A sales tax began October 1, 1993.

At a special election held on May 1, 1993 the City's voters approved an additional one-quarter percent (¼%) sales tax to be collected for property tax reduction. Collections of the property tax reduction sales tax began October 1, 1993.

The City has not created a Type B corporation pursuant to Chapter 505 of the Texas Local Government Code, as amended, nor has the City held an election relating to the adoption of a sales and use tax for the benefit of a Type B corporation under such Chapter.

TAX MATTERS

Opinion

On the date of initial delivery of the Certificates, McCall, Parkhurst & Horton L.L.P., Dallas, Texas, 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 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 Bond Counsel's Opinion."

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the Issuer, including information and representations contained in the Issuer's federal tax certificate, and (b) covenants of the Issuer contained in the Certificate documents relating to certain matters, including arbitrage, and the use of the proceeds of the Certificates and the property financed or refinanced therewith. Failure by the Issuer to observe the aforementioned representations or covenants could cause the interest on the Certificates to become taxable 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 is conditioned on compliance by the Issuer with such requirements, and Bond Counsel 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. 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 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 Issuer with respect to the Certificates or the property financed or refinanced with proceeds of the Certificates. No assurances can be given as to whether or not 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 Issuer as the taxpayer and the Owner 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 an 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 accumulated earnings and profits and excess passive investment income, 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 bonds; 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 specified events, to the Municipal Securities Rulemaking Board ("MSRB"). The information provided to the MSRB will be available to the public free of charge via the electronic EMMA) system at www.emma.msrb.org.

Annual Reports

The City will provide certain updated financial information and operating data annually to the MSRB. The information to be updated includes financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1, 2, 10, 11, 12, 15 and 20 of Appendix A (such information being the "Annual Operating Report"). 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 Appendix D 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 Appendix D 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 City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule").

The City's current fiscal year end is September 30. Accordingly, the Annual Operating Report must be provided by the last day of March in each year, and the Financial Statements must be provided by September 30 of each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

Notice of Certain Events

The City will also 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 in accordance with their agreement described above under "Annual Reports". The City will provide each notice described in this paragraph to the MSRB. Neither the Certificates nor the Ordinance make provision for a bond trustee, credit enhancement (although an application has been made for municipal bond insurance policy), liquidity enhancement, or debt service reserves.

For these purposes, any event described in clause (12) of in 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

All information and documentation filings required to be made by the City in accordance with its undertaking made for the Certificates will be filed with the MSRB in electronic format in accordance with MSRB guidelines. To make such information available to the public free of charge, the MSRB has established the EMMA system, which may be accessed over the internet at www.emma.msrb.org.

Limitations and Amendments

The City has agreed to update information and to provide notices of events only as described above. The City 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 has been provided except as described above. The City 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 City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Certificates may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure 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 City, if, but only if, (1) the agreement, as so amended, would have permitted underwriters to purchase or sell Certificates in the initial primary offering 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 (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Certificates consent or (b) any qualified person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Certificates. If the City amends its agreement, it has agreed to include with the financial information and operating data next 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 operating data so 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 other 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 does not anticipate the issuance of additional debt within the next twelve months, except potentially 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 subdivisions, 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.

Legal Opinions

The Issuer will furnish the Purchaser 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 thereof. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Notice of Sale, the Official Bid Form and the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Certificates in the Official Statement to verify that such description conforms to the provisions of the Ordinance. Such firm has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the Issuer for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon such firm's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to the accuracy or completeness of any of the information contained herein. The City expects to pay the legal fees of Bond Counsel for services rendered in connection with the issuance of the Certificates to be paid from the proceeds from 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.

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, a business unit of Standard & Poor's Financial Services LLC ("S&P"), has assigned the Certificates an insured rating of "AA" (stable outlook) based upon the issuance of the Policy by AGM at the time of delivery of the Certificates. Moody's Investors Services, Inc. ("Moody's") has assigned an underlying, unenhanced rating of "Aa3" 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. See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" in the Official Statement. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by Moody's, if, in the judgment of such company, 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.

Winning Bidder

On April 12, 2021, the Certificates were awarded to HilltopSecurities, Inc. (the "Purchaser") through a competitive bid process. The initial reoffering yields shown on page ii of the Official Statement have been supplied to the City by the Purchaser. Such yields will produce compensation to the Purchaser of approximately $488,301.83.

Certification of the Official Statement and No-Litigation

At the time of payment for and delivery of the initial Certificate, the Purchaser will be furnished a certificate, executed by proper officials of the City, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in its Official Statement, and any addenda, supplement or amendment thereto, for the Certificates, on the date of such Official Statement, on the date of sale of said Certificates and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements including financial data, of or pertaining to entities, other than the City, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; (d) except as may be otherwise described in the Official Statement, there has been no material adverse change in the financial condition of the City, since September 30, 2016, the date of the last financial statements of the City appearing in the Official Statement; and (e) no litigation of any nature has been filed or is pending, as of the date hereof, to restrain or enjoin the issuance or delivery of the Certificates or which would affect the provisions made for their payment or security or in any manner question the validity of the Certificates.

The Official Statement was approved as to form and content and the use thereof in the offering of the Certificates will be authorized, ratified and approved by the City Council on the date of sale, and the Purchaser will be furnished, upon request, at the time of payment for and the delivery of the Certificates, a certified copy of such approval, duly executed by the proper officials of the Issuer.

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's 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 documents in all respects.

This Official Statement was approved by the City Council of the Issuer for distribution in accordance with the provisions of the Rule.

CITY OF PARIS, TEXAS

Dr. Steve Clifford
Mayor
City of Paris, Texas

ATTEST:

Janice Ellis
City Clerk
City of Paris, Texas

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 [1] — TABLE 1

2020-2021 Actual Market Value of Taxable Property (100% of Actual)		$	2,954,958,420
Less Exemptions:			
Local, Optional Over-65 and/or Disabled Homestead Exemptions	45,989,123		
Disabled and Deceased Veterans' Exemptions	10,897,692		
Productivity Loss	19,886,610		
Personal Use of Business Vehicle	382,630		
Freeport	85,763,349		
Pollution Control / Solar	65,128,932		
Abatement Loss	187,457,093		
Cap Loss (10%)	111,866,158		
Historical / Other	17,342,738		
Totally Exempt Property	338,347,363		883,061,688
2020-2021 Net Taxable Assessed Valuation		$	2,071,896,732
Frozen Taxable Value and Transfer Adjustment			(159,171,273)
Freeze Adjusted Net Taxable Assessed Valuation		$	1,912,725,459

Source: Lamar County Appraisal District and the Issuer.

GENERAL OBLIGATION BONDED DEBT PRINCIPAL — TABLE 2

General Obligation Debt Principal Outstanding: (As of March 31, 2021)		
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2010 (TWDB)	$	155,000
General Obligation Refunding Bonds, Series 2012		800,000
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2013 (TWDB)		1,860,000
General Obligation Bonds, Series 2013		28,565,000
General Obligation Bonds, Series 2016		7,450,000
General Obligation Bonds, Series 2017		8,590,000
General Obligation Bonds, Series 2018		1,190,000
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2020		1,500,000
General Obligation Refunding Bonds, Series 2020		1,765,000
Tax Notes, Series 2020		1,115,000
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2021 (the "Certificates")		43,855,000
Total Gross General Obligation Debt Principal Outstanding:	$	96,845,000
Less: Self-Supporting General Obligation Debt Principal		
Combination Tax and Revenue Certificates of Obligation, Series 2013 (TWDB) (100% WS)	$	1,860,000
General Obligation Bonds, Series 2013 (100% WS)		28,565,000
General Obligation Bonds, Series 2016 (100% WS)		7,450,000
General Obligation Bonds, Series 2018 (84% WS)		1,000,000
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2021 (100% WS) (the "Certificates")		43,855,000
Total Self-Supporting General Obligation Debt Outstanding Following the Issuance of the Bonds:	$	82,730,000
Total **Net** General Obligation Debt Principal Outstanding Following the Issuance of the Bonds:	$	14,115,000
General Obligation Interest and Sinking Fund Balance as of January 31, 2021	$	1,967,748
Ratio of Gross General Obligation Debt Principal to 2020-21 Freeze Adjusted Net Taxable Assessed Valuation		5.06%
Ratio of Net General Obligation Debt Principal to 2020-21 Freeze Adjusted Net Taxable Assessed Valuation		0.74%
2020-21 Freeze Adjusted Net Taxable Assessed Valuation	$	1,912,725,459

Population: 1980 - 25,498; 1990 - 24,699; 2000 - 25,898; 2010 - 25,171; Current (Estimate) -	25,450
Per Capita 2020-2021 Freeze Adjusted Net Taxable Assessed Valuation -	$75,156
Per Capita Gross General Obligation Debt Principal -	$3,805
Per Capita Net General Obligation Debt Principal -	$555

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS **TABLE 3**

30-Sep	Current Total Debt Service[(a)]	The Certificates Principal	Interest	Total	Combined Debt Service[(a)]	Less: Self-Supporting Debt Service[(b)]	Net General Obligation Debt Service [(c)]
2021	$ 5,481,939	$ -	$ -	$ -	$ 5,481,939	$ 3,838,633	$ 1,643,306
2022	5,496,242		1,497,129	1,497,129	6,993,370	5,287,296	1,706,074
2023	4,991,506	1,210,000	1,303,825	2,513,825	7,505,331	6,300,865	1,204,466
2024	4,993,621	1,885,000	1,226,450	3,111,450	8,105,071	6,900,203	1,204,868
2025	4,994,709	1,985,000	1,129,700	3,114,700	8,109,409	6,899,651	1,209,759
2026	4,985,632	760,000	1,061,075	1,821,075	6,806,707	5,602,539	1,204,168
2027	4,785,160	620,000	1,026,575	1,646,575	6,431,735	5,418,638	1,013,097
2028	4,777,015	655,000	994,700	1,649,700	6,426,715	5,413,252	1,013,463
2029	4,648,114	690,000	961,075	1,651,075	6,299,189	5,286,597	1,012,593
2030	4,658,664	725,000	925,700	1,650,700	6,309,364	5,278,602	1,030,762
2031	4,278,847	765,000	888,450	1,653,450	5,932,297	5,280,874	651,423
2032	4,285,973	800,000	849,325	1,649,325	5,935,298	5,284,123	651,175
2033	4,117,663	1,445,000	800,425	2,245,425	6,363,088	5,712,588	650,500
2034	1,200,353	1,445,000	742,625	2,187,625	3,387,978	2,733,580	654,398
2035	1,198,258	1,495,000	691,300	2,186,300	3,384,558	2,731,833	652,725
2036	1,195,270	1,540,000	645,775	2,185,775	3,381,045	2,730,420	650,625
2037	1,196,390	1,590,000	598,825	2,188,825	3,385,215	2,732,118	653,098
2038	-	1,630,000	558,675	2,188,675	2,188,675	2,188,675	-
2039	-	1,660,000	525,775	2,185,775	2,185,775	2,185,775	-
2040	-	1,695,000	492,225	2,187,225	2,187,225	2,187,225	-
2041	-	1,730,000	457,975	2,187,975	2,187,975	2,187,975	-
2042	-	1,765,000	423,025	2,188,025	2,188,025	2,188,025	-
2043	-	1,800,000	386,250	2,186,250	2,186,250	2,186,250	-
2044	-	1,840,000	346,425	2,186,425	2,186,425	2,186,425	-
2045	-	1,885,000	304,519	2,189,519	2,189,519	2,189,519	-
2046	-	1,925,000	261,656	2,186,656	2,186,656	2,186,656	-
2047	-	1,970,000	217,838	2,187,838	2,187,838	2,187,838	-
2048	-	2,015,000	173,006	2,188,006	2,188,006	2,188,006	-
2049	-	2,060,000	125,875	2,185,875	2,185,875	2,185,875	-
2050	-	2,110,000	76,356	2,186,356	2,186,356	2,186,356	-
2051	-	2,160,000	25,650	2,185,650	2,185,650	2,185,650	-
	$ 67,285,352	$ 43,855,000	$ 19,718,204	$ 63,573,204	$ 130,858,555	$ 114,052,057	$ 16,806,499

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

[(b)] *Includes self-supporting debt paid from Water and Sewer System (the "System") revenues.*

[(c)] *Excludes all self-supporting debt .*

TAX ADEQUACY (Includes General Obligation Self-Supporting Debt) **TABLE 4**

2020 Net Taxable Assessed Valuation	$ 1,912,725,459
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-25)	$ 8,109,409
Indicated Maximum Interest and Sinking Fund Tax Rate at 97% Collections	$ 0.43708

The City has historically paid debt service requirements on its general obligation debt used for waterworks and sewer system (the "System") purposes (general obligation self-supporting debt) from surplus net revenues of the System and intends to continue to do so in the future. However, in the event the surplus net revenues are not on deposit or budgeted for deposit in the Interest and Sinking fund in advance of the time when ad valorem taxes are scheduled to be levied, then the City is obligation to levy and collect an ad valorem tax sufficient to pay principal of and interest on such System debt and the outstanding general obligation debt.

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

TAX ADEQUACY (Excludes General Obligation Self-Supporting Debt) **TABLE 5**

2020 Net Taxable Assessed Valuation	$ 1,912,725,459
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-22)	$ 1,706,074
Indicated Maximum Interest and Sinking Fund Tax Rate at 97% Collections	$ 0.09195

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

OTHER OBLIGATIONS - NOTES / LEASES PAYABLE — TABLE 6

In September 2015, the City began leasing equipment under agreements classified as capital leases due to bargain purchase options. The capital leases and accumulated amortization are as follows:

Capital Lease Equipment, at Cost	$	617,114
Less: Accumulated Amortization		(225,235)
Capital Lease Equipment, Net	$	391,879

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

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

In January 2016, the City began leasing equipment under agreements classified as capital leases due to bargain purchase options. The capital leases and accumulated amortization are as follows:

Capital Lease Equipment, at Cost	$	975,185
Less: Accumulated Amortization		(262,974)
	$	712,211

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

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

COMPUTATION OF WATERWORKS AND SEWER SYSTEM SELF-SUPPORTING DEBT — TABLE 7

Net System Revenues Available, Fiscal Year End September 30, 2020 unaudited	$	4,601,654
2020 Annual Debt Service Requirements on Outstanding Utility System Certificates of Obligation*		3,842,897
Percentage of System General Obligation Debt Self-Supporting		100%

** The City approved new utility system rates to help offset the new debt service on the Certificates of Obligations.*

INTEREST AND SINKING FUND MANAGEMENT INDEX — TABLE 8

Interest and Sinking Fund Balance, Fiscal Year Ended September 30, 2020 unaudited	$	861,915
2020 Interest and Sinking Fund Tax Levy of $0.08291 at 97% Collections Produces		1,538,265
Total Available for Debt Service	$	2,400,180
Less: Net General Obligation Debt Service Requirements, Fiscal Year Ending 9-30-21[(a)]	$	1,643,306
Estimated Surplus at Fiscal Year Ending 9-30-21[(b)]	$	756,874

(a) *Excludes self-supporting general obligation debt.*

(b) *Does not include delinquent tax collections, penalties and interest on delinquent tax collections or investment earnings.*

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 (%)
2021	$ 3,630,000	$ -	$ 3,630,000	93,215,000	3.75%
2022	3,755,000		3,755,000	89,460,000	7.63%
2023	3,380,000	1,210,000	4,590,000	84,870,000	12.37%
2024	3,510,000	1,885,000	5,395,000	79,475,000	17.94%
2025	3,645,000	1,985,000	5,630,000	73,845,000	23.75%
2026	3,765,000	760,000	4,525,000	69,320,000	28.42%
2027	3,690,000	620,000	4,310,000	65,010,000	32.87%
2028	3,810,000	655,000	4,465,000	60,545,000	37.48%
2029	3,820,000	690,000	4,510,000	56,035,000	42.14%
2030	3,975,000	725,000	4,700,000	51,335,000	46.99%
2031	3,740,000	765,000	4,505,000	46,830,000	51.64%
2032	3,895,000	800,000	4,695,000	42,135,000	56.49%
2033	3,890,000	1,445,000	5,335,000	36,800,000	62.00%
2034	1,075,000	1,445,000	2,520,000	34,280,000	64.60%
2035	1,105,000	1,495,000	2,600,000	31,680,000	67.29%
2036	1,135,000	1,540,000	2,675,000	29,005,000	70.05%
2037	1,170,000	1,590,000	2,760,000	26,245,000	72.90%
2038	-	1,630,000	1,630,000	24,615,000	74.58%
2039	-	1,660,000	1,660,000	22,955,000	76.30%
2040	-	1,695,000	1,695,000	21,260,000	78.05%
2041	-	1,730,000	1,730,000	19,530,000	79.83%
2042	-	1,765,000	1,765,000	17,765,000	81.66%
2043	-	1,800,000	1,800,000	15,965,000	83.51%
2044	-	1,840,000	1,840,000	14,125,000	85.41%
2045	-	1,885,000	1,885,000	12,240,000	87.36%
2046	-	1,925,000	1,925,000	10,315,000	89.35%
2047	-	1,970,000	1,970,000	8,345,000	91.38%
2048	-	2,015,000	2,015,000	6,330,000	93.46%
2049	-	2,060,000	2,060,000	4,270,000	95.59%
2050	-	2,110,000	2,110,000	2,160,000	97.77%
2051	-	2,160,000	2,160,000	-	100.00%
	$ 52,990,000	$ 43,855,000	$ 96,845,000		

(a) *As of March 31, 2021.*

CLASSIFICATION OF ASSESSED VALUATION[(a)] TABLE 10

Category	2020-2021	% of Total	2019-2020	% of Total	2018-2019	% of Total	2017-2018	% of Total	2016-2017	% of Total
Real, Residential, Single-Family	$ 763,215,654	25.83%	$ 555,725,094	21.22%	$ 513,053,546	20.50%	$ 492,321,832	19.92%	$ 480,226,542	20.91%
Real, Residential, Multi-Family	103,101,945	3.49%	60,643,497	2.32%	55,673,247	2.22%	53,990,547	2.18%	53,843,387	2.34%
Real, Vacant Lots/Tracts	33,987,935	1.15%	33,015,060	1.26%	29,663,525	1.19%	30,536,814	1.24%	28,523,324	1.24%
Real, Acreage (Land Only)	20,907,780	0.71%	21,611,670	0.83%	20,285,840	0.81%	38,531,048	1.56%	39,756,598	1.73%
Farm & Ranch Improvements	24,603,618	0.83%	20,902,638	0.80%	18,316,868	0.73%	337,570	0.01%	423,770	0.02%
Real, Commercial	336,543,447	11.39%	290,129,663	11.08%	288,609,812	11.53%	281,898,938	11.40%	279,980,115	12.19%
Real Industrial	594,799,020	20.13%	588,443,970	22.47%	594,247,570	23.74%	566,417,810	22.91%	466,395,690	20.31%
Real & Tangible, Personal Utilities	55,398,730	1.87%	49,300,600	1.88%	42,243,760	1.69%	39,254,700	1.59%	40,297,180	1.75%
Tangible Personal, Commercial	150,764,480	5.10%	137,319,910	5.24%	138,468,717	5.53%	139,533,387	5.64%	131,778,067	5.74%
Tangible Personal, Industrial	495,136,440	16.76%	490,224,670	18.72%	475,659,420	19.01%	498,480,500	20.17%	450,783,530	19.63%
Tangible Personal, Mobile Homes	782,530	0.03%	796,370	0.03%	768,990	0.03%	786,850	0.03%	751,440	0.03%
Residential / Special, Inventory	19,937,470	0.67%	18,093,300	0.69%	18,382,080	0.73%	18,576,040	0.75%	16,976,540	0.74%
Totally Exempt Property	355,779,371	12.04%	352,476,683	13.46%	307,256,120	12.28%	311,327,306	12.59%	306,675,207	13.35%
Total Market Value	$ 2,954,958,420	100.00%	$ 2,618,683,125	100.00%	$ 2,502,629,495	100.00%	$ 2,471,993,342	100.00%	$ 2,296,411,390	100.00%
Less Exemptions:										
Productivity Loss	$ 19,886,610		$ 20,576,410		$ 19,378,050		$ 19,896,755		$ 21,114,465	
Cap Loss (10%)	111,866,158		7,090,415		6,410,256		6,598,959		4,097,312	
Local, Optional Over-65/Disabled	45,989,123		39,196,208		45,466,649		46,662,768		45,146,544	
Disabled and Deceased Veterans'	10,897,692		14,497,851		7,810,386		7,395,996		6,570,475	
Exempt Property	338,347,363		340,140,213		295,991,820		310,950,536		306,021,687	
Freeport	85,763,349		98,468,752		89,590,207		109,717,826		112,530,666	
Pollution Control / Solar	65,128,932		67,790,322		67,165,339		61,792,647		46,002,535	
Tax Abatement Loss	187,457,093		224,131,835		271,984,849		280,503,879		219,967,287	
Personal Use of Business Vehicle	382,630		282,460		378,570		376,770		653,520	
Other / Historical	17,342,738		12,347,370		11,363,360		699,739		572,331	
Total Exemptions	$ 883,061,688		$ 824,521,836		$ 815,539,486		$ 844,595,875		$ 762,676,822	
Net Taxable Assessed Valuation	$ 2,071,896,732		$ 1,794,161,289		$ 1,687,090,009		$ 1,627,397,467		$ 1,533,734,568	
Freeze Taxable & Adjustment	(159,171,273)		(139,607,850)		(125,125,367)		(117,126,772)		(114,701,909)	
Freeze Adjusted Net Taxable Assessed Valuation	$ 1,912,725,459		$ 1,654,553,439		$ 1,561,964,642		$ 1,510,270,695		$ 1,419,032,659	

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

Source: Lamar County Appraisal District and the Issuer.

PRINCIPAL TAXPAYERS 2020-2021 — TABLE 11

Name	Type of Property	2020 Net Taxable Assessed Valuation	% of Total 2020 Assessed Valuation
La Frontera Holdings LLC	Electric Utility	$ 357,997,200	18.72%
Campbell Soup	Food Manufacturing	124,842,568	6.53%
Kimberly Clark Corporation	Paper Products	98,257,169	5.14%
Essent PRMC LP	Health Care Services / Hospital	50,053,340	2.62%
ONCOR Electric Delivery Company	Electric Utility	33,864,230	1.77%
Alpha Lake LTD	Shopping Center	18,207,860	0.95%
Potter Industries LLC	Manufacturing	14,242,022	0.74%
Atmos Energy	Gas Utility	11,339,620	0.59%
Huhtamaki Inc	Packaging Manufacturing	11,319,977	0.59%
Paris Generation LP	Utility	10,883,410	0.57%
	Total	$ 731,007,396	38.22%

Based on a 2020 Freeze Adjusted Net Taxable Assessed Valuation of $ 1,912,725,459

Source: Lamar County Appraisal District

As shown in the table above, the top ten taxpayers in the City account for in excess of 38% of the City's tax base. Adverse developments in economic conditions, especially in a particular industry in which any one of these large taxpayers participates, could adversely impact these businesses and, consequently, the tax values in the city, resulting in less local tax revenue See "INFECTIOUS DISEASE OUTBREAK - COVID 19" in this Official Statement. If any major taxpayer, or a combination of top taxpayers, were to default in the payment of taxes, the ability of the City to make timely payment of debt service on the Certificates may be dependent on its ability to enforce and liquidate its tax lien, which is a time consuming process that may only occur annually. See "THE CERTIFICATES – Default and Remedies" and "AD VALOREM PROPERTY TAXATION – City's Rights in the Event of Tax Delinquencies" in this Official Statement.

PROPERTY TAX RATES AND COLLECTIONS — TABLE 12

Tax Year	Net Taxable Assessed Valuation [(a)]	Tax Rate	Tax Levy	% Collections Current	% Collections Total	Year Ended
2011	$ 1,359,521,473	0.52000	$ 7,543,165	97.93%	99.41%	9/30/2012
2012	1,385,188,151	0.51110	7,544,315	97.67%	99.22%	9/30/2013
2013	1,493,839,431	0.50200	7,498,327	97.48%	100.03%	9/30/2014
2014	1,519,380,525	0.50200	7,626,530	96.35%	99.17%	9/30/2015
2015	1,607,003,070	0.50200	7,627,731	97.10%	99.90%	9/30/2016
2016	1,510,271,195	0.50192	8,093,094	98.11%	99.52%	9/30/2017
2017	1,556,621,932	0.55195	9,145,965	98.11%	99.51%	9/30/2018
2018	1,607,003,070	0.55195	8,869,853	98.15%	100.71%	9/30/2019
2019	1,654,553,439	0.51608	9,381,829	98.15%	98.69%	9/30/2020
2020	1,912,725,459	0.48078	9,611,007	78.97% [(b)]	79.60% [(b)]	9/30/2021

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

[(a)] *Certified Values may change during the tax year due to various supplements and protests, and valuations reported on a different date may not match those shown on this table.*
Financial Report. Valuations for tax years 2010-2020 represent Freeze Adjusted Net Taxable Valuations.

[(b)] *Current Fiscal Year collections are as of January 31, 2021 (Unaudited).*

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

TAX RATE DISTRIBUTION — TABLE 13

	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017
General Fund	$0.38442	$0.40868	$0.43831	$0.44248	$0.42440
I & S Fund	0.08291	0.10740	0.11364	0.10947	0.07752
TOTAL	$0.48078	$0.51608	$0.55195	$0.55195	$0.50192

Sources: Lamar County Appraisal District and the Issuer.

TAXABLE ASSESSED VALUATION FOR TAX YEARS 2011-2021 **TABLE 14**

Tax Year	Net Taxable Assessed Valuation[(a)]	Change From Preceding Year Amount ($)	Percent
2011	$ 1,461,827,737	---	---
2012	1,487,803,267	25,975,530	1.78%
2013	1,503,258,892	15,455,625	1.04%
2014	1,530,367,088	27,108,196	1.80%
2015	1,534,016,839	3,649,751	0.24%
2016	1,627,397,467	93,380,628	6.09%
2017	1,681,747,299	54,349,832	3.34%
2018	1,732,236,641	50,489,342	3.00%
2019	1,844,510,552	112,273,911	6.48%
2020	2,071,896,732	227,386,180	12.33%

(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: Lamar County Appraisal District.

MUNICIPAL SALES TAX **TABLE 15**

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

Calendar Year	Total Collected	1.00% City	0.25% Property Tax Reduction	City Collections as % of Ad Valorem Tax Levy	($) Equivalent of Ad Valorem Tax Rate	0.25% EDC
2011	$ 7,202,519	$ 4,801,679	$ 1,200,420	78.44%	0.41	$ 1,200,420
2012	7,268,103	4,845,402	1,211,351	80.29%	0.42	1,211,351
2013	7,624,480	5,082,987	1,270,747	84.22%	0.43	1,270,747
2014	8,786,209 *	5,857,473	1,464,368	97.65%	0.49	1,464,368
2015	8,173,696	5,449,131	1,362,283	89.31%	0.45	1,362,283
2016	8,472,642	5,648,428	1,412,107	92.56%	0.46	1,412,107
2017	8,689,014	5,792,676	1,448,169	89.47%	0.45	1,448,169
2018	8,827,668	5,885,112	1,471,278	80.43%	0.44	1,471,278
2019	8,921,837	5,947,891	1,486,973	83.82%	0.46	1,486,973
2020	9,950,289	6,633,526	1,658,381	88.38%	0.46	1,658,381

Source: State Comptroller of Public Accounts Website.

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

OVERLAPPING DEBT DATA AND INFORMATION

TABLE 16

(As of December31, 2020)

Taxing Entity	**Gross Debt Principal**	**% Overlapping**	**Amount Overlapping**
Chisum Independent School District	$ 27,579,111	45.41%	$ 12,523,674
Lamar County	2,595,000	55.74%	1,446,453
North Lamar Independent School District	-	32.06%	-
Paris Independent School District	52,205,000	97.03%	50,654,512
Prairiland ISD	6,846,000	0.01%	685
Total Gross Overlapping Debt Principal			$ 64,625,323
Paris, City of (Following the issuance of the Bonds)	96,845,000	100.00%	96,845,000
Total Direct and Overlapping Debt Principal	$ 186,070,111		$ 161,470,323

Ratio of Direct and Overlapping Debt Principal to 2020 Freeze Adjusted Net Taxable Assessed Valuation	8.44%
Ratio of Direct and Overlapping Debt Principal to 2020 Actual Assessed Value	5.46%
Per Capita Direct and Overlapping Debt Principal	$6,345

Note: The above figures show **Gross** General Obligation Debt Principal for the City of Paris, Texas	
The Issuer's **Net** General Obligation Debt Principal is:	$ 14,115,000
Calculations on the basis of Net General Obligation Debt would change the above figures as follows:	
Total Net Direct and Overlapping Debt	$ 78,740,323

Ratio of Direct and Overlapping Debt Principal to 2020 Freeze Adjusted Net Taxable Assessed Valuation	4.12%
Ratio of Direct and Overlapping Debt Principal to 2020 Actual Assessed Value	2.66%
Per Capita Net Direct and Overlapping Debt Principal	$3,094

Sources: Latest Texas Municipal Report published by the Municipal Advisory Council of Texas.

ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ENTITIES

TABLE 17

Governmental Entity	**2020 Net Taxable Assessed Valuation**	**% of Actual**	**2020 Tax Rate**
Chisum Independent School District	$1,111,008,198	100%	$1.1460
Lamar County	3,924,604,732	100%	0.3840
North Lamar Independent School District	1,253,213,979	100%	0.9660
Paris Independent School District	914,454,714	100%	1.3120
Paris JCD	3,999,870,944	100%	0.0890
Prairiland ISD	266,573,614	100%	1.0960

Source: Texas Municipal Report published by the Municipal Advisory Council of Texas.

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS OF DIRECT AND OVERLAPPING GOVERNMENTAL ENTITIES **TABLE 18**

	Date of Authorization	Purpose	Amount Authorized	Issued To Date	Amount Unissued
Chisum Independent School District	None				
Lamar County	None				
North Lamar Independent School District	None				
Paris Independent School District	None				
Paris JCD	None				
Prairieland ISD	None				
Paris, Texas	None				

Sources: City of Paris and latest Texas Municipal Report published by the Municipal Advisory Council of Texas.

FUND BALANCES **TABLE 19**

	Unaudited As of 9-30-2020	Unaudited As of 1-31-2021
Governmental Funds		
General Operating Fund	$ 13,050,421	$ 16,687,969
Special Revenue fund	861,915	716,691
General Obligation Interest and Sinking Fund (Debt Service)	1,505,068	1,967,748
Grant Fund	(294,277)	(67,313)
Community Development Fund	220,068	220,076
Capital Projects Funds (General Fund Purposes)	217,261	203,516
Equipment Replacement Fund	113,499	1,089,027
Construction Fund	3,838,481	3,746,097
Landfill Fund	53,105	136,239
Proprietary Funds		
Waterworks and Sewer System Operating Fund	$ 2,730,321	$ 2,502,397
Revenue Bond Interest and Sinking Fund (Debt Service)	1,990,526	978,799
Revenue Bond Reserve Fund	4,498,824	4,845,544
(No revenue debt outstanding but Rate Maintenance Policy requires a reserve be kept)		
Water Contract Fund	1,013,413	1,022,106
Water and Sewer Contingency Fund	1,893,083	1,900,361
Construction Funds	3,885,478	3,333,316
Construction Funds	1,990,526	978,799
Library Trust Funds		
	169,507	170,082
Total Fund Balances	$ 37,737,219	$ 40,431,454

GENERAL FUND COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES AND ANALYSIS OF CHANGES IN FUND BALANCES **TABLE 20**

	Fiscal Year Ended September 30				
	2020 Unaudited	**2019**	**2018**	**2017**	**2016**
Revenues:					
Ad Valorem Taxes	$ 7,373,310	$ 7,552,516	$ 7,357,425	$ 6,933,981	$ 6,622,742
Sales Taxes	7,875,096	7,369,079	7,317,162	7,233,526	7,051,858
Franchise Tax	4,205,219	4,305,851	4,315,694	4,211,397	2,502,614
Hotel Occupancy Taxes	689,701	675,158	662,263	657,270	630,545
Licenses and Permits	252,186	277,507	197,920	155,363	152,016
Fines and Fees	195,050	434,016	446,670	449,008	498,164
Use of Money and Property	280,025	483,876	329,365	206,551	141,134
Sanitation	1,463,414	1,437,157	1,470,248	1,463,576	1,474,874
Health	3,172,948	2,991,995	2,614,504	2,609,811	2,519,387
Intergovernmental Revenue	865,950	1,325,665	677,072	1,463,514	705,786
Other Revenues	437,126	210,946	341,330	253,679	377,469
Total Revenues	$ 26,810,025	$ 27,063,766	$ 25,729,653	$ 25,637,676	$ 22,676,589
Expenditures:					
Current					
General Government	$ 1,604,809	$ 1,616,363	$ 1,541,274	$ 1,666,051	$ 1,687,660
Public Safety	11,352,772	11,218,944	10,884,241	10,963,989	11,037,399
Public Works	6,441,285	5,644,019	5,356,374	6,415,221	5,199,269
Health	3,034,325	2,845,874	2,668,477	2,532,665	2,351,220
Culture and Recreation	710,448	740,350	734,826	693,078	688,258
Cox Field Airport	179,586	210,851	112,562	134,705	110,330
Other	1,938,621	1,845,609	1,716,365	1,743,614	1,771,889
Capital Outlay					
General Government	62,737	16,995	10,100	-	268,397
Public Safety	327,086	413,250	168,163	178,453	1,096,587
Public Works	285,399	1,016,738	612,947	248,452	952,651
Health	299,123	303,946	554,083	149,850	176,386
Cox Field Airport	20,291	-	37,275	-	-
Debt Service	186,690	186,690	186,690	186,690	72,353
Other	69,768	-	42,187	-	9,680
Total Expenditures	$ 26,512,940	$ 26,059,629	$ 24,625,564	$ 24,912,768	$ 25,422,079
Excess (Deficit) of Revenues Over Expenditures	$ 297,085	$ 1,004,137	$ 1,104,089	$ 724,908	$ (2,745,490)
Other Financing Sources (Uses):					
Capital Lease	$ -	$ -	$ -	$ -	$ 975,185
Operating Transfers In	-	18,513	124,968	-	1,633,000
Operating Transfers Out	-	(127,545)	(383,374)	(44,814)	(1,806,200)
Sale of Capital Assets	-	-	-	-	-
Insurance Recoveries	39,806	57,835	-	-	-
Total Other Financing Sources (Uses):	$ 39,806	$ (51,197)	$ (258,406)	$ (44,814)	$ 801,985
Excess of Revenues and Other Sources Over Expenditures and Other Uses	$ 336,891	$ 952,940	$ 845,683	$ 680,094	$ (1,943,505)
Fund Balance - Beginning of Year	$ 13,451,478	$ 12,670,747	$ 11,622,868	$ 10,839,700	$ 13,594,986
Increase (Decrease) in Reserve for Inventory	-	-	40,517	103,074	(70,865)
Prior Period Adjustment	-	(172,209)	161,678	-	(740,916)
Fund Balance - End of Year	$ 13,788,369	$ 13,451,478	$ 12,670,746	$ 11,622,868	$ 10,839,700

Source: The Issuer's Comprehensive Annual Financial Reports and other information from the Issuer.

CONDENSED WATERWORKS AND SEWER SYSTEM OPERATING STATEMENT TABLE 21

	Fiscal Year Ended September 30				
	2020 Unaudited	2019	2018	2017	2016
Operating Revenues [a]					
Total Revenues	$ 14,929,297	$ 14,452,703	$ 14,168,934	$ 14,236,117	$ 15,053,698
Expenses [b]	10,327,643	10,147,099	9,886,456	9,867,173	7,799,136
Net Revenue Available for Debt Service	$ 4,601,654	$ 4,305,604	$ 4,282,478	$ 4,368,944	$ 7,254,562
Annual Revenue Bond Debt Service Requirements	$ -	$ -	$ -	$ -	$ -
Coverage of Annual Revenue Bond Requirements	N/A	N/A	N/A	N/A	N/A
Annual Requirements on all Bonds paid from System Revenues	$ 3,842,897	$ 3,848,957	$ 3,714,257	$ 3,244,870	$ 3,338,021
Coverage of Annual Requirements on all Bonds Paid from System Revenues	1.20 x	1.12 x	1.15 x	1.35 x	2.17 x
Customer Count:					
Water	9,810	9,679	9,698	9,766	9,995
Sewer	9,221	9,189	9,208	9,180	9,276

[a] Revenues include operating revenues, interest income and other revenues of the Waterworks and Sewer System.

[b] Expenses include total expenses less depreciation and amortization of the Waterworks and Sewer System.

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

WATER RATES **TABLE 22**

Current Rates
(Rates Effective July 1, 2020)

Residential Class

Meter Size (Inches)	Base Cost (Per Cubic Foot)	Service in Excess of Base (For Each Additional 100 Cubic Feet)
3/4" or less	$12.47 for first 200 Cubic Feet	$4.59 / 100 Cubic Feet
1" and Larger	$60.85 for first 1,000 Cubic Feet	$4.59 / 100 Cubic Feet

Commercial Industrial Class

Meter Size (Inches)	Base Cost (Per Cubic Foot)	Service in Excess of Base (For Each Additional 100 Cubic Feet)
3/4" or less	$14.90 for first 200 Cubic Feet	$4.50 / 100 Cubic Feet
1" - 2"	$59.69 for first 1,000 Cubic Feet	$3.67 / 100 Cubic Feet
3"	$214.25 for first 2,000 Cubic Feet	$3.67 / 100 Cubic Feet
4"	$3,674.83 for first 100,000 Cubic Feet	$3.67 / 100 Cubic Feet
6"	$5,512.24 for first 150,000 Cubic Feet	$3.67 / 100 Cubic Feet
8" and Larger	$7,349.65 for first 200,000 Cubic Feet	$3.67 / 100 Cubic Feet

Source: Information from the Issuer

PRINCIPAL WATER CUSTOMERS 2019-2020 **TABLE 23**

(October 1, 2019 to September 30, 2020)

Name of Customer	Average Monthly Consumption (Gals.)	Average Monthly Bill
Lamar Power Partners*	19,234,381	$ 25,902
Campbell Soup Company	13,880,185	114,314
Lamar County Water Supply	11,577,006	78,585
Daisy Farms*	3,600,619	20,646
Paris Generation	1,140,623	20,587
Kimberly Clark	858,207	29,102
Paris Regional Medical Center	259,346	9,381
The James Skinner Baking Co.	177,917	6,270
Texas Highway Department	148,398	4,948
Paris Housing Authority	153,334	5,487
Total	51,030,016	$ 315,222 [(a)]

Total Water Sales as of September 30, 2020 (unaudited) $ 8,067,204

[(a)] *Principal Water Customers represent approximately 46.89% of total annual water sales.*

* *Includes raw water rates*

SEWER RATES — TABLE 24

Current Rates
(Residential Rates Effective April 1, 2021)

Residential Class

Meter Size (Inches)	Base Cost (Per Cubic Foot)	Service in Excess of Base (For Each Additional 100 Cubic Feet)
3/4" or Less	$15.81 for first 200 Cubic Feet	$7.50 / 100 Cubic Feet
1" and Larger	$74.97 for first 1,000 Cubic Feet	$7.50 / 100 Cubic Feet

Commercial Industrial Class

(Commercial Rates Effective April 1, 2021)

Meter Size (Inches)	Base Cost (Per Cubic Foot)	Service in Excess of Base (For Each Additional 100 Cubic Feet)
3/4" or Less	$20.20 for first 200 Cubic Feet	$7.78 / 100 Cubic Feet
1" - 2"	$77.79 for first 1,000 Cubic Feet	$7.78 / 100 Cubic Feet
Larger than 2"	$155.59 for first 2,000 Cubic Feet	$7.78 / 100 Cubic Feet

PRINCIPAL SEWER CUSTOMERS - 2019-2020 — TABLE 25

(October 1, 2019 to September 30, 2020)

Name of Customer	Average Monthly Consumption (Gals.)	Average Monthly Bill
Kimberly Clark	504,260	$ 33,765
The James Skinner Baking Co	177,917	12,205
Paris Regional Medical Center	210,780	14,351
Paris Housing Authority	159,281	10,744
Texas State Highway Department	148,398	9,831
Paris Junior College	93,135	6,485
Lamar County Human Resources	85,182	5,691
Spanish Oaks	82,638	5,530
Paris Independent School District	53,274	3,684
Lamar County	61,250	4,123
Total	1,576,115	$ 106,409 [(a)]
Total Sewer Charges as of September 30, 2020 unaudited	$ 6,351,476	

[(a)] *Principal Sewer Customers represent approximately 20.10% of total annual sewer charges.*

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APPENDIX B

GENERAL INFORMATION REGARDING THE CITY OF PARIS AND LAMAR COUNTY, TEXAS

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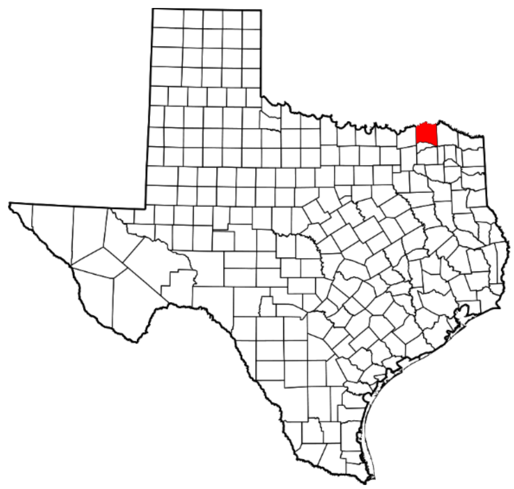
GENERAL INFORMATION REGARDING THE CITY OF PARIS AND LAMAR COUNTY, TEXAS

Location

The City of Paris, Texas (the "City"), located approximately 105 miles northeast of Dallas, is the county seat and commercial center of Lamar County (the "County"). It is in the center of an eleven-county area and is the hub of retail trade, manufacturing, farming, medical care, and other economic segments in this part of Texas. The City's location on U.S. Highways 271 and 82, Texas State Highways 19 and 24, and Interstate Highway 30 (only 38 miles away) makes it conveniently accessible to all parts of the State as well as the Southwest market.



Government

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

Population

Census Report	City of Paris	Lamar County
Current Estimate	25,450	49,532
2010	25,171	49,793
2000	25,898	48,499
1990	24,699	43,949
1980	25,498	42,156

Sources: United States Bureau of the Census, and the City.

Retail Trade and Shopping

The total retail marketing area served by Paris merchants is an approximate 50-mile radius around the City. As residents of this region come to Paris for much of their employment, medical, governmental, and educational needs, they are also attracted to Paris for retail merchandise and services. Major supermarkets, along with a wide selection of local and chain retailers and food outlets, combine to offer Paris shoppers a good selection in merchandise and gifts. Six shopping areas are located throughout Paris, with easy access provided by Loop 286 around Paris, two State highways and other thoroughfares within the City.

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

Major Employers in the City of Paris – 2019

Employer	Principal Line of Business/Product	Estimated Number of Employees (2019)
Paris Regional Medical Center	Hospital / Health Care Services	900
Campbell Soup Company	Soups / Juices / Sauces Production	700
Kimberly-Clark Corporation	Disposable Diapers	678
Paris Independent School District	Public Education	630
Turner Industries	Pipe Manufacturing	500
North Lamar Independent School District	Public Education	453
The Results Company	Telemarketing	450
We Pack Logistics, Inc.	Custom Packaging	382
City of Paris	Municipal Government	333
J Skinner Baking Company	Food Production	236

Source: Issuer's 2019 Comprehensive Annual Financial Report (CAFR)

Total Value of Residential and Commercial Building 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
2021 [(a)]	$ 465,000	6	$ 200,000	1	$ 665,000	7
2020	5,366,500	36	15,636,180	21	21,002,680	57
2019	3,744,359	25	64,446,766	15	68,191,125	40
2018	4,101,770	31	39,273,020	33	43,374,790	64
2017	2,150,571	16	5,931,524	38	8,082,095	54
2016	3,252,018	44	7,838,210	59	11,090,228	103
2015	823,430	10	61,243,705	14	62,067,135	24
2014	1,924,218	16	5,336,150	10	7,260,368	26
2013	2,171,613	24	9,653,725	15	11,825,338	39
2012	760,000	10	7,836,610	13	8596,610	23
2011	569,500	7	10,025,486	9	10,594,986	16

[(a)] *Current Fiscal Year figures are as of February 25, 2021.*
Source: City of Paris

Labor Force Statistics

	City of Paris		Lamar County	
	December **2020**	December **2019**	December **2020**	December **2019**
Civilian Labor Force	11,727	11,635	24,283	24,216
Total Employed	10,884	11,246	22,712	23,469
Total Unemployed	843	389	1,571	747
% Unemployed	7.2%	3.3%	6.5%	3.1%
% Unemployed (Texas)	7.1%	3.3%		
% Unemployed (US)	6.5%	3.4%		

Source: Texas Workforce Commission, Labor Market Information.

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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.

**CITY OF PARIS, TEXAS
COMBINATION TAX AND SURPLUS REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2021
IN THE AGGREGATE PRINCIPAL AMOUNT OF $43,855,000**

AS BOND COUNSEL for the City of Paris, Texas, the issuer (the "Issuer") 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 date specified in the text of the Certificates, until maturity or redemption, at the rates and payable on the dates as stated in the text of the Certificates, and maturing serially on the dates specified in the text of the Certificates, all in accordance with the terms and conditions stated in the text of the Certificates.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, and a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Certificates, including one of the executed Certificates (Certificate Number T-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Certificates have been authorized, issued and delivered in accordance with law; and that except as may be limited by laws applicable to the Issuer relating to governmental immunity and bankruptcy, reorganization and other similar matters affecting creditors' rights generally, and by general principles of equity which permit the exercise of judicial discretion, the Certificates constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said 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 a pledge of the revenues of the Issuer's combined 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 obligations (now or hereafter outstanding), which are payable from all or part of said revenues, all as provided in the Ordinance of the Issuer authorizing the issuance of the Certificates.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Certificates is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Certificates are not "specified private activity bonds" and that, accordingly, interest on the Certificates will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). 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.

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.

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.

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 our opinions 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 certifications executed by officials of the Issuer as to the current outstanding indebtedness of, and assessed valuation of taxable property within 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.

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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FINANCIAL SECTION

McClanahan and Holmes, LLP
CERTIFIED PUBLIC ACCOUNTANTS

STEVEN W. MOHUNDRO, CPA
GEORGE H. STRUVE, CPA
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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Paris, Texas

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Honorable Mayor and City Council
City of Paris, Texas

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Paris, Texas, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Honorable Mayor and City Council
City of Paris, Texas

Other Reporting Required by *Government Auditing Standards*

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

McClanahan and Holmes, LLP
Certified Public Accountants

Paris, Texas
June 26, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Highlights of the Primary Government

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

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

Proprietary Funds

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

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

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

Notes to the Financial Statements

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

Other Information

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

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

Government-Wide Financial Analysis

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

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

City of Paris

Net Position

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

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

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

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

Governmental Activities

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

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

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

City of Paris
Changes in Net Position

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

Business-Type Activities

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

Financial Analysis of the Government's Funds

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

Governmental Funds

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

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

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

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

General Fund

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

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

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

Budget Analysis

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

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

Capital Projects Fund

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

Debt Service Fund

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

Proprietary Fund

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

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

Capital Asset and Debt Administration

Capital Assets

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

Net Capital Assets

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

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

Long-Term Debt

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

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

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

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

Economic Factors and Next Year's Budgets and Rates

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

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

Requests for Information

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

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

Statement 1

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

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

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

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

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

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

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

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

Statement 3

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	$ 11,318,169	$ 1,723,835	$ 2,721,563	$ 495,178	$ 16,258,745
Investments	479,209	-	3,768,724	95,433	4,343,366
Receivables (Net of Allowance for Uncollectibles)	2,592,249	109,662	-	264	2,702,175
Inventories	483,575	-	-	-	483,575
Due from Other Governments	572,272	-	-	-	572,272
Total Assets	$ 15,445,474	$ 1,833,497	$ 6,490,287	$ 590,875	$ 24,360,133
Liabilities, Deferred Inflows, and Fund Balances					
Liabilities					
Accounts Payable and Accrued Liabilities	$ 967,470	$ -	$ 311,299	$ -	$ 1,278,769
Total Liabilities	967,470	-	311,299	-	1,278,769
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	567,625	106,432	-	-	674,057
Unavailable Revenue - Other	458,901	-	-	-	458,901
Total Deferred Inflows of Resources	1,026,526	106,432	-	-	1,132,958
Fund Balances					
Nonspendable					
Inventory	483,575	-	-	-	483,575
Permanent Library Funds	-	-	-	96,007	96,007
Restricted for					
Debt Service	-	1,727,065	-	-	1,727,065
Capital Projects	3,766	-	6,178,988	-	6,182,754
Notes	-	-	-	-	-
Law Enforcement	-	-	-	202,297	202,297
Public Education	574,048	-	-	-	574,048
Assigned					
Library	-	-	-	74,469	74,469
Community Development	-	-	-	218,102	218,102
Unassigned: General Fund	12,390,089	-	-	-	12,390,089
Total Fund Balances	13,451,478	1,727,065	6,178,988	590,875	21,948,406
Total Liabilities, Deferred Inflows and Fund Balances	$ 15,445,474	$ 1,833,497	$ 6,490,287	$ 590,875	$ 24,360,133

Fund Balances - Total Governmental Funds (above)	$ 21,948,406
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. (Net of Accumulated Depreciation)	38,455,486
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred or not reflected in the funds.	1,132,958
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(15,487,831)
Included in noncurrent liabilities is the recognition of the City's proportionate share of the net pension liability required by GASB 68 in the amount of $15,801,595, and a Deferred Outflow of Resources in the amount of $3,886,306. This amounted to a decrease in Net Position of $11,915,289.	(11,915,289)
Included in noncurrent liabilities is the recognition of the City's proportionate share of the net OPEB liability required by GASB 75 in the amount of $2,639,164, a Deferred Outflow of Resources in the amount of $237,246, and a Deferred Inflow of Resources in the amount of $53,950. This amounted to a decrease in Net Position of $2,455,868.	(2,455,868)
Net Position of Governmental Activities	$ 31,677,862

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

CITY OF PARIS, TEXAS

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended September 30, 2019

Statement 4

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

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

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

Statement 4
(Continued)

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

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

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

Statement 5

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

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

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

Statement 6

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

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

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

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

Statement 6
(Continued)

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

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

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

Statement 7

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

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

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

Statement 7
(Continued)

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

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

CITY OF PARIS, TEXAS

Statement 8

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

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

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

CITY OF PARIS, TEXAS

Statement 9

Statement of Cash Flows
Proprietary Funds
Years Ended September 30, 2019 and 2018

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

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

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

Statement 9
(Continued)

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

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

I. Summary of Significant Accounting Policies

A. Description of Government-Wide Financial Statements

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

B. Reporting Entity

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

Discretely Presented Component Unit: The Paris Economic Development Corporation (PEDC) is a governmental nonprofit corporation established July 19, 1993, funded by a quarter percent sales tax. PEDC was organized exclusively for the purpose of benefiting and accomplishing public purposes of the City by promoting, assisting, and enhancing economic development activities for the City as provided by the Development Corporation Act of 1979. The business and affairs are managed by a five-member board of directors appointed by the governing body of the City. PEDC is fiscally dependent upon the City as the City Council approves their budgets and must approve any debt issuance. However, the component unit does not qualify for blending because the component services directly benefit the community rather than the City itself. Complete financial statements for PEDC may be obtained at its administrative office at 1125 Bonham Street, Paris, Texas 75460.

C. Basis of Presentation - Government-Wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

I. Summary of Significant Accounting Policies (Continued)

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

The City reports the following major governmental funds:

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

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

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

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

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

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

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

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

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

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

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

I. Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

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

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

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

F. Budgetary Information

1. Budgetary Basis of Accounting

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

I. Summary of Significant Accounting Policies (Continued)

F. Budgetary Information (Continued)

1. Budgetary Basis of Accounting (Continued)

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

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

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

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

2. Excess of Expenditures Over Appropriations

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

G. Assets, Liabilities, and Equity

1. Cash and Cash Equivalents

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

2. Investments

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

I. Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities, and Equity (Continued)

2. Investments (Continued)

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

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

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

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

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

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

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

3. Inventories

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

4. Restricted Assets

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

5. Capital Assets

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

I. Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities, and Equity (Continued)

5. Capital Assets (Continued)

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

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

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

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

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

6. Capital Leases

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

7. Deferred Outflows/Inflows of Resources

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

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

I. Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities, and Equity (Continued)

8. Net Position Flow Assumption

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

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

9. Fund Balance Flow Assumption

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

10. Fund Balance Policies

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

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

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

I. Summary of Significant Accounting Policies (Continued)

H. Revenues and Expenditures/ Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Compensated Absences

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

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

I. Recent Accounting Pronouncements Adopted

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

J. Future Adoption of Accounting Pronouncements

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

Statement No.		Adoption Required
84	*Fiduciary Activities*	September 30, 2020
87	*Leases*	September 30, 2021
88	*Debt Disclosures*	September 30, 2020
91	*Conduit Debt Obligations*	September 30, 2021

II. Reconciliation of Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

III. Stewardship, Compliance, and Accountability

Violations of Legal or Contractual Provisions

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

IV. Detailed Notes on All Activities and Funds

A. Cash and Cash Equivalents

Custodial Credit Risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy requires deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. Collateral agreements must be approved prior to deposit of funds as provided by law.

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

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

B. Investments

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

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

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

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

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

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

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

B. Investments (Continued)

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

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

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

C. Receivables

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

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

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

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

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

D. Capital Assets

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

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

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

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

D. Capital Assets (Continued)

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

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

D. Capital Assets (Continued)

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

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

E. Deferred Compensation Plan

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

F. Employee Retirement Systems and Plans

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

1. Texas Municipal Retirement System

Plan Description

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

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

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

F. Employee Retirement Systems and Plans (Continued)

1. Texas Municipal Retirement System (Continued)

Benefits Provided

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

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

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

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

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

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

F. Employee Retirement Systems and Plans (Continued)

1. Texas Municipal Retirement System (Continued)

Employees Covered by Benefit Terms.

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

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

Contributions

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

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

Net Pension Liability

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

Actuarial Assumptions

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

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

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

F. Employee Retirement Systems and Plans (Continued)

1. Texas Municipal Retirement System (Continued)

Actuarial Assumptions (Continued)

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

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

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

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

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

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

F. Employee Retirement Systems and Plans (Continued)

1. Texas Municipal Retirement System (Continued)

Discount Rate

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

Net Pension Liability and Changes in the Pension Liability

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

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

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

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

F. Employee Retirement Systems and Plans (Continued)

1. Texas Municipal Retirement System (Continued)

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

Pension Plan Fiduciary Net Position

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

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

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

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

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

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

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

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

F. Employee Retirement Systems and Plans (Continued)

2. Firefighters' Relief and Retirement Fund

Plan Description

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

Eligibility

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

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

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

Contributions

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

Employees Covered by Benefit Terms

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

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

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

F. Employee Retirement Systems and Plans (Continued)

2. Firefighters' Relief and Retirement Fund (Continued)

Service Retirement Disability and Death Benefits

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

Actuarial Methods and Assumptions

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

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

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

F. Employee Retirement Systems and Plans (Continued)

2. Firefighters' Relief and Retirement Fund (Continued)

Net Pension Liability and Changes in the Pension Liability

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

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

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

Pension Plan Fiduciary Net Position

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

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

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

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

F. Employee Retirement Systems and Plans (Continued)

2. Firefighters' Relief and Retirement Fund (Continued)

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

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

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

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

G. Other Post Employment Benefit (OPEB) Obligations

1. Supplemental Death Benefits Fund

Plan Description

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

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

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

1. Supplemental Death Benefits Fund (Continued)

Benefits

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

Employees Covered by Benefit Terms

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

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

Contributions

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

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

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

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

1. Supplemental Death Benefits Fund (Continued)

Changes in the OPEB Liability

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

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

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

Supplemental Death Benefits Fund Net Position

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

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

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

1. Supplemental Death Benefits Fund (Continued)

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

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

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

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

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

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

2. City of Paris Retiree Health Care Plan

Plan Description

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

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

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

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

Benefits

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

Employees Covered by Benefit Terms

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

Inactive Retirees or Beneficiaries Currently Receiving Benefits	16
Inactive, Nonretired Members	-
Active employees	90
Total	106

Contributions

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

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

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

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

Changes in the OPEB Liability

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

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

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

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

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

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

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

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

OPEB Plan Net Position

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

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

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

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

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

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

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

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

H. Water Sales and Commitments

1. Water Sales

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

2. Construction Commitments

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

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

3. Water Storage Commitment

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

4. Civic Center Contract Commitment

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

5. Interlocal Cooperative Agreement

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

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

H. Water Sales and Commitments (Continued)

6. Other Commitments - PEDC

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

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

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

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

I. Risk Management

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

J. Capital Leases

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

Capital Lease Equipment, at Cost	$	617,114
Less: Accumulated Amortization		225,235
Capital Lease Equipment, Net	$	391,879

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

J. Capital Leases (Continued)

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

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

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

Capital Lease Equipment, at Cost	$ 975,185
Less: Accumulated Amortization	262,974
Capital Lease Equipment, Net	$ 712,211

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

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

K. Long-Term Liabilities

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

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

K. Long-Term Liabilities (Continued)

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

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

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

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

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

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

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

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

K. Long-Term Liabilities (Continued)

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

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

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

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

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

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

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

K. Long-Term Liabilities (Continued)

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

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

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

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

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

K. Long-Term Liabilities (Continued)

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

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

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

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

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

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

L. Interfund Transfers

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

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

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

M. Restricted Net Position and Restricted Asset Accounts

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

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

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

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

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

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

N. Related Party

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

O. Contingent Liabilities

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

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

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

P. Tax Abatements

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

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

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

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

Q. Prior Period Adjustment

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

R. Subsequent Event

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Schedule 1

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

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

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

Schedule 2

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

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

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

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

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

Schedule 4

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

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

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

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

Schedule 5

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

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

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

Schedule 6

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

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

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

Schedule 7

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

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

Schedule 8

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

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

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

Nonmajor Governmental Funds

Special Revenue

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

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

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

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

Permanent Funds

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

Other Major Governmental Funds

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

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

CITY OF PARIS, TEXAS

Combining Balance Sheet - Nonmajor Governmental Funds

September 30, 2019

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

CITY OF PARIS, TEXAS

Schedule 10

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

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

Schedule 11

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

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

Schedule 12

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

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

CITY OF PARIS, TEXAS

Schedule 13

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Capital Projects Fund

From Inception and Year Ended September 30, 2019

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

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APPENDIX E

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: $ in aggregate principal amount of

Policy No: -N

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ________________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Financial Advisory Services
Provided By:

SAMCO Capital