

**OFFICIAL STATEMENT****Dated: August 16, 2022**

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

**\$28,260,000**  
**CITY OF ENNIS, TEXAS**  
**(Ellis County)**

**COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2022****Dated Date: August 15, 2022****Due: February 1, as shown on page ii**

The City of Ennis, Texas (the "City" or the "Issuer") \$28,260,000 Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2022 (the "Certificates") are being issued pursuant to the Constitution and laws of the State of Texas (the "State"), including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, an ordinance (the "Ordinance") adopted by the City Commission, and the City's Home Rule Charter. (See "THE CERTIFICATES - Authority for Issuance" herein.)

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

Interest on the Certificates will accrue from August 15, 2022 (the "Dated Date") as shown above and will be payable on February 1, 2023, and on each August 1 and February 1 thereafter, until maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Certificates will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository (the "Securities Depository"). Book-entry interests in the Certificates will be made available for purchase in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of the Certificates ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Certificates purchased. So long as DTC or its nominee is the registered owner of the Certificates, the principal of and interest on the Certificates will be payable by BOKF, NA, Dallas, Texas, as Paying Agent/Registrar, to DTC, which will in turn remit such principal and interest to its Participants, which will in turn remit such principal and interest to the Beneficial Owners of the Certificates. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

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



The scheduled payment of principal of and interest on the Certificates when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Certificates by BUILD AMERICA MUTUAL ASSURANCE COMPANY (See "BOND INSURANCE" herein).

**STATED MATURITY SCHEDULE****(On Page ii)**

*The Certificates are offered for delivery, when, as and if issued and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Bracewell LLP, Dallas, Texas, as counsel to the Underwriters. (See APPENDIX C – FORM OF LEGAL OPINION OF BOND COUNSEL.) (See "OTHER PERTINENT INFORMATION - Legal Opinions and No-Litigation Certificate" herein). It is expected that the Certificates will be available for delivery through DTC on or about September 20, 2022.*

**STATED MATURITY SCHEDULE**  
**(Due February 1)**  
**Base CUSIP – 293425<sup>(a)</sup>**

Stated Maturity February 1	Principal Amount	Interest Rate (%)	Initial Yield (%)	CUSIP Suffix <sup>(a)</sup>
2023	\$ 1,455,000	5.000	2.100	P40
2024	1,555,000	5.000	2.050	P57
2025	920,000	5.000	2.020	P65
2026	960,000	4.000	2.030	P73
2027	1,000,000	4.000	2.070	P81
2028	1,050,000	5.000	2.220	P99
2029	1,105,000	5.000	2.370	Q23
2030	1,155,000	5.000	2.470	Q31
2031	1,220,000	5.000	2.590	Q49
2032	1,280,000	5.000	2.680 <sup>(b)</sup>	Q56
2033	1,345,000	5.000	2.840 <sup>(b)</sup>	Q64
2034	1,415,000	5.000	2.950 <sup>(b)</sup>	Q72
2035	1,490,000	5.000	3.040 <sup>(b)</sup>	Q80
2036	1,555,000	4.000	3.480 <sup>(b)</sup>	Q98
2037	1,615,000	4.000	3.560 <sup>(b)</sup>	R22
2038	1,685,000	4.000	3.650 <sup>(b)</sup>	R30
2039	1,750,000	4.000	3.740 <sup>(b)</sup>	R48
2040	1,825,000	4.000	3.810 <sup>(b)</sup>	R55
2041	1,900,000	4.000	3.880 <sup>(b)</sup>	R63
2042	1,980,000	4.000	3.920 <sup>(b)</sup>	R71

(Interest to accrue from the Dated Date)

The Issuer reserves the right to redeem the Certificates maturing on and after February 1, 2032, on February 1, 2031, 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.)

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, BAM 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 BAM, supplied by BAM and presented under the heading “BOND INSURANCE” and “APPENDIX E - Specimen Municipal Bond Insurance Policy”.

<sup>(a)</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2022 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. Neither the City nor the Financial Advisor is responsible for the selection or the correctness of the CUSIP numbers set forth herein.

<sup>(b)</sup> Yield calculated is based on the assumption that the Certificates denoted and sold at premium will be redeemed on February 1, 2031 the first optional call date for the Certificates, at a redemption of par plus accrued interest to the date of redemption.

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

**ELECTED OFFICIALS**

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>First Elected to Commission May</u></b>	<b><u>Term Expires May</u></b>	<b><u>Occupation</u></b>
Angeline Juenemann	Mayor	2016	2024	Financial Advisor
Jake Holland	Mayor Pro Tem	2020	2023	Engineer
Rowdy Pruitt	Commissioner, Ward 1	2016	2024	Project Manager / Estimator
Bruce Jones	Commissioner, Ward 2	2020	2023	Retired
Kameron Raburn	Commissioner, Ward 3	2022	2025	Engineer
Shirley Watson	Commissioner, Ward 4	2017	2023	Part-time Administrator
Bill Honza	Commissioner, Ward 5	2016	2025	EISD Communications Officer

**ADMINISTRATION**

<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>Length of Service With the City</u></b>	<b><u>Years in Municipal Government</u></b>
Marty Nelson	City Manager	9 years	9 years
Stephen Barnes	Finance Director	4 years	19 years
Angie Wade	City Secretary	5 years	23 years

**CONSULTANTS AND ADVISORS**

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

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## USE OF INFORMATION IN THE OFFICIAL STATEMENT

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

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

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

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

NONE OF THE CITY, THE FINANCIAL ADVISOR OR THE PURCHASER MAKE 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 OR THE BOND INSURER AND ITS MUNICIPAL BOND INSURANCE POLICY DESCRIBED HEREIN UNDER THE HEADING "BOND INSURANCE" AND "BOND INSURANCE GENERAL RISKS" AS SUCH INFORMATION IS PROVIDED BY DTC AND THE BOND INSURER RESPECTIVELY.

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

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

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

The agreements of the City and others related to the Certificates are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer nor sale of the Certificates is to be construed as constituting an agreement with the purchasers of the Certificates.

INVESTORS SHOULD READ THIS ENTIRE OFFICIAL STATEMENT, INCLUDING SCHEDULE I AND ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into and are not part of the Official Statement for any purpose.

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

## SELECTED DATA FROM THE OFFICIAL STATEMENT

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

<b>The Issuer</b>	The City of Ennis, Texas (the "City" or the "Issuer") is in Ellis County and is a principal commercial center of Ellis County. The City is a political subdivision of the State of Texas and operates under a Commission-Manager form of government with a City Commission comprised of seven members including the Mayor. The Mayor and Mayor Pro Tem are elected at large for two-year staggered terms. The five Commissioners are elected by single member districts for two-year staggered terms. (See APPENDIX B - "GENERAL INFORMATION REGARDING THE CITY OF ENNIS AND ELLIS COUNTY, TEXAS" herein.)
<b>The Certificates</b>	The Certificates are being issued pursuant to the Constitution and laws of the State of Texas (the "State"), including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, an ordinance (the "Ordinance") adopted by the City Commission, and the City's Home Rule Charter. (See "THE CERTIFICATES - Authority for Issuance" herein.)
<b>Paying Agent/Registrar</b>	The initial Paying Agent/Registrar for the Certificates is BOKF, NA, Dallas Texas.
<b>Security</b>	The Certificates constitute direct general obligations of the Issuer payable from a combination of the levy and collection of an annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and a limited pledge (not to exceed \$1,000) of the surplus Net Revenues derived from the operation of the City's combined Waterworks and Sewer System (the "System"). (See "THE CERTIFICATES - Security for Payment" herein.)
<b>Redemption Provision</b>	The Issuer reserves the right, at its sole option, to redeem Certificates stated to mature on and after February 1, 2032, on February 1, 2031, or any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, at the price of par plus accrued interest to the date fixed for redemption. (See "THE CERTIFICATES - Redemption Provisions" herein.)
<b>Tax Matters</b>	In the opinion of Bond Counsel, the interest on the Certificates will be excludable from gross income for federal tax purposes under statutes, regulations, published rulings and court decisions existing on the date of the initial delivery of the Certificates, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on corporations. (See "TAX MATTERS" for a discussion of the Opinion of Bond Counsel and "APPENDIX C - FORM OF LEGAL OPINION OF BOND COUNSEL" herein.)
<b>Use of Certificate Proceeds</b>	Proceeds from the sale of the Certificates will be used to pay all or a portion of the City's contractual obligations incurred for the purpose of (a) acquiring, constructing, installing and equipping additions, extensions, renovations and improvements to the City's waterworks and sewer system, and the acquisition of land and interests in land and properties therefor; (b) constructing, reconstructing and improving streets, including an underpass of the Union Pacific Railroad line, sidewalks, drainage, signalization, landscaping, streetscaping, lighting, signage and utility relocation, and the acquisition of land and interests in land and properties therefor; (c) acquiring, constructing, installing and equipping an animal shelter; (d) acquiring, constructing, reconstructing, improving and equipping park facilities, and the acquisition of land and interests in land and properties therefor; (e) acquiring, constructing, installing and equipping additions, extensions, renovations and improvements to existing fire stations; and (f) acquiring, constructing, installing and equipping additions, extensions, renovations and improvements to existing municipal facilities for the public works department; and also for the purpose of paying all or a portion of the City's contractual obligations for professional services, including engineers, architects, attorneys, map makers, auditors, and financial advisors, in connection with such projects and said Certificates of Obligation. (See "THE CERTIFICATES - Use of Certificate Proceeds" herein.)
<b>Book-Entry-Only System</b>	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.)

<b>Bond Insurance</b>	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 Build America Mutual Assurance Company ("BAM") (See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein.)
<b>Rating</b>	The Certificates are rated "AA" (stable outlook) by S&P Global Ratings, a division of S&P Global ("S&P"), by virtue of a municipal bond insurance policy to be issued by Build America Mutual Assurance Company. S&P has assigned an underlying, unenhanced rating of "AA-" to the Certificates without regard to credit enhancement. An explanation of the significance of such rating may be obtained from S&P (See "OTHER PERTINENT INFORMATION - Rating" herein.)
<b>Issuance of Additional Debt</b>	The Issuer does not anticipate the issuance of any additional ad valorem tax debt in 2022, except the \$3,284,000 Combination Tax and Surplus Revenue Certificates of Obligation, Series 2022 pursuant to a private placement sale to the Texas Water Development Board.
<b>Payment Record</b>	The City has never defaulted on its revenue bonds and has not defaulted on general obligation bonds since 1937 when all bonds were refunded at par with a reduction in interest rate.
<b>Delivery</b>	When issued, anticipated on or about September 20, 2022.
<b>Legality</b>	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.

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## INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by City of Ennis, Texas (the "City" or the "Issuer") of its \$28,260,000 Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2022 (the "Certificates") identified on the cover page hereof.

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

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

## INFECTIOUS DISEASE OUTBREAK – COVID-19

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

On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas in response to the Pandemic Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor issued a number of executive orders relating to COVID-19 preparedness and mitigation, which restricted or halted business activity, restricted the number of people that can congregate in a public setting, and limited the movement of many citizens to only essential activities. Under executive orders in effect as of the date of this Official Statement, there are no COVID-19 related operating limits for any business or other establishment. The Governor retains the right to impose new restrictions on activities. 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.

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 and/or the collection of sales tax revenues, ad valorem tax revenues and other revenues within the City. See "AD VALOREM TAX PROCEDURES" and "APPENDIX A -- FINANCIAL INFORMATION OF THE ISSUER – Table 15 – Municipal Sales Tax." The Certificates are secured by an ad valorem tax (within the limits prescribed by law), and a reduction in the receipt of such revenues or in the property values within the City 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. See "AD VALOREM TAX PROCEDURES – Public Hearing and Maintenance and Operations Tax Rate Limitations" and " – Tax Rate Limitations." Additionally, the City collects a sales and use tax on all taxable transactions within the City's boundaries. A reduction in the collection of sales tax revenues may negatively impact the City's operating budget and overall financial condition. The City did not see a negative impact on property tax revenues in fiscal year 2020 or 2021. The City's certified values increased in each of the fiscal years 2020 and 2021 as compared to the respective prior year. See "APPENDIX A -- FINANCIAL INFORMATION OF THE ISSUER – Table 10 – Classification of Assessed Valuation." Also, the City's sales tax revenue increased in each of calendar years 2020 and 2021 as compared to the respective prior year. See "APPENDIX A -- FINANCIAL INFORMATION OF THE ISSUER – Table 15 – Municipal Sales Tax."

## THE CERTIFICATES

### General

The Certificates are dated August 15, 2022 (the "Dated Date"). The Certificates are stated to mature on February 1 in the years and in the principal amounts set forth on page ii hereof. The Certificates shall bear interest from their Dated Date on the unpaid principal amounts, and the amount of interest to be paid with respect to each payment period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Certificates will be payable on February 1, 2023, and on each August 1 or February 1 thereafter until maturity or prior redemption. Principal is payable at the designated offices of the "Paying Agent/Registrar" for the Certificates, initially BOKF, NA, Dallas, Texas. Interest on the Certificates shall be paid to the registered owners whose names appear on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (as hereinafter defined) and shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk of, the registered owner. If the date for the payment of the principal or interest on the Certificates shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to be closed, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

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

### Authority for Issuance

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

### Security for Payment

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

### Use of Certificate Proceeds

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

### Redemption Provisions

Optional Redemption: The Issuer reserves the right, at its option, to redeem the Certificates maturing on and after February 1, 2032 on February 1, 2031, or any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and, if within a stated maturity, selected at random and by lot by the Paying Agent/Registrar), at the redemption price of par plus accrued interest to the date fixed for redemption.

Not less than thirty (30) days prior to a redemption date for the Certificates, the City shall cause a notice of such redemption to be sent by United States mail, first-class postage prepaid, to the registered owners of each Certificate or a portion thereof to be redeemed at its address as it appeared on the registration books of the Paying Agent/Registrar on the day such notice of redemption is mailed. ANY NOTICE OF REDEMPTION SO MAILED TO THE REGISTERED OWNERS WILL BE DEEMED TO

HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER ONE OR MORE OF THE REGISTERED OWNERS FAILED TO RECEIVE SUCH NOTICE. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Certificates or portions thereof which are to be so redeemed. If such notice of redemption is given and any other condition to redemption satisfied, all as provided above, the Certificates or portion thereof which are to be redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

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

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

### **Payment Record**

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

### **Legality**

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

### **Defeasance**

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

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

## **Amendments**

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

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

## **Default and Remedies**

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

Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or owners of the Certificates of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy

Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Certificates are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

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

## **REGISTRATION, TRANSFER AND EXCHANGE**

### **Paying Agent/Registrar**

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

The Certificates will be issued in fully registered form in multiples of \$5,000 for any one stated maturity, and principal and semiannual interest will be paid by the Paying Agent/Registrar. Interest will be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar on the Record Date (as defined below) by check or draft mailed on February 1, 2023, and on each August 1 and February 1 thereafter until maturity or prior redemption of the Certificates, by the Paying Agent/Registrar to the last known address of the registered owner as it appears on the Paying Agent/Registrar's books or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner. Principal of a Certificate will be paid to the registered owner at its stated maturity or its prior redemption upon presentation to the Paying Agent/Registrar. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. So long as Cede & Co. is the registered owner of the Certificates, payments of principal of and interest on the Certificates will be made as described in "BOOK-ENTRY-ONLY SYSTEM" herein.

### **Record Date**

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

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

### **Future Registration**

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

## Limitation on Transfer or Exchange of Certificates

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

## Replacement Certificates

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

## BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the

identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

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

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

### **BOND INSURANCE**

#### **BOND INSURANCE POLICY**

Concurrently with the issuance of the Certificates, Build America Mutual Assurance Company ("BAM" or the "Bond Insurer") 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 in Appendix E in 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.

#### **BUILD AMERICA MUTUAL ASSURANCE COMPANY**

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27<sup>th</sup> Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: [www.buildamerica.com](http://www.buildamerica.com).

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at [www.standardandpoors.com](http://www.standardandpoors.com). The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Certificates, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Certificates. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Certificates 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 Policy), and BAM does not guarantee the market price or liquidity of the Certificates, nor does it guarantee that the rating on the Certificates will not be revised or withdrawn.

#### *Capitalization of BAM*

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2022 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$490.5 million, \$187.1 million and \$303.4 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at [www.buildamerica.com](http://www.buildamerica.com), is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, BAM 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 BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

#### *Additional Information Available from BAM*

**Credit Insights Videos.** For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at [www.buildamerica.com/videos](http://www.buildamerica.com/videos). (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Credit Profiles.** Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at [www.buildamerica.com/credit-profiles](http://www.buildamerica.com/credit-profiles). BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Disclaimers.** The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Certificates, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Certificates. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Certificates, whether at the initial offering or otherwise.



## **BOND INSURANCE GENERAL RISKS**

In the event of default of the payment of principal or interest with respect to the Certificates when all or some 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 optional prepayment of the Certificates by the City which is recovered by the City from the Certificate owner as a voidable preference under applicable bankruptcy law may be covered by the Policy, however, such payments will be made by the Bond Insurer at such time and in such amounts as would have been due absence such prepayment by the City unless the Bond Insurer chooses to pay such amounts at an earlier date.

Payment of principal and interest is not subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist. See "THE CERTIFICATES – Default and Remedies". The Bond Insurer may direct and consent to any remedies that the Paying Agent/Registrar exercises and the Bond Insurer's consent may be required in connection with amendments to any applicable Certificate documents.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Certificates are payable solely from the security provided pursuant to the applicable Certificate documents. In the event the Bond 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 of the Certificates or the marketability (liquidity) for the Certificates.

The long-term ratings on the Certificates are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Certificates insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Certificates or the marketability (liquidity) for the Certificates. See "OTHER PERTINENT INFORMATION - Rating" herein.

The obligations of the Bond Insurer are general obligations of the Bond Insurer and in an event of default by the Bond Insurer, the remedies available to the Certificate holders may be limited by applicable bankruptcy law or other similar laws related to insolvency of insurance companies.

None of the City, the Financial Advisor, or the Underwriters have made independent investigation into the claims paying ability of the potential Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. 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 the Bond Insurer, particularly over the life of the Certificates.

### **Claims-Paying Ability and Financial Strength of Municipal Bond Insurers**

In the past, Moody's Investors Service, Inc., S&P, and Fitch Ratings, Inc. have downgraded and/or placed on negative watch the claims-paying ability and financial strength of most providers, including for the Bond Insurer of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers is possible.

In addition, past 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 any such bond insurer to pay principal and interest on the Certificates and the claims-paying ability of any such bond insurer, particularly over the life of the Certificates.

## **INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE ISSUER**

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

Available City funds are invested as authorized by Texas law and in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change. Under State law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State 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 is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of, the State 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) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; (8) interest bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested

through: (i) a broker with a main office or branch office in this State that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025; or (ii) a depository institution with a main office or branch office in this State that the investing entity selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3); (9) certificates of deposit and share certificates (i) issued by a depository 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 its successor or the National Credit Union Insurance Fund or its successor, or are secured as to principal by obligations described in the clauses (1) through (8) 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 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 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, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) 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; (11) 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 (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name 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; and (iv) the agreement to lend securities has a term of one year or less, (12) 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, (13) commercial paper with a stated maturity of 365 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, (14) a no-load money market mutual fund registered with and regulated by the Securities and Exchange Commission that provides the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and complies with federal Securities and Exchange Commission Rule 2a-7, and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and have a duration of one year or more and are invested exclusively in obligations described in this paragraph or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, 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 Commission detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) Texas law. No person may invest City funds without express written authority from the City Commission.

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

### Current Investments

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

As of June 28, 2022 (unaudited), the Issuer's investable funds were invested as shown below.

<b><u>Fund and Investment Type</u></b>	<b><u>Amount</u></b>	<b><u>Percentage of Portfolio</u></b>
Operating Checking Account	\$41,891,453	86.17%
Local Checking / Money Market Accounts (General Fund)	6,405,163	13.17%
TexPool Money Market Accounts	320,628	0.66%
<b>Total Investments</b>	<b><u>\$48,616,944</u></b>	<b><u>100.00%</u></b>

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

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

## **DEFINED BENEFIT PENSION PLAN**

### **Plan Description**

The City of Ennis Texas participates as one of 895 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System ("TMRS"). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

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

For more information see the City's 2021 ACFR, Note 3 and Note 4 beginning on page 53.

## **AD VALOREM TAX PROCEDURES**

*The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Prospective investors are encouraged to review Title 1 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 ("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 Ellis County Appraisal District (the "Appraisal District"). Except as 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 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 (the "10% Homestead Cap"). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised.

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 ("Productivity Value"). 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 "TAX DATA – City's Rights in the Event of Tax Delinquencies."

## **Issuer and Taxpayer Remedies**

Under certain circumstances, the City and its taxpayers 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.

Owners of certain property with a taxable value of at least \$50 million and situated in a county with a population of one million or more as of the most recent federal decennial census may additionally protest the determinations of appraisal district directly to a three-member special panel of the appraisal review board, selected by a State district judge, consisting of highly qualified professionals in the field of property tax appraisal. The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the City and provides for taxpayer referenda that could result in the repeal of certain tax increases. See “– Public Hearing and Maintenance and Operation Tax Rate Limitations”.

The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

## **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 market value of all homesteads (but not less than \$5,000) and (2) an additional exemption of the market value of the homesteads of persons 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 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 Exemptions**

Certain goods 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 to tax Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal. Certain goods, principally inventory, that are stored for the purposes of assembling, storing, manufacturing, processing or fabricating the goods in a location that is not owned by the owner of the goods and are transferred from that location to another location within 175 days (“Goods-in Transit”), are exempt from ad valorem taxation unless a taxing unit takes official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax Goods-in-Transit beginning the following tax year. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include special inventories such as motor vehicles or boats in a dealer’s retail 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.

## **Temporary Exemption for Qualified Property Damaged by a Disaster**

The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the Governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the Governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Property Tax Code. Section 11.35 of the Property Tax Code was enacted during the 2019 legislative session, and there is no judicial precedent for how the statute will be applied. Texas Attorney General Opinion KP-0299, issued on April 13, 2020, concluded a court would likely find the Texas Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster.

## **Tax Increment Financing Zones**

A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment financing zones ("TIRZ") within its boundaries, and other overlapping taxing units may agree to contribute taxes levied against the "Incremental Value" in the TIRZ to finance or pay for project costs, as defined in Chapter 311, Texas Government Code, general located within the TIRZ. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "Incremental Value", and during the existence of the TIRZ, all or a portion of the taxes levied by each participating taxing unit against the Incremental Value in the TIRZ are restricted to paying project and financing costs within the TIRZ and are not available for the payment of other obligations of 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.

## **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 limits prescribed by law. Article XI, Section 5, of the Texas Constitution applicable to home-rule cities is applicable to the City, and limits the maximum ad valorem tax rate of the City to \$2.50 per \$100 taxable assessed valuation for all City purposes. The home rule charter of the City limits the maximum ad valorem tax rate for all purposes to \$1.50 per \$100 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 general obligation debt service, as calculated at the time of issuance. The issuance of the Certificates does not violate the constitutional restriction, the City's home rule charter provision, or the Texas Attorney General's administrative policy.

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

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its “de minimis rate,” an election must be held to determine whether or not to reduce the adopted tax rate to the voter approval tax rate.

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase.

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

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

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

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

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the 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.

## Levy and Collection of Taxes

The Issuer is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. Property within the City is generally assessed as of January 1 of each year based upon the valuation of property within the City as of the preceding January 1. Business inventory may, at the option of the taxpayer, be assessed as of September 1. The valuation of assessment of oil and gas reserves depends upon pricing information in either the standard edition of the Annual Energy Outlook or, if the most recently published edition of the Annual Energy Outlook was published before December 1 of the preceding calendar year, the Short-Term Energy Outlook report published in January of the current calendar year. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. The Property Tax Code makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and final installment due on August 1.

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

### Penalties and Interest

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

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

- (a) After July, penalty remains at 12% and interest accrues at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid. A delinquent tax continues to accrue interest as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest is to compensate the taxing unit for revenue lost because of the delinquency. In addition, if an account is delinquent in July, an attorney's collection fee of up to 20% of the total delinquent tax penalty and interest collected may be added. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed.

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

### Issuer's Rights in the Event of Tax Delinquencies

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

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



## CITY APPLICATION OF THE PROPERTY TAX CODE

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

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

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

The City taxes business personal property.

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

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

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

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

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

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

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

- A. Depicted in the table below are active economic development agreements that abate, or refund dollars based on property tax.
  - a. Chapter 312 agreements are traditional property tax abatements (property tax not paid).
  - b. Chapter 380 agreements are grants paid by the City based on a property tax refund calculation.
- B. For the 2021 Tax Year:
  - a. The amount of City property tax revenue abated or refunded annually is approximately \$398,414.
  - b. The amount of City property tax revenue collected annually is approximately \$190,648.

Project		Investment		Property Tax		Incentives						
Year	TAD	Company Name	New Capital	Jobs	Abated /Refunded	Collected	Type	Source	Chapter	Terms / Value	Start - End	Purpose
2017		Spyglass	\$20,000,000	10	\$106,500	\$35,500	Tax Refund	City of Ennis	380	75% - 5 Years	2018-2022	New Capital & Jobs
2017		Polyguard	\$500,000	15	\$30,000	\$3,622	Tax Refund	City of Ennis	380	\$30k - 10 years	2018-2028	Retained Jobs and New HQ
2017		Globe Products	\$1,500,000	50	\$35,000	\$10,867	Tax Refund	City of Ennis	380	\$35k - 10 years	2018-2028	New Capital & Retained Jobs
2018		Columbia	\$ 8,000,000.00	15	\$ 57,958.00	\$ 57,958.00	Tax Refund	City of Ennis	380	50% 5 yrs.	2019-2023	New Capital and Jobs
2019		Benoit	\$ 10,000,000.00	15	\$ 50,713.00	\$ 21,734.00	Tax Refund	City of Ennis	380	70% 5 years	2020-2024	New Capital and Jobs
2019		Freshpet	\$ 900,000,000.00	600	\$ 4,890,193.00	\$ 1,630,064.00	Tax Abatement	City of Ennis	312	75% 8 years	2020-2027	New Capital and Jobs
2021		Americase	\$ 5,000,000.00	100	\$ 23,545.00	\$ 12,678.00	Tax Refund	City of Ennis	380	65% 5 years	2021-2025	New Capital and Jobs
2021		Ennis Steel	\$ 10,000,000.00	15	\$ 50,000.00	\$ 22,447.00	Tax Refund	City of Ennis	380	\$50K 7 years	2022-2028	New Capital and Jobs
2022		GAF	\$ 59,000,000.00	32	\$ 299,207.00	\$ 128,232.00	Tax Refund	City of Ennis	380	70% 5 years	2022-2026	New Capital and Jobs
			\$1,014,000,000.00	852	\$5,543,116	\$1,923,102						

- C. The City has two additional programs that abate, or refund monies based on property tax.
  - a. The Historic Landmark Tax Exemption applies to designated properties in the Downtown and Residential Historic Districts are eligible. The exemption applies to 25% of the property value, up to a maximum of \$25,000. The maximum abatement is: \$25,000\*.0071 = \$177.50 per property.
  - b. The Historic Reinvestment Tax Abatement Refund applies to designated "commercial" properties in the National Register Historic District. Eligible work includes structural, electrical, plumbing, mechanical and exterior restoration. This program can refund up to 100% of City property taxes paid if matched with eligible work.

## ADDITIONAL TAX COLLECTIONS

### Municipal Sales Tax Collections

The City has adopted the provisions of Chapter 321, Texas 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. Collections and enforcements are through the offices of the Texas Comptroller of Public Accounts, who remits the proceeds of the tax to the City, after deduction of a 2% service fee. 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 ( $\frac{1}{2}\%$ ) 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 ( $\frac{1}{2}\%$ ) sales tax on retail sales of taxable items for economic development purposes, if approved by a majority of the voters in a local option election.

At an election held on November 7, 1995, the City's registered voters approved an additional one-half percent ( $\frac{1}{2}\%$ ) sales tax to be collected for economic development purposes for the Ennis Economic Development Corporation in accordance with Chapters 501, 502 and 505, Texas Local Government Code, as amended (Type B economic development corporation). Levy of the additional sales tax began on April 1, 1996 and the City received its first payment in June 1996. Net collections on a fiscal year basis are shown in Table 15 entitled "MUNICIPAL SALES TAX" of APPENDIX A. **Such sales tax proceeds are not pledged for the payment of the Certificates.**

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

## TAX MATTERS

### Opinion

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

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

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

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

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

### **Federal Income Tax Accounting Treatment of Original Issue Discount**

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

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

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

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

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

### **Collateral Federal Income Tax Consequences**

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

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

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

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

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

### **State, Local and Foreign Taxes**

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

### **Information Reporting and Backup Withholding**

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

### **Future and Proposed Legislation**

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

## **CONTINUING DISCLOSURE OF INFORMATION**

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

### **Annual Reports**

The City will provide annually to the MSRB, in the electronic format prescribed by the MSRB, financial information and operating data (the "Annual Operating Report") with respect to the City of the general type included in this Official Statement under (i) "INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE ISSUER – Current Investments" in the body of this Official Statement, and (ii) Tables 1 through 13, 15 and 19 of "APPENDIX A – FINANCIAL INFORMATION OF THE ISSUER". The City will additionally provide financial statements of the City (the "Financial Statements"), that will be (i) prepared in accordance with the accounting principles described in the City's annual audited financial statements or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation and shall be in substantially the form included in this Official Statement and (ii) audited, if the City commissions an audit of such Financial Statements and the audit is completed within the period during which they must be provided. The City will update and provide the Annual Operating Report within six months after the end of each fiscal year and the Financial Statements within 12 months of the end of each fiscal year, in each case beginning with the fiscal year ending in and after 2022. The City may provide the Financial Statements earlier, including at the time it provides its Annual Operating Report, but if the audit of such Financial Statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited Financial Statements within such 12-month period and audited Financial Statements for the applicable fiscal year, when and if the audit report on such Financial Statements becomes available.

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

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

### **Notice of Certain Events**

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

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

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

### **Availability of Information from MSRB**

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

### **Limitations and Amendments**

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

The Issuer may amend its agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, if the agreement, as amended, would have

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

### **Compliance with Prior Agreements**

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

## **OTHER PERTINENT INFORMATION**

### **Registration and Qualification of Certificates for Sale**

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

### **Litigation**

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

### **Future Debt Issuance**

The Issuer does not anticipate the issuance of any additional ad valorem tax debt in 2022, except approximately \$3,284,000 Combination Tax and Surplus Revenue Certificates of Obligation, Series 2022 pursuant to a private placement sale to the Texas Water Development Board.

### **Legal Investments and Eligibility to Secure Public Funds in Texas**

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

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

## **Legal Opinions and No-Litigation Certificate**

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

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

## **Rating**

S&P has assigned a rating of "AA" to the Certificates based solely upon the municipal bond insurance policy to be issued by the Bond Insurer on the date of initial delivery of the Certificates and an underlying rating of "AA-". (See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein.) An explanation of the significance of such rating may be obtained from S&P. The rating of the Certificates by S&P reflects only the view of S&P 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 the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by S&P, if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Certificates.

## **Financial Advisor**

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

## **Underwriting**

The Underwriters have agreed, subject to certain conditions, to purchase the Certificates from the Issuer at a price of \$30,205,436.17 (representing the par amount of the Certificates of \$28,260,000.00, plus a reoffering premium of \$2,112,723.75, and less an Underwriters' discount of \$167,287.58), and plus accrued interest on the Certificates in the amount of \$123,501.39).

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

On February 28, 2022, First Horizon Corporation and TD Bank Group announced that First Horizon Corporation entered into a definitive agreement to be acquired by TD Bank Group. FHN Financial Capital Markets is the municipal underwriting business line of FHN Financial, the fixed income division of First Horizon Bank, whose parent company is First Horizon Corporation. The acquisition is expected to be completed in late 2022 or early 2023 pending regulatory approvals. This transaction should not have any material effect on this underwriting transaction.

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

### **Links to Websites**

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

### **Forward-Looking Statements Disclaimer**

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

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

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 statutes, documents and ordinances. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original statutes, documents and ordinances in all respects.

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

CITY OF ENNIS, TEXAS

/s/ Angeline Juenemann

Mayor

City of Ennis, Texas

ATTEST:

/s/ Angie Wade

City Secretary  
City of Ennis, 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

**TABLE 1**

2021 Actual Appraised Value of Taxable Property (100% of Actual) <sup>(a)</sup>		\$ 2,636,177,730
Less Exemptions/Losses:		
Local Over-65 and/or Disabled Homestead Exemptions	\$ 5,388,940	
Local, Optional Percentage Homestead	15,618,575	
Disabled and Deceased Veterans' Exemptions	9,559,796	
Pollution Control	22,721,807	
Productivity Loss	64,526,994	
Abatement Loss	30,677,675	
Value Cap Loss (10%)	74,224,286	
Historical / Minimal Value & Other	2,215,147	
Totally Exempt Property	<u>229,855,806</u>	454,789,026
2021 Certified Net Taxable Assessed Valuation		<u>\$ 2,181,388,704</u>
2022 Certified Net Taxable Assessed Valuation		<u>\$ 2,834,105,700</u>

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

Source: Ellis Appraisal District.

## GENERAL OBLIGATION BONDED DEBT PRINCIPAL

**TABLE 2**

### General Obligation Debt Principal Outstanding: (As of July 1, 2022)

General Obligation Refunding Bonds, Series 2012A	\$ 295,000
Combination Tax and Revenue Certificates of Obligation, Series 2014	4,130,000
General Obligation Refunding Bonds, Taxable Series 2014	4,040,000
Combination Tax and Revenue Certificates of Obligation, Series 2015	7,525,000
General Obligation Refunding Bonds, Series 2016	1,045,000
Combination Tax and Revenue Certificates of Obligation, Series 2016	2,405,000
General Obligation Refunding Bonds, Series 2017	985,000
Combination Tax and Revenue Certificates of Obligation, Series 2017	5,975,000
Combination Tax and Revenue Certificates of Obligation, Series 2018	2,310,000
Combination Tax and Revenue Certificates of Obligation, Series 2018A	3,665,000
Combination Tax and Revenue Certificates of Obligation, Series 2019	8,845,000
Combination Tax and Revenue Certificates of Obligation, Series 2019A	15,410,000
Combination Tax and Revenue Certificates of Obligation, Series 2020	19,735,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2022 (the "Certificates")	28,260,000
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2022 **	<u>3,284,000</u>
Total <b>Gross</b> General Obligation Debt Principal Outstanding (Following the Issuance of the Certificates):	<u>\$ 107,909,000</u>

### Less: Self-Supporting General Obligation Debt Principal <sup>(a)</sup>

General Obligation Refunding Bonds, Series 2012A (69.49% Utility Fund)	\$ 205,000
Combination Tax and Revenue Certificates of Obligation, Series 2015 (47.18% Utility Fund)	3,550,000
Combination Tax and Revenue Certificates of Obligation, Series 2016 (24.95% Utility Fund)	600,000
General Obligation Refunding Bonds, Series 2017 (61.42% Utility Fund)	605,000
Combination Tax and Revenue Certificates of Obligation, Series 2017 (30.20% Utility Fund)	1,805,000
Combination Tax and Revenue Certificates of Obligation, Series 2018 (42.20% Utility Fund)	975,000
Combination Tax and Revenue Certificates of Obligation, Series 2018A (100% Utility Fund)	3,665,000
Combination Tax and Revenue Certificates of Obligation, Series 2019 (100% CCPD)	8,845,000
Combination Tax and Revenue Certificates of Obligation, Series 2020 (21.28% Utility Fund)	4,200,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2022 (the "Certificates") (50% Utility Fund)	14,105,000
Combination Tax and Revenue Certificates of Obligation, Series 2022 ** (100% Utility Fund)	<u>3,284,000</u>
Total Self-Supporting General Obligation Debt Principal	<u>\$ 41,839,000</u>

Total **Net** General Obligation Debt Principal Outstanding (Following the Issuance of the Certificates):

\$ 66,070,000

General Obligation Interest and Sinking Fund Balance as of September 30, 2021	\$ 36,182
Ratio of Gross General Obligation Debt to 2021 Certified Net Taxable Assessed Valuation	4.95%
Ratio of Net General Obligation Debt to 2021 Certified Net Taxable Assessed Valuation	3.03%
2021 Certified Net Taxable Assessed Valuation	<u>\$ 2,181,388,704</u>

Population: 1990 - 13,883; 2000 - 16,045; 2010 - 18,513; 2020 - 20,159; Current (Estimate) -	21,860
Per Capita 2021 Certified Net Assessed Valuation -	\$ 99,789
Per Capita Gross General Obligation Debt Principal -	\$ 4,936
Per Capita Net General Obligation Debt Principal -	\$ 3,022

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

\*\* To be sold to the Texas Water Development Board.

**DEVELOPMENT AGREEMENT PAYABLE**

The City entered into a development agreement with PRHC-Ennis GP, Inc. (subsequently LifePoint Hospitals, Inc.) (Company) for the construction, maintenance, and operation of an acute municipal hospital. Under the terms of the development agreement the City purchased the constructed hospital from the Company. The purchase price of \$21,795,735 at closing was reduced by an amount identified as operating rental revenue under the term of the development agreement and the terms of a lease agreement described in the Operating Lease.

The development agreement payable currently outstanding and reported as a liability of the City's governmental activities at September 30, 2021, totaled \$14,171,735. The amount due within one year totals \$544,983.

**LEASE PURCHASE AGREEMENTS (Equipment)**

NONE

**CONTRACTS WITH THE TRINITY RIVER AUTHORITY OF TEXAS**

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

## GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

TABLE 4

Fiscal Year 30-Sep	Current Total Debt Service <sup>(a)</sup>	The Certificates, Series 2022		TWDB Series 2022**		Combined Debt Service <sup>(a)</sup>		Less: Self- Supporting Debt		Less: Self- Supporting Debt		Net General Obligation Debt Service <sup>(d)</sup>
		Principal	Interest	Total	Principal	Interest	Total	WS Rev <sup>(b)</sup>	CCPD <sup>(c)</sup>	WS Rev <sup>(b)</sup>	CCPD <sup>(c)</sup>	
2022	\$ 8,869,453	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,244,729	\$ 697,438	\$ 2,244,729	\$ 697,438	\$ 5,927,286
2023	7,323,645	1,455,000	1,184,524	2,639,524	120,000	-	120,000	2,504,149	699,688	2,504,149	699,688	6,879,333
2024	7,328,207	1,555,000	1,158,675	2,713,675	120,000	-	120,000	2,443,467	700,938	2,443,467	700,938	7,017,477
2025	7,070,418	920,000	1,096,800	2,016,800	120,000	-	120,000	2,447,372	701,188	2,447,372	701,188	6,058,658
2026	5,973,060	960,000	1,054,600	2,014,600	120,000	-	120,000	2,446,646	700,438	2,446,646	700,438	4,960,576
2027	5,901,301	1,000,000	1,015,400	2,015,400	120,000	-	120,000	2,320,709	698,688	2,320,709	698,688	5,017,304
2028	5,713,154	1,050,000	969,150	2,019,150	120,000	-	120,000	2,312,441	700,813	2,312,441	700,813	4,839,050
2029	5,724,820	1,105,000	915,275	2,020,275	120,000	-	120,000	2,323,681	696,788	2,323,681	696,788	4,844,626
2030	5,705,722	1,155,000	858,775	2,013,775	120,000	-	120,000	2,314,284	697,013	2,314,284	697,013	4,828,200
2031	5,717,805	1,220,000	799,400	2,019,400	120,000	-	120,000	2,322,867	701,388	2,322,867	701,388	4,832,950
2032	5,512,802	1,280,000	736,900	2,016,900	120,000	-	120,000	2,313,845	699,569	2,313,845	699,569	4,636,288
2033	5,510,314	1,345,000	671,275	2,016,275	120,000	-	120,000	2,316,918	701,509	2,316,918	701,509	4,628,162
2034	5,510,835	1,415,000	602,275	2,017,275	120,000	-	120,000	2,316,729	697,169	2,316,729	697,169	4,634,212
2035	4,881,835	1,490,000	529,650	2,019,650	120,000	-	120,000	2,323,648	696,869	2,323,648	696,869	4,000,968
2036	4,226,924	1,555,000	461,300	2,016,300	120,000	-	120,000	1,985,815	700,397	1,985,815	700,397	3,677,012
2037	4,217,815	1,615,000	397,900	2,012,900	120,000	-	120,000	1,980,902	697,344	1,980,902	697,344	3,672,469
2038	3,535,664	1,685,000	331,900	2,016,900	120,000	-	120,000	1,756,064	698,063	1,756,064	698,063	3,218,437
2039	3,274,456	1,750,000	263,200	2,013,200	120,000	-	120,000	1,496,200	697,844	1,496,200	697,844	3,213,612
2040	1,555,500	1,825,000	191,700	2,016,700	120,000	-	120,000	1,171,000	-	1,171,000	-	2,190,900
2041	-	1,900,000	117,200	2,017,200	120,000	-	120,000	1,175,600	-	1,175,600	-	966,200
2042	-	1,980,000	39,600	2,019,600	125,000	-	125,000	125,000	-	125,000	-	969,000
2043	-	-	-	-	125,000	-	125,000	125,000	-	125,000	-	-
2044	-	-	-	-	125,000	-	125,000	125,000	-	125,000	-	-
2045	-	-	-	-	125,000	-	125,000	125,000	-	125,000	-	-
2046	-	-	-	-	125,000	-	125,000	125,000	-	125,000	-	-
2047	-	-	-	-	125,000	-	125,000	125,000	-	125,000	-	-
2048	-	-	-	-	125,000	-	125,000	125,000	-	125,000	-	-
2049	-	-	-	-	129,000	-	129,000	129,000	-	129,000	-	-
	\$ 103,553,729	\$ 28,260,000	\$ 13,395,499	\$ 41,655,499	\$ 3,284,000	\$ -	\$ 3,284,000	\$ 44,018,366	\$ 12,583,144	\$ 44,018,366	\$ 12,583,144	\$ 91,012,719

(a) Includes all self-supporting debt.

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

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

(d) Excludes all self-supporting debt.

\*\* To be sold to Texas Water Development Board.

## TAX ADEQUACY (Includes Self-Supporting Debt)

TABLE 5

2021 Net Taxable Assessed Valuation	\$ 2,181,388,704
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-24)	10,161,882
Indicated Maximum Interest and Sinking Fund Tax Rate at 97% Collections	0.4803

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

## TAX ADEQUACY (Excludes Self-Supporting Debt)

TABLE 6

2021 Net Taxable Assessed Valuation	\$ 2,181,388,704
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-24)	7,017,477
Indicated Maximum Interest and Sinking Fund Tax Rate at 97% Collections	0.3316

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

**INTEREST AND SINKING FUND MANAGEMENT INDEX****TABLE 7**

Interest and Sinking Fund Balance, Fiscal Year Ended September 30, 2021	\$ 36,182
2022 Interest and Sinking Fund Tax Levy of \$0.2790 at 98% Collections Produces	<u>5,964,353</u>
Total Available for Debt Service	\$ 6,000,535
Less: Net General Obligation Debt Service Requirements, Fiscal Year Ending 9-30-22 <sup>(a)</sup>	<u>5,927,286</u>
Estimated Surplus at Fiscal Year Ending 9-30-22 <sup>(b)</sup>	<u>\$ 73,249</u>

<sup>(a)</sup> Includes the Certificates and excludes self-supporting general obligation debt.

<sup>(b)</sup> Does not include delinquent tax collections, penalties and interest on delinquent tax collections or investment earnings.

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

Net System Revenues Available, Fiscal Year End September 30, 2021	\$ 4,958,750
Transfer from Undesignated Utility Fund Reserve	-
Less: 2021 Annual Debt Service Requirements on Outstanding Revenue Bonds	<u>-</u>
Balance Available for Other Purposes	\$ 4,958,750
System General Obligation Debt for Fiscal Year Ended September 30, 2021	\$ 2,244,729
Percentage of System General Obligation Debt Self-Supporting	2.21X

**GENERAL OBLIGATION PRINCIPAL REPAYMENT SCHEDULE****TABLE 9**

Fiscal Year Ending 9/30	Principal Repayment Schedule				Obligations Unpaid at End of Year	Percent of Principal Retired (%)
	Currently Outstanding <sup>(a)</sup>	The Certificates Series 2022	TWDB Series 2022**	Total		
2022	\$ 6,145,000	\$ -	\$ -	\$ 6,145,000	\$ 104,654,000	5.55%
2023	4,780,000	1,455,000	120,000	6,355,000	98,299,000	11.28%
2024	4,955,000	1,555,000	120,000	6,630,000	91,669,000	17.27%
2025	4,875,000	920,000	120,000	5,915,000	85,754,000	22.60%
2026	3,960,000	960,000	120,000	5,040,000	80,714,000	27.15%
2027	4,040,000	1,000,000	120,000	5,160,000	75,554,000	31.81%
2028	4,010,000	1,050,000	120,000	5,180,000	70,374,000	36.48%
2029	4,180,000	1,105,000	120,000	5,405,000	64,969,000	41.36%
2030	4,310,000	1,155,000	120,000	5,585,000	59,384,000	46.40%
2031	4,470,000	1,220,000	120,000	5,810,000	53,574,000	51.65%
2032	4,420,000	1,280,000	120,000	5,820,000	47,754,000	56.90%
2033	4,570,000	1,345,000	120,000	6,035,000	41,719,000	62.35%
2034	4,725,000	1,415,000	120,000	6,260,000	35,459,000	68.00%
2035	4,245,000	1,490,000	120,000	5,855,000	29,604,000	73.28%
2036	3,735,000	1,555,000	120,000	5,410,000	24,194,000	78.16%
2037	3,855,000	1,615,000	120,000	5,590,000	18,604,000	83.21%
2038	3,300,000	1,685,000	120,000	5,105,000	13,499,000	87.82%
2039	3,155,000	1,750,000	120,000	5,025,000	8,474,000	92.35%
2040	1,525,000	1,825,000	120,000	3,470,000	5,004,000	95.48%
2041	-	1,900,000	120,000	2,020,000	2,984,000	97.31%
2042	-	1,980,000	125,000	2,105,000	879,000	99.21%
2043	-	-	125,000	125,000	754,000	99.32%
2044	-	-	125,000	125,000	629,000	99.43%
2045	-	-	125,000	125,000	504,000	99.55%
2046	-	-	125,000	125,000	379,000	99.66%
2047	-	-	125,000	125,000	254,000	99.77%
2048	-	-	125,000	125,000	129,000	99.88%
2049	-	-	129,000	129,000	-	100.00%
	<u>\$ 79,255,000</u>	<u>\$ 28,260,000</u>	<u>\$ 3,284,000</u>	<u>\$ 110,799,000</u>		

<sup>(a)</sup> Includes self-supporting debt.

\*\* To be sold to the Texas Water Development Board.

**CLASSIFICATION OF ASSESSED VALUATION<sup>(a)</sup>**

**TABLE 10**

<u>Category</u>	<u>2021</u>	<u>% of Total</u>	<u>2020</u>	<u>% of Total</u>	<u>2019</u>	<u>% of Total</u>	<u>2018</u>	<u>% of Total</u>	<u>2017</u>	<u>% of Total</u>
Real, Residential, Single-Family	\$ 873,818,208	33.15%	\$ 777,413,508	30.98%	\$ 616,722,064	26.78%	\$ 529,776,113	26.86%	\$ 483,875,950	25.77%
Real, Residential, Multi-Family	124,516,144	4.72%	99,206,785	3.95%	90,587,168	3.93%	49,426,991	2.51%	45,737,560	2.44%
Real, Vacant Lots/Tracts	40,309,608	1.53%	31,469,595	1.25%	28,114,592	1.22%	21,347,950	1.08%	19,589,510	1.04%
Real, Acreage (Land Only)	66,238,138	2.51%	68,287,562	2.72%	52,476,136	2.28%	45,960,324	2.33%	38,032,288	2.03%
Real, Farm & Ranch Improvements	42,491,685	1.61%	41,481,974	1.65%	33,912,845	1.47%	26,136,823	1.32%	21,878,373	1.17%
Real, Commercial	315,900,793	11.98%	310,386,067	12.37%	296,231,705	12.86%	252,120,477	12.78%	244,569,756	13.03%
Real, Industrial	299,364,286	11.36%	302,284,835	12.04%	265,657,209	11.53%	231,260,384	11.72%	232,647,274	12.39%
Real & Tangible, Personal Utilities	45,589,970	1.73%	39,976,280	1.59%	37,363,306	1.62%	33,584,862	1.70%	30,812,692	1.64%
Tangible Personal, Commercial	217,414,256	8.25%	216,627,051	8.63%	213,721,700	9.28%	204,286,987	10.36%	211,974,285	11.29%
Tangible Personal, Industrial	358,175,702	13.59%	382,954,940	15.26%	429,609,213	18.65%	377,876,283	19.16%	359,683,600	19.16%
Tangible Personal, Mobile Homes	2,441,684	0.09%	1,634,220	0.07%	1,583,360	0.07%	1,274,830	0.06%	1,338,790	0.07%
Real, Property / Residential Inventory	13,380,280	0.51%	7,024,134	0.28%	26,201,607	1.14%	6,720,790	0.34%	5,519,567	0.29%
Special Inventory	6,681,170	0.25%	6,137,950	0.24%	5,155,890	0.22%	4,524,310	0.23%	4,869,730	0.26%
Totally Exempt Property	229,855,806	8.72%	224,897,404	8.96%	205,919,692	8.94%	188,375,979	9.55%	176,900,812	9.42%
<b>Total Appraised Value</b>	<b>\$ 2,636,177,730</b>	<b>100.00%</b>	<b>\$ 2,509,782,305</b>	<b>100.00%</b>	<b>\$ 2,303,256,487</b>	<b>100.00%</b>	<b>\$ 1,972,673,103</b>	<b>100.00%</b>	<b>\$ 1,877,430,187</b>	<b>100.00%</b>
<b>Less Exemptions:</b>										
Local, Over-65 and/or Disabled	\$ 5,388,940		\$ 5,266,440		\$ 5,084,114		\$ 4,924,446		\$ 4,861,521	
Local, Optional Percentage Homestead	15,618,575		15,246,239		15,029,035		14,589,482		14,571,839	
Disabled and Deceased Veterans	9,559,796		7,958,231		6,879,376		5,920,883		3,770,200	
Pollution Control	22,721,807		26,448,092		9,716,253		9,436,477		13,470,942	
Productivity Loss	64,526,994		66,455,550		49,530,982		42,922,813		35,315,467	
Tax Abatement	30,677,675		35,110,411		34,901,790		38,945,456		39,127,827	
Low Income Housing Exemption	-		-		-		-		-	
Value Cap Loss (10%)	74,224,286		66,132,850		20,758,175		9,550,633		5,769,208	
Historical / Minimal Value & Other	2,215,147		2,594,976		2,746,240		2,493,742		2,449,837	
Totally Exempt Property	229,855,806		224,897,404		205,919,692		188,375,979		176,900,812	
Total Exemptions	\$ 454,789,026		\$ 450,110,193		\$ 350,565,657		\$ 317,159,911		\$ 296,237,653	
<b>Net Taxable Assessed Valuation</b>	<b>\$ 2,181,388,704</b>		<b>\$ 2,059,672,112</b>		<b>\$ 1,952,690,830</b>		<b>\$ 1,655,513,192</b>		<b>\$ 1,581,192,534</b>	

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

Source: The Issuer, Texas Comptroller of Public Accounts and Ellis Appraisal District

**PRINCIPAL TAXPAYERS**
**TABLE 11**

<u>Name</u>	<u>Type of Business/Property</u>	<u>% of Total 2021</u>	
		<u>2021 Net Taxable Assessed Valuation</u>	<u>Assessed Valuation</u>
CVS Texas Distribution LP	Pharmacy Retailer Distribution	\$ 106,435,830	4.88%
Ennis Power Company, LLC	Electric Power Generation	69,323,500	3.18%
Sterilite Corporation	Plastic Container Manufacturing	56,013,192	2.57%
Elk Roofing Products	Fiberglass Roofing Materials	50,958,700	2.34%
Leggett & Platt Inc #0003	Bedding Components Manufacturing	28,421,681	1.30%
Valent USA Corporation	Chemicals Manufacturing	26,691,160	1.22%
Spyglass Apartments of Ennis LC	Apartments	25,000,000	1.15%
JTEKT Automotive Texas LP	Automotive Steering Products Manufacturing	21,702,280	0.99%
Atlas Sound LP	Electronics Manufacturing	20,477,170	0.94%
Ennis TX 287 LLC	Asphalt Products	20,100,000	0.92%
<b>Total</b>		<b>\$ 425,123,513</b>	<b>19.49%</b>

\* Based on a 2021 Net Taxable Assessed Valuation of \$ 2,181,388,704

Source: Ellis Appraisal District and the Issuer.

**PROPERTY TAX RATES AND COLLECTIONS <sup>(a)</sup>**
**TABLE 12**

<u>Tax Year</u>	<u>Net Taxable Assessed Valuation<sup>(b)</sup></u>	<u>Tax Rate</u>	<u>Tax Levy</u>	<u>% Collections</u>		<u>Year Ended</u>
				<u>Current</u>	<u>Total</u>	
2012	1,375,246,813	0.6950	9,625,186	98.22%	99.96%	9/30/2013
2013	1,411,761,140	0.6950	9,827,953	98.76%	99.95%	9/30/2014
2014	1,410,087,870	0.6950	9,809,002	98.82%	99.95%	9/30/2015
2015	1,485,040,180	0.6692	9,931,494	98.86%	99.92%	9/30/2016
2016	1,554,960,425	0.6990	10,869,173	99.06%	99.85%	9/30/2017
2017	1,581,192,534	0.7100	11,215,175	99.14%	99.86%	9/30/2018
2018	1,655,513,192	0.7100	11,754,144	99.01%	99.84%	9/30/2019
2019	1,952,690,830	0.7240	14,146,718	98.45%	99.77%	9/30/2020
2020	2,059,672,112	0.7240	14,956,587	99.04%	99.04%	9/30/2021
2021	2,181,388,704	0.7240	15,697,545	98.15% <sup>(c)</sup>	98.98% <sup>(c)</sup>	9/30/2022

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

<sup>(b)</sup> 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.

<sup>(c)</sup> Collections are as of June 28, 2022

Source: The Issuer and Municipal Advisory Council of Texas.

**TAX RATE DISTRIBUTION**
**TABLE 13**

	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
General Fund	\$0.44547	\$0.44547	\$0.44987	\$0.47000	\$0.47000
I & S Fund	0.27900	0.27900	0.27461	0.24000	0.24000
TOTAL	<u>\$0.72447</u>	<u>\$0.72447</u>	<u>\$0.72447</u>	<u>\$0.71000</u>	<u>\$0.71000</u>

Sources: Ellis Appraisal District and the Issuer.



**TAXABLE ASSESSED VALUATION FOR TAX YEARS**
**TABLE 14**

<b>Fiscal Year</b>	<b>Net Taxable Assessed Valuation<sup>(a)</sup></b>	<b>Change From Preceding Year</b>	
		<b>Amount</b>	<b>Percent</b>
2011-12	1,339,671,916	-	0.00%
2012-13	1,375,246,813	35,574,897	2.66%
2013-14	1,411,761,140	36,514,327	2.66%
2014-15	1,410,087,870	(1,673,270)	(0.12%)
2015-16	1,485,040,180	74,952,310	5.32%
2016-17	1,554,960,425	69,920,245	4.71%
2017-18	1,581,192,534	26,232,109	1.69%
2018-19	1,655,513,192	74,320,658	4.70%
2019-20	1,952,690,830	297,177,638	17.95%
2020-21	2,059,672,112	106,981,282	5.48%
2021-22	2,181,388,704	121,716,592	5.91%

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

Sources: The Issuer and the Ellis Appraisal District.

**MUNICIPAL SALES TAX**
**TABLE 15**

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

<b>Fiscal Year</b>	<b>City of</b>	<b>Ennis Economic</b>	<b>Street</b>	<b>CCPD</b>	<b>Total</b>	<b>% of Ad Valorem</b>	<b>Equivalent of</b>
	<b>Ennis (1%)</b>	<b>Development Corporation (1/2%)</b>	<b>Maintenance (1/4%)</b>	<b>(1/4%)</b>	<b>Sales Tax Collections</b>	<b>Tax Levy</b>	<b>Ad Valorem Tax Rate</b>
2012	2,541,704	1,264,453	-	-	3,806,157	39.54%	0.27
2013	2,753,904	1,376,952	-	-	4,130,856	42.03%	0.29
2014	2,979,576	1,489,788	-	-	4,469,364	45.56%	0.32
2015	3,021,563	1,510,781	398,145	363,066	5,293,555	53.30%	0.37
2016	3,389,044	1,694,512	847,261	781,875	6,712,692	61.69%	0.43
2017	3,584,920	1,792,527	896,230	851,227	7,124,904	63.53%	0.44
2018	3,631,116	1,815,493	907,743	865,373	7,219,725	61.42%	0.44
2019	3,598,266	1,799,130	899,567	826,473	7,123,436	50.35%	0.36
2020	4,238,460	1,974,434	1,035,613	1,006,724	8,255,231	55.32%	0.40
2021	5,372,933	2,666,767	1,333,393	1,296,033	10,669,126	67.97%	0.49

Source: Texas Comptroller of Public Accounts website and the Issuer.

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

**OVERLAPPING DEBT****TABLE 16**

<u>Taxing Entity</u>	<u>Gross Debt Principal</u>	<u>As of</u>	<u>% Overlapping</u>	<u>Amount Overlapping</u>
Ellis County	\$ 28,755,000	6/30/2022	9.98%	\$ 2,869,749
Ennis Independent School District	101,494,620	6/30/2022	75.30%	76,425,449
Palmer Independent School District	18,280,000	6/30/2022	0.17%	31,076
Waxahachie Independent School District	231,313,709	6/30/2022	0.20%	462,627
Total Gross Overlapping Debt Principal				\$ 79,788,901
Ennis, City of (Following the issuance of the Certificates)	107,909,000 <sup>(a)</sup>		100.00%	107,909,000 <sup>(a)</sup>
Total Direct and Overlapping Debt Principal				\$ 187,697,901 <sup>(a)</sup>
Ratio of Direct and Overlapping Debt Principal to 2021 Net Taxable Assessed Valuation				8.60% <sup>(a)</sup>
Ratio of Direct and Overlapping Debt Principal to 2021 Actual Assessed Value				7.12% <sup>(a)</sup>
Per Capita Direct and Overlapping Debt Principal				\$8,586 <sup>(a)</sup>
Note: The above figures show <b>Gross</b> General Obligation Debt Principal for the City				
The Issuer's <b>Net</b> General Obligation Debt Principal is:				\$ 66,070,000
Calculations on the basis of Net General Obligation Debt would change the above figures as follows:				
Total Net Direct and Overlapping Debt				\$ 145,858,901
Ratio of Direct and Overlapping Debt Principal to 2021 Net Taxable Assessed Valuation				6.69%
Ratio of Direct and Overlapping Debt Principal to 2021 Actual Assessed Value				5.53%
Per Capita Net Direct and Overlapping Debt Principal				\$6,672

<sup>(a)</sup> Includes the Certificates

Sources: Municipal Advisory Council of Texas.

**ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ENTITIES****TABLE 17**

<u>Governmental Entity</u>	<u>2021 Net Taxable Assessed Valuation</u>	<u>% of Actual</u>	<u>2021 Tax Rate</u>
Ellis County	\$ 21,500,257,151	100%	\$0.0340
Ennis Independent School District	2,575,478,410	100%	1.4540
Palmer Independent School District	406,910,710	100%	1.2740
Waxahachie Independent School District	5,213,876,165	100%	1.4010

Source: Municipal Advisory Council of Texas.

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

Ellis County	None
Ennis ISD	None
Palmer ISD	None
Waxahachie ISD	None
Ennis, City	None

Sources: Municipal Advisory Council of Texas.

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

**TABLE 19**

	<b>Fiscal Year Ended September 30</b>				
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Revenues:					
Property Taxes	\$ 9,083,314	\$ 8,715,583	\$ 7,810,673	\$ 7,493,962	\$ 7,192,254
Sales Taxes	4,956,036	4,283,703	3,598,266	3,631,116	3,584,920
Franchise Taxes	1,694,133	1,640,222	1,494,793	1,647,872	1,629,324
Alcoholic Beverage Taxes	77,564	49,051	52,512	46,153	42,885
Licenses and Permits	1,328,324	700,874	457,282	692,179	367,628
Fines, Forfeits and Penalties	238,214	319,623	409,817	571,643	553,506
Charges for Services	219,555	215,684	239,467	158,165	151,752
Revenues from use of money and property	45,780	96,296	127,014	126,828	211,127
Other	354,922	491,357	409,405	401,640	179,771
Intergovernmental	1,527,925	1,395,392	661,141	1,742,270	1,095,619
Total Revenues	\$ 19,525,767	\$ 17,907,785	\$ 15,260,370	\$ 16,511,828	\$ 15,008,786
Expenditures:					
General Government	\$ 4,344,344	\$ 4,606,569	\$ 3,011,243	\$ 3,214,159	\$ 4,529,001
Public Safety	11,872,616	11,732,611	10,762,410	10,528,350	9,508,486
Streets	1,168,734	1,211,476	1,157,857	1,332,660	1,492,794
Health	503,483	536,061	548,751	519,089	389,665
Equipment Service	299,006	322,337	900,753	335,479	303,858
Cultural and Recreation	1,523,378	1,654,224	1,529,166	1,433,359	1,443,003
Airport	-	-	-	-	-
Public Works	545,770	510,564	324,467	339,063	306,571
Debt Service	-	-	88,002	106,752	121,813
Total Expenditures	\$ 20,257,331	\$ 20,573,842	\$ 18,322,649	\$ 17,808,911	\$ 18,095,191
Excess (Deficit) of Revenues Over Expenditures	\$ (731,564)	\$ (2,666,057)	\$ (3,062,279)	\$ (1,297,083)	\$ (3,086,405)
Other Financing Sources (Uses):					
Operating Transfers In	3,610,362	4,132,542	4,264,468	2,057,056 <sup>(a)</sup>	1,526,019
Operating Transfers Out	(266,307)	(677,793)	-	-	(233,290)
Sale of capital assets	-	48,318	14,800	144,084	30,798
Total Other Financing Sources (Uses):	3,344,055	3,503,067	4,279,268	2,201,140	1,323,527
Net Change in Fund Balance	\$ 2,612,491	\$ 837,010	\$ 1,216,989	\$ 904,057	\$ (1,762,878)
Fund Balance - Beginning of Year	\$ 8,912,537	\$ 8,075,527	\$ 6,858,538	\$ 5,954,481	\$ 7,717,359
Fund Balance - End of Year	\$ 11,525,028 <sup>*</sup>	\$ 8,912,537	\$ 8,075,527	\$ 6,858,538	\$ 5,954,481 <sup>(b)</sup>

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

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

<sup>\*</sup> The City anticipates an unaudited general fund balance of \$10,568,344 for the fiscal year ending September 30, 2022. The budgeted drawdown in fund balance results from one-time expenditures for vehicles, furnishings for the new city hall, and various machinery and equipment.

Source: The Issuer

**FUND BALANCES**

**TABLE 20**

	<b>Audited As of 9/30/2021</b>	<b>Unaudited As of 6/28/2022</b>
General Fund	\$ 11,525,028	\$ 13,945,386
Special Revenue Fund	8,241,181	11,104,373
Capital Projects Fund (General Fund)	18,559,923	13,416,285
General Obligation Interest and Sinking Fund (Debt Service)	36,182	2,768,829
Water & Sewer General Operating Fund (Investments & Assets)	31,638,305	32,320,448
Capital Projects Fund (Water & Sewer)	5,825,571	3,239,957
<b>Total Fund Balances</b>	<b>\$ 75,826,190</b>	<b>\$ 76,795,278</b>

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

	<b>Fiscal Year Ended September 30</b>				
	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Total Operating Revenues plus Interest Income	\$ 11,263,892	\$ 10,672,175	\$ 10,432,409	\$ 10,394,169	\$ 9,371,511
Total Expenses less Depreciation/Amortization	<u>6,305,142</u>	<u>6,632,093</u>	<u>5,980,676</u>	<u>6,411,152</u>	<u>5,528,336</u>
<b>Available for Debt Service</b>	<b>\$ 4,958,750</b>	<b>\$ 4,040,082</b>	<b>\$ 4,451,733</b>	<b>\$ 3,983,017</b>	<b>\$ 3,843,175</b>
Annual Revenue Bond Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -
Coverage of Annual Revenue Bond Requirements	N/A	N/A	N/A	N/A	N/A
Annual Requirements on all Bonds Paid from System Revenues	\$ 2,244,924	\$ 2,248,885	\$ 2,256,705	\$ 1,993,614	\$ 2,005,867
Coverage of Annual Requirements on all Bonds Paid from System Revenues	2.21X	1.80X	1.97X	1.99X	2.08X
Customer Count:					
Water	7,044	6,564	6,245	6,108	5,919
Sewer	6,228	6,045	5,641	5,547	5,500

**WATER RATES**
**TABLE 22**

**Current Rates**  
(Rates Effective October 1, 2019)

<b><u>Residential</u></b>		<b><u>New Rates</u></b>	<b><u>Old Rates</u></b>
Monthly Minimum Per One Family Unit		\$ 23.81	\$ 23.00
Additional Cost Per 1,000 Gallons to 6,000 Gallons		\$ 3.11	\$ 3.00
Additional Cost Per 7,000 Gallons to 10,000 Gallons		\$ 4.66	\$ 4.50
Additional Cost Per 11,000 Gallons to 20,000 Gallons		\$ 5.43	\$ 5.25
Additional Cost Per 1,000 Gallons over 20,000 Gallons		\$ 6.21	\$ 6.00
<b><u>Commercial</u></b>			
Monthly Minimum Per One Family Unit (Apartments)			
or commercial unit Additional Cost per 1,000 Gallons of Water	3/4"	\$ 25.57	\$ 24.71
	1"	\$ 46.90	\$ 45.31
	1 1/2"	\$ 85.26	\$ 82.38
	2"	\$ 130.33	\$ 125.92
	3"	\$ 338.80	\$ 327.15
	4"	\$ 577.32	\$ 557.80
	6"	\$ 1,222.86	\$ 1,181.51
	8"	\$ 2,131.48	\$ 2,059.40
	10"	\$ 3,196.01	\$ 3,087.93
Consumption Rate (per 1,000 gallons)		\$ 2.83	\$ 2.73

Source: Information from the Issuer

**PRINCIPAL WATER CUSTOMERS****TABLE 23***(October 1, 2020 to September 30, 2021)*

<u>Name of Customer</u>	<u>Average Annual Consumption (Gallons)</u>	<u>2021 % of Total Water Gallons Used</u>	<u>Average Monthly Bill</u>
Elk Corporation of Texas	83,794,000	8.61%	\$ 21,892.90
Community Water	27,093,000	2.78%	13,508.61
East Garrett Water (47-0397-00)	26,166,000	2.69%	13,048.98
East Garrett Water (47-0457-00)	23,637,000	2.43%	11,795.01
Rice Water Company	18,474,000	1.90%	9,235.03
Ennis Acquisitions	33,200,000	3.41%	8,406.99
Sterilite	26,009,000	2.67%	7,356.65
East Garrett Water (47-0286-00)	13,429,000	1.38%	6,733.55
Silverton Village Town Homes	18,745,000	1.93%	6,505.48
Ennis Power Company LLC	19,722,000	2.03%	4,989.71
<b>Totals</b>	<b>290,269,000</b>	<b>29.84%</b>	<b>\$ 103,472.91</b>

Total Water Consumption for FY 2021 972,904,000 Gallons.

**SEWER RATES****TABLE 24****Current Rates***(Rates Effective October 1, 2019)*

	<u>New Rates</u>	<u>Old Rates</u>
<b><u>Residential</u></b>		
Monthly Minimum Per One Family Unit (Including Apartments)	\$ 27.71	\$ 26.77
Additional Cost Per 1,000 Gallons of Water Over 1,000 Gallons up to and Including 6,000 Gallons	\$ 2.62	\$ 2.53
<b><u>Commercial</u></b>		
Monthly Minimum Per Commercial Unit	\$ 34.57	\$ 33.40
Additional Cost Per 1,000 Gallons of Water Over 1,000 Gallons	\$ 2.92	\$ 2.82

**PRINCIPAL SEWER CUSTOMERS****TABLE 25***(October 1, 2020 to September 30, 2021)*

<u>Name of Customer</u>	<u>Average Annual Consumption (Gallons)</u>	<u>2021 % of Total Sewer Gallons Used</u>	<u>Average Monthly Bill</u>
Elk Corporation of Texas	83,794,000	10.96%	\$ 20,421.52
Silverton Village Town Homes	18,745,000	2.45%	10,010.37
Ennis Acquisitions, Inc.	33,200,000	4.34%	8,110.32
Sterilite	26,009,000	3.40%	6,360.51
Spyglass Apartments	4,186,000	0.55%	5,751.09
Ennis Power Company LLC	19,722,000	2.58%	4,830.67
Grace Townhomes	5,891,000	0.77%	3,865.47
McWhorter Technologies	13,356,000	1.75%	3,281.61
Creeside Terrace Apartments	6,826,000	0.89%	3,257.80
Ennis MPH, LLC	7,388,000	0.97%	3,153.92
<b>Totals</b>	<b>219,117,000</b>	<b>28.67%</b>	<b>\$ 69,043.28</b>

Total Sewer Consumption for FY 2021 764,253,000 Gallons.

*Source: Information from the Issuer*

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## **APPENDIX B**

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

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

### General

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

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

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

The City's economy is based on manufacturing and agriculture. Approximately 55 manufacturing plants are located in the City producing goods including, but not limited to, ladies' clothing, business forms, auto parts, vinyl siding, fiberglass products, electric alarms and bedsprings. The City's current estimated population estimate is 21,860.

Encompassing an area of 939.90 square miles, the central Texas county of Ellis (the "County") is a component of the Dallas-Fort Worth Consolidated Metropolitan Statistical Area (CMSA) and is traversed by Interstate Highways 35E and 45, United States Highways 77 and 287, State Highways 34 and 342 and 13 farm-to-market roads. The City of Waxahachie, with 2022 estimated population of 44,280 serves as the County seat. Additional cities within the County include Midlothian, Ferris, Italy, Palmer and Red Oak. Major industries within the County include warehousing, steel production, government, distribution center and cement production. Major minerals include sand, gravel, gas and cement, and agricultural products include nursery crops, corn, hay, cotton and cattle.



### Population Trends

<u>Year</u>	<u>City of Ennis</u>	<u>Ellis County</u>
2022 Estimate	21,860	207,620
2020 Census	20,159	192,455
2010 Census	18,513	149,610
2000 Census	16,045	111,360
1990 Census	13,883	85,167
1980 Census	12,100	59,743
1970 Census	11,046	46,638
1960 Census	9,347	43,395

Sources: North Central Texas Council of Governments.

## Major Employers in the City of Ennis-2021

<u>Employer</u>	<u>Principal Line of Business/Product</u>	<u>Estimated Number of Employees (2021)</u>
Ennis Independent School District	Public Education	733
Sterilite Corporation of Texas	Plastic Storage Containers	650
Leggett Partners LP	Furniture Components	350
GAF	Roofing Shingles Manufacturing	290
Wal-Mart	Retail Sales	250
CVS Texas Distribution LP	Retail Sales	233
Schirm USA, Inc.	Packaging Company/Petro Chemicals	212
JTEKT of Texas, Inc.	Automotive Steering Products	185
Ennis Extruded Products	Manufacturing	150
Ennis, Inc.	Wholesale Print Manufacturer	120

Source: The Issuer

## Total Value of Residential and Commercial Building New Construction

<u>Fiscal Year</u>	<u>Residential Construction</u>		<u>Commercial Construction</u>		<u>Totals</u>	
	<u>AV Dollar Amount of Property</u>	<u>No. of Units</u>	<u>AV Dollar Amount of Property</u>	<u>No. of Units</u>	<u>AV Dollar Amount of Property</u>	<u>No. of Units</u>
2022 <sup>(a)</sup>	\$ 70,353,440	290	\$ 39,283,917	3	\$ 109,637,357	293
2021	123,721,700	770	159,516,000	5	283,237,700	775
2020	47,050,000	189	8,920,000	3	55,970,000	192
2019	14,810,355	65	53,743,046	17	68,553,401	82
2018	56,446,153	247	35,655,947	18	92,102,100	265
2017	12,778,301	63	8,988,279	13	21,766,580	76
2016	9,578,414	41	5,362,364	11	14,940,778	52
2015	5,375,899	21	2,552,643	11	7,928,542	32
2014	5,916,093	23	3,342,655	11	9,258,758	34
2013	2,628,500	15	4,977,050	7	7,605,550	22
2012	2,859,000	13	399,616	6	3,258,616	19

<sup>(a)</sup> Current Fiscal Year figures are as of June 1, 2022.

Source: City of Ennis

## Labor Force Statistics - Ellis County

	<u>Ellis County</u>		<u>Dallas-Fort Worth-Arlington MSA</u>	
	<u>April 2022</u>	<u>2021</u>	<u>April 2022</u>	<u>2021</u>
Civilian Labor Force	102,746	98,901	4,217,738	4,095,480
Total Employed	99,710	94,460	4,084,559	3,888,279
Total Unemployed	3,036	4,441	133,179	207,201
% Unemployed	3.0%	4.5%	3.2%	5.1%
% Unemployed (Texas)	4.3%	5.7%	4.3%	5.7%
% Unemployed (US)	3.6%	5.3%	3.6%	5.3%

Source: Texas Workforce Commission, Labor Market Information Department.

**APPENDIX C**

**FORM OF LEGAL OPINION OF BOND COUNSEL**

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**Proposed Form of Opinion of Bond Counsel**

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

[ISSUE DATE]

**CITY OF ENNIS, TEXAS  
COMBINATION TAX AND LIMITED PLEDGE REVENUE  
CERTIFICATES OF OBLIGATION  
SERIES 2022  
DATED AUGUST 15, 2022  
IN THE PRINCIPAL AMOUNT OF \$28,260,000**

---

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

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

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

**IT IS FURTHER OUR OPINION** that, except as discussed below, under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion, for federal income tax purposes, the interest on the Certificates (i) is excludable from the gross income of the owners thereof and (ii) the Certificates will not be treated as “specified private activity bonds”, the interest on which would be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the “Code”). In expressing the aforementioned opinions, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with

certain covenants regarding the use and investment of the proceeds of the Certificates and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or if the Issuer fails to comply with such covenants, interest on the Certificates may become includable in gross income retroactively to the date of issuance of the Certificates.

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

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

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

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

Respectfully,

## **APPENDIX D**

### **ISSUER'S AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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

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# **City of Ennis, Texas**

Annual Comprehensive Financial Report

For the Fiscal Year Ended September 30, 2021

**Prepared by:**

City of Ennis, Texas

Finance Department

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**City of Ennis, Texas**  
**September 30, 2021**

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**City of Ennis, Texas**  
**September 30, 2021**

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**September 30, 2021**

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P.O. Box 220 • Ennis, Texas 75120 • (972) 878-1234 • FAX (972) 875-9086  
[www.ennistx.gov](http://www.ennistx.gov)

March 30, 2022

To the Honorable Mayor, Members of the City Commission, and Citizens of the City of Ennis, Texas:

State and Federal regulations require that local governments publish a complete set of audited financial statements within six months of each fiscal year's close. This Annual Comprehensive Financial Report for the City of Ennis (City) is published to fulfill those requirements for the fiscal year ended September 30, 2021. Management assumes full responsibility for the completeness and reliability of the information in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. BKD, LLC, Certified Public Accountants, has issued an unmodified ("clean") opinion on the City of Ennis' financial statements for the year ended September 30, 2021. The independent auditors' report is located at the front of the financial section of this report. Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## **PROFILE OF THE CITY OF ENNIS**

The City, incorporated in 1872, is located 30 miles south of Dallas in Ellis County. The City has a land area of 28.06 square miles and a population of approximately 20,764, as estimated by the United States Census Bureau. The City has operated under the Commission-Manager form of government since 1956. Policy-making and legislative authority are vested in a governing body (City Commission) consisting of the mayor and six commission members, all elected through popular vote. Commission members serve three-year terms, with five of the commissioners elected by single-member ward and the mayor and mayor pro-term elected at large. Terms of the commission members are staggered so that an election is held every year.

The City provides a full range of services. These include public safety (police and fire), municipal court, sanitation, parks, library, public works, and general administrative services. In addition, the City owns and operates a water distribution system, wastewater collection system, and an airport.



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The Commission is required to adopt an initial budget for the fiscal year during September of each year for the new budget year, beginning on October 1. This annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund and department. The City Manager is authorized by ordinance to make intra-departmental and inter-departmental fund transfers within a fund as becomes necessary to avoid over-expenditure of a particular account or department. The City Charter provides that the City Commission may amend the budget in the same manner in which the budget is approved.

## **LOCAL ECONOMY**

The City has always shared the good fortune of proximity to the Dallas-Fort Worth Metroplex (DFW) and its location at the convergence of significant transportation routes. At the same time, far enough away to enjoy lower business operating and living costs. Ennis is strategically located at the intersection of Interstate 45 and State highway 287. Traffic from DFW traverse these highways to Houston, 205 miles to the South. Ennis started as a railway hub, and rail transportation continues to be a major asset to the City's economy. From Ennis, rail access extends in all four cardinal directions and accentuates the City's attractiveness to business dependent upon multiple forms of transportation.

Ennis is home to 650 businesses employing more than 8,500 people. Home to a diverse industrial base including information technology, manufacturers, processors, and distribution centers. The manufacturing facilities produce and distribute plastics, electronic components, bedding and furniture, structural steel, roofing and siding, traffic solutions, and drilling/pipeline products. Other businesses located within the City's boundaries include a regional medical center, financial institutions, Texas Motorplex, Bardwell Lake, Sugar Ridge Winery, retail stores, and restaurants.

Due to the strong local economy, the City has a tax bond credit rating of AA- from Standard & Poor's.

The City is experiencing a period of significant growth and investment. New development and re-development throughout the downtown and surrounding areas have allowed Ennis to become a hub for the region. This development, combined with retail and service industries, the presence of recreational, educational, and health facilities, has even further strengthened the City's already strong economic base.





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## LONG-TERM FINANCIAL PLANNING

In 2014, the City began formulating a comprehensive plan to establish a direction for the foreseeable future. Community input has been considerable and has provided significant insight into a collective view for quality of life, economic development, and sustainability. Visible progress on the Downtown Master Plan is already paying dividends in terms of occupancy and business activity.

Internally, the Staff is formulating financial-planning models to support the long-term planning effort. Each possible program addition or change is analyzed in terms of the impact over a five-year window as a part of the decision-making process. The models also enable the City to make assumptions about the future debt capacity of the operational funds. The ability to determine current resources and future debt proceeds will enable the City to move forward with a new Capital Improvement Program. Major capital improvements have and will be funded through the issuance of long-term debt instead of being funded via appropriations in the operating budget.

This report's preparation could not be accomplished on a timely basis without the Finance Staff and the independent auditors' efficient and dedicated endeavors. We want to express our sincere appreciation to all employees who contributed to the preparation. We would also like to thank the Mayor and City Commission for their continued support in planning and conducting the City's financial operations responsibly and progressively.

Respectfully submitted,

Marty Nelson  
City Manager

Stephen Barnes  
Director of Finance

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**City of Ennis, Texas**  
**GFOA Certificate of Achievement**  
**September 30, 2021**



Government Finance Officers Association

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Presented to

**City of Ennis  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2020

*Christopher P. Morill*

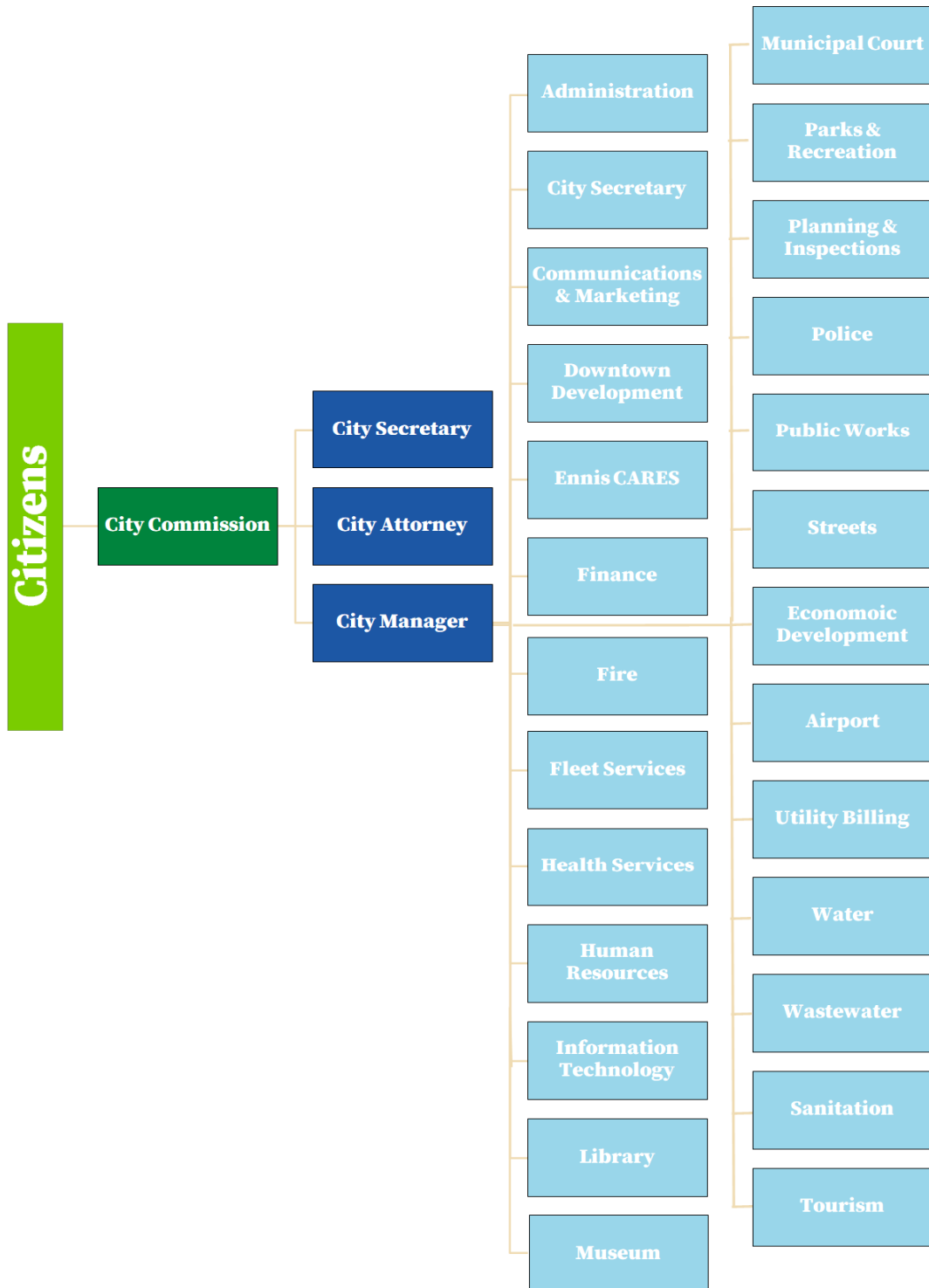
Executive Director/CEO

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# City of Ennis, Texas

## Organizational Chart

September 30, 2021



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**City of Ennis, Texas**  
**List of Elected Officials, Administrators, and Consultants**  
**September 30, 2021**

Mayor (at large)	Angeline Jueneman
Mayor Pro Tem (at large)	Jake Holland
Commissioner – Ward 1	Rowdy Pruitt
Commissioner – Ward 2	Bruce Jones
Commissioner – Ward 3	Scott Hejny
Commissioner – Ward 4	Shirley Watson
Commissioner – Ward 5	Bill Honza

**ADMINISTRATION**

City Manager	Marty Nelson
City Secretary	Angie Wade
Police Chief	Dustin Munn
Fire Chief	Jeff Aycock
Finance Director	Stephen Barnes
Communications & Marketing Director	Ashley Colunga
Downtown Development Director	Becky McCarty
Economic Development Director	Jim Wehmeier
Ennis CARES Coordinator	Christen Vick
Health Director	Kevin Howard
Library Director	Jessica Diaz
Planning & Development Director	Mark Richardson
Parks & Recreation Director	Paul Liska
Director of Public Works	Ed Green
Tourism Director	Gina Rokas
City Attourney	Messer, Rockfeller, & Fort, PLLC
Auditors	BKD, LLP

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## **Financial Section**

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## Independent Auditor's Report

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

### Report on the Financial Statements

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 of the City of Ennis, Texas (City) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

## ***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 as of September 30, 2021, 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, pension and other postemployment information as listed in the table of contents 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's basic financial statements. The introductory section, combining statements and individual fund financial statements and schedules, and statistical section as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

To the Honorable Mayor and City Commissioners  
City of Ennis, Texas  
Page 3

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2022, on our consideration of the City's 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's 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's internal control over financial reporting and compliance.

*BKD, LLP*

Dallas, Texas  
March 30, 2022

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As management of the City of Ennis, Texas (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021.

### **Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$85,548,304 (*net position*). Of this amount, \$14,592,802 represents unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$16,154,477.
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$38,183,138, a decrease of \$467,534 in comparison with the prior year primarily due to a \$7 million decrease in capital projects fund as a result of capital outlay expenditures offset by increases in the general and QIPP funds due to increases in property and sales tax revenues and increases attributable to QIPP services. Approximately 27 percent of this amount \$8,716,614 is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$11,503,614, or approximately 57 percent of the total general fund expenditures.

### **Overview of the Financial Statements**

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

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

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



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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, streets, health, equipment services, cultural and recreational, hospital, and public works. The business-type activities of the City include water, sewer, sanitation, and airport operations.

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

The government-wide financial statements can be found on pages 16-17 of this report.

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





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

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

The City maintains twenty-six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, QIPP Fund, General Capital Projects Fund, Certificates of Obligation Series 2019 Fund, and the Debt Service Fund, which are considered to be major funds. Data from the other twenty governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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

The basic governmental fund financial statements can be found on pages 18-22 of this report.



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

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

The basic proprietary fund financial statements can be found on pages 23-25 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-64 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligations to provide pension and supplemental death benefits to its employees. Required supplementary information can be found on pages 65-67 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 68-87 of this report.



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## Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$85,548,304, at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 60,638,984	\$ 53,090,365	\$ 13,207,863	\$ 12,203,986	\$ 73,846,847	\$ 65,294,351
Capital assets	91,554,254	86,744,470	49,868,949	44,483,081	141,423,203	131,227,551
Total assets	152,193,239	139,834,835	63,076,812	56,687,067	215,270,050	196,521,902
Total deferred outflows of resources	1,870,805	1,903,376	425,943	437,205	2,296,748	2,340,581
Long term liabilities	86,625,652	92,112,268	18,771,299	20,733,975	105,396,951	112,846,243
Other liabilities	19,865,882	12,186,580	4,053,609	1,435,263	23,919,491	13,621,843
Total liabilities	106,491,534	104,298,848	22,824,908	22,169,238	129,316,442	126,468,086
Total deferred inflows of resources	2,166,483	2,406,370	535,569	594,200	2,702,052	3,000,570
Net position						
Net investment in capital assets	28,463,890	26,969,958	38,282,575	32,807,774	66,746,465	59,777,732
Restricted	4,209,037	3,493,100	-	-	4,209,037	3,493,100
Unrestricted	12,733,099	4,569,935	1,859,703	1,553,060	14,592,802	6,122,995
Total net position	\$ 45,406,026	\$ 35,032,993	\$ 40,142,278	\$ 34,360,834	\$ 85,548,304	\$ 69,393,827

By far, the largest portion of the City's net position (78.2 percent) reflects its investment in capital assets (e.g., land, construction in progress, buildings, improvements, machinery and equipment, infrastructure, and water rights), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (4.93 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$14,592,802 is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.

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



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The City's overall net position increased \$16,154,477 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

### Changes in Net Position

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 148,198,480	\$ 105,436,055	\$ 12,958,526	\$ 12,598,028	\$ 161,157,006	\$ 118,034,083
Operating grants and contributions	5,034,089	3,395,699	-	-	5,034,089	3,395,699
Capital grants and contributions	3,070,891	3,562,566	4,648,631	3,261,807	7,719,522	6,824,373
General revenues						
Property taxes	15,124,636	14,185,118	-	-	15,124,636	14,185,118
Sales taxes	7,585,464	6,326,040	-	-	7,585,464	6,326,040
Franchise taxes	1,694,133	1,640,222	-	-	1,694,133	1,640,222
Hotel occupancy taxes	516,155	231,856	-	-	516,155	231,856
Alcoholic beverage taxes	77,564	49,051	-	-	77,564	49,051
Investment earnings	153,933	257,103	38,460	79,097	192,393	336,200
Gain on sale of capital assets	-	-	4,334	5,117	4,334	5,117
Miscellaneous	605,402	244,162	-	-	605,402	244,162
Total revenues	<u>182,060,747</u>	<u>135,327,872</u>	<u>17,649,951</u>	<u>15,944,049</u>	<u>199,710,698</u>	<u>151,271,921</u>
<b>Expenses</b>						
General government	4,377,857	9,654,303	-	-	4,377,857	9,654,303
Public safety	13,037,988	12,703,761	-	-	13,037,988	12,703,761
Streets	3,491,357	2,990,759	-	-	3,491,357	2,990,759
Health	145,722,694	103,331,831	-	-	145,722,694	103,331,831
Equipment services	315,210	401,137	-	-	315,210	401,137
Cultural and recreational	1,823,078	1,908,687	-	-	1,823,078	1,908,687
Airport	-	-	178,865	108,390	178,865	108,390
Hospital	-	-	-	-	-	-
Public works	585,827	557,302	-	-	585,827	557,302
Interest on long-term debt	2,503,864	2,381,383	-	-	2,503,864	2,381,383
Utility	-	-	10,040,237	9,259,784	10,040,237	9,259,784
Sanitation	-	-	1,479,244	1,299,928	1,479,244	1,299,928
Total expenses	<u>171,857,875</u>	<u>133,929,163</u>	<u>11,698,346</u>	<u>10,668,102</u>	<u>183,556,221</u>	<u>144,597,265</u>
Change in net position before transfers	10,202,872	1,398,709	5,951,605	5,275,947	16,154,477	6,674,656
Transfers	<u>170,161</u>	<u>2,516,559</u>	<u>(170,161)</u>	<u>(2,516,559)</u>	<u>-</u>	<u>-</u>
Change in net position	10,373,033	3,915,268	5,781,444	2,759,388	16,154,477	6,674,656
<b>Net Position – Beginning</b>	<u>35,032,993</u>	<u>31,117,725</u>	<u>34,360,834</u>	<u>31,601,446</u>	<u>69,393,827</u>	<u>62,719,171</u>
<b>Net Position – Ending</b>	<u>\$ 45,406,026</u>	<u>\$ 35,032,993</u>	<u>\$ 40,142,278</u>	<u>\$ 34,360,834</u>	<u>\$ 85,548,304</u>	<u>\$ 69,393,827</u>



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**Governmental Activities.** During the current fiscal year, net position for governmental activities increased \$10,373,033 from the prior fiscal year for an ending balance of \$45,406,026. Revenues and expenses rose 35 percent and 28 percent, respectively, primarily as a result of the City's Quality Improvement Payment Program (QIPP) expanded in 2021.

**Business-type Activities.** For the City's business-type activities, the results for the current fiscal year resulted in an increase in net position to an ending balance of \$40,142,278. The total increase in net position for business-type activities (utility, sanitation, and airport operations) was \$5,781,444 or 17 percent from the prior fiscal year. Revenues from charges for services rose \$360,498, or 2 percent due to steady growth in the City from increased residential and commercial development. Total expenses before transfers increased \$1,030,244 in fiscal year 2021 due to maintaining an aging infrastructure and a transition to container based sanitation.

### ***Financial Analysis of Governmental Funds***

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

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

At September 30, 2021, the City's governmental funds reported combined fund balances of \$38,183,138, a decrease of \$467,534 in comparison with the prior year. Approximately 22.83 percent of this amount (\$8,716,614) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either nonspendable or restricted to indicate that it is 1) not in spendable form (\$6,668,598), 2) legally required to be maintained intact (\$28,966), or 3) restricted for particular purposes (\$22,768,960).



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The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$11,503,614, while total fund balance increased to \$2,612,491. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 56.8 percent of total general fund expenditures, while total fund balance represents approximately 56.9 percent of that same amount.

The fund balance of the City's general fund increased by \$2,612,491 during the current fiscal year. Revenues increased by \$1,617,982 (8.2 percent) above the previous year due to an increase in sales tax and licenses and permits revenues contributing \$1,299,783 to the increase. General fund expenditures experienced a decrease of \$316,511 due to increased efficiency across all departments.

The QIPP fund, a major governmental fund, has a \$4,531,201 increase in fund balance during the current fiscal year which increased total fund balance to \$4,064,137. The increase in revenue and expenditures is primarily related to the City's expansion in the program during 2021 from 15 to 21 nursing homes.

The general capital projects fund, a major governmental fund, has a \$7,065,734 decrease in fund balance during the current fiscal year. The decrease is primarily the result of bond proceeds spent during the year on capital projects throughout the City.

The Certificate of Obligations Series 2019 fund, a major governmental fund, has a \$1,269,762 decrease in fund balance during the current fiscal year which decreased total fund balance to a deficit of \$179,176. The decrease is primarily the result of bond proceeds spent during the year.

The debt service fund, a major fund, had a decrease in fund balance during the current year of \$767,126 to bring the year-end fund balance to \$36,182. The decrease was primarily related to increased bond payments during the year.

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



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Unrestricted net position (deficit) of the Utility and Nonmajor Enterprise funds at the end of the year amounts to \$1,669,888 and (\$419,279). Net position increased in 2021 by \$3,983,834 in the Utility fund and increased by \$1,752,457 in the Nonmajor Enterprise funds. For the Utility fund, operating revenues increased in 2021 by \$576,441 (5.4 percent). Operating expenses increased \$752,721 (8.5 percent). For the Nonmajor Enterprise funds, operating revenues increased in 2021 by \$90,469 (5.5 percent). Operating expenses increased by \$249,791 (17.7 percent).

### **General Fund Budgetary Highlights**

**Final Budget Compared to Actual Results.** General fund actual revenues of \$19,525,767 exceeded budgeted revenues of \$16,709,043 by \$2,816,724. Following are the main components that experienced an increase of actual revenue compared to budgeted revenue:

- Sales tax revenue exceeded budgeted revenue by \$1,465,137 due to economic development focus along the interstate improving retail
- Residential and commercial development has grown significantly during 2021 resulting in an increase of \$808,357 over budgeted revenue for licenses and permits.
- Additional grants and contributions primarily related to COVID-19 relief resulted in \$558,879 Intergovernmental revenue increase.

Budgeted general fund expenditures of \$20,726,942 exceeded actual expenditures of \$20,257,331. This \$469,611 positive variance in expenditures was achieved through better budget awareness at the departmental level from increased usage of the City's Enterprise Risk Program.

### **Capital Assets and Debt Administration**

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of September 30, 2021, amounts to \$141,423,203 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, infrastructure, and water rights. The total increase in capital assets for the current fiscal year was approximately 8 percent.



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### Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 6,418,075	\$ 6,403,372	\$ 1,088,290	\$ 1,088,290	\$ 7,506,365	\$ 7,491,662
Construction in progress	4,323,635	9,565,428	1,955,646	10,734,765	6,279,281	20,300,193
Buildings	34,982,192	34,995,499	2,977,304	3,158,613	37,959,497	38,154,112
Improvements	2,353,460	2,005,321	42,242,447	28,502,562	44,595,907	30,507,883
Machinery and equipment	4,349,328	4,012,622	1,271,314	631,509	5,620,641	4,644,131
Infrastructure	39,127,564	29,762,228	-	-	39,127,564	29,762,228
Water rights	-	-	333,948	367,342	333,948	367,342
Total	\$ 91,554,254	\$ 86,744,470	\$ 49,868,949	\$ 44,483,081	\$ 141,423,203	\$ 131,227,551

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

- A \$3 million dollar investment in new and replacement equipment to improve city capabilities and efficiency.
- Improvement additions of approximately \$16,670,687 consisting of new development contributions and improvements to high demand and high need areas of the city's water/wastewater system.
- Infrastructure additions of approximately \$10,937,343 consisting of developer contributions of street additions from new developments completing their phase 1 building.

Additional information on the City's capital assets can be found in *Note 2* on pages 38-40 of this report.

**Long-term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$79,255,000, which is backed by the full faith and credit of the government. The remainder of the City's long-term obligations comprises development agreement payable and capital leases.





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### Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Certificates of obligation	\$ 57,275,000	\$ 59,720,000	\$ 15,615,000	\$ 16,475,000	\$ 72,890,000	\$ 76,195,000
General obligations	5,555,000	7,180,000	810,000	1,700,000	6,365,000	8,880,000
Development agreement payable	14,121,735	14,666,718	-	-	14,121,735	14,666,718
Total	<u>\$ 76,951,735</u>	<u>\$ 81,566,718</u>	<u>\$ 16,425,000</u>	<u>\$ 18,175,000</u>	<u>\$ 93,376,735</u>	<u>\$ 99,741,718</u>

The City's total debt decreased by \$6,364,983 (6.38 percent) during the current fiscal year due to schedule debt payments.

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

#### Standard's & Poor's

General Obligation Bonds	AA-
Certificates of Obligation	AA

Additional information on the City's long term-debt can be found in *Note 2* on pages 46-49 of this report.

### ***Economic Factors and Next Year's Budget Rates***

The City considers many factors in setting the budget. For the foreseeable future, growth is going to be a main driver. Residential growth is projected to grow. The number of Residential Building Permits in 2020 was 223 and in 2021 increased 399. Inspections Department is reporting that in 2022 approximately 1,000 Residential Permits are expected.

New businesses coming to Ennis (Fresh Pet, Benoit) and existing businesses expanding to provide more opportunities in the City. These factors and others provided support to budget significant increases to property tax and sales tax revenues in the budget. Budgeted expenditures also increased to provide more personnel across various departments to continue providing excellent services. To better accommodate the growing population, major capital investments have been budgeted to further improve the Utilities and Parks across our communities.



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### ***Requests for Information***

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 107 N Sherman Street, Ennis, Texas 75120.

## **Basic Financial Statements**

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**City of Ennis, Texas**  
**Statement of Net Position**  
**September 30, 2021**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Ennis Economic Development Corporation
<b>Assets</b>				
Cash and cash equivalents	\$ 42,890,354	\$ 6,097,550	\$ 48,987,904	6,378,451
Receivables (net of allowance for uncollectibles)	2,722,889	1,327,815	4,050,704	466,376
Intergovernmental receivables	8,139,098	-	8,139,098	-
Internal balances	218,046	(218,046)	-	-
Inventories	21,414	174,972	196,386	-
Prepaid items	6,647,184	-	6,647,184	-
Restricted cash and cash equivalents	-	5,825,571	5,825,571	-
Capital assets				
Non-depreciable	10,741,710	3,043,936	13,785,646	3,467,796
Depreciable (net of accumulated depreciation)	80,812,544	46,825,013	127,637,557	4,734,186
Total assets	152,193,239	63,076,812	215,270,050	15,046,809
<b>Deferred Outflows of Resources</b>				
Deferred charges on refunding	251,880	18,326	270,206	110,227
Deferred outflows of resources related to pension	1,303,371	327,014	1,630,385	-
Deferred outflows of resources related to OPEB	315,554	80,603	396,157	-
Total deferred outflows of resources	1,870,805	425,943	2,296,748	110,227
<b>Liabilities</b>				
Accounts payable and other current liabilities	8,711,999	628,839	9,340,838	32,357
Accrued payroll payable	1,241,509	197,614	1,439,123	-
Accrued interest payable	476,742	77,287	554,029	16,634
Line of credit	7,812,982	-	7,812,982	-
Customer deposits payable	-	627,780	627,780	-
Unearned revenue	1,622,650	2,522,089	4,144,739	-
Liabilities payable from restricted assets	-	-	-	-
Noncurrent liabilities:				
Due within one year	4,899,983	1,790,000	6,689,983	600,000
Due in more than one year	81,725,669	16,981,299	98,706,968	5,227,584
Total Liabilities	106,491,534	22,824,908	129,316,442	5,876,575
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources related to pension	1,925,668	474,024	2,399,692	-
Deferred inflows of resources related to OPEB	240,815	61,545	302,360	-
Total deferred inflows of resources	2,166,483	535,569	2,702,052	-
<b>Net Position</b>				
Net investment in capital assets	28,463,890	38,282,575	66,746,465	2,484,625
Restricted for:				
Capital projects	602,589	-	602,589	-
Cultural and recreational	1,149,305	-	1,149,305	-
Debt service	36,182	-	36,182	-
Economic development	-	-	-	6,795,836
Public safety	1,206,530	-	1,206,530	-
Streets	894,239	-	894,239	-
Tourism	320,192	-	320,192	-
Unrestricted	12,733,099	1,859,703	14,592,802	-
Total net position	\$ 45,406,026	\$ 40,142,278	\$ 85,548,304	\$ 9,280,461

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

# City of Ennis, Texas

## Statement of Activities

For the Year Ended September 30, 2021

Function/Programs	Net (Expense) Revenue and Changes in Net Position					Component Unit	
						Ennis	
	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Economic Development Corporation
<b>Primary Government</b>							
Governmental activities							
General government	\$ 4,377,857	\$ 632,746	\$ 1,656,088	\$ 5,413	\$ (2,083,610)	\$ -	\$ -
Public safety	13,037,988	704,513	1,204,997	3,750	(11,124,728)	-	-
Streets	3,491,357	-	-	3,061,728	(429,629)	-	(429,629)
Health	145,722,694	146,088,938	1,339,757	-	1,706,001	-	1,706,001
Equipment services	315,210	-	-	-	(315,210)	-	-
Cultural and recreational	1,823,078	83,080	828,381	-	(911,617)	-	(911,617)
Hospital	-	689,203	-	-	689,203	-	689,203
Public works	585,827	-	4,866	-	(580,961)	-	(580,961)
Interest	2,503,864	-	-	-	(2,503,864)	-	(2,503,864)
Total governmental activities	171,857,875	148,198,480	5,034,089	3,070,891	(15,554,415)	-	(15,554,415)
<b>Business-type activities:</b>							
Utility	10,040,237	11,214,672	-	4,648,631	-	5,823,066	5,823,066
Sanitation	1,479,244	1,582,003	-	-	-	102,759	102,759
Airport	178,865	161,851	-	-	-	(17,014)	(17,014)
Total business-type activities	11,698,346	12,958,526	-	4,648,631	-	5,908,811	5,908,811
Total primary government	\$ 183,556,221	\$ 161,157,006	\$ 5,034,089	\$ 7,719,522	(15,554,415)	5,908,811	(9,645,604)
<b>Component Units</b>							
Ennis Economic Development Corporation	2,603,299	\$ -	\$ -	\$ -	-	-	(2,603,299)
Total component units	\$ 2,603,299	\$ -	\$ -	\$ -	-	-	(2,603,299)
<b>General Revenues and Transfers</b>							
Property taxes					15,124,636	-	15,124,636
Sales taxes					7,585,464	-	7,585,464
Franchise taxes					1,694,133	-	1,694,133
Hotel occupancy taxes					516,155	-	516,155
Alcoholic beverage taxes					77,564	-	77,564
Investment earnings					153,933	38,460	192,393
Gain on sale of capital asset					-	4,334	4,334
Miscellaneous					605,402	-	605,402
Transfers					170,161	(170,161)	-
Total general revenues and transfers					25,927,448	(127,367)	25,800,081
Change in net position					10,373,033	5,781,444	16,154,477
<b>Net Position – Beginning</b>					35,032,993	34,360,834	69,393,827
<b>Net Position – Ending</b>					\$ 45,406,026	\$ 40,142,278	\$ 85,548,304
							\$ 9,280,461

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

# City of Ennis, Texas

## Balance Sheet Governmental Funds September 30, 2021

<b>Assets</b>	<b>General</b>	<b>QIPP</b>	<b>General Capital Projects</b>	<b>Certificates Of Obligation Series 2019</b>	<b>Debt Service</b>	<b>Total Nonmajor Funds</b>	<b>Total Governmental Funds</b>
Cash and cash equivalents	\$ 10,380,930	\$ 6,115,441	\$ 19,767,227	\$ -	\$ 36,182	\$ 3,683,172	\$ 39,982,952
Receivables (net of allowance for uncollectibles)	2,161,204	-	-	-	-	561,685	2,722,889
Intergovernmental receivables	-	8,139,098	-	-	-	-	8,139,098
Due from other funds	425,441	-	-	-	-	-	425,441
Inventories	21,414	-	-	-	-	-	21,414
Prepaid items	-	6,647,184	-	-	-	-	6,647,184
<b>Total assets</b>	<b>\$ 12,988,989</b>	<b>\$ 20,901,723</b>	<b>\$ 19,767,227</b>	<b>\$ -</b>	<b>\$ 36,182</b>	<b>\$ 4,244,857</b>	<b>\$ 57,938,978</b>
<b>Liabilities</b>							
Accounts payable	\$ 161,919	\$ 7,310,803	\$ 1,207,304	\$ -	\$ -	\$ 31,973	\$ 8,711,999
Accrued payroll payable	745,652	-	-	-	-	11,063	756,715
Due to other funds	17,211	-	-	179,176	-	24,777	221,164
Unearned revenue	-	1,622,650	-	-	-	-	1,622,650
Accrued interest payable	-	91,151	-	-	-	-	91,151
Line of credit	-	7,812,982	-	-	-	-	7,812,982
<b>Total liabilities</b>	<b>924,782</b>	<b>16,837,586</b>	<b>1,207,304</b>	<b>179,176</b>	<b>-</b>	<b>67,813</b>	<b>19,216,661</b>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue – property taxes	135,266	-	-	-	-	-	135,266
Unavailable revenue – court	324,373	-	-	-	-	-	324,373
Unavailable revenue – other	79,540	-	-	-	-	-	79,540
<b>Total deferred inflows of resources</b>	<b>539,179</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>539,179</b>
<b>Fund Balances (Deficit)</b>							
Nonspendable	-	-	-	-	-	28,966	28,966
Endowment	21,414	-	-	-	-	-	21,414
Inventories	-	6,647,184	-	-	-	-	6,647,184
Prepaid items	-	-	-	-	-	-	-
Restricted	-	-	18,559,923	-	-	602,589	19,162,512
Capital projects	-	-	-	-	-	1,149,305	1,149,305
Cultural and recreational	-	-	-	-	-	-	36,182
Debt service	-	-	-	-	36,182	-	-
Public safety	-	-	-	-	-	1,206,530	1,206,530
Streets	-	-	-	-	-	894,239	894,239
Tourism	-	-	-	-	-	320,192	320,192
Unassigned (deficit)	11,503,614	(2,583,047)	-	(179,176)	-	(24,777)	8,716,614
<b>Total fund balances (deficit)</b>	<b>11,525,028</b>	<b>4,064,137</b>	<b>18,559,923</b>	<b>(179,176)</b>	<b>36,182</b>	<b>4,177,044</b>	<b>38,183,138</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 12,988,989</b>	<b>\$ 20,901,723</b>	<b>\$ 19,767,227</b>	<b>\$ -</b>	<b>\$ 36,182</b>	<b>\$ 4,244,857</b>	<b>\$ 57,938,978</b>

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

**City of Ennis, Texas**  
**Reconciliation of the Balance Sheet - Governmental Funds to the Government-**  
**Wide Statement of Net Position**  
**September 30, 2021**

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds		\$ 38,183,138
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		91,554,254
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		539,179
Deferred outflows of resources related to deferred charges on bond refundings, pension and OPEB are not reported in the governmental funds:		
Deferred charges on refunding	\$ 251,880	
Deferred outflows of resources related to pension	1,303,371	
Deferred outflows of resources related to OPEB	<u>315,554</u>	1,870,805
Internal service funds are used by management to charge the cost of self-insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		2,436,376
Interest payable on long-term debt does not require current financial resources. Therefore interest payable is not reported as a liability in the governmental funds balance sheet.		(385,591)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Due within one year	(4,899,983)	
Due in more than one year	<u>(81,725,669)</u>	(86,625,652)
Deferred inflows of resources related to pension and OPEB are not reported in the governmental funds:		
Deferred inflows of resources related to pension	(1,925,668)	
Deferred inflows of resources related to OPEB	<u>(240,815)</u>	<u>(2,166,483)</u>
Net position of governmental activities		<u>\$ 45,406,026</u>



**City of Ennis, Texas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended September 30, 2021**

<b>Revenues</b>	<b>General</b>	<b>QIPP</b>	<b>General Capital Projects</b>	<b>Certificates Of Obligation Series 2019</b>	<b>Debt Service</b>	<b>Total Nonmajor Funds</b>	<b>Total Governmental Funds</b>
Property taxes	\$ 9,083,314	\$ -	\$ -	\$ -	\$ 5,644,284	\$ 389,512	\$ 15,117,110
Sales taxes	4,956,036	-	-	-	-	2,629,428	7,585,464
Franchise taxes	1,694,133	-	-	-	-	-	1,694,133
Hotel occupancy taxes	-	-	-	-	-	516,155	516,155
Alcoholic beverage taxes	77,564	-	-	-	-	-	77,564
Licenses and permits	1,328,324	-	-	-	-	-	1,328,324
Fines and forfeitures	238,214	-	-	-	-	12,758	250,972
Charges for services	219,555	146,088,938	-	-	-	-	146,308,493
Investment earnings	45,780	14,338	80,571	813	5,285	7,146	153,933
Miscellaneous	354,922	-	113,652	-	-	238,793	707,367
Intergovernmental	1,527,925	3,502,334	-	-	-	3,830	5,034,089
Contributions and donations	-	-	-	-	-	9,163	9,163
<b>Total revenues</b>	<b>19,525,767</b>	<b>149,605,610</b>	<b>194,223</b>	<b>813</b>	<b>5,649,569</b>	<b>3,806,785</b>	<b>178,782,767</b>
<b>Expenditures</b>							
Current							
General government	4,344,344	-	-	-	-	326,989	4,671,333
Public safety	11,872,616	-	-	-	-	29,491	11,902,107
Streets	1,168,734	-	-	-	-	553,343	1,722,077
Health	503,483	144,583,901	-	-	-	-	145,087,384
Equipment services	299,006	-	-	-	-	-	299,006
Cultural and recreational	1,523,378	-	-	-	-	3,404	1,526,782
Public works	545,770	-	-	-	-	-	545,770
Capital outlay:							
General government	-	-	4,785,278	1,111,407	-	11,467	5,908,152
Public safety	-	-	-	159,168	-	-	159,168
Streets	-	-	-	-	-	-	-
Equipment services	-	-	166,645	-	-	-	166,645
Cultural and recreational	-	-	97,624	-	-	-	97,624
Public works	-	-	516,430	-	-	-	516,430
Debt service:							
Principal retirement	-	-	-	-	4,070,000	-	4,070,000
Interest and fiscal charges	-	340,508	-	-	2,407,476	-	2,747,984
<b>Total expenditures</b>	<b>20,257,331</b>	<b>144,924,409</b>	<b>5,565,977</b>	<b>1,270,575</b>	<b>6,477,476</b>	<b>924,694</b>	<b>179,420,462</b>
Excess (deficiency) of revenues over (under) expenditures	(731,564)	4,681,201	(5,371,754)	(1,269,762)	(827,907)	2,882,091	(637,695)
<b>Other Financing Sources (Uses)</b>							
Transfers in	3,610,362	-	1,266,905	-	699,313	13,120	5,589,700
Transfers out	(266,307)	(150,000)	(2,960,885)	-	(638,532)	(1,403,815)	(5,419,539)
<b>Total other financing sources (uses)</b>	<b>3,344,055</b>	<b>(150,000)</b>	<b>(1,693,980)</b>	<b>-</b>	<b>60,781</b>	<b>(1,390,695)</b>	<b>170,161</b>
<b>Net change in fund balances</b>	<b>2,612,491</b>	<b>4,531,201</b>	<b>(7,065,734)</b>	<b>(1,269,762)</b>	<b>(767,126)</b>	<b>1,491,396</b>	<b>(467,534)</b>
<b>Fund Balances (Deficit), Beginning</b>	<b>8,912,537</b>	<b>(467,064)</b>	<b>25,625,657</b>	<b>1,090,586</b>	<b>803,308</b>	<b>2,685,648</b>	<b>38,650,672</b>
<b>Fund Balances (Deficit), Ending</b>	<b>\$ 11,525,028</b>	<b>\$ 4,064,137</b>	<b>\$ 18,559,923</b>	<b>\$ (179,176)</b>	<b>\$ 36,182</b>	<b>\$ 4,177,044</b>	<b>\$ 38,183,138</b>

# City of Ennis, Texas

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities

### For the Fiscal Year Ended September 30, 2021

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - total governmental funds	\$ (467,534)
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay recorded as capital assets in the current period.	6,434,680
Governmental funds do not recognize contributed capital assets. However, in the statement of activities the fair market value of those assets are recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense.	3,061,728
The net effect of various miscellaneous transactions involving capital assets (i.e., asset retirements/disposals), and the transfer of capital assets from business-type activities to governmental activities to decrease net position. Asset retirements/disposals	(101,965)
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.	(4,584,659)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Bond principal retirement	\$ 4,070,000
Amortization of bond premiums/discounts	298,005
Amortization of deferred charge on refunding	(72,520)
Development agreement payable retirement	544,983
	4,840,468
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds. Change in accrued interest.	18,635
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	137,602
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Changes in pension liabilities and related deferred outflows and inflows of resources	895,560
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(42,096)
	853,464
The internal service funds are used by management to charge the costs of self-insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	180,614
Change in net position of governmental activities	\$ 10,373,033

**City of Ennis, Texas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**Year Ended September 30, 2021**

Revenues	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget
	Original	Final		
Property taxes	\$ 9,090,531	\$ 9,090,531	\$ 9,083,314	\$ (7,217)
Sales taxes	3,490,899	3,490,899	4,956,036	1,465,137
Franchise taxes	1,639,839	1,639,839	1,694,133	54,293
Alcoholic beverage taxes	48,000	48,000	77,564	29,564
Licenses and permits	520,167	520,167	1,328,524	808,357
Fines and forfeitures	387,844	387,844	238,213	(149,631)
Charges for services	239,670	239,670	218,607	(21,063)
Investment earnings	114,000	114,000	45,728	(68,272)
Miscellaneous	210,524	210,524	357,202	146,678
Intergovernmental	41,721	967,569	1,526,448	558,879
Total revenues	15,783,195	16,709,043	19,525,767	2,816,724
<b>Expenditures</b>				
Current:				
General government:				
City commission	243,337	243,337	211,829	31,509
Administration	382,905	382,905	451,729	(68,824)
Downtown Development	264,214	446,214	361,477	84,736
Communication and Marketing	133,649	133,649	146,240	(12,592)
Finance	522,448	522,448	494,181	28,267
Economic development	253,802	253,802	278,834	(25,032)
Information technology	-	-	-	-
Human resources	344,860	344,860	389,642	(44,782)
Nondepartmental	1,655,986	2,011,986	2,010,412	1,574
Total general government	3,801,200	4,339,200	4,344,344	(5,144)
Public safety:				
Police protection	5,464,355	5,565,355	5,648,479	(83,125)
Judicial	315,250	315,250	227,564	87,687
Fire protection	5,358,256	5,518,456	5,418,078	100,378
Planning and inspection	566,661	566,661	578,495	(11,834)
Total public safety	11,704,522	11,965,722	11,872,616	93,106
Streets	1,219,880	1,219,880	1,168,734	51,146
Health	565,436	565,436	503,483	61,953
Equipment services	323,739	323,739	299,006	24,733
Cultural and recreational:				
Parks and recreation	1,106,149	1,121,149	987,557	133,592
Library	505,885	509,885	497,557	12,328
Museum	42,069	42,069	38,264	3,805
Total cultural and recreational	1,654,103	1,673,103	1,523,378	149,725
Public works	505,862	639,862	545,770	94,092
Total expenditures	19,774,742	20,726,942	20,257,331	469,611
Excess (deficiency) of revenues over (under) expenditures	(3,991,547)	(4,017,899)	(731,564)	2,347,113
<b>Other Financing Sources (Uses)</b>				
Transfers in	3,981,363	3,981,363	3,610,362	(371,001)
Transfers out	-	(234,000)	(266,307)	32,307
Total other financing sources and uses	3,981,363	3,747,363	3,344,055	(338,694)
Net change in fund balance	(10,183)	(270,535)	2,612,491	2,008,419
Fund balance – beginning	8,912,537	8,912,537	8,912,537	-
Fund balance – ending	\$ 8,902,354	\$ 8,642,002	\$ 11,525,028	\$ 2,008,419

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

# City of Ennis, Texas

## Statement of Net Position

### Proprietary Funds

### September 30, 2021

	<b>Business-type Activities - Enterprise</b>			<b>Governmental Activities</b>
	<b>Utility</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Fund</b>
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 5,311,959	\$ 58,741	\$ 5,370,700	\$ 3,634,252
Restricted cash and cash equivalents - bond construction	5,825,571	-	5,825,571	-
Receivables (net of allowance for uncollectibles)	1,144,269	183,546	1,327,815	-
Due from other funds	-	-	-	17,211
Inventories	146,677	28,295	174,972	-
Total current assets	12,428,476	270,582	12,699,058	3,651,463
<b>Noncurrent Assets</b>				
Capital assets (net, where applicable of accumulated depreciation)	47,380,362	2,488,587	49,868,949	-
Total noncurrent assets	47,380,362	2,488,587	49,868,949	-
Total assets	59,808,838	2,759,169	62,568,007	3,651,463
<b>Deferred Outflows of Resources</b>				
Deferred charges on refunding	18,326	-	18,326	-
Deferred outflows of resources related to pension	246,560	80,454	327,014	-
Deferred outflows of resources related to OPEB	60,711	19,892	80,603	-
Total deferred outflows of resources	325,597	100,346	425,943	-
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable	456,073	51,567	507,640	-
Accrued payroll payable	150,001	47,613	197,614	-
Claims payable	-	-	-	605,993
Due to other funds	-	221,488	221,488	-
Deferred revenue	2,522,089	-	2,522,089	-
Customer deposits payable	627,780	-	627,780	-
Bonds payable	1,790,000	-	1,790,000	-
Accrued interest payable	77,287	-	77,287	-
Total current liabilities	5,623,230	320,668	5,943,898	605,993
<b>Noncurrent Liabilities</b>				
Bonds payable	15,640,271	-	15,640,271	-
Net pension liability	883,912	294,021	1,177,933	-
Total OPEB liability	122,321	40,774	163,095	-
Total noncurrent liabilities	16,646,504	334,795	16,981,299	-
Total liabilities	22,269,734	655,463	22,925,197	605,993
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources related to pension	354,666	119,358	474,024	-
Deferred inflows of resources related to OPEB	46,159	15,386	61,545	-
Total deferred inflows of resources	400,825	134,744	535,569	-
<b>Net Position (Deficit)</b>				
Net investment in capital assets	35,793,988	2,488,587	38,282,575	-
Unrestricted (Deficit)	1,669,888	(419,279)	1,250,609	3,045,470
Total net position (deficit)	\$ 37,463,876	\$ 2,069,308	39,533,184	\$ 3,045,470
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the enterprise funds over time			609,094	
Net position of business-type activities			\$ 40,142,278	

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

**City of Ennis, Texas**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended September 30, 2021**

	<b>Business-type Activities - Enterprise</b>			<b>Governmental Activities</b>
	<b>Utility</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Fund</b>
<b>Operating Revenues</b>				
Water revenue	\$ 6,626,784	\$ -	\$ 6,626,784	\$ -
Sewer revenue	4,524,603	-	4,524,603	-
Sanitation revenue	-	1,582,003	1,582,003	-
Airport revenue	-	161,851	161,851	-
Other revenue	18,132	-	18,132	-
Charges for insurance and services	-	-	-	4,040,981
Total operating revenues	11,169,519	1,743,854	12,913,373	4,040,981
<b>Operating Expenses</b>				
Personnel	2,532,709	785,044	3,317,753	-
Supplies	1,297,903	197,084	1,494,987	-
Maintenance and replacement	862,074	59,399	921,473	-
Miscellaneous services	1,616,789	286,471	1,903,260	-
Insurance claims and expenses	-	-	-	3,815,214
Depreciation and amortization	3,286,432	330,111	3,616,543	-
Total operating expenses	9,595,907	1,658,109	11,254,016	3,815,214
Operating income	1,573,612	85,745	1,659,357	225,767
<b>Nonoperating Revenue (Expenses)</b>				
Investment earnings	38,460	-	38,460	-
Gain on disposal of property	4,334	-	4,334	-
Interest expense	(444,330)	-	(444,330)	-
Total nonoperating revenue (expenses)	(401,536)	-	(401,536)	-
Income before contributions and transfers	1,172,076	85,745	1,257,821	225,767
Capital contributions	4,625,615	23,016	4,648,631	-
Transfer in	14,074,841	1,866,366	15,941,207	-
Transfer out	(15,888,698)	(222,670)	(16,111,368)	-
Change in net position	3,983,834	1,752,457	5,736,291	225,767
Net position – beginning	33,480,042	316,851	33,796,893	2,819,703
Net position – ending	\$ 37,463,876	\$ 2,069,308	39,533,184	\$ 3,045,470
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the enterprise funds over time			45,153	
Change in net position of business-type activities			\$ 5,781,444	

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

**City of Ennis, Texas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended September 30, 2021**

	<b>Business-type Activities - Enterprise</b>			<b>Governmental Activities</b>
	<b>Utility</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Fund</b>
<b>Cash Flows From Operating Activities</b>				
Receipts from customers	\$ 11,221,813	\$ 1,560,308	\$ 12,782,121	\$ -
Receipts from interfund charges for self-insurance	-	-	-	4,040,981
Payments to suppliers and service providers	(3,746,568)	(532,630)	(4,279,198)	(3,704,221)
Payments to employees for salaries and benefits	(152,593)	(833,291)	(985,884)	-
Net cash provided by operating activities	7,322,652	194,387	7,517,039	336,760
<b>Cash Flows From Noncapital Financing Activities</b>				
Transfers from other funds	-	1,097,590	1,097,590	-
Transfers to other funds	(1,813,857)	(7,787)	(1,821,644)	(17,211)
Net cash provided by (used for) noncapital financing activities	(1,813,857)	1,089,803	(724,054)	(17,211)
<b>Cash Flows From Capital And Related Financing Activities</b>				
Capital contributions	-	23,016	23,016	-
Acquisition and construction of capital assets	(2,934,739)	(1,442,057)	(4,376,796)	-
Proceeds from disposal of capital assets	4,334	-	4,334	-
Principal paid on bond maturities	(1,750,000)	-	(1,750,000)	-
Interest and fiscal charges paid on bonds	(496,399)	-	(496,399)	-
Net cash used for capital and related financing activities	(5,176,804)	(1,419,041)	(6,595,845)	-
<b>Cash Flows From Investing Activities</b>				
Interest on investments	38,460	-	169,245	-
Net cash provided by investing activities	38,460	-	169,245	-
Net increase (decrease) in cash and cash equivalents	370,451	(134,851)	366,385	319,549
Cash and cash equivalents, October 1 (includes \$7,533,314 reported in restricted cash)	10,767,079	193,592	10,960,671	3,314,703
Cash and cash equivalents, September 30 (includes \$5,825,571 reported in restricted cash)	\$ 11,137,530	\$ 58,741	\$ 11,327,056	\$ 3,634,252
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>				
Operating income	\$ 1,573,612	\$ 85,745	\$ 1,659,357	\$ 225,767
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	3,286,432	330,111	3,616,543	-
(Increase) decrease in accounts receivable	52,294	(183,546)	(131,252)	-
(Increase) decrease in inventory	(15,780)	-	(15,780)	-
(Increase) decrease in pension related deferred outflows	(3,238)	(1,079)	(4,317)	-
(Increase) decrease in OPEB related deferred outflows	(5,261)	(1,754)	(7,015)	-
Increase (decrease) in accounts payable	18,113	10,324	28,437	-
Increase (decrease) in accrued payroll payable	18,054	5,095	23,149	-
Increase (decrease) in claims payable	-	-	-	110,993
Increase (decrease) in deferred revenue	2,522,089	-	2,522,089	-
Increase (decrease) in customer deposits	27,865	-	27,865	-
Increase (decrease) in pension related deferred inflows	(40,053)	(13,351)	(53,404)	-
Increase (decrease) in OPEB related deferred inflows	(3,920)	(1,307)	(5,227)	-
Increase (decrease) in net pension liability	(124,629)	(41,543)	(166,172)	-
Increase (decrease) in OPEB liability	17,074	5,692	22,766	-
Total adjustments	5,749,040	108,642	5,857,682	110,993
Net cash provided by operating activities	\$ 7,322,652	\$ 194,387	\$ 7,517,039	\$ 336,760
<b>Schedule of Non-cash Transactions</b>				
Contributions of capital assets	\$ 4,625,615	\$ -	\$ -	\$ -

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

**City of Ennis, Texas**  
**Notes to the Financial Statements**  
**September 30, 2021**

**Note 1: Summary of Significant Accounting Policies**

***Description of Government-wide Financial Statements***

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

***Reporting Entity***

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

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

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

# City of Ennis, Texas

## Notes to the Financial Statements

### September 30, 2021

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

City of Ennis  
107 North Sherman Street  
Ennis, Texas 75120

#### ***Basis of Presentation***

##### **Government-wide Financial Statements**

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

As discussed earlier, the City has a discretely presented component unit. The Economic Development Corporation is considered to be a major component unit and is shown in a separate column in the government-wide financial statements.

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

##### **Fund Financial Statements**

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

The City reports the following major governmental funds:

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

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

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



# City of Ennis, Texas

## Notes to the Financial Statements

### September 30, 2021

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

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

The City reports the following major enterprise fund:

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

Additionally, the City reports the following fund type:

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

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

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

### **Measurement Focus and Basis of Accounting**

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

# City of Ennis, Texas

## Notes to the Financial Statements

### September 30, 2021

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

### ***Budgetary Information***

#### **Budgetary Basis of Accounting**

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

**City of Ennis, Texas**  
**Notes to the Financial Statements**  
**September 30, 2021**

***Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance***

**Cash and Cash Equivalents**

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

**External Investment Pools**

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

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

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

**Restricted Assets**

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

**Inventories and Prepaid Items**

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

**City of Ennis, Texas**  
**Notes to the Financial Statements**  
**September 30, 2021**

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

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

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

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

<b><u>Capital Asset Classes</u></b>	<b><u>Lives</u></b>
Buildings	7-50
Improvements	7-50
Machinery and equipment	5-30
Infrastructure	10-50
Water rights	30

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources reported in this year's financial statements include: (1) the differences between the projected and actual investment earnings; (2) contributions made to the City's defined benefit pension plan and OPEB plan between the measurement date and the end of the City's fiscal year; (3) the difference between expected and actual experience data used by the actuary for the pension and OPEB plans; and (4) deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

# City of Ennis, Texas

## Notes to the Financial Statements

### September 30, 2021

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources reported in the City's various statements of net position include: (1) changes in actuarial assumptions of the City's defined benefit pension and OPEB plans; and (2) the difference between expected and actual experience data used by the actuary for the pension plan. In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The City will not recognize the related revenues until they are available (collected no later than 60 days after the end of the City's fiscal year) under the modified accrual basis of accounting. Accordingly, *unavailable revenues* from property taxes, court, and intergovernmental revenues are reported in the governmental funds balance sheet.

#### ***Long-term Obligations***

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### ***Pensions and Other Post-Employment Benefits (OPEB)***

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

# City of Ennis, Texas

## Notes to the Financial Statements

### September 30, 2021

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

#### ***Net Position Flow Assumption***

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

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

Restricted Net Position – This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – This amount is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

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

#### ***Fund Balance Flow Assumption***

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

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

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

# **City of Ennis, Texas**

## **Notes to the Financial Statements**

### **September 30, 2021**

**Committed Fund Balance** — amounts that can be used only for specific purposes determined by a formal action of the City Commission. The City Commission is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through a formal resolution of the City Commission.

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

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

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

#### ***Library Endowment***

Under terms of the endowment, and consistent with State statutes, the City is authorized on a total-return policy to spend the net appreciation for the benefit of the Ennis Public Library. All available net appreciation has been expended as of September 30, 2021.

#### ***Deficit Fund Equity***

As of September 30, 2021, the Certificates of Obligation Series 2019 fund, a major governmental fund, has a deficit fund balance of \$179,176.

As of September 30, 2021, the Court Technology fund, a nonmajor governmental fund, has a deficit fund balance of \$24,777.



# **City of Ennis, Texas**

## **Notes to the Financial Statements**

### **September 30, 2021**

#### ***Revenues and Expenditures/Expenses***

##### **Program Revenues**

Amounts reported as *program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

##### **Property Taxes**

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

#### ***Proprietary Funds Operating and Nonoperating Revenues and Expenses***

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

##### ***Self-Insurance***

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



**City of Ennis, Texas**  
**Notes to the Financial Statements**  
**September 30, 2021**

**Note 2: Detailed Notes on All Activities and Funds**

***Cash Deposits with Financial Institutions***

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. The City's deposits were fully insured or collateralized as required by State statutes at September 30, 2021. At year-end, the bank balance of the City's deposits was \$61,424,919 (with a carrying value of \$61,191,926. Of the bank balance, \$500,000 was covered by federal depository insurance and the remaining balance, \$60,691,926 was covered by collateral pledged in the City's name. The collateral was held in the City's name by the safekeeping department of the pledging bank's agent and had a fair value of approximately \$61,691,434.

***Investments***

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

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

<b>Investment Type</b>	<b>Fair Value</b>
TexPool	<u>\$ 320,281</u>

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of September 30, 2021, the City's investment in TexPool was rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

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

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

# City of Ennis, Texas

## Notes to the Financial Statements

### September 30, 2021

#### **Receivables**

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectible) line for certain funds and aggregated columns. Below is the detail of receivables for the general, nonmajor governmental, utility, and nonmajor enterprise funds, including the applicable allowances for uncollectible accounts:

<b>Receivables</b>	<b>General</b>	<b>Nonmajor Governmental</b>	<b>Utility</b>	<b>Nonmajor Enterprise</b>	<b>Total</b>
Taxes	\$ 1,827,171	\$ 456,939	\$ -	\$ -	\$ 2,284,110
Accounts	35,672	104,746	1,304,639	241,098	1,686,155
Other	<u>444,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>444,006</u>
Gross receivables	2,306,849	561,685	1,304,639	241,098	4,414,271
Less: allowance for uncollectibles	<u>(145,645)</u>	<u>-</u>	<u>(160,370)</u>	<u>(57,552)</u>	<u>(363,567)</u>
Net total receivables	<u>\$ 2,161,204</u>	<u>\$ 561,685</u>	<u>\$ 1,144,269</u>	<u>\$ 183,546</u>	<u>\$ 4,050,704</u>

#### **Capital Assets**

Capital asset activity for the year ended September 30, 2021, was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 6,403,372	\$ 14,703	\$ -	\$ -	\$ 6,418,075
Construction in progress	<u>9,565,428</u>	<u>3,902,967</u>	<u>-</u>	<u>(9,144,760)</u>	<u>4,323,635</u>
Total capital assets not being depreciated	<u>15,968,800</u>	<u>3,917,670</u>	<u>-</u>	<u>(9,144,760)</u>	<u>10,741,710</u>
Capital assets being depreciated:					
Buildings	47,035,323	1,270,576	-	-	48,305,899
Improvements	4,269,266	14,194	-	567,645	4,851,105
Machinery and equipment	15,680,670	1,233,740	(446,071)	700,000	17,168,339
Infrastructure	<u>53,835,751</u>	<u>3,060,228</u>	<u>-</u>	<u>7,877,115</u>	<u>64,773,094</u>
Totals capital assets being depreciated	<u>120,821,010</u>	<u>5,578,738</u>	<u>(446,071)</u>	<u>9,144,760</u>	<u>135,098,437</u>
Less accumulated depreciation for:					
Buildings	(12,039,820)	(1,283,887)	-	-	(13,323,707)
Improvements	(2,263,945)	(233,700)	-	-	(2,497,645)
Machinery and equipment	(11,668,050)	(1,495,067)	344,106	-	(12,819,011)
Infrastructure	<u>(24,073,525)</u>	<u>(1,572,005)</u>	<u>-</u>	<u>-</u>	<u>(25,645,530)</u>
Total accumulated depreciation	<u>(50,045,340)</u>	<u>(4,584,659)</u>	<u>344,106</u>	<u>-</u>	<u>(54,285,893)</u>
Total capital assets, being depreciated, net	<u>70,775,670</u>	<u>994,079</u>	<u>(101,965)</u>	<u>9,144,760</u>	<u>80,812,544</u>
Governmental activities capital assets, net	<u>\$ 86,744,470</u>	<u>\$ 4,911,749</u>	<u>\$ (101,965)</u>	<u>\$ -</u>	<u>\$ 91,554,254</u>

# City of Ennis, Texas

## Notes to the Financial Statements

### September 30, 2021

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

#### Governmental Activities

General government	\$ 146,648
Public safety	1,135,881
Streets	1,769,280
Health	20,241
Equipment services	16,204
Cultural and recreational	296,296
Hospital	1,160,052
Public works	40,057
	<u>40,057</u>

Total depreciation expense	<u><u>\$ 4,584,659</u></u>
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	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type Activities</b>					
Capital assets not being depreciated:					
Land	\$ 1,088,290	\$ -	\$ -	\$ -	\$ 1,088,290
Construction in progress	10,734,765	3,222,053	-	(12,001,172)	1,955,646
Total capital assets not being depreciated	11,823,055	3,222,053	-	(12,001,172)	3,043,936
Capital assets being depreciated:					
Buildings	9,471,488	-	-		9,471,488
Improvements	59,777,354	4,669,515	-	12,001,172	76,448,041
Machinery and equipment	2,995,478	1,110,843	(291,010)	-	3,815,311
Water rights	1,001,831	-	-	-	1,001,831
Total capital assets being depreciated	73,246,151	5,780,358	(291,010)	12,001,172	90,736,671
Less accumulated depreciation for:					
Buildings	(6,312,875)	(181,309)	-	-	(6,494,184)
Improvements	(31,274,792)	(2,930,802)	-	-	(34,205,594)
Machinery and equipment	(2,363,969)	(471,038)	291,010	-	(2,543,997)
Water rights	(634,489)	(33,394)	-	-	(667,883)
Total accumulated depreciation	(40,586,125)	(3,616,543)	291,010	-	(43,911,658)
Total capital assets being depreciated, net	32,660,026	2,163,815	-	12,001,172	46,825,013
Business-type capital assets, net	\$ 44,483,081	\$ 5,385,868	\$ -	\$ -	\$ 49,868,949

**City of Ennis, Texas**  
**Notes to the Financial Statements**  
**September 30, 2021**

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

<b>Business-type Activities</b>	
Utility	\$ 3,286,432
Sanitation	328,018
Airport	<u>2,093</u>
Total depreciation expense	<u>\$ 3,616,543</u>

**Construction Commitments**

*Construction Commitments.* The City has active construction projects as of September 30, 2021. The projects include buildings, park improvements, street improvements, infrastructure and water, and sewer improvements. At year-end the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Commitment</u>
Park improvements	\$ 799,094	\$ 2,195,430
Street improvements	429,772	1,310,483
Infrastructure	10,988,162	9,328,622
Water and sewer improvements	<u>13,362,671</u>	<u>16,198,635</u>
	<u>\$ 25,579,699</u>	<u>\$ 29,033,170</u>

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

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

# City of Ennis, Texas

## Notes to the Financial Statements

### September 30, 2021

#### **Tax Abatements**

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

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

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

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

**City of Ennis, Texas**  
**Notes to the Financial Statements**  
**September 30, 2021**

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

<b>Tax Abatement Program</b>	<b>Amount Abated</b>
Chapter 380 Tax Rebates	\$ 446,007
Historic Reinvestment Tax Abatement Refund Program	40,725
Historic Preservation Tax Reimbursement Program	19,951

The City has also entered into Economic Development Agreements to promote local economic development and to stimulate business and commercial activity in the City. These agreements include provisions for repayment if the recipient fails to fully meet its commitments. The City's agreements were as follows at September 30, 2021:

An agreement to make annual grants in an amount not to exceed the equivalent of 75 percent of the ad valorem real property taxes paid for a period of five consecutive years for Spyglass Gen Par, LC to develop real property and construct thereon improvements for a multi-family residential development. The incentive period began November 2016. The abatement amounted to \$0 for the fiscal year ended September 30, 2021.

An agreement to make annual grants in the amount of \$30,000 per year, not to exceed the total amount of ad valorem real and personal property taxes paid for two consecutive five year terms for Kent Industries, Inc., Polyguard Products, Inc., Muncaster Capital of Texas, Inc. for construction and improvements made to the corporate headquarters and training facility. The incentive period began March 2017. The abatement amounted to \$30,000 for the fiscal year ended September 30, 2021.

An agreement to make annual grants in the amount of \$35,000 per year, not to exceed the total amount of ad valorem real and personal property taxes paid for a period of ten consecutive years for Globe Products, Inc., Milglo, LLC., Minimilglo, LTD., Extreme Dead Nuts, LLC. and DNM Holding, LLC., for construction of improvements for new and expanded business development. The incentive period began October 2017. The abatement amounted to \$35,000 for the fiscal year ended September 30, 2021.

# **City of Ennis, Texas**

## **Notes to the Financial Statements**

### **September 30, 2021**

An agreement to make grant payments in an amount not to exceed a total of \$300,000 paid, in annual payments not to exceed 50 percent of the ad valorem property taxes paid by DA Ennis 45 Partner, LP., to develop approximately 6.7 acres of land and the construction and operation of multiple retail developments. The incentive period will begin upon the first tax year following the year after issuance of a certificate of occupancy. The abatement amounted to \$0 for the fiscal year ended September 30, 2021.

An agreement to make grant payments in an amount not to exceed 50 percent of the ad valorem property taxes paid by Forum Meat Company for a period of three years for construction of improvements for new and expanded business development. The incentive period began October 2018. The abatement amounted to \$0 for the fiscal year ended September 30, 2021.

An agreement to make grant payments in an amount not to exceed 50 percent of the ad valorem property taxes paid by GAF, LP., Elk Verashield Building Solutions and Elk Roofing Products for a period of 4 years for construction of improvements for manufacturing and industrial development. The incentive period will begin upon the first tax year following the year after issuance of a certificate of occupancy. The abatement amounted to \$0 for the fiscal year ended September 30, 2021.

An agreement to make annual grant payments in an amount not to exceed 50 percent of the ad valorem property taxes paid by Buc-ee's Ennis, LLC., for a period of 15 years for construction of retail developments. The incentive period will begin upon the first tax year following the year after development opens for business. The abatement amounted to \$0 for the fiscal year ended September 30, 2021.

An agreement to make annual grant payments equal to one percent of the sales that are subject to sales tax collection, minus fees deducted by the Texas Comptroller paid by Buc-ee's Ennis, LLC., for a period of 20 years. The incentive period will begin upon the first tax year following the year after development opens for business. The abatement amounted to \$0 for the fiscal year ended September 30, 2021.

#### ***Other Significant Commitments***

The City has entered into a contract with Trinity River Authority of Texas whereby the City pays for operation and maintenance cost annually for the Bardwell Dam Reservoir. The Trinity River Authority (TRA) is a governmental agency, which is controlled by directors appointed by the governor. Actual payments for the year ended September 30, 2021, were \$506,770.

The City has entered into a contract with Trinity River Authority, subject to a Raw Water Supply Contract between Trinity River Authority and the Tarrant Regional Water District, whereby the City acquired the right to utilize .25 MGD of raw water from the Richland-Chambers and Cedar Creek Reservoir. Under the terms of the agreement the City is to make a payment if the City draws no water or a higher payment if the City draws water (Take or Pay Contract). Actual payments for the year ended September 30, 2021, were \$102,997.

# **City of Ennis, Texas**

## **Notes to the Financial Statements**

### **September 30, 2021**

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

The City has entered into a contract with Union Pacific Railroad Company (Union Pacific) whereby the City agrees to reimburse Union Pacific in an amount not to exceed \$500,000 for preliminary engineering related to the proposed construction of underpasses under the Union Pacific s rail line. Actual payments for the year ended September 30, 2021, were \$175,540.

The City has entered into contracts with Schaumburg & Polk, Inc. for engineering services related to water, wastewater, and stormwater master planning in the amount of \$280,000 and for a raw water study in the amount of \$125,000. Actual payments for the year ended September 30, 2021, were \$255,200.

The City has entered into an agreement with Healthcare Quality Improvement Services, LLC (Consultant), as a consultant in relation to the QIPP. Under this agreement the Consultant provides certain financial, operations, and clinical review services for the City. The City pays a monthly base consulting fee in the amount of \$1,600 per facility. In addition to the base fee the City pays the Consultant \$600 per month of each quarter in the which the facility exceeds 90 percent of all QIPP component measures. Actual payments for the year ended September 30, 2021, were \$155,200.

#### ***Quality Improvement Payment Program***

The City participates in the Quality Improvement Payment Program (QIPP). The program is designed to assist nursing facilities servicing indigent patients by providing funding to support increased access to healthcare within the community. It is also designed to allow participating providers to receive additional reimbursement if they either reach a national benchmark level or they make quarterly improvements in up to four predetermined quality measures. At September 30, 2021, the City recorded \$5,024,534 of prepaid intergovernmental transfers for the period of October 2021 – February 2022, which was paid by the City prior to fiscal year end in July 2021. The City is required to contribute to the state for their share of QIPP funding. Amounts receivable under this program was \$8,139,098 at September 30, 2021. The program described above is subject to review and scrutiny by both the Texas Legislature and Center for Medicare & Medicaid Services, and the program could be modified or terminated based on new legislation or regulation in future periods.

#### ***Risk Management***

The City self-insured for medical and prescription drug claims. The City uses an internal service fund to account for and finance both insured and uninsured risks of loss. At September 30, 2021, the internal service fund has a fund balance of \$3,045,470. Stop-loss insurance is purchased for claims in excess of \$100,000.



**City of Ennis, Texas**  
**Notes to the Financial Statements**  
**September 30, 2021**

All operating funds of the City participate in the program and make payments to the fund based on estimates of the amounts needed to pay prior and current claims. The estimated insurance claims payable of \$605,993 at September 30, 2021. The liability also includes incurred but not reported claims (IBNR) developed by the third-party claims administrator. Changes in the balance of estimated insurance claims payable for the year ended September 30, 2021, are:

Claims liability at beginning of year	\$ 495,000
Current year claims and estimate changes	1,823,790
Claims payments	<u>(1,712,797)</u>
Claims liability at end of year	<u><u>\$ 605,993</u></u>

***Operating Lease (as Lessor)***

The City entered into a lease agreement with PRHC-Ennis GP, Inc. (subsequently LifePoint Hospitals, Inc.) (Company) for the purpose of managing, operating, and maintaining the new municipally owned hospital. Under the terms of the lease agreement the City has agreed to make the new hospital available to the Company for a term of forty years with two renewal periods of ten years, each. The Company has agreed to operate and maintain the hospital during the initial lease term and subsequent renewal periods and will pay the City \$3,200,000 for each lease renewal period (Total consideration for the initial term and two lease renewal periods will be \$28,195,735). The Company has the right to terminate the lease on 180 days' notice to the City and the rent paid or payable under the lease will be proportionately and equitably rebated in accordance with the terms of the lease. Rental revenue reported under the lease agreement for the year ended September 30, 2021, totaled \$544,983.

The assets leased under the agreement are as follows:

	<b><u>Governmental Activities</u></b>
Building	\$ 28,531,928
Machinery and equipment	7,524,584
Less: accumulated depreciation	<u>(17,160,676)</u>
Total	<u><u>\$ 18,895,836</u></u>

**City of Ennis, Texas**  
**Notes to the Financial Statements**  
**September 30, 2021**

***Long-term Liabilities***

**Certificates of Obligation**

The City issues certificates of obligation to provide funds for the acquisition, construction, and maintenance of major capital facilities. Certificates of obligation have been issued for both governmental and business-type activities. Certificates of obligation are direct obligations and pledge the full faith and credit of the government. Certificates of obligation outstanding at September 30, 2021, are as follows:

***Governmental Activities***

<b>Series</b>	<b>Issue Amount</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Year-end Balances</b>
2014	\$ 6,000,000	2/1/2034	2.0-3.75	\$ 4,415,000
2015	5,990,000	8/1/2035	2.0-3.375	3,745,000
2016	2,770,000	8/1/2031	2.0-2.10	1,805,000
2017	5,225,000	2/1/2037	3.0	4,385,000
2018	1,495,000	8/1/2037	3.0-5.0	1,335,000
2019	9,835,000	2/1/2039	3.0-5.0	9,190,000
2019A	17,065,000	2/1/2039	3.0-5.0	16,135,000
2020	16,920,000	2/1/2040	3.0-5.0	16,265,000
Total				<u>\$ 57,275,000</u>

***Business-type Activities***

<b>Series</b>	<b>Issue Amount</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Year-end Balances</b>
2015	\$ 4,005,000	8/1/2035	2.0-3.375	\$ 3,780,000
2016	715,000	8/1/2026	2.0	600,000
2017	2,285,000	2/1/2037	3.0	1,900,000
2018	1,095,000	8/1/2037	3.0-5.0	975,000
2018A	4,500,000	2/1/2038	0.14-1.54	3,875,000
2020	4,665,000	2/1/2040	3.0-5.0	4,485,000
Total				<u>\$ 15,615,000</u>

**City of Ennis, Texas**  
**Notes to the Financial Statements**  
**September 30, 2021**

**General Obligation Bonds**

The City issues general obligation bonds to provide funds for the acquisition, construction, and maintenance of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds outstanding at September 30, 2021, are as follows:

***Governmental Activities***

<b>Series</b>	<b>Issue Amount</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Year-end Balances</b>
2012A – Refunding	1,984,500	8/1/2022	2.00-3.00	\$ 90,000
2014 – Refunding	10,045,000	8/1/2025	2.00-3.75	4,040,000
2016 – Refunding	3,325,000	8/1/2027	1.79	1,045,000
2017 – Refunding	2,080,000	8/1/2022	1.47	380,000
Total				<u>\$ 5,555,000</u>

***Business-type Activities***

<b>Series</b>	<b>Issue Amount</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Year-end Balances</b>
2012A – Refunding	\$ 3,685,500	8/1/2022	2.0-3.0	\$ 205,000
2017 – Refunding	3,300,000	8/1/2022	1.47	605,000
Total				<u>\$ 810,000</u>

***Development Agreement Payable***

The City entered into a development agreement with PRHC-Ennis GP, Inc. (subsequently LifePoint Hospitals, Inc.) (Company) for the construction, maintenance, and operation of an acute municipal hospital. Under the terms of the development agreement the City purchased the constructed hospital from the Company. The purchase price of \$21,795,735 at closing was reduced by an amount identified as operating rental revenue under the terms of the development agreement and the terms of a lease agreement described in the Operating Lease note on page 44.

The development agreement payable currently outstanding and reported as a liability of the City's governmental activities at September 30, 2021, totaled \$14,171,735. The amount due within one year totals \$544,983.

# City of Ennis, Texas

## Notes to the Financial Statements

### September 30, 2021

#### **Changes in Long-term Liabilities**

Changes in the City's long-term liabilities for the year ended September 30, 2021, are as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities:</b>					
Bonds payable:					
Certificates of obligation	\$ 59,720,000	\$ -	\$ (2,445,000)	\$ 57,275,000	\$ 2,755,000
General obligation bonds	7,180,000	-	(1,625,000)	5,555,000	1,600,000
Less deferred amounts:					
For issuance discount	(341)	-	170	(171)	-
For issuance premium	5,248,778	-	(298,175)	4,950,603	-
Total bonds payable	72,148,437	-	(4,368,005)	67,780,432	4,355,000
Development agreement	14,666,718	-	(544,983)	14,121,735	544,983
Net pension liability	4,735,794	-	(664,689)	4,071,105	-
OPEB liability	561,319	91,061	-	652,380	-
Long-term liabilities	\$ 92,112,268	\$ 91,061	\$ (5,577,677)	\$ 86,625,652	\$ 4,899,983

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Business-type Activities</b>					
Bonds payable:					
Certificates of obligation	\$ 16,475,000	\$ -	\$ (860,000)	\$ 15,615,000	\$ 980,000
General obligation bonds	1,700,000	-	(890,000)	810,000	810,000
Less deferred amounts:					
For issuance discount	(3,993)	-	1,997	(1,996)	-
For issuance premium	1,078,534	-	(71,267)	1,007,267	-
Total bonds payable	19,249,541	-	(1,819,270)	17,430,271	1,790,000
Net pension liability	1,344,105	-	(166,172)	1,177,933	-
OPEB liability	140,329	22,766	-	163,095	-
Business-type activity					
Long-term liabilities	\$ 20,733,975	\$ 22,766	\$ (1,985,442)	\$ 18,771,299	\$ 1,790,000

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

**City of Ennis, Texas**  
**Notes to the Financial Statements**  
**September 30, 2021**

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

Year Ending September 30	<b>Governmental Activities</b>			
	<b>Certificates of Obligation</b>		<b>General Obligation bonds</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2022	\$ 2,755,000	\$ 2,103,469	\$ 1,600,000	\$ 166,254
2023	2,760,000	2,001,957	1,160,000	126,125
2024	2,880,000	1,890,184	1,195,000	88,432
2025	2,730,000	1,774,032	1,240,000	49,514
2026	2,850,000	1,658,471	180,000	3,222
2027-2031	16,445,000	6,386,374	180,000	1,611
2032-2036	16,970,000	3,262,181	-	-
2037-2039	9,885,000	635,469	-	-
	<u>\$ 57,275,000</u>	<u>\$ 19,712,136</u>	<u>\$ 5,555,000</u>	<u>\$ 435,158</u>

Year Ending September 30	<b>Business-Type Activities</b>			
	<b>Certificates of Obligation</b>		<b>General Obligation Bonds</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2022	\$ 980,000	\$ 439,685	\$ 810,000	\$ 10,597
2023	860,000	415,563	-	-
2024	880,000	394,592	-	-
2025	905,000	371,872	-	-
2026	930,000	348,146	-	-
2027-2031	4,385,000	1,363,205	-	-
2032-2036	4,725,000	685,529	-	-
2037-2040	1,950,000	112,966	-	-
	<u>\$ 15,615,000</u>	<u>\$ 4,131,557</u>	<u>\$ 810,000</u>	<u>\$ 10,597</u>

**Fund Balance**

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

**City of Ennis, Texas**  
**Notes to the Financial Statements**  
**September 30, 2021**

***Interfund Receivables and Payables***

The composition of interfund balances as of September 30, 2021, is as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General	Certificates of Obligation Series 2019	\$ 179,176
General	Court Technology	24,777
General	Airport	221,488
Internal service fund	General	17,211
		<u>\$ 442,652</u>

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

***Interfund Transfers***

The composition of interfund transfers as of September 30, 2021, is as follows:

<b>Fund</b>	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ 3,610,362	\$ 266,307
QIPP	-	150,000
General Capital Projects	1,266,905	2,960,885
Debt Service	699,313	638,532
Nonmajor Governmental Funds	13,120	1,403,815
Utility Fund	14,074,841	15,888,698
Nonmajor Enterprise Funds	1,866,366	222,670
	<u>\$ 21,530,907</u>	<u>\$ 21,530,907</u>

Transfers are primarily used to reimburse General Fund for administrative services provided and moving capital construction costs from capital project funds to the Utility fund.

**City of Ennis, Texas**  
**Notes to the Financial Statements**  
**September 30, 2021**

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

Cash Deposits with Financial Institutions

At year-end, the Corporation's bank balance was \$6,378,451. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining balance, \$6,144,512 was covered by collateral pledged in the Corporation's name. The collateral was held in the Corporation's name by the safekeeping departments of the pledging bank's agent and had a fair value of approximately \$6,302,025.

Capital Assets

Capital asset activity for the Corporation for the year ended September 30, 2021, was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 3,467,796	\$ -	\$ -	\$ -	\$ 3,467,796
Total capital assets not being depreciated	3,467,796	-	-	-	3,467,796
Capital assets being depreciated:					
Building	5,001,733	-	-	-	5,001,733
Improvements	343,429	-	-	-	343,429
Machinery and equipment	178,157	-	-	-	178,157
Totals capital assets being depreciated	5,523,319	-	-	-	5,523,319
Less accumulated depreciation					
Building	(226,664)	(166,724)	-	-	(393,388)
Improvements	(343,429)	-	-	-	(343,429)
Machinery and equipment	(26,158)	(26,158)	-	-	(52,316)
Total accumulated depreciation	(596,251)	(192,882)	-	-	(789,133)
Total capital assets being depreciated, net	4,927,068	(192,882)	-	-	4,734,186
Corporation capital assets, net	\$ 8,394,864	\$ (192,882)	\$ -	\$ -	\$ 8,201,982

**City of Ennis, Texas**  
**Notes to the Financial Statements**  
**September 30, 2021**

Economic Development Agreements

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

On May 1, 2018, the Corporation entered into an economic development agreement with a DA Ennis 45 Partners, LP (DA Ennis). Under the agreement, the Corporation shall pay DA Ennis a grant of \$450,000 paid as four separate grants after specific project performance requirements are met by DA Ennis. The project includes the investment of approximately \$12,000,000 to develop approximately 6.7 acres of land and the construction and operation of multiple retail developments. As of September 30, 2021, the Corporation has made payments of \$325,000 under this agreement.

Sales Tax Revenue Bonds

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

<b>Series</b>	<b>Issue Amount</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Year-end Balances</b>
1999	\$ 3,290,430	8/1/2034	3.50-8.45	\$ 455,430
2014 Refunding	2,745,000	8/1/2034	0.50-4.50	1,750,000
2019 Refunding	2,240,000	8/1/2024	2.30	<u>1,360,000</u>
Total				<u>\$ 3,565,430</u>



**City of Ennis, Texas**  
**Notes to the Financial Statements**  
**September 30, 2021**

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

Year Ending September 30	Component Unit	
	Sales Tax	
	Revenue Bonds	
	Principal	Interest
2022	\$ 600,000	\$ 99,806
2023	615,000	85,657
2024	625,000	70,981
2025	169,410	527,810
2026	169,280	528,877
2027-2031	847,275	2,627,335
2032-2034	539,465	1,543,630
	<u>\$ 3,565,430</u>	<u>\$ 5,484,096</u>

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Corporation</b>					
Bonds payable:					
Sales tax revenue bonds	\$ 4,145,430	\$ -	\$ (580,000)	\$ 3,565,430	\$ 600,000
Accretion on Capital Appreciation Bonds	2,052,599	216,417	-	2,269,016	-
Less deferred amounts:					
For issuance discount	(7,389)	-	527	(6,862)	-
	<u>\$ 6,190,640</u>	<u>\$ 216,417</u>	<u>\$ (579,473)</u>	<u>\$ 5,827,584</u>	<u>\$ 600,000</u>

### **Contingencies**

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

### **Line of Credit**

The City has a \$5,130,181 revolving line of credit maturing November 23, 2022, secured by gross revenues. Interest is payable semi-annually at a rate equal to the lesser of the Prime Rate plus 1.00 percent or 4.50 percent. The outstanding balance on the line of credit as of September 30, 2021, was \$1,783,541.

The City has a \$6,029,441 revolving line of credit maturing June 22, 2022, secured by gross revenues. Interest is payable semi-annually at a rate equal to the lesser of the Prime Rate plus 1.00 percent or 4.50 percent. The outstanding balance on the line of credit as of September 30, 2021, was \$6,029,441.

**City of Ennis, Texas**  
**Notes to the Financial Statements**  
**September 30, 2021**

***Litigation***

The City is party to several legal actions arising in the ordinary course of business. In the opinion of the City's legal counsel and management, the City has adequate legal defense and/or insurance coverage regarding each of these actions and does not believe the amount is probable.

***Related Party Transactions***

The significant transactions between the component unit and primary government during the year ended September 30, 2021, consisted of contributions of \$371,000 for administrative costs and \$184,184 to reimburse the primary government for economic stimulus program payments.

**Note 3: Defined Benefit Pension Plans**

***Plan Description***

The City participates as one of 895 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 (TMRS Act) as an agent multiple- employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report that can be obtained at [www.tmrs.com](http://www.tmrs.com).

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

***Benefits Provided***

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the 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 percent of the member's deposits and interest.

**City of Ennis, Texas**  
**Notes to the Financial Statements**  
**September 30, 2021**

***Employees Covered by Benefit Terms***

At the December 31, 2020, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	147
Inactive employees entitled to but not yet receiving benefits	64
Active employees	<u>190</u>
	<u><u>401</u></u>

***Contributions***

The contribution rates for employees in TMRS are either 5 percent, 6 percent, or 7 percent of employee gross earnings, and the City matching percentages are either 100 percent, 150 percent, or 200 percent, 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 7 percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 16.73 percent and 16.71 percent in calendar years 2021 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2021, were \$2,071,820, and were equal to the required contributions.

***Net Pension Liability***

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

# City of Ennis, Texas

## Notes to the Financial Statements

### September 30, 2021

#### Actuarial Assumptions

The Total Pension Liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation
Remaining Amortization Period	24 Years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109 percent and female rates multiplied by 103 percent. Based on the size of the City, rates are multiplied by a factor of 100 percent. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males' rates multiplied by 109 percent and female rates multiplied by 103 percent with a 3-year set-forward for both males and females. In addition, a 3 percent 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 percent floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The postretirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. 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.

**City of Ennis, Texas**  
**Notes to the Financial Statements**  
**September 30, 2021**

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

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return (Arithmetic)</b>
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100%	

**Discount Rate**

The discount rate used to measure the Total Pension Liability was 6.75 percent. 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.

**City of Ennis, Texas**  
**Notes to the Financial Statements**  
**September 30, 2021**

Changes in the Net Pension Liability

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balance at October 1, 2020</b>	\$ 73,685,812	\$ 67,605,913	\$ 6,079,899
Changes for the year:			
Service cost	2,275,864	-	2,275,864
Interest	4,933,807	-	4,933,807
Difference between expected and actual experience	(92,382)	-	(92,382)
Changes of assumptions	-	-	-
Contributions - employer	-	2,010,023	(2,010,023)
Contributions - employee	-	842,021	(842,021)
Net investment income	-	5,130,608	(5,130,608)
Benefit payments, including refunds of employee contributions	(3,460,624)	(3,460,624)	-
Administrative expense	-	(33,206)	33,206
Other changes	-	(1,296)	1,296
<b>Net Changes</b>	<u>3,656,665</u>	<u>4,487,526</u>	<u>(830,861)</u>
<b>Balance at September 30, 2021</b>	<u>\$ 77,342,477</u>	<u>\$ 72,093,439</u>	<u>\$ 5,249,038</u>

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 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	<b>1.0% Decrease in Discount Rate (5.75%)</b>	<b>Discount Rate (6.75%)</b>	<b>1.0% Increase in Discount Rate (7.75%)</b>
City's net pension liability (asset)	\$ 15,886,391	\$ 5,249,038	\$ (3,521,753)

**City of Ennis, Texas**  
**Notes to the Financial Statements**  
**September 30, 2021**

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

For the year ended September 30, 2021, the City recognized pension expense of \$952,367.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in assumptions	\$ 102,889	\$ -
Difference between projected and actual investment earnings	-	1,917,173
Differences between expected and actual economic experience	5,197	482,519
Contributions subsequent to the measurement date	<u>1,522,299</u>	<u>-</u>
Total	<u>\$ 1,630,385</u>	<u>\$ 2,399,692</u>

\$1,522,299 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended December 31</b>	<b>Net Deferred Outflows/ (Inflows) of Resources</b>
2022	\$ (832,610)
2023	(65,813)
2024	(1,249,780)
2025	(137,681)
2026	<u>(5,722)</u>
Total	<u>\$ (2,291,606)</u>

**City of Ennis, Texas**  
**Notes to the Financial Statements**  
**September 30, 2021**

**Note 4: Other Postemployment Benefit (OPEB) Obligations**

***Plan Description***

Texas Municipal Retirement System (TMRS) administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single-employer, defined benefit OPEB plan. TMRS issues a publicly available annual comprehensive financial report that can be obtained at [www.tmrs.com](http://www.tmrs.com).

***Benefits Provided***

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

***Employees Covered by Benefit Terms***

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	105
Inactive employees entitled to but not yet receiving benefits	13
Active employees	190
	<hr/>
	308
	<hr/>



# City of Ennis, Texas

## Notes to the Financial Statements

### September 30, 2021

#### ***Total OPEB Liability***

The City's total OPEB liability of \$815,475 was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

#### Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 11.50%, including inflation
Discount rate*	2.00%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

\* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

**City of Ennis, Texas**  
**Notes to the Financial Statements**  
**September 30, 2021**

***Changes in Total OPEB Liability***

	<b><u>Total OPEB Liability</u></b>
<b>Balance at October 1, 2020</b>	\$ 701,648
Changes for the year:	
Service cost	26,464
Interest	19,577
Difference between expected and actual experience	(29,501)
Changes in assumptions or other inputs	103,301
Benefit payments	<u>(6,014)</u>
Net Changes	<u>113,827</u>
<b>Balance at September 30, 2021</b>	<b><u>\$ 815,475</u></b>

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.00 percent) or 1-percentage-point higher (3.00 percent) than the current rate:

	<b>1% Decrease (1.00%)</b>	<b>Current Discount Rate (2.00%)</b>	<b>1% Increase (3.00%)</b>
Total OPEB liability	\$ 987,061	\$ 815,475	\$ 681,579

**City of Ennis, Texas**  
**Notes to the Financial Statements**  
**September 30, 2021**

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$65,649. At September 30, 2021, the City reported deferred outflows and deferred inflows of resources and related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in assumptions	\$ 189,442	\$ 279,354
Differences between expected and actual economic experience	183,967	23,006
Contributions subsequent to the measurement date	<u>22,748</u>	<u>-</u>
Total	<u><u>\$ 396,157</u></u>	<u><u>\$ 302,360</u></u>

\$22,748 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 total OPEB liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b><u>Year Ended December 31</u></b>	<b><u>Net Deferred Outflows/ (Inflows) of Resources</u></b>
2021	\$ 19,608
2022	19,608
2023	19,608
2024	15,326
2025	(12,539)
Thereafter	<u>9,438</u>
Total	<u><u>\$ 71,049</u></u>

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## **Required Supplementary Information**

# City of Ennis, Texas

## Schedule of Changes in Net Pension Liability and Related Ratios

### Last 10 Calendar Years

	2014	2015	2016	2017	2018	2019	2020
<b>Total Pension Liability</b>							
Service Cost	\$ 1,491,053	\$ 1,671,627	\$ 1,840,901	\$ 2,048,680	\$ 2,160,079	\$ 2,282,005	\$ 2,275,864
Interest (on the Total Pension Liability)	3,884,019	4,045,832	4,058,860	4,283,551	4,513,388	4,705,505	4,933,807
Difference between expected and actual experience	(695,656)	(749,875)	57,172	(44,355)	(488,779)	(246,203)	(92,382)
Changes of assumptions	-	(37)	-	-	-	162,535	-
Benefit payments, including refunds of employee contributions	(2,288,691)	(2,627,506)	(2,809,516)	(2,654,647)	(3,222,511)	(3,576,427)	(3,460,624)
<b>Net Change in Total Pension Liability</b>	2,390,725	2,340,041	3,147,417	3,633,229	2,962,177	3,327,415	3,656,665
<b>Total Pension Liability - Beginning</b>	55,884,808	58,275,533	60,615,574	63,762,991	67,396,220	70,358,397	73,685,812
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 58,275,533</u>	<u>\$ 60,615,574</u>	<u>\$ 63,762,991</u>	<u>\$ 67,396,220</u>	<u>\$ 70,358,397</u>	<u>\$ 73,685,812</u>	<u>\$ 77,342,477</u>
<b>Plan Fiduciary Net Position</b>							
Contributions - Employer	\$ 1,635,304	\$ 1,686,270	\$ 1,781,293	\$ 1,898,840	\$ 2,010,628	\$ 2,054,555	\$ 2,010,023
Contributions - Employee	608,568	636,329	695,429	765,657	804,713	851,041	842,021
Net Investment Income	2,775,570	75,581	3,443,016	7,486,574	(1,841,480)	9,147,353	5,130,608
Benefit payments, including refunds of employee contributions	(2,288,691)	(2,627,506)	(2,809,516)	(2,654,647)	(3,222,511)	(3,576,427)	(3,460,624)
Administrative Expense	(28,980)	(46,036)	(38,883)	(38,796)	(35,586)	(51,699)	(33,206)
Other	(2,383)	(2,273)	(2,095)	(1,966)	(1,859)	(1,553)	(1,295)
<b>Net Change in Plan Fiduciary Net Position</b>	2,699,388	(277,635)	3,069,244	7,455,662	(2,286,095)	8,423,270	4,487,527
<b>Plan Fiduciary Net Position - Beginning</b>	48,522,079	51,221,467	50,943,832	54,013,076	61,468,738	59,182,642	67,605,912
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 51,221,467</u>	<u>\$ 50,943,832</u>	<u>\$ 54,013,076</u>	<u>\$ 61,468,738</u>	<u>\$ 59,182,642</u>	<u>\$ 67,605,912</u>	<u>\$ 72,093,439</u>
<b>Net Pension Liability - Ending (a) - (b)</b>	\$ 7,054,066	\$ 9,671,742	\$ 9,749,915	\$ 5,927,482	\$ 11,175,754	\$ 6,079,900	\$ 5,249,038
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	87.90%	84.04%	84.71%	91.21%	84.12%	91.75%	93.21%
<b>Covered Payroll</b>	8,682,504	9,070,142	9,934,705	10,937,960	11,495,895	12,157,727	12,028,878
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	81.24%	106.63%	98.14%	54.19%	97.22%	50.01%	43.64%

**Notes to Schedule:**

The information in this schedule has been determined as of the measurement date (December 31) of the City's net pension liability and is intended to show information for 10 years. However, until a full 10- year trend is compiled in accordance with the provision of GASB 68, only periods for which such information is available are presented.

# City of Ennis, Texas

## Schedule of Contributions

### Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021
Actuarially Determined Contribution	\$ 1,673,240	\$ 1,683,257	\$ 1,827,529	\$ 2,006,005	\$ 1,987,824	\$ 2,064,308	\$ 2,071,820
Contributions in relation to the actuarially determined contribution	1,673,240	1,683,257	1,827,529	2,006,005	1,987,824	2,064,308	2,071,820
Contribution deficiency (excess)	-	-	-	-	-	-	-
Covered payroll	8,991,990	9,315,037	10,437,703	11,493,429	11,649,523	12,402,127	12,218,774
Contributions as a percentage of covered payroll	18.61%	18.07%	17.51%	17.45%	17.06%	16.64%	16.96%

**Schedule Notes:**

*Valuation Dates:*

Notes

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

*Methods and Assumptions Used to Determine Contribution Rates:*

Actuarial Cost Method

Entry Age Normal

Amortization Method

Level Percentage of Payroll, Closed

Remaining Amortization Period

25 years

Asset Valuation Method

10 year smoothed market; 12% soft corridor

Inflation

2.50%

Salary Increases

3.50% to 11.50% including inflation

Investment Rate of Return

6.75%

Retirement Age

Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.  
Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Mortality

*Other Information:*

Notes

There were no benefit changes during the year.

**Notes to Schedule:**

The information in this schedule has been determined as of the measurement date (December 31) of the City's net pension liability and is intended to show information for 10 years. However, until a full 10- year trend is compiled in accordance with the provision of GASB 68, only periods for which such information is available are presented.

# City of Ennis, Texas

## Schedule of Changes in Total OPEB Liability and Related Ratios Last 10 Calendar Years

	2017	2018	2019	2020
<b>Total OPEB Liability</b>				
Service Cost	\$ 18,595	\$ 22,992	\$ 20,668	\$ 26,464
Interest (on the Total Pension Liability)	19,447	19,591	33,778	19,577
Difference between expected and actual experience	-	322,231	(356,825)	(29,501)
Changes of assumptions and other inputs	43,318	(39,134)	106,935	103,301
Benefit payments	(6,563)	(5,748)	(6,079)	(6,014)
<b>Net Change in Total OPEB Liability</b>	74,797	319,932	(201,523)	113,827
<b>Total OPEB Liability – Beginning</b>	508,442	583,239	903,171	701,648
<b>Total OPEB Liability – Ending</b>	\$ 583,239	\$ 903,171	\$ 701,648	\$ 815,475
<b>Covered-Employee Payroll</b>	10,937,960	11,495,895	12,157,727	12,028,878
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	5.33%	7.86%	5.77%	6.78%

**Notes to Schedule:**

The information in this schedule has been determined as of the measurement date (December 31) of the City's total OPEB liability and is intended to show information for 10 years. However, until a full 10- year trend is compiled in accordance with the provision of GASB 75, only periods for which such information is available are presented.

**Notes to Schedule:**

*Plan Information:*

Single-employer unfunded OPEB plan

There are no assets accumulated in a trust that meets the criteria in GASB Statement No.75 paragraph four to pay related benefits.

*Actuarial Valuation and Measurement Date:*

December 31

*Significant actuarial assumptions used to measure the total OPEB liability:*

Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Discount Rate	2.75% (2.75% in prior year)
Retiree's Share of Benefit-related Costs	\$0
Administrative expenses	All
Mortality – Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality – Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements

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



## **Nonmajor Special Revenue Funds**

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

*Museum Fund* - This fund is used to account for revenues earned from operations and donations given to the City for the development and enhancement of the museum.

*Forfeited Contraband Fund* - This fund is used to account for seized property to be used for official purposes as provided by Article 59.06 Texas Code of Criminal Procedure.

*Law Enforcement Education Fund* - This fund is used to account for fines received to provide law enforcement training and education.

*COPS More Grant Fund* - This fund is used to account for grants received to hire additional career law enforcement officers.

*COE 2010 Trust Library* - This fund is used to account for improvements to the Ennis Public Library which are funded by an anonymous, conditional bequest to the City received during 2010.

*Tourism Fund* - This fund accounts for the 7 percent Hotel/Motel Occupancy Tax levied on all hotels and motels in the City. Funds are used for advertising and general promotion of the City, historical preservation.

*Court Technology Fund* - This fund accounts for the collection of a municipal court technology fee. The proceeds of a fee attached to each conviction are dedicated to acquisition of technology that enhances the operation efficiency of the court.

*Court Security Fund* - This fund accounts for the collection of a municipal court security fee. The proceeds of a fee attached to each conviction are dedicated to securing the municipal court.

*Crime Control & Prevention District* - This fund is used to account for the 1/4 cent Crime Control Tax. The revenue from this tax is intended to enhance the law enforcement capabilities of the Ennis Police Department by providing critical equipment and personnel.

*Street Maintenance* - This fund is used to account for the 1/4 cent Street Maintenance Tax revenues and expenditures devoted to street repair, mill and overlay, and reconstruction projects.

*Police Donation* - This fund is used to account for donations and contributions given to the City for the enhancement of the law enforcement capabilities.

## **Nonmajor Special Revenue Funds (Continued)**

*Fire Donation* - This fund is used to account for donations and contributions given to the City for the enhancement of the fire protection capabilities.

*Parks Donation* - This fund is used to account for donations and contributions given to the City for the enhancement of the parks.

*Cardinals Park Land Development* – This fund is used to account for park land development in the subdivision.

*Bluebonnet Estates Park Land Development* – This fund is used to account for park land development in the subdivision.

*Employee Appreciation* - This fund is used to account for donations and contributions given to the City to fund employee appreciation incentives.

## **Nonmajor Capital Projects Fund**

Capital project funds are used to account for the financial resources segregated for the acquisition of major capital facilities other than those financed by enterprise funds.

*Airport Construction Fund* - This fund is used to account for the improvements to the City's airport facilities which are funded from grants and require matching City contributions.

*2012 Street Construction Fund* - This fund is used to account for improvements to streets from issuance of certificates of obligation.

*Tax Increment Reinvestment Zone #1 Fund* - This fund is used to account for the taxes collected in a designated reinvestment zone to be used for public improvements.

*Tax Increment Reinvestment Zone #2 Fund* - This fund is used to account for the taxes collected in a designated reinvestment zone to be used for public improvements.

## **Nonmajor Permanent Fund**

The permanent fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the government's programs.

*Library Endowment Fund* - This fund is used to account for all donations and memorials given to the City for the purchase of library furnishings and books.

**City of Ennis, Texas**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2021**

	<b>Nonmajor Special Revenue</b>	<b>Nonmajor Capital Projects</b>	<b>Nonmajor Permanent</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 2,858,869	\$ 602,589	\$ 221,714	\$ 3,683,172
Other receivables	561,685	-	-	561,685
Intergovernmental receivables	-	-	-	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 3,420,554</u>	<u>\$ 602,589</u>	<u>\$ 221,714</u>	<u>\$ 4,244,857</u>
<b>Liabilities</b>				
Accounts payable	\$ 31,973	\$ -	\$ -	\$ 31,973
Accrued payroll	11,063	-	-	11,063
Due to other funds	24,777	-	-	24,777
Total liabilities	<u>67,813</u>	<u>-</u>	<u>-</u>	<u>67,813</u>
<b>Fund Balances</b>				
<b>Nonspendable:</b>				
Endowment	-	-	28,966	28,966
<b>Restricted:</b>				
Capital projects	-	602,589	-	602,589
Cultural and recreational	956,557	-	192,748	1,149,305
Public safety	1,206,530	-	-	1,206,530
Streets	894,239	-	-	894,239
Tourism	320,192	-	-	320,192
<b>Unassigned (Deficit)</b>	<u>(24,777)</u>	<u>-</u>	<u>-</u>	<u>(24,777)</u>
Total fund balances	<u>3,352,741</u>	<u>602,589</u>	<u>221,714</u>	<u>4,177,044</u>
Total liabilities and fund balances	<u>\$ 3,420,554</u>	<u>\$ 602,589</u>	<u>\$ 221,714</u>	<u>\$ 4,244,857</u>

**City of Ennis, Texas**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended September 30, 2021**

	<b>Nonmajor Special Revenue</b>	<b>Nonmajor Capital Projects</b>	<b>Nonmajor Permanent</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>				
Property taxes	\$ -	\$ 389,512	\$ -	\$ 389,512
Sales taxes	2,629,428	-	-	2,629,428
Hotel occupancy taxes	516,155	-	-	516,155
Fines and forfeitures	12,758	-	-	12,758
Interest	5,211	1,891	44	7,146
Miscellaneous	238,684	-	109	238,793
Intergovernmental	3,830	-	-	3,830
Contributions and donations	9,163	-	-	9,163
	<u>3,415,229</u>	<u>391,403</u>	<u>153</u>	<u>3,806,785</u>
<b>Total revenues</b>				
	<u>3,415,229</u>	<u>391,403</u>	<u>153</u>	<u>3,806,785</u>
<b>Expenditures</b>				
Current:				
General government	326,989	-	-	326,989
Public safety	29,491	-	-	29,491
Streets	553,343	-	-	553,343
Cultural and recreational	3,104	-	300	3,404
Capital outlay:				
General government	-	11,467	-	11,467
	<u>912,927</u>	<u>11,467</u>	<u>300</u>	<u>924,694</u>
<b>Total expenditures</b>				
	<u>912,927</u>	<u>11,467</u>	<u>300</u>	<u>924,694</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,502,302</u>	<u>379,936</u>	<u>(147)</u>	<u>2,882,091</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	13,120	-	-	13,120
Transfers out	(731,432)	(672,383)	-	(1,403,815)
	<u>(718,312)</u>	<u>(672,383)</u>	<u>-</u>	<u>(1,390,695)</u>
<b>Total other financing sources (uses)</b>				
	<u>(718,312)</u>	<u>(672,383)</u>	<u>-</u>	<u>(1,390,695)</u>
<b>Net Change in Fund Balances</b>	<u>1,783,990</u>	<u>(292,447)</u>	<u>(147)</u>	<u>1,491,396</u>
<b>Fund Balances, Beginning</b>	<u>1,568,751</u>	<u>895,036</u>	<u>221,861</u>	<u>2,685,648</u>
<b>Fund Balances, Ending</b>	<u>\$ 3,352,741</u>	<u>\$ 602,589</u>	<u>\$ 221,714</u>	<u>\$ 4,177,044</u>

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## September 30, 2021

Assets			Law		COPS		COE	
	Museum	Forfeited Contraband	Enforcement Education	More Grant	2010 Trust Library	Tourism	Court Technology	Court Security
Cash and cash equivalents	\$ 8,180	\$ 76,015	\$ 6,255	\$ 2	\$ 492,160	\$ 230,247	\$ -	\$ 20,796
Other receivables	-	-	-	-	-	104,746	-	-
Total assets	\$ 8,180	\$ 76,015	\$ 6,255	2	\$ 492,160	\$ 334,993	\$ -	\$ 20,796
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	99	\$ 3,738	\$ -	\$ -
Accrued payroll	-	-	-	-	-	11,063	-	-
Due to other funds	-	-	-	-	-	-	24,777	-
Total liabilities	-	-	-	-	99	14,801	24,777	-
Fund Balance								
Restricted:								
Cultural and recreation	8,180	-	-	-	492,061	-	-	-
Public safety	-	76,015	6,255	2	-	-	-	20,796
Streets	-	-	-	-	-	-	-	-
Tourism	-	-	-	-	-	320,192	-	-
Unassigned (Deficit)	-	-	-	-	-	-	(24,777)	-
Total fund balance	8,180	76,015	6,255	2	492,061	320,192	(24,777)	20,796
Total liabilities and fund balances	\$ 8,180	\$ 76,015	\$ 6,255	\$ 2	\$ 492,160	\$ 334,993	\$ -	\$ 20,796

# City of Ennis, Texas

## Combining Balance Sheet (Continued)

### Nonmajor Special Revenue Funds

#### September 30, 2021

Assets	Crime Control and Prevention District	Street Maintenance	Police Donation	Fire Donation	Parks Donation	Cardinals Park Land		Bluebonnet Estates Park Land		Creechville Zone Park Land		Employee Appreciation	Totals
						Development	Development	Development	Development	Development	Development		
Cash and cash equivalents	\$ 860,922	\$ 687,080	\$ 8,013	\$ 12,883	\$ 683	120,000	112,395	221,664	\$ 1,574	\$ 2,858,869			
Other receivables	223,750	233,189	-	-	-	-	-	-	-	561,685			
Total assets	\$ 1,084,672	\$ 920,269	\$ 8,013	\$ 12,883	\$ 683	\$ 120,000	\$ 112,395	\$ 221,664	\$ 1,574	\$ 3,420,554			
Liabilities													
Accounts payable	\$ 2,106	\$ 26,030	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	31,973			
Accrued payroll	-	-	-	-	-	-	-	-	-	11,063			
Due to other funds	-	-	-	-	-	-	-	-	-	24,777			
Total liabilities	2,106	26,030	-	-	-	-	-	-	-	67,813			
Fund Balance													
Restricted:													
Cultural and recreation	-	-	-	-	683	120,000	112,395	221,664	1,574	956,557			
Public safety	1,082,566	-	8,013	12,883	-	-	-	-	-	1,206,530			
Streets	-	894,239	-	-	-	-	-	-	-	894,239			
Tourism	-	-	-	-	-	-	-	-	-	320,192			
Unassigned (Deficit)	-	-	-	-	-	-	-	-	-	(24,777)			
Total fund balance	1,082,566	894,239	8,013	12,883	683	120,000	112,395	221,664	1,574	3,352,741			
Total liabilities and fund balances	\$ 1,084,672	\$ 920,269	\$ 8,013	\$ 12,883	\$ 683	\$ 120,000	\$ 112,395	\$ 221,664	\$ 1,574	\$ 3,420,554			

# City of Ennis, Texas

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

### Nonmajor Special Revenue Funds

#### September 30, 2021

	Museum	Forfeited Contraband	Law Enforcement	COPS More Grant	COE 2010 Trust Library	Tourism	Court Technology	Court Security
<b>Revenues</b>								
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel occupancy taxes	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	8,333	4,425
Charges for services	-	-	-	-	-	-	-	-
Interest	29	259	24	-	1,748	599	-	66
Miscellaneous	233	9,700	-	-	-	2,680	-	-
Intergovernmental	-	-	3,603	-	-	227	-	-
Contributions and donations	-	-	-	-	5,413	-	-	-
Total revenues	262	9,959	3,627	-	7,161	519,661	8,333	4,491
<b>Expenditures</b>								
Current:								
General government	-	-	-	-	-	299,381	-	-
Public safety	-	-	4,606	-	-	-	-	-
Streets	-	-	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	3,104	-	-	-
Total expenditures	-	-	4,606	-	3,104	299,381	-	-
Excess (deficiency) of revenues over (under) expenditures	262	9,959	(979)	-	4,057	220,280	8,333	4,491
<b>Other Financing Sources (Uses)</b>								
Transfers in	-	13,120	-	-	-	-	-	-
Transfers out	-	(13,119)	-	-	-	(5,000)	-	-
Total other financing sources (uses)	-	1	-	-	-	(5,000)	-	-
<b>Net Change in Fund Balances</b>	262	9,960	(979)	-	4,057	215,280	8,333	4,491
<b>Fund Balances, Beginning</b>	7,918	66,055	7,234	2	488,004	104,912	(33,110)	16,305
<b>Fund Balances, Ending</b>	\$ 8,180	\$ 76,015	\$ 6,255	\$ 2	\$ 492,061	\$ 320,192	\$ (24,777)	\$ 20,796



# City of Ennis, Texas

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

### Nonmajor Special Revenue Funds (Continued)

#### September 30, 2021

	Crime Control and Prevention District	Street Maintenance	Police Donation	Fire Donation	Parks Donation	Cardinals Park Land Development	Bluebonnet Estates Park Land Development	Crechville Zone Park Land Development	Employee Appreciation	Totals
<b>Revenues</b>										
Sales taxes	\$ 1,296,034	\$ 1,333,394	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,629,428
Hotel occupancy taxes	-	-	-	-	-	-	-	-	-	516,155
Fines and forfeitures	-	-	-	-	-	-	-	-	-	12,758
Charges for services	-	-	-	-	-	-	-	-	-	-
Interest	2,391	-	28	55	2	-	-	-	10	5,211
Miscellaneous	4,407	-	-	-	-	-	-	221,664	-	238,684
Intergovernmental	-	-	-	-	-	-	-	-	-	3,830
Contributions and donations	-	-	340	3,410	-	-	-	-	-	9,163
Total revenues	1,302,832	1,333,394	368	3,465	2	-	-	221,664	10	3,415,229
<b>Expenditures</b>										
Current:										
General government	-	-	-	24,775	-	-	-	-	2,833	326,989
Public safety	21,885	-	-	3,000	-	-	-	-	-	29,491
Streets	-	553,343	-	-	-	-	-	-	-	553,343
Cultural and recreation	-	-	-	-	-	-	-	-	-	3,104
Total expenditures	21,885	553,343	-	27,775	-	-	-	-	2,833	912,927
Excess (deficiency) of revenues over (under) expenditures	1,280,947	780,051	368	(24,310)	2	-	-	221,664	(2,823)	2,502,302
<b>Other Financing Sources (Uses)</b>										
Transfers in	-	-	-	-	-	-	-	-	-	13,120
Transfers out	(709,313)	(4,000)	-	-	-	-	-	-	-	(731,432)
Total other financing sources (uses)	(709,313)	(4,000)	-	-	-	-	-	-	-	(718,312)
<b>Net Change in Fund Balances</b>	571,634	776,051	368	(24,310)	2	-	-	221,664	(2,823)	1,783,990
<b>Fund Balances, Beginning</b>	510,932	118,188	7,645	37,193	681	120,000	112,395	-	4,397	1,568,751
<b>Fund Balances, Ending</b>	\$ 1,082,566	\$ 894,239	\$ 8,013	\$ 12,883	\$ 683	\$ 120,000	\$ 112,395	\$ 221,664	\$ 1,574	\$ 3,352,741

**City of Ennis, Texas**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**September 30, 2021**

	2012 Street Construction	Tax		Total
		Increment Reinvestment Zone #1	Increment Reinvestment Zone #2	
Cash and cash equivalents	\$ -	\$ 443,372	\$ 159,217	\$ 602,589
Total assets	\$ -	\$ 443,372	\$ 159,217	\$ 602,589
<b>Restricted</b>				
Capital projects	\$ -	\$ 443,372	\$ 159,217	\$ 602,589
Total fund balance	-	443,372	159,217	602,589
Total liabilities and fund balance	\$ -	\$ 443,372	\$ 159,217	\$ 602,589

**City of Ennis, Texas**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Capital Projects Funds**  
**For the Fiscal Year Ended September 30, 2021**

	2012 Street Construction	Tax Increment		Reinvestment Zone #2	Total
		Zone #1	Zone #2		
Revenues					
Property taxes	\$ -	\$ 277,517	\$ 111,995	\$	389,512
Interest	220	1,232	439		1,891
Total revenues	220	278,749	112,434		391,403
Expenditures					
Capital outlay:					
General government	-	140	11,327		11,467
Total expenditures	-	140	11,327		-
Excess (deficiency) of revenues over (under) expenditures	220	278,609	101,107		391,403
Other Financing Sources (Uses)					
Transfers out	(672,383)	-	-		(672,383)
Total other financing sources (uses)	(672,383)	-	-		(672,383)
Net Change in Fund Balances	(672,163)	278,609	101,107		(292,447)
Fund Balances, Beginning	672,163	164,763	58,110		895,036
Fund Balances, Ending	\$ -	\$ 443,372	\$ 159,217	\$	602,589

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## **Debt Service Fund**

The debt service fund is used to account for the accumulation of resources for the payment of principal and interest on general long-term debt.

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**City of Ennis, Texas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**Debt Service Fund**  
**For the Fiscal Year Ended September 30, 2021**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Property taxes	\$ 5,624,416	\$ 5,624,416	\$ 5,644,284	\$ 19,868
Interest	5,000	5,000	5,285	285
Miscellaneous	-	-	-	-
Total revenues	5,629,416	5,629,416	5,649,569	20,153
<b>Expenditures</b>				
Principal on bonds	4,070,001	4,070,001	4,070,000	1
Interest and fiscal charges	2,402,760	2,407,760	2,407,476	284
Total expenditures	6,472,760	6,477,760	6,477,476	284
Excess (deficiency) of revenues over (under) expenditures	(843,344)	(848,344)	(827,907)	19,869
<b>Other Financing Sources</b>				
Transfers in	60,781	60,781	60,781	-
Total other financing sources	60,781	60,781	60,781	-
<b>Net Change in Fund Balance</b>	(782,563)	(787,563)	(767,126)	19,869
<b>Fund Balance, Beginning</b>	803,308	803,308	803,308	-
<b>Fund Balance, Ending</b>	\$ 20,745	\$ 15,745	\$ 36,182	\$ 19,869

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## **Proprietary Funds**

### **Nonmajor Enterprise Funds**

*Sanitation Fund* - This fund is used to account for the sanitation operations.

*Airport Fund* - This fund is used to account for the airport operations.

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**City of Ennis, Texas**  
**Statement of Net Position**  
**Nonmajor Proprietary Funds**  
**September 30, 2021**

	<b>Business-type Activities - Enterprise</b>		<b>Total Non-major Enterprise Funds</b>
	<b>Sanitation</b>	<b>Airport</b>	
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 58,741	\$ -	\$ 58,741
Receivables (net of allowance for uncollectibles)	183,546	-	183,546
Inventories	-	28,295	28,295
Total current assets	242,287	28,295	270,582
<b>Noncurrent Assets</b>			
Capital assets (net, where applicable of accumulated depreciation)	1,644,993	843,594	2,488,587
Total noncurrent assets	1,644,993	843,594	2,488,587
Total assets	1,887,280	871,889	2,759,169
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources related to pension	80,454	-	80,454
Deferred outflows of resources related to OPEB	19,892	-	19,892
Total deferred outflows of resources	100,346	-	100,346
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	45,729	5,838	51,567
Accrued payroll payable	47,613	-	47,613
Due to other funds	-	221,488	221,488
Total current liabilities	93,342	227,326	320,668
<b>Noncurrent Liabilities</b>			
Net pension liability	294,021	-	294,021
OPEB liability	40,774	-	40,774
Total noncurrent liabilities	334,795	-	334,795
Total liabilities	428,137	227,326	655,463
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources related to pension	119,358	-	119,358
Deferred inflows of resources related to OPEB	15,386	-	15,386
Total deferred inflows of resources	134,744	-	134,744
<b>Net Position (Deficit)</b>			
Net investment in capital assets	1,644,993	843,594	2,488,587
Unrestricted (Deficit)	(220,248)	(199,031)	(419,279)
Total net position (deficit)	\$ 1,424,745	\$ 644,563	\$ 2,069,308

**City of Ennis, Texas**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Nonmajor Proprietary Funds**  
**For the Fiscal Year Ended September 30, 2021**

	<b><u>Business-type Activities - Enterprise</u></b>		
	<b><u>Sanitation</u></b>	<b><u>Airport</u></b>	<b><u>Total Nonmajor Enterprise Funds</u></b>
<b>Operating Revenues</b>			
Sanitation revenue	\$ 1,582,003	\$ -	\$ 1,582,003
Airport revenue	-	161,851	161,851
Total operating revenues	1,582,003	161,851	1,743,854
<b>Operating Expenses</b>			
Personnel	785,044	-	785,044
Supplies	56,361	140,723	197,084
Maintenance and replacement	54,008	5,391	59,399
Miscellaneous services	255,813	30,658	286,471
Depreciation and amortization	328,018	2,093	330,111
Total operating expenses	1,479,244	178,865	1,658,109
Operating income (loss)	102,759	(17,014)	85,745
Capital contributions	-	23,016	23,016
Transfer in	1,866,366	-	1,866,366
Transfer out	(222,670)	-	(222,670)
Change in net position	1,746,455	6,002	1,752,457
Net position (deficit) – beginning	(321,710)	638,561	316,851
Net position-ending	\$ 1,424,745	\$ 644,563	\$ 2,069,308

**City of Ennis, Texas**  
**Statement of Cash Flows**  
**Nonmajor Proprietary Funds**  
**September 30, 2021**

	<b>Business-type Activities - Enterprise</b>		<b>Total Nonmajor Enterprise Funds</b>
	<b>Sanitation</b>	<b>Airport</b>	
<b>Cash Flows From Operating Activities</b>			
Receipts from customers	\$ 1,398,457	\$ 161,851	\$ 1,560,308
Payments to suppliers and service providers	(355,550)	(177,080)	(532,630)
Payments to employees for salaries and benefits	(833,291)	-	(833,291)
Net cash provided by (used for) operating activities	209,616	(15,229)	194,387
<b>Cash Flows From Noncapital Financing Activities</b>			
Transfers to other funds	-	(7,787)	(7,787)
Transfers from other funds	1,097,590	-	1,097,590
Net cash provided by (used for) noncapital financing activities	1,097,590	(7,787)	1,089,803
<b>Cash Flows From Capital And Related Financing Activities</b>			
Capital contributions	-	23,016	23,016
Acquisition and construction of capital assets	(1,442,057)	-	(1,442,057)
Net cash provided by (used for) capital and related financing activities	(1,442,057)	23,016	(1,419,041)
Net decrease in cash and cash equivalents	(134,851)	-	(134,851)
Cash and cash equivalents October 1	193,592	-	193,592
Cash and cash equivalents September 30	\$ 58,741	\$ -	\$ 58,741
<b>Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities</b>			
Operating income (loss)	\$ 102,759	\$ (17,014)	\$ 85,745
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	328,018	2,093	330,111
(Increase) decrease in accounts receivable	(183,546)	-	(183,546)
(Increase) decrease in pension related deferred outflows	(1,079)	-	(1,079)
(Increase) decrease in OPEB related deferred outflows	(1,754)	-	(1,754)
Increase (decrease) in accounts payable	10,632	(308)	10,324
Increase (decrease) in accrued payroll payable	5,095	-	5,095
Increase (decrease) in pension related deferred inflows	(13,351)	-	(13,351)
Increase (decrease) in OPEB related deferred inflows	(1,307)	-	(1,307)
Increase (decrease) in net pension liability	(41,543)	-	(41,543)
Increase (decrease) in OPEB liability	5,692	-	5,692
Total adjustments	106,857	1,785	108,642
Net cash provided by (used for) operating activities	\$ 209,616	\$ (15,229)	\$ 194,387

**City of Ennis, Texas**  
**Schedule of Operating Revenues and Operating Expenses**  
**Budget and Actual**  
**Enterprise Fund - Utility**  
**For the Fiscal Year Ended September 30, 2021**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>Final Budget</b>
<b>Water Operating Revenues</b>				
Water sales	\$ 5,896,289	\$ 5,896,289	\$ 6,047,506	\$ 151,217
Water taps and connections	66,500	66,500	197,444	130,944
Penalties	135,000	135,000	135,466	466
Reconnection charges	31,268	31,268	35,635	4,367
Miscellaneous	31,347	31,347	228,865	197,518
Total water revenues	6,160,404	6,160,404	6,644,916	484,512
<b>Sewer Operating Revenues</b>				
Sewer service charge	4,312,767	4,312,767	4,439,002	126,235
Sewer taps and connection	6,500	6,500	12,500	6,000
EPA fees	45,000	45,000	73,101	28,101
Total sewer revenues	4,364,267	4,364,267	4,524,603	160,336
Total operating revenues	\$ 10,524,671	\$ 10,524,671	\$ 11,169,519	\$ 644,848
<b>Operating Expenses</b>				
Administration:				
Personnel	\$ 259,829	\$ 259,829	\$ 265,869	\$ (6,040)
Supplies	17,050	26,050	15,548	10,502
Maintenance and replacement	2,100	2,100	1,540	560
Miscellaneous services	82,722	82,722	112,347	(29,625)
Capital Outlay	6,370	6,370	-	6,370
	368,071	377,071	395,304	(18,233)
Water operations:				
Personnel	1,439,959	1,439,959	1,258,259	181,700
Supplies	979,800	982,144	1,000,256	(18,112)
Maintenance and replacement	599,700	599,700	532,057	67,643
Miscellaneous services	525,376	523,032	639,289	(116,257)
Capital outlay	79,250	104,250	-	104,250
	3,624,084	3,649,084	3,429,861	219,224
Sewer operations:				
Personnel	1,148,809	1,148,809	1,129,784	19,024
Supplies	291,600	281,600	281,982	(382)
Maintenance and replacement	401,500	339,286	265,134	74,152
Miscellaneous services	671,151	743,365	807,410	(64,046)
Capital outlay	98,750	298,750	-	298,750
	2,611,809	2,811,809	2,484,310	327,499
Total operating expenses before depreciation and amortization	6,603,965	6,837,965	6,309,475	528,490
Depreciation and amortization	-	-	3,286,432	(3,286,432)
Total operating expenses	\$ 6,603,965	\$ 6,837,965	\$ 9,595,907	\$ (2,757,942)

**City of Ennis, Texas**  
**Schedule of Operating Revenues and Operating Expenses**  
**Budget and Actual**  
**Enterprise Fund - Sanitation**  
**For the Fiscal Year Ended September 30, 2021**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Final Budget</b>
			<b>Basis</b>	
<b>Operating Revenues</b>				
Sanitation revenues	\$ 1,505,032	\$ 1,505,032	\$ 1,555,314	\$ 50,282
Miscellaneous	20,727	20,727	26,689	5,962
Total operating revenues	<u>\$ 1,525,759</u>	<u>\$ 1,525,759</u>	<u>\$ 1,582,003</u>	<u>\$ 56,244</u>
<b>Operating Expenses</b>				
Sanitation				
Personnel	\$ 831,303	\$ 831,303	\$ 785,044	\$ 46,259
Supplies	59,350	57,686	56,361	1,325
Maintenance and replacement	45,000	45,000	54,008	(9,008)
Miscellaneous services	155,511	266,175	255,813	10,362
Total operating expenses before depreciation and amortization	1,091,165	1,200,165	1,151,226	48,939
Depreciation and amortization	-	-	328,018	(328,018)
Total operating expense	<u>\$ 1,091,165</u>	<u>\$ 1,200,165</u>	<u>\$ 1,479,244</u>	<u>\$ (279,079)</u>

**City of Ennis, Texas**  
**Schedule of Operating Revenues and Operating Expenses**  
**Budget and Actual**  
**Enterprise Fund - Airport**  
**For the Fiscal Year Ended September 30, 2021**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Final Budget</b>
			<b>Basis</b>	
<b>Operating Revenues</b>				
Airport revenues	\$ 102,000	\$ 102,000	\$ 161,851	\$ 59,851
Miscellaneous	59,162	59,162	-	(59,162)
Total operating revenues	<u>\$ 161,162</u>	<u>\$ 161,162</u>	<u>\$ 161,851</u>	<u>\$ 689</u>
<b>Operating Expenses</b>				
Airport:				
Supplies	\$ 123,500	\$ 146,500	\$ 140,723	\$ 5,777
Maintenance and replacement	17,000	17,000	5,391	11,609
Miscellaneous services	20,150	20,150	30,658	(10,508)
Total operating expenses before depreciation and amortization	160,650	183,650	176,772	6,878
Depreciation and amortization	-	-	2,093	(2,093)
Total operating expenses	<u>\$ 160,650</u>	<u>\$ 183,650</u>	<u>\$ 178,865</u>	<u>\$ 4,785</u>



## **Statistical Section**

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# City of Ennis, Texas

## Table Descriptions

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

### **Contents Pages**

<b>Financial Trends</b>	<b>86-90</b>
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	<b>91-94</b>
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
<b>Debt Capacity</b>	<b>95-98</b>
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	<b>99-101</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	
<b>Operating Information</b>	<b>102-104</b>
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	

**Sources:** Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year..p

**City of Ennis, Texas**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	<b>Fiscal Year</b>			
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 27,354,738	\$ 27,753,892	\$ 27,768,206	\$ 27,488,955
Restricted	1,386,755	1,380,264	1,378,049	2,392,432
Unrestricted	3,021,657	1,508,347	2,883,184	451,345
Total governmental activities new position	<u>\$ 31,763,150</u>	<u>\$ 30,642,503</u>	<u>\$ 32,029,439</u>	<u>\$ 30,332,732</u>
<b>Business-type Activities</b>				
Net investment in capital assets	\$ 22,389,792	\$ 22,522,216	\$ 22,632,356	\$ 22,776,396
Restricted	582,596	583,984	600,548	-
Unrestricted	3,619,923	3,532,258	2,946,577	2,213,968
Total business-type activities net position	<u>\$ 26,592,311</u>	<u>\$ 26,638,458</u>	<u>\$ 26,179,481</u>	<u>\$ 24,990,364</u>
<b>Primary Government</b>				
Net investment in capital assets	\$ 49,744,530	\$ 50,276,108	\$ 50,400,562	\$ 50,265,351
Restricted	1,969,351	1,964,248	1,978,597	2,392,432
Unrestricted	6,641,580	5,040,605	5,829,761	2,665,313
Total primary government net position	<u>\$ 58,355,461</u>	<u>\$ 57,280,961</u>	<u>\$ 58,208,920</u>	<u>\$ 55,323,096</u>

**Source:** Annual Comprehensive Financial Report

**Note:** The City implemented GASB Statement No. 68 in fiscal year 2015. The amounts for all prior years have not been restated for the effects of this standard.

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 28,345,988	\$ 30,870,870	\$ 29,095,218	\$ 28,875,948	\$ 25,918,970	\$ 28,463,890
3,470,822	4,423,202	4,037,124	2,136,186	4,311,693	4,209,037
(38,762)	(3,109,063)	(675,895)	105,591	76,134	12,733,099
<u>\$ 31,778,048</u>	<u>\$ 32,185,009</u>	<u>\$ 32,456,447</u>	<u>\$ 31,117,725</u>	<u>\$ 30,306,797</u>	<u>\$ 45,406,026</u>
\$ 23,387,335	\$ 23,918,285	\$ 25,043,255	\$ 29,033,174	\$ 32,807,774	\$ 38,282,575
-	-	-	-	-	-
2,328,080	2,215,764	2,930,528	2,568,272	1,553,060	1,859,703
<u>\$ 25,715,415</u>	<u>\$ 26,134,049</u>	<u>\$ 27,973,783</u>	<u>\$ 31,601,446</u>	<u>\$ 34,360,834</u>	<u>\$ 40,142,278</u>
\$ 51,733,323	\$ 54,789,155	\$ 54,138,473	\$ 57,909,122	\$ 58,726,744	\$ 66,746,465
3,470,822	4,423,202	4,037,124	2,136,186	4,311,693	4,209,037
2,289,318	(893,299)	2,254,633	2,673,863	1,629,194	14,592,802
<u>\$ 57,493,463</u>	<u>\$ 58,319,058</u>	<u>\$ 60,430,230</u>	<u>\$ 62,719,171</u>	<u>\$ 64,667,631</u>	<u>\$ 85,548,304</u>

**City of Ennis, Texas**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year			
	2012	2013	2014	2015
<b>Expenses</b>				
Governmental activities:				
General government	\$ 961,270	\$ 983,979	\$ 1,103,543	\$ 2,009,993
Public Safety	7,281,415	7,701,614	7,980,862	8,355,627
Streets	3,153,983	4,989,549	2,253,495	2,210,989
Health	361,960	368,048	375,297	384,148
Equipment services	121,686	125,256	140,749	253,835
Cultural and recreational	1,166,598	1,160,194	1,222,311	1,270,123
Airport	478,439	126,414	194,828	169,804
Hospital	1,253,484	1,229,356	1,229,356	1,229,356
Public works	135,270	74,953	90,114	179,270
Sanitation services	957,114	1,034,298	1,011,691	-
Interest on long-term debt	1,054,040	944,094	1,051,856	832,587
Total governmental activities	16,925,259	18,737,755	16,654,102	16,895,732
Business-type activities:				
Utility	7,764,868	7,947,271	8,177,866	7,375,025
Sanitation	-	-	-	1,060,622
Airport	-	-	-	-
Total business-type activities	7,764,868	7,947,271	8,177,866	8,435,647
Total expenses	\$ 24,690,127	\$ 26,685,026	\$ 24,831,968	\$ 25,331,379
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 107,126	\$ 140,632	\$ 144,941	\$ 222,213
Public safety	574,785	664,705	744,872	611,883
Airport	188,145	117,162	149,848	77,164
Health	-	-	-	-
Cultural and recreational	21,898	19,822	19,385	20,603
Hospital	544,893	544,893	544,893	544,893
Public Works	5,775	13,400	21,917	8,958
Sanitation services	893,691	886,476	897,447	-
Operating grants and contributions	250,162	5,861	12,013	247,955
Capital grants and contributions	53,919	150,873	-	12,037
Total governmental activities	2,640,394	2,543,824	2,535,316	1,745,706
Business-type activities:				
Charges for services:				
Utility	7,922,963	7,755,532	7,684,522	8,154,106
Sanitation	-	-	-	970,323
Airport	-	-	-	-
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities	7,922,963	7,755,532	7,684,522	9,124,429
Total program revenues	\$ 10,563,357	\$ 10,299,356	\$ 10,219,838	\$ 10,870,135
Net (expense)/revenue				
Government activities	\$ (14,284,865)	\$ (16,193,931)	\$ (14,118,786)	\$ (15,150,026)
Business-type activities	158,095	(191,739)	(493,344)	688,782
Total net expense	\$ (14,126,770)	\$ (16,385,670)	\$ (14,612,130)	\$ (14,461,244)

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 2,493,478	\$ 3,484,434	\$ 3,052,597	\$ 3,323,582	\$ 9,654,303	\$ 4,377,857
9,328,294	11,271,841	10,408,224	10,731,634	12,703,761	13,037,988
2,703,513	3,259,684	4,793,071	3,805,200	2,990,759	3,491,357
334,096	449,742	502,639	14,151,551	103,997,142	145,722,694
330,555	343,313	318,197	405,495	401,137	315,210
1,278,502	1,710,782	1,540,188	1,696,613	1,908,687	1,823,078
148,531	288,471	359,718	-	-	-
1,229,321	1,223,582	1,160,052	1,160,052	-	-
363,013	372,854	362,099	869,278	557,302	585,827
-	-	-	-	-	-
965,000	930,610	897,132	1,818,008	2,381,383	2,503,864
19,174,303	23,335,313	23,393,917	37,961,413	134,594,474	171,857,875
7,840,074	8,061,956	8,831,650	8,199,645	9,259,784	10,040,237
1,153,513	1,122,815	1,182,579	1,180,725	1,299,928	1,479,244
-	-	-	165,814	108,390	178,865
8,993,587	9,184,771	10,014,229	9,546,185	10,668,102	11,698,346
\$ 28,167,890	\$ 32,520,084	\$ 33,408,146	\$ 47,507,598	\$ 145,262,576	\$ 183,556,221
\$ 308,178	\$ 367,645	\$ 692,179	\$ 500,257	\$ 797,022	\$ 632,746
763,986	700,651	721,657	556,997	887,422	704,513
35,236	46,633	101,059	-	-	-
-	-	-	11,915,091	98,995,577	146,088,938
19,920	15,151	25,080	65,684	104,649	83,080
544,893	544,893	544,893	544,893	868,138	689,203
3,677	5,327	3,870	450	-	-
-	-	-	-	-	-
458,596	472,921	2,070,536	1,180,486	3,395,699	5,034,089
270,773	1,345,067	11,596	466,874	3,562,566	3,070,891
2,405,259	3,498,288	4,170,870	15,230,732	108,611,073	156,303,460
8,617,166	9,364,187	10,364,129	10,263,373	10,944,643	11,214,672
1,112,661	1,509,792	1,511,592	1,481,012	1,555,371	1,582,003
-	-	-	141,230	98,014	161,851
-	-	-	19,970	-	-
702,809	129,639	-	52,824	3,261,807	4,648,631
10,432,636	11,003,618	11,875,721	11,958,409	15,859,835	17,607,157
\$ 12,837,895	\$ 14,501,906	\$ 16,046,591	\$ 27,189,141	\$ 124,470,908	\$ 173,910,617
\$ (16,769,044)	\$ (19,837,025)	\$ (19,223,047)	\$ (22,730,681)	\$ (25,983,401)	\$ (15,554,415)
1,439,049	1,818,847	1,861,492	2,412,224	5,191,733	5,908,811
\$ (15,329,995)	\$ (18,018,178)	\$ (17,361,555)	\$ (20,318,457)	\$ (20,791,668)	\$ (9,645,604)

**City of Ennis, Texas**  
**Changes in Net Position**  
**Last Ten Fiscal Years (Continued)**  
**(Accrual Basis of Accounting)**

	Fiscal Year			
	2012	2013	2014	2015
<b>General Revenues</b>				
Governmental activities:				
Property taxes	\$ 9,358,803	\$ 10,006,830	\$ 9,909,883	\$ 9,893,516
Sales taxes	2,541,704	2,753,904	2,979,576	3,782,774
Franchise taxes	1,539,061	1,529,513	1,622,886	1,606,673
Hotel occupancy taxes	239,769	248,450	270,869	309,009
Alcoholic beverage taxes	24,867	27,836	34,385	38,206
Unrestricted grants and contributions	123,720	117,842	120,200	118,200
Investment earnings	310,712	299,994	330,224	273,786
Gain on sale of capital assets	-	-	-	-
Miscellaneous	395,302	88,915	237,699	163,812
Transfers	-	-	-	1,191,451
Total governmental activities	14,533,938	15,073,284	15,505,722	17,377,427
Business-type activities:				
Investment on earnings	44,814	31,828	34,367	23,463
Gain on sale of capital assets	-	-	-	-
Miscellaneous	-	206,058	-	-
Transfers	-	-	-	(1,191,451)
Total business-type activities	44,814	237,886	34,367	(1,167,988)
Total primary government	\$ 14,578,752	\$ 15,311,170	\$ 15,540,089	\$ 16,209,439
<b>Change in Net Position</b>				
Governmental activities	\$ 249,073	\$ (1,120,647)	\$ 1,386,936	\$ 2,227,401
Business-type activities	202,909	46,147	(458,977)	(479,206)
Total change in net position	\$ 451,982	\$ (1,074,500)	\$ 927,959	\$ 1,748,195

**Source:** Annual Comprehensive Financial Report

**Note 1:** The City implemented GASB Statement No. 68 in fiscal year 2015. The amounts for all prior years have not been restated for the effects of this standard.

**Note 2:** In 2015, the City transferred the sanitation services from governmental activities to business-type activities.

**Note 3:** In 2019, the City transferred the airport services from governmental activities to business-type activities.



Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 10,005,334	\$ 10,957,007	\$ 11,290,108	\$ 11,865,422	\$ 14,185,118	\$ 15,124,636
5,018,180	5,332,377	5,404,232	5,324,306	6,280,797	7,585,464
1,550,923	1,629,324	1,647,872	1,494,793	1,640,222	1,694,133
344,126	346,010	389,228	391,787	231,856	516,155
43,442	42,885	46,153	52,512	49,051	77,564
116,000	118,550	121,200	-	-	-
283,228	131,188	146,149	391,289	257,103	153,933
-	16,400	112,907	14,800	-	-
107,252	211,749	507,296	403,138	11,767	605,402
745,875	1,458,496	(97,570)	203,424	2,516,559	170,161
18,214,360	20,243,986	19,567,575	20,141,471	25,172,473	25,927,448
31,877	7,324	30,040	169,245	79,097	38,460
-	50,959	(47,914)	-	5,117	4,334
-	-	-	-	-	-
(745,875)	(1,458,496)	97,570	(203,424)	(2,516,559)	(170,161)
(713,998)	(1,400,213)	79,696	(34,179)	(2,432,345)	(127,367)
\$ 17,500,362	\$ 18,843,773	\$ 19,647,271	\$ 20,107,292	\$ 22,740,128	\$ 25,800,081
\$ 1,445,316	\$ 406,961	\$ 344,528	\$ (2,589,210)	\$ (810,928)	\$ 10,373,033
725,051	418,634	1,941,188	2,378,045	2,759,388	5,781,444
\$ 2,170,367	\$ 825,595	\$ 2,285,716	\$ (211,165)	\$ 1,948,460	\$ 16,154,477

**City of Ennis, Texas**  
**Fund Balance – Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year			
	2012	2013	2014	2015
General fund				
Nonspendable	\$ 243,249	\$ 279,515	\$ 261,936	\$ 311,358
Restricted	50,494	46,874	35,950	3,096
Assigned	-	-	-	-
Unassigned	6,455,305	7,435,540	8,079,732	7,801,393
Total general fund	<u>\$ 6,749,048</u>	<u>\$ 7,761,929</u>	<u>\$ 8,377,618</u>	<u>\$ 8,115,847</u>
All other governmental funds				
Nonspendable	\$ 28,966	\$ 28,966	\$ 28,966	\$ 28,966
Restricted	4,766,407	1,627,368	6,307,671	3,640,617
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 4,795,373</u>	<u>\$ 1,656,334</u>	<u>\$ 6,336,637</u>	<u>\$ 3,669,583</u>

**Source:** Annual Comprehensive Financial Report

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 69,308	\$ 84,625	\$ 84,454	\$ 53,213	\$ 33,482	\$ 21,414
3,096	4,650	4,652	4,708	-	-
203,464	-	-	-	-	-
7,712,536	5,779,072	6,769,432	8,017,606	8,833,812	11,503,614
<u>\$ 7,988,404</u>	<u>\$ 5,868,347</u>	<u>\$ 6,858,538</u>	<u>\$ 8,075,527</u>	<u>\$ 8,867,294</u>	<u>\$ 11,525,028</u>
\$ 32,554	\$ 36,961	\$ 36,961	\$ 28,966	\$ 28,966	\$ 6,676,150
13,255,506	18,812,318	11,427,256	23,347,316	30,209,343	22,768,960
-	-	-	(1,706,059)	(500,174)	(2,787,000)
<u>\$ 13,288,060</u>	<u>\$ 18,849,279</u>	<u>\$ 11,464,217</u>	<u>\$ 21,670,223</u>	<u>\$ 29,738,135</u>	<u>\$ 26,658,110</u>

**City of Ennis, Texas**  
**Changes in Fund Balance – Governmental Funds**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year			
	2012	2013	2014	2015
<b>Revenues</b>				
Property taxes	\$ 9,502,311	\$ 10,062,727	\$ 9,903,070	\$ 9,899,156
Sales taxes	2,541,704	2,753,904	2,979,576	3,782,774
Franchise taxes	1,539,061	1,529,513	1,622,886	1,606,673
Hotel occupancy taxes	239,769	248,450	270,869	309,009
Alcoholic beverage taxes	24,867	27,836	34,385	38,206
Licenses and permits	105,806	140,632	144,941	200,916
Fines and forfeitures	408,162	510,652	605,176	470,713
Charges for current services	1,162,883	1,121,191	1,163,283	233,969
Investment earnings	310,712	299,994	330,224	273,786
Miscellaneous	605,990	161,351	303,910	227,546
Intergovernmental	421,076	117,842	124,010	486,000
Contributions and donations	6,725	5,861	8,203	22,255
Total revenues	16,869,066	16,979,953	17,490,533	17,551,003
<b>Expenditures</b>				
Current:				
General government	951,284	972,299	1,124,725	2,000,927
Public Safety	8,216,556	7,560,985	7,850,808	8,304,576
Streets	1,060,271	1,052,162	1,246,624	1,092,572
Health	357,716	403,090	370,085	375,606
Equipment services	114,270	120,050	138,956	254,287
Cultural and recreational	1,024,531	1,000,738	1,060,585	1,137,874
Airport	183,007	106,613	165,174	54,601
Public works	129,134	84,971	89,434	179,385
Sanitation services	900,368	1,117,602	958,107	-
Capital outlay	1,380,183	3,168,293	1,369,145	3,798,531
Debt service:				
Principal retirement	2,443,646	2,695,699	2,956,333	3,178,482
Interest and fiscal charges	993,504	1,011,277	946,141	837,011
Bond issuance costs	151,930	-	141,483	-
Advance refunding escrow	64,977	-	-	-
Total expenditures	17,971,377	19,293,779	18,417,600	21,213,852
Excess (deficiency) of revenues over (under) expenditures	(1,102,311)	(2,313,826)	(927,067)	(3,662,849)
<b>Other Financing Sources (Uses)</b>				
Transfers in	3,456,882	4,815,596	3,531,473	984,866
Transfers out	(3,456,882)	(4,815,596)	(3,531,473)	(250,842)
Refunding bonds issued	3,670,000	-	10,045,000	-
Certificates of obligation issued	2,955,000	-	6,000,000	-
Premium on bonds issued	245,934	-	276,162	-
Discount on bonds issued	-	-	-	-
Payment to refunded bond escrow agent	(3,999,405)	-	(10,194,056)	-
Capital leases	781,741	187,668	95,953	-
Sale of capital assets	-	-	-	-
Total other financing sources	3,653,270	187,668	6,223,059	734,024
Net change in fund balances	\$ 2,550,959	\$ (2,126,158)	\$ 5,295,992	\$ (2,928,825)
Debt service as a percentage of noncapital expenditures	20.72%	22.99%	22.89%	23.06%

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 10,014,934	\$ 10,953,855	\$ 11,337,170	\$ 11,838,643	\$ 14,184,459	\$ 15,117,110
5,018,180	5,332,377	5,404,232	5,324,306	6,280,797	7,585,464
1,550,923	1,629,324	1,647,872	1,494,793	1,640,222	1,694,133
344,126	346,010	389,228	391,787	231,856	516,155
43,442	42,885	46,153	52,512	49,051	77,564
292,635	367,628	692,179	457,282	700,874	1,328,324
625,830	569,395	592,443	426,638	332,410	250,972
243,145	198,384	259,223	12,154,558	99,211,261	146,308,493
283,228	131,188	146,149	391,289	257,103	153,933
76,641	211,749	405,276	415,548	531,049	707,367
722,471	1,397,186	2,213,233	1,093,469	3,663,633	5,034,089
40,532	19,304	24,092	227,691	53,589	9,163
19,256,087	21,199,285	23,157,250	34,268,516	127,136,304	178,782,767
2,934,110	4,975,332	3,758,434	3,370,826	5,467,394	4,671,333
8,875,792	9,698,196	11,268,840	10,977,766	11,899,996	11,902,107
1,474,034	2,122,396	2,631,639	2,296,706	1,457,560	1,722,077
317,168	389,665	519,089	14,247,239	103,361,741	145,087,384
322,871	303,858	335,479	900,753	322,337	299,006
1,105,233	1,472,159	1,454,924	1,541,631	1,679,559	1,526,782
14,570	-	-	-	-	-
297,208	306,571	339,063	324,467	510,564	545,770
-	-	-	-	-	-
362,581	847,885	6,733,013	13,889,614	14,631,755	6,848,019
3,041,326	3,202,663	3,314,075	3,257,300	3,980,000	4,070,000
804,256	818,200	841,789	1,129,696	2,201,711	2,747,984
146,343	88,114	57,753	499,015	208,671	-
-	-	-	-	-	-
19,695,492	24,225,039	31,254,098	52,435,013	145,721,288	179,420,462
(439,405)	(3,025,754)	(8,096,848)	(18,166,497)	(18,584,984)	(637,695)
763,408	1,548,526	2,057,056	16,769,899	8,593,209	5,589,700
(17,533)	(246,536)	(2,154,626)	(15,699,434)	(6,076,650)	(5,419,539)
3,325,000	2,080,000	-	-	-	-
8,760,000	5,225,000	1,495,000	26,900,000	16,920,000	-
127,405	185,596	63,325	1,604,227	3,278,833	-
-	-	-	-	-	-
(3,299,300)	(2,085,009)	-	-	-	-
-	-	-	-	-	-
-	30,798	151,593	14,800	48,318	-
9,658,980	6,738,375	1,612,348	29,589,492	22,763,710	170,161
\$ 9,219,575	\$ 3,712,621	\$ (6,484,500)	\$ 11,422,995	\$ 4,178,726	\$ (467,534)
19.89%	17.20%	16.95%	11.38%	4.72%	3.95%

**City of Ennis, Texas**  
**Appraised Value of Property**  
**Last Ten Fiscal Years**  
*(in thousands of dollars)*

<b>Fiscal Year Ended September 30</b>	<b>Estimated Actual Value</b>		<b>Less: Tax-Exempt Real Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Rate</b>
	<b>Real Property</b>	<b>Personal Property</b>			
2012	\$ 1,158,181,442	\$ 534,976,383	\$ 353,485,909	\$ 1,339,671,916	0.69500
2013	1,148,522,273	536,978,364	310,253,824	1,375,246,813	0.69500
2014	1,143,218,632	563,332,312	294,789,804	1,411,761,140	0.69500
2015	1,147,947,475	544,574,734	282,434,339	1,410,087,870	0.69500
2016	1,175,090,290	598,711,617	288,761,727	1,485,040,180	0.66917
2017	1,197,278,670	636,795,500	279,113,745	1,554,960,425	0.69900
2018	1,273,620,820	603,809,367	296,237,653	1,581,192,534	0.71000
2019	1,355,650,141	617,022,962	317,159,911	1,655,513,192	0.71000
2020	1,620,978,908	682,277,579	350,565,657	1,952,690,830	0.72447
2021	1,866,473,853	643,308,452	450,110,193	2,059,672,112	0.72447

**Source:** City Administration Office

**City of Ennis, Texas**  
**Direct and Overlapping Property Tax Rates – All Governments**  
**Last Ten Fiscal Years**  
*(rate per \$100 of assessed value)*

Fiscal Year	City of Ennis			Overlapping Rates		Total Direct and Overlapping Rates
	Operating / General Rate	General Obligation Debt Service	Total Direct	Ennis Independent School District	Ellis County	
2012	0.44174	0.25326	0.69500	1.54000	0.41360	2.64860
2013	0.45698	0.23802	0.69500	1.54000	0.41360	2.64860
2014	0.44871	0.24629	0.69500	1.54000	0.41360	2.64860
2015	0.42918	0.26582	0.69500	1.54000	0.41360	2.64860
2016	0.43989	0.22928	0.66917	1.54000	0.41360	2.62277
2017	0.45900	0.24000	0.69900	1.54000	0.41360	2.65260
2018	0.47000	0.24000	0.71000	1.53580	0.35971	2.60551
2019	0.47000	0.24000	0.71000	1.54000	0.33898	2.58898
2020	0.44547	0.27900	0.72447	1.48835	0.32956	2.54238
2021	0.44987	0.27461	0.72447	1.46990	0.35028	2.54465

**Source:** City Administration Office

<sup>1</sup> Overlapping rates are those of local and county governments that apply to property owners within the City of Ennis

**City of Ennis, Texas**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**

Tax Payer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
CVS Texas Distribution LP	\$ 106,435,830	1	5.17%	\$ 64,441,486	2	4.81%
Ennis Power Company, LLC	69,323,500	2	3.37%	73,842,526	1	5.51%
Sterilite Corporation of Texas	56,013,192	3	2.72%	55,651,240	3	4.15%
Elk Corporation of Texas	50,958,700	4	2.47%	55,507,030	4	4.14%
Legget Partners LP	28,421,681	5	1.38%	22,968,180	6	1.71%
Valent USA Corporation	26,691,160	6	1.30%	-		0.00%
Spyglass Apartments of Ennis LP	25,000,000	7	1.21%	-		0.00%
JTEKT of Texas, Inc	21,702,280	8	1.05%	30,191,195	5	2.25%
Atlas Sound	20,477,170	9	0.99%	10,803,150	10	0.81%
Ennis TX 287 LLC	20,100,000	10	0.98%	-		0.00%
Syngenta Crop Protection LLC	-		-	19,203,770	7	1.43%
Wal-Mart Real Estate	-		-	18,635,470	8	1.39%
Ennis Paint Inc	-		-	14,382,970	9	1.07%
Total	<u>\$ 425,123,513</u>		<u>20.64%</u>	<u>\$ 365,627,017</u>		<u>27.29%</u>
Total valuation of City net of exempt property	<u>\$ 2,059,672,112</u>			<u>\$ 1,339,671,916</u>		

Source: City Administration Office



# City of Ennis, Texas

## Property Tax Levies and Collections

### Last Ten Fiscal Years

Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year		Collected within the Fiscal Year of the Levy			Collections in Subsequent Years	Total Collections to Date		
			Amount Collected	Percentage of Levy			Amount Collected	Percentage of Levy	
2012	\$	9,282,003	\$ 9,167,040	98.76	%	\$ 110,854	\$ 9,277,894	99.96	%
2013		9,625,186	9,453,560	98.22		166,455	9,620,015	99.95	
2014		9,827,953	9,705,917	98.76		116,874	9,822,791	99.95	
2015		9,809,002	9,693,244	98.82		107,486	9,800,730	99.92	
2016		9,931,494	9,817,879	98.86		98,231	9,916,110	99.85	
2017		10,881,653	10,779,321	99.06		87,119	10,866,440	99.86	
2018		11,215,175	11,118,724	99.14		78,604	11,197,329	99.84	
2019		11,754,144	11,637,327	99.01		89,750	11,727,077	99.77	
2020		14,146,718	13,927,146	98.45		78,978	14,006,124	99.01	
2021		14,956,587	14,744,645	98.58		-	14,744,645	98.58	

**Source:** City Administration Office

# City of Ennis, Texas

## Legal Debt Margin Information

### Last Ten Fiscal Years

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Tax rate limit	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000
Current tax rate	0.6950	0.6950	0.6950	0.6950	0.6692	0.6990	0.7100	0.7100	0.7245	0.7245
Available tax rate	\$ 1.8050	\$ 1.8050	\$ 1.8050	\$ 1.8050	\$ 1.8308	\$ 1.8010	\$ 1.7900	\$ 1.7900	\$ 1.7755	\$ 1.7755

**Note 1:** The City Charter of the City of Ennis, Texas, does not provide for a debt limit. Under provisions of state law, the maximum tax rate is limited to \$2.50 per \$100 assessed valuation. No direct bond debt limitation is imposed on the City under current state law or the City's

# City of Ennis, Texas

## Ratios of Outstanding Debt by Type

### Last Ten Fiscal Years

*(principal only; dollars in thousands, except per capita)*

Fiscal Year	Government Activities				Business-Type Activities				Total Outstanding Debt	Percentage of Personal Income <sup>1</sup>	Debt Per Capital <sup>1</sup>
	General Obligation Bonds	Certificates of Obligation	Notes Payable	Development Agreement Payable	Capital Leases	General Obligation Bonds	Certificates of Obligation	Capital Leases			
2012	\$ 20,330,629	\$ 5,510,000	\$ 205,137	\$ 19,025,862	\$ 940,630	\$ 14,495,619	\$ -	\$ 10,880	\$ 60,518,757	16.30%	\$ 3,266
2013	18,370,315	4,955,000	182,343	18,480,969	930,160	12,794,062	-	-	\$ 55,712,849	14.68%	\$ 2,979
2014	17,271,780	9,930,000	159,549	17,936,076	835,515	11,015,017	-	-	\$ 57,147,937	14.73%	\$ 3,036
2015	15,429,447	8,665,000	136,755	17,391,183	646,388	9,498,448	-	46,999	\$ 51,814,220	13.07%	\$ 2,605
2016	15,610,885	14,705,000	-	16,846,290	459,908	8,094,837	4,720,000	9,482	\$ 60,446,402	13.46%	\$ 2,974
2017	13,749,514	18,825,000	-	16,301,397	351,591	6,604,737	7,005,000	-	\$ 62,837,239	13.97%	\$ 3,092
2018	11,678,166	19,170,000	-	15,756,504	252,517	5,083,677	12,450,000	-	\$ 64,390,864	13.07%	\$ 3,163
2019	11,259,922	44,810,000	-	15,211,611	170,217	3,494,606	12,130,000	-	\$ 87,076,356	17.38%	\$ 4,264
2020	12,428,437	59,720,000	-	14,666,718	-	2,774,541	16,475,000	-	\$ 106,064,696	21.00%	\$ 5,108
2021	10,505,432	57,275,000	-	14,171,735	-	1,815,271	15,615,000	-	\$ 99,382,438	20.08%	\$ 4,746

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> Personal Income data and population data can be found in the Schedule of Demographic and Economic Statistics on page

**City of Ennis, Texas**  
**Direct and Overlapping Governmental Activities Debt**  
**As of September 30, 2020**  
*(Dollars in Thousands)*

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable<sup>1</sup></b>	<b>Amounts Applicable to Primary Government</b>
Debt repaid with property taxes: Ellis County	\$ 33,200,000	11.02%	\$ 3,658,640
Debt repaid with property taxes: School District	\$ 284,685,487	77.46%	<u>220,517,378</u>
Subtotal, overlapping debt			224,176,018
City of Ennis, Texas direct debt			<u>81,952,167</u>
Total direct and overlapping debt			<u><u>306,128,185</u></u>

**Source:** Texas Municipal Reports

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This Schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxes of the City of Ennis, Texas. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxes should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying each overlapping government's debt.

<sup>1</sup> The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county and school district's taxable assessed value that is within the City's boundaries and dividing it by the county and school district's total taxable assessed value.

**City of Ennis, Texas**  
**Ratios of Net General Bonded Debt to Assessed Value and**  
**Net Value Bonded Debt per Capita**  
**Last Ten Fiscal Years**  
*(Principal Only; Dollars in Thousands, Except per Capita)*

<b>Fiscal Year Ended September 30</b>	<b>General Obligation Bonds</b>	<b>Certificates of Obligation</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value<sup>1</sup> of Property</b>	<b>Per Capita<sup>2</sup></b>
2012	\$ 34,826,248	\$ 5,510,000	\$ 416,953	\$ 39,919,295	1.94%	\$ 2,154
2013	31,164,377	4,955,000	407,021	35,712,356	2.67%	1,909
2014	28,286,797	9,930,000	417,928	37,798,869	2.75%	2,008
2015	24,927,895	8,665,000	636,046	32,956,849	2.33%	1,657
2016	23,705,722	14,705,000	834,307	37,576,415	2.66%	1,849
2017	20,354,251	18,825,000	966,622	38,212,629	2.57%	1,880
2018	16,761,843	19,170,000	694,244	35,237,599	2.27%	1,731
2019	14,754,528	44,810,000	723,532	58,840,996	3.72%	2,881
2020	15,202,978	76,195,000	803,308	90,594,670	5.47%	4,363
2021	12,320,703	72,890,000	36,182	85,174,521	4.36%	4,068

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property in page For property value data.

<sup>2</sup> Population data can be found in the Schedule of Demographic and Economic Statistics on page

**City of Ennis, Texas**  
**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**

Fiscal Year	Waterworks and Sewer System Revenue Bonds					
	Total Revenues <sup>1</sup>	Less Operating Expenses <sup>2</sup>	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2012	\$ 7,967,777	\$ 5,424,083	\$ 2,543,694	\$ 1,632,124	\$ 555,938	1.16
2013	7,787,360	5,680,378	2,106,982	1,689,558	519,273	0.95
2014	7,718,889	5,911,133	1,807,756	1,767,052	511,392	0.79
2015	8,177,569	5,245,884	2,931,685	1,504,573	399,667	1.54
2016	8,649,043	5,649,392	2,999,651	1,536,855	276,869	1.65
2017	9,371,511	5,528,336	3,843,175	1,545,654	301,801	2.08
2018	10,394,169	6,411,152	3,983,017	1,695,969	300,614	1.99
2019	10,432,409	5,980,676	4,451,733	1,885,000	371,705	1.97
2020	10,672,175	6,632,093	4,040,082	1,920,000	328,885	1.80
2021	11,263,892	6,305,142	4,958,750	1,750,000	489,530	2.21

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> Includes operating and nonoperating revenues

<sup>2</sup> Includes operating expenses minus depreciation.

# City of Ennis, Texas

## Demographic and Economic Statistics

### Last Ten Calendar Years

Fiscal Year	Estimated Population <sup>1</sup>	Personal Income	Per Capita Personal Income <sup>2</sup>	Median Age <sup>2</sup>	Public School Enrollment <sup>3</sup>	Unemployment Rate <sup>4</sup>
2012	18,530	\$ 494,843,650	\$ 26,705	*	5,790	6.2 %
2013	18,704	\$ 371,311,808	\$ 19,852	33.7	5,675	5.6 %
2014	18,823	\$ 379,603,441	\$ 20,167	34.5	5,675	5.6 %
2015	19,887	\$ 387,895,935	\$ 19,505	34.5	5,784	3.6 %
2016	20,324	\$ 396,419,620	\$ 19,505	34.4	5,829	3.6 %
2017	20,324	\$ 449,099,428	\$ 22,097	34.5	5,773	3.0 %
2018	20,357	\$ 449,828,629	\$ 22,097	33.1	5,797	3.3 %
2019	20,422	\$ 492,639,906	\$ 24,123	33.8	5,818	3.1 %
2020	20,764	\$ 500,893,349	\$ 24,123	33.7	5,939	7.3 %
2021	20,940	\$ 505,135,620	\$ 24,123	33.8	5,694	5.8 %

**Sources:**

<sup>1</sup> North Central Texas Council of Governments, 2010 Census, 2013 Census Bureau

<sup>2</sup> U.S. Census Bureau

<sup>3</sup> Ennis Independent School District

<sup>4</sup> DOL, Department of Commerce

\* Median age only available when released in census years.

**City of Ennis, Texas**  
**Principal Employers**  
**Current Year and Nine Years Ago**

Employer	2021			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Ennis Independent School District	733	1	8.87%	750	1	9.18%
Sterilite Corporation of Texas	650	2	7.87%	650	2	7.95%
Leggett Partners LP	350	3	4.24%	189	8	2.31%
GAF	290	4	3.51%	220	7	
Wal-mart	250	5	3.03%	250	4	3.06%
CVS Texas Distribution LP	233	6	2.82%	222	6	2.72%
Schirm USA, Inc.	212	7	2.57%	-		
JTEKT of Texas, Inc.	185	8	2.24%	233	5	2.85%
Ennis Extruded Products	150	9	1.82%	125	10	
Ennis, Inc.	120	10	1.45%	-		
National Envelope Corporation	-	-	-	325	3	3.98%
Ennis Paint, Inc.	-	-	-	184	9	2.25%
Total	3,583		43.37%	3,431		41.97%

Source: City Administration Office



**City of Ennis, Texas**  
**Full-time Equivalents City Government Employees**  
**By Function/Program**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Administration	10.0	10.0	12.5	12.2	12.2	17.2	16.7	16.9	14.4	16.3
Tourism	2.0	2.5	2.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Public Safety										
Police	43.5	43.5	43.5	43.5	44.2	46.2	47.3	49.1	50.1	44.9
Judicial	2.0	2.0	2.0	2.0	2.0	4.5	3.8	3.8	3.8	3.8
Fire	29.0	30.0	30.0	30.0	30.0	30.0	41.5	43.5	41.1	42.8
Inspection	6.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.1
Streets	11.0	13.0	13.0	13.0	11.0	8.0	10.3	10.0	8.4	8.2
Health	4.0	3.0	3.0	3.0	3.0	4.0	5.1	5.1	5.1	4.8
Equipment Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Cultural and Recreational										
Parks and Recreation	7.9	8.0	8.0	8.0	8.0	6.4	6.8	7.1	8.5	9.4
Library	5.6	6.0	6.0	5.6	5.6	5.6	5.6	5.6	5.4	5.5
Museum	1.0	1.0	1.0	1.0	1.0	1.1	0.7	0.8	0.7	0.7
Public Works	2.0	2.0	2.0	2.0	2.0	2.0	2.1	2.1	2.1	2.5
Sanitation Services	15.0	15.0	15.0	15.0	15.0	15.0	15.3	14.7	12.1	11.0
Water and Wastewater										
Administration	5.0	5.0	5.0	5.0	5.0	5.0	4.9	5.1	4.0	4.2
Water	19.0	19.0	18.0	18.0	18.0	19.0	17.6	16.7	16.1	15.3
Wastewater	15.0	15.0	15.0	15.0	15.0	15.0	16.3	16.8	17.8	16.8
Total	181.0	183.0	184.5	183.3	182.0	189.0	204.0	207.3	199.4	196.3

**Source:** City Administration Office

# City of Ennis, Texas

## Operating Indicators by Function/Program

### Last Ten Fiscal Years

Function	Fiscal Year			
	2012	2013	2014	2015
Police				
UCR – Reported Crimes	1,155	1,024	860	868
Number of Violations (Citations)	8,509	7,934	9,083	7,539
Judicial				
Municipal Court Fines	\$ 363,863	\$ 446,042	\$ 500,672	\$ 451,022
Fire				
Fire Calls	10	18	14	994
First Response (Ambulance Assist.)	-	-	-	1,587
Fire Loss	\$ 159,650	\$ 169,950	\$ 20,500	\$ 39,500
Inspection				
Permits Issued (Units)	74	122	35	36
Permit Value	\$ 7,518,503	\$ 22,756,456	\$ 9,260,747	\$ 9,582,310
Streets				
Miles of Streets Maintained	103.67	103.67	103.67	103.67
Health				
Food Establishment Inspections	456	544	377	213
Animals Impounded	876	1,024	979	783
Equipment Services				
Equipment Maintained	127	125	276	582
Cultural and Recreational				
Parks				
Parks Maintained	12	12	12	12
Library				
Patrons	101,150	94,103	80,160	78,079
Circulation	81,970	75,682	73,482	74,621
Museum				
Paid Attendance	639	502	826	638
Sanitation Service				
Refuse Customers	5,169	5,167	5,156	5,208
Estimated Refuse Collected (in tons)	8,174	8,285	8,398	8,356
Water				
Number of Water Customers	5,702	5,167	5,754	5,868
Estimated Gallons Billed (in thousands)	1,086,971	952,797	943,507	881,881
Sewer				
Number of Wastewater Customers	5,390	5,491	5,488	5,548

**Source:** Various City Departments

Fiscal Year					
2016	2017	2018	2019	2020	2021
770	687	775	701	736	893
6,670	5,192	3,570	3,166	2,929	1,236
\$ 566,512	\$ 496,376	\$ 527,036	\$ 378,279	\$ 275,906	\$ 250,972
114	108	981	1,256	1,197	784
1,842	1,679	1,182	1,565	1,614	2,054
\$ 280,000	\$ 590,735	\$ 196,000	\$ 72,200	\$ 350,000	\$ 520,300
52	79	889	743	714	903
\$ 14,940,779	\$ 42,960,978	\$ 106,407,201	\$ 79,312,350	\$ 189,043,510	\$ 105,898,603
103.67	103.67	119.05	120.54	120.93	124.01
235	290	137	144	159	143
713	723	524	806	272	253
565	278	170	171	176	190
12	17	19	19	19	19
71,360	60,566	61,906	60,546	36,049	38,020
73,612	65,767	68,106	65,623	54,925	57,939
595	481	635	785	294	538
5,271	5,165	5,330	5,384	5,762	6,250
8,418	8,249	8,754	8,985	9,735	10,148
5,944	5,919	6,108	6,245	6,564	7,044
1,008,824	889,840	951,188	914,218	947,640	972,904
5,613	5,500	5,547	5,641	6,045	6,228

# City of Ennis, Texas

## Capital Asset Statistics

### By Function/Program

### Last Ten Fiscal Years

Function	Fiscal Year			
	2012	2013	2014	2015
Police				
Number of Stations	1	1	1	1
Fire				
Number of Stations	2	2	2	2
Fire Hydrants	1,048	1,048	1,048	1,048
Streets				
Miles of Streets	103.67	103.67	103.67	103.67
Equipment Services				
Equipment Maintained	127	125	276	582
Cultural and Recreational				
Parks Maintained	12	12	12	12
Library				
Number of Libraries	1	1	1	1
Museum				
Number of Museums	1	1	1	1
Water				
Water Plant Capacity (million gallons per day)	12.00	12.00	12.00	12.00
TCEQ Worst-Case Capacity (million gallons per day)	9.10	9.10	9.10	9.10
Water Storage Capacity (million gallons)	3.50	3.50	3.50	3.50
Sewer				
Sewer Plant Capacity (million gallons per day)	3.10	3.10	3.10	3.10

**Sources:** Various city departments

Fiscal Year					
2016	2017	2018	2019	2020	2021
1	1	1	1	1	1
2	2	3	3	3	3
1,048	1,050	1,055	1,064	1,064	1,184
103.67	103.67	119.05	120.54	120.93	124.01
565	278	170	171	176	190
12	17	19	19	19	19
1	1	1	1	1	1
1	1	1	1	1	1
12.00	12.00	12.00	12.00	12.00	12.00
9.10	9.10	9.10	9.10	9.10	9.10
3.50	3.50	3.50	3.50	3.50	3.50
3.10	3.10	3.10	3.10	3.10	3.10

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**APPENDIX E**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

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## MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: \_\_\_\_\_

MEMBER: [NAME OF MEMBER]

BONDS: \$ \_\_\_\_\_ in aggregate principal  
amount of [NAME OF TRANSACTION]  
[and maturing on]

Effective Date: \_\_\_\_\_

Risk Premium: \$ \_\_\_\_\_

Member Surplus Contribution: \$ \_\_\_\_\_

Total Insurance Payment: \$ \_\_\_\_\_

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, 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 first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such 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 BAM. 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 BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

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 (as defined herein) 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 BAM 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 made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or 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, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

To the fullest extent permitted by applicable law, BAM 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 BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM 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, 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. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: \_\_\_\_\_  
Authorized Officer

**Notices (Unless Otherwise Specified by BAM)**

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

1 World Financial Center, 27<sup>th</sup> floor

200 Liberty Street

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

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Financial Advisory Services  
Provided By:

