

**NEW ISSUE BOOK-ENTRY-ONLY**

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

**OFFICIAL STATEMENT**  
**Dated: March 25, 2024**

*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 on the date thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.*

**\$42,790,000**  
**CITY OF PARIS, TEXAS**  
**(Lamar County)**  
**COMBINATION TAX AND SURPLUS REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024**

**Dated Date: April 1, 2024**

**Due: June 15, as shown on page ii**

The City of Paris, Texas (the "City" or the "Issuer") \$42,790,000 Combination Tax and Surplus Revenue Certificates of Obligation, Series 2024 (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, and an ordinance (the "Ordinance") adopted on March 25, 2024, by the City Council of the City. (See "THE CERTIFICATES – Authority for Issuance" herein.)

The Certificates constitute direct obligations of the Issuer payable from a combination of (i) the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, upon all taxable property within the City, and (ii) a pledge of the Surplus Revenues of the City's Waterworks and Sewer System (the "System"), as provided in the Ordinance. (See "THE CERTIFICATES - Security for Payment" herein.)

Interest on the Certificates will accrue from April 1, 2024 (the "Dated Date") as shown above, will be payable on December 15, 2024, and on each June 15 and December 15 thereafter, until maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Certificates will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository (the "Securities Depository"). Book-entry interests in the Certificates will be made available for purchase in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of the Certificates ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Certificates purchased. So long as DTC or its nominee is the registered owner of the Certificates, the principal of and interest on the Certificates will be payable by BOKF, NA, Dallas, Texas, as Paying Agent/Registrar, to DTC, which will in turn remit such principal and interest to its Participants, which will in turn remit such principal and interest to the Beneficial Owners of the Certificates. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Proceeds from the sale of the Certificates will be used for (i) the acquisition, construction, installation and equipment of additions, improvements and extensions to the System and (ii) paying costs associated with the issuance of the Certificates. (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 an insurance policy to be issued concurrently with the delivery of the Certificates by ASSURED GUARANTY MUNICIPAL CORP.



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

*The Certificates are offered for delivery, when, as and if issued and received by the initial purchasers of the Certificates shown below (the "Underwriters") and subject to the approving opinion of the Attorney General of the State and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel. (See Appendix C – Form of Legal Opinion of Bond Counsel.) Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas. (See "OTHER PERTINENT INFORMATION - Legal Opinion" herein). It is expected that the Certificates will be available for delivery through DTC on or about April 8, 2024.*

**RAYMOND JAMES**

**BAIRD**

**ESTRADA HINOJOSA**

**STATED MATURITY SCHEDULE  
(Due June 15)  
Base CUSIP – 699891 <sup>(a)</sup>**

**\$20,790,000 Serial Certificates**

Stated Maturity June 15	Principal Amount	Interest Rate (%)	Initial Yield (%)	CUSIP Suffix <sup>(a)</sup>
2026	\$ 515,000	5.000	3.060	SK4
2027	725,000	5.000	2.920	SL2
2028	765,000	5.000	2.820	SM0
2029	930,000	5.000	2.790	SN8
2030	975,000	5.000	2.790	SP3
2031	1,035,000	5.000	2.810	SQ1
2032	1,080,000	5.000	2.840	SR9
2033	705,000	5.000	2.870	SS7
2034	800,000	5.000	2.900 <sup>(b)</sup>	ST5
2035	835,000	5.000	3.030 <sup>(b)</sup>	SU2
2036	875,000	5.000	3.100 <sup>(b)</sup>	SV0
2037	925,000	5.000	3.220 <sup>(b)</sup>	SW8
2038	1,305,000	5.000	3.260 <sup>(b)</sup>	SX6
2039	1,370,000	5.000	3.340 <sup>(b)</sup>	SY4
2040	1,440,000	5.000	3.500 <sup>(b)</sup>	SZ1
2041	1,510,000	5.000	3.590 <sup>(b)</sup>	TA5
2042	1,585,000	5.000	3.650 <sup>(b)</sup>	TB3
2043	1,665,000	5.000	3.710 <sup>(b)</sup>	TC1
2044	1,750,000	4.000	4.100	TD9

**\$ 22,000,000 Term Certificates**

\$9,880,000 4.125% Term Certificates due June 15, 2049 and priced to yield 4.300% 699891TE7  
\$12,120,000 4.250% Term Certificates due June 15, 2054 and priced to yield 4.380% 699891TF4

(Interest to accrue from the Dated Date)

The Issuer reserves the right to redeem the Certificates maturing on and after June 15, 2034, on June 15, 2033, or any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, at the redemption price of par plus accrued interest as further described herein. Additionally, the Certificates maturing on June 15, 2049 and June 15, 2054 will also be subject to mandatory sinking fund redemption. (See “THE CERTIFICATES - Redemption Provisions” herein.)

<sup>(a)</sup> CUSIP numbers are included solely for the convenience of the owner of the Certificates. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2023 CUSIP Global Services. All rights reserved. CUSIP data herein is provided by CGS. 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. None of the City, the Financial Advisor or the Underwriters are responsible for the selection or the correctness of the CUSIP numbers set forth herein.

<sup>(b)</sup> Yield calculated is based on the assumption the Certificates denoted and sold at premium will be redeemed on June 15, 2033, the first optional call date for the Certificates, at a redemption price of par plus accrued interest to the date of redemption.

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

**ELECTED OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>First Elected</u>	<u>Term Expires</u>	<u>Occupation</u>
Reginald Hughes	Mayor	2020	2024	Retired Military
Mihir Pankaj	Mayor Pro Tem	2021	2025	Business Owner
Shatara Moore	Council Member	2022	2024	Business Owner
Gary Savage	Council Member	2020	2024	Bi-vocational Minister
Rebecca Norment	Council Member	2023	2025	Nurse Practitioner
Clayton Pilgrim	Council Member	2018	2024	Realtor
Rudy Kessel	Council Member	2023	2025	Realtor

**ADMINISTRATION**

<u>Name</u>	<u>Position</u>	<u>Length of Service With the City</u>	<u>Years in Municipal Government</u>
Grayson Path	City Manager	4 years	11 years
Robert Vine	Asst City Manager	2 years	25 years
Doug Harris	Deputy City Manager	34 years	34 years
Gene Anderson	Director of Finance	39 years	47 years
Janice Ellis	City Clerk	20 years	25 years
Stephanie Harris	City Attorney	13 years	13 years

**CONSULTANTS AND ADVISORS**

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

***For Additional Information Please Contact:***

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Mr. Gene Anderson  
Director of Finance  
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Senior Managing Director  
Mr. Andrew Friedman  
Senior Managing Director  
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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 sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement pursuant to their respective responsibilities to investors under federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

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

NONE OF THE CITY, THE UNDERWRITERS OR THE FINANCIAL ADVISOR MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM AS DESCRIBED HEREIN UNDER THE CAPTION "BOOK-ENTRY-ONLY SYSTEM" OR WITH RESPECT TO ANY INFORMATION CONCERNING AGM (DEFINED BELOW) OR ITS MUNICIPAL BOND INSURANCE POLICY AS DESCRIBED HEREIN (OR INCORPORATED BY REFERENCE) UNDER THE CAPTIONS "BOND INSURANCE" AND "BOND INSURANCE GENERAL RISKS" AND IN APPENDIX E.

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

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

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Appendix A  
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*The cover page, subsequent pages hereof and the 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 Paris, Texas (the “City” or “Issuer”) is located in Lamar County (the “County”) and is the County seat and principal commercial center of the County. The City operates under a Council/Manager form of government, with the City Council comprised of seven members including the Mayor. All seven Council members are elected by district for two-year staggered terms. The City’s current estimated population is 25,171. (See Appendix B - “General Information Regarding the City of Paris and Lamar County, Texas” herein.)
<b>The Certificates</b>	The Certificates are being issued pursuant to the Constitution and laws of the State, including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, and an ordinance (the “Ordinance”) adopted on March 25, 2024, by the City Council. (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 obligations of the City, payable from a combination of (i) the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, upon all taxable property within the City, and (ii) a pledge of the Surplus Revenues of the City’s Waterworks and Sewer System (the “System”), as provided in the Ordinance. (See “THE CERTIFICATES – Security for Payment”).
<b>Redemption Provisions</b>	The Issuer reserves the right, at its sole option, to redeem Certificates stated to mature on and after June 15, 2034, on June 15, 2033, or any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, at the price of par plus accrued interest to the date fixed for redemption. Additionally, the Certificates stated to mature on June 15, 2049 and June 15, 2054 will also be subject to mandatory sinking fund redemption. (See “THE CERTIFICATES - Redemption Provisions” herein.)
<b>Tax Matters</b>	In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel to the City, 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 certain corporations. (See “TAX MATTERS” for a discussion of the Opinion of Bond Counsel and “APPENDIX C – FORM OF LEGAL OPINION OF CERTIFICATE COUNSEL” herein.)
<b>Use of Certificate Proceeds</b>	Proceeds from the sale of the Certificates will be used for (i) the acquisition, construction, installation and equipment of additions, improvements and extensions to the System and (ii) paying costs associated with the issuance of the Certificates. (See “THE CERTIFICATES – Use of Certificate Proceeds” 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 <b>ASSURED GUARANTY MUNICIPAL CORP.</b> (See “BOND INSURANCE” and “BOND INSURANCE GENERAL RISKS” 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 in which the Certificates may be transferred. (See “BOOK-ENTRY-ONLY SYSTEM” herein.)

<b>Rating</b>	The Certificates are expected to be rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) by virtue of a municipal bond insurance policy to be issued and delivered by Assured Guaranty Municipal Corp (“AGM”). Moody’s Investors Service, Inc. (“Moody’s”). has assigned an underlying, unenhanced rating of “Aa3” to the Certificates. An explanation of the significance of such ratings may be obtained from the rating agencies (See "OTHER PERTINENT INFORMATION - Rating" herein.)
<b>Issuance of Additional Debt</b>	The City does not anticipate the issuance of additional tax supported debt within the next twelve months.
<b>Payment Record</b>	The City has never defaulted on the payment of either its tax-supported or revenue debt.
<b>Delivery</b>	When issued, anticipated on or about April 8, 2024.
<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.

## INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by the City of Paris, Texas (the "City" or the "Issuer") of its \$42,790,000 Combination Tax and Surplus Revenue Certificates of Obligation, Series 2024 (the "Certificates") identified on the cover page hereof.

The Issuer is a political subdivision of the State of Texas (the "State") and operates as a home-rule municipality under the statutes and the Constitution of the State. The Certificates are being issued pursuant to the Constitution and general laws of the State and an ordinance (the "Ordinance") adopted by the City Council of the City (the "City Council") authorizing the issuance of the Certificates. (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.

## THE CERTIFICATES

### General

The Certificates will be dated April 1, 2024 (the "Dated Date"). The Certificates are stated to mature on June 15 in the years and in the principal amounts set forth on page ii hereof. The Certificates shall bear interest from the Dated Date on the unpaid principal amounts, and the amount of interest to be paid with respect to each payment period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Certificates will be payable on December 15, 2024, and on each June 15 and December 15 thereafter (each, an "Interest Payment Date") until maturity or prior redemption. The principal of the Certificates at maturity or on a prior redemption date will be payable only upon presentation of such Certificates at the designated office of the Paying Agent/Registrar, initially BOKF, NA, Dallas, Texas, upon maturity or prior redemption, as applicable; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Certificates, all payments will be made as described under "BOOK-ENTRY-ONLY SYSTEM" herein. 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.

### Sources and Uses of Funds

<b>Sources of Funds</b>	
Par Amount	\$42,790,000.00
Accrued Interest on the Certificates	37,812.64
Net Premium	<u>1,786,340.35</u>
<b>Total Sources</b>	<b><u>\$44,614,152.99</u></b>
<b>Uses of Funds</b>	
Deposit to Project Fund	\$44,000,000.00
Cost of Issuance (includes bond insurance)	320,757.57
Underwriter's Discount	255,582.78
Deposit to Certificate Fund	<u>37,812.64</u>
<b>Total Uses</b>	<b><u>\$44,614,152.99</u></b>

**Authority for Issuance**

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

**Security for Payment**

The Certificates constitute direct obligations of the City, payable from a combination of (i) the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, upon all taxable property within the City, and (ii) a pledge of the Surplus Revenues of the City's Waterworks and Sewer System (the "System"), as provided in the Ordinance. (See "CITY APPLICATION OF THE PROPERTY TAX CODE" herein.)

**Tax Rate Limitations**

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limit prescribed by law. Article XI, Section 5, of the Texas Constitution applicable to cities of more than 5,000 population is applicable to the City, and limits the maximum ad valorem tax rate of the City to \$2.50 per \$100 taxable assessed valuation for all City purposes. The Home Rule Charter of the City adopts the constitutionally authorized maximum tax rate of \$2.50 per \$100 Taxable Assessed Valuation. Administratively, the Attorney General of the State will permit allocation of \$1.50 of the \$2.50 maximum tax rate for ad valorem tax debt service, calculated at the time of issuance and based on a 90% collection rate.

**Use of Certificate Proceeds**

Proceeds from the sale of the Certificates will be used for (i) the acquisition, construction, installation and equipment of additions, improvements and extensions to the System and (ii) paying costs associated with the issuance of the Certificates.

**Redemption Provisions**

*Optional Redemption:* The Issuer reserves the right, at its option, to redeem the Certificates maturing on and after June 15, 2034, on June 15, 2033, 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 to the date fixed for redemption.

*Mandatory Sinking Fund Redemption:* The Certificates maturing on June 15, 2049 and June 15, 2054 (the "Term Certificates") are subject to mandatory sinking fund redemption in part prior to their stated maturity, and will be redeemed by the Issuer at the redemption prices equal to the principal amounts thereof plus interest accrued thereon to the redemption dates, on the dates and in the principal amounts shown in the following schedule:

<b>Term Certificate June 15, 2049</b>		<b>Term Certificate June 15, 2054</b>	
<b><u>Redemption Date</u></b>	<b><u>Principal Amount</u></b>	<b><u>Redemption Date</u></b>	<b><u>Principal Amount</u></b>
June 15, 2045	\$1,820,000	June 15, 2050	\$2,225,000
June 15, 2046	1,895,000	June 15, 2051	2,320,000
June 15, 2047	1,970,000	June 15, 2052	2,420,000
June 15, 2048	2,055,000	June 15, 2053	2,525,000
June 15, 2049*	2,140,000	June 15, 2054*	2,630,000

\* Payable at Stated Maturity

The principal amount of Term Certificates required to be redeemed on any mandatory redemption date pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the City, by the principal amount of any Term Certificates which, at least 45 days prior to a mandatory redemption date (1) shall have been acquired by the City at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the City at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.



## **Notice of Redemption**

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

## **DTC Notices**

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

## **Payment Record**

The City has never defaulted on the payment of either its tax-supported or revenue debt.

## **Legality**

The Certificates are offered when, as and if issued, subject to the approval of legality by the Attorney General of the State 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 on the Certificates 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 ensure 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, and thereafter the City will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased Certificates, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. 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 have been refunded 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. There is no assurance that current State 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 as Defeasance Securities or those 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 City 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 holders, (ii) grant additional rights or security for the benefit of the holders, (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 holders, (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 holders.

The Ordinance further provides that the holders of the Certificates aggregating in original principal amount a majority of outstanding Certificates that are the subject of a proposed amendment 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 holders 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 of, or redemption premium, if any, payable on any outstanding Certificates; (iv) modifying the terms of payment of principal or of interest or redemption premium 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 specifies events of default as the failure of the City to make payment of the principal of or interest on any of the Certificates when the same becomes due and payable or default in the performance or observance of any other covenant, agreement or obligation of the City, which failure materially, adversely affects the rights of the registered owners, 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. Upon an event of default, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Certificates, if there is no other available remedy at law to compel performance of the Certificates or the Ordinance covenants and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the bondholders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court (the "Court") ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) ("Tooke") that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language.

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

of municipality.

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

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

If a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City’s property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. As noted above, the Ordinance provides that Certificate holders may exercise the remedy of mandamus to enforce the obligations of the City under the Ordinance. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract). Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code (“Chapter 9”). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court), and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Certificates are qualified with respect to the customary rights of debtors relative to their creditors and general principles of equity that permit the exercise of judicial discretion.

## **REGISTRATION, TRANSFER AND EXCHANGE**

### **Paying Agent/Registrar**

The initial Paying Agent/Registrar for the Certificates is BOKF, NA, Dallas, Texas. In the Ordinance, the Issuer retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the Issuer, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar’s records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar, selected at the sole discretion of the Issuer, shall be a bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and to 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 December 15, 2024, and on each June 15 and December 15 thereafter until maturity or prior redemption of the Certificates, by the Paying Agent/Registrar to the last known address of the registered owner as it appears on the Paying Agent/Registrar’s books or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner. The principal of the Certificates at maturity or on a prior redemption date will be payable only upon presentation of such Certificates at the designated office of the Paying Agent/Registrar upon maturity or prior redemption, as applicable; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Certificates, all payments will be made as described under "BOOK-ENTRY-ONLY SYSTEM" herein. 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.

### **Record Date**

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

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

### **Future Registration**

The Certificates are initially to be issued utilizing DTC's Book-Entry-Only System. 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 on transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Certificate called for redemption in part.

### **Replacement Certificates**

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

## **BOND INSURANCE**

### **BOND INSURANCE POLICY**

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

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

## **ASSURED GUARANTY MUNICIPAL CORP.**

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of Certificates insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

### *Current Financial Strength Ratings*

On October 20, 2023, KBRA announced it had affirmed AGM’s insurance financial strength rating of “AA+” (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 13, 2023, S&P announced it had affirmed AGM’s financial strength rating of “AA” (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On March 18, 2022, Moody’s announced it had upgraded AGM’s insurance financial strength rating to “A1” (stable outlook) from “A2” (stable outlook). AGM can give no assurance as to any further ratings action that Moody’s may take.

For more information regarding AGM’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

### *Capitalization of AGM*

At December 31, 2023:

- The policyholders’ surplus of AGM was approximately \$2,646 million.
- The contingency reserve of AGM was approximately \$876 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,077 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM’s wholly owned subsidiary Assured Guaranty UK Limited (“AGUK”) and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA (“AGE”).

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

### *Incorporation of Certain Documents by Reference*

Portions of AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023 filed with the Securities and Exchange Commission (the “SEC”) on February 28, 2024 that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under

Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Certificates shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

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

#### *Miscellaneous Matters*

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

### **BOND INSURANCE GENERAL RISKS**

#### **General**

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

In the event of default of the scheduled payment of principal of or interest on the Certificates when all or a portion thereof becomes due, any owner of the Certificates shall have a claim under the Policy for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Certificates by the City which is recovered by the City from the Beneficial Owners as a voidable preference under applicable bankruptcy law is covered by the Policy; however, such payments will be made by the Insurer at such time and in such amounts as would have been due absent such prepayment by the City (unless the Insurer chooses to pay such amounts at an earlier date). Payment of principal of and interest on the Certificates is not subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist (see "THE CERTIFICATES - Default and Remedies"). In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Certificates are payable from a combination of (i) the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, upon all taxable property within the City, and (ii) a pledge of the Surplus Revenues of the System, as further described under "THE CERTIFICATES – Security for Payment". In the event the Insurer becomes obligated to make payments with respect to the Certificates, no assurance is given that such event will not adversely affect the market price or the marketability (liquidity) of the Certificates. The enhanced long-term rating on the Certificates is dependent on the financial strength of the Insurer and its claims paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance can be given that the long-term ratings of the Insurer and of the rating on the Certificates, will not be subject to downgrade and such event could adversely affect the market price or the marketability (liquidity) for the Certificates. (See the disclosure described in "OTHER PERTINENT INFORMATION – Rating" herein.) The obligations of the Insurer under the Policy are general obligations of the Insurer and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law. None of the City, the Underwriters, or the City's Financial Advisor have made an independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given.

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

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

## BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and credited by The Depository Trust Company (“DTC”), New York, New York, while the Certificates are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City, the Financial Advisor, and the 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, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](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 Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive physical certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in Beneficial Ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Certificates within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal, and interest payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

#### **Use of Certain Terms in Other Sections of this Official Statement**

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

#### **Effect of Termination of Book-Entry-Only System**

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the City, printed certificates representing the Certificates will be issued to the holders and the Certificates will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "REGISTRATION, TRANSFER AND EXCHANGE – Future Registration."

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

The City invests funds in instruments authorized by Texas law, specifically the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "PFIA"), in accordance with investment policies approved by the City Council. Authority to manage the City's investment program is derived from the City's charter and reconfirmed by the adoption of the Investment Policy by the City Council. Management responsibility for the investment program is delegated to the Director of Finance. Both State law and the City's investment policies are subject to change.

Under Texas law, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is unconditionally guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the "FDIC") 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 FDIC or the National Credit Union Share Insurance Fund, or their respective successors; (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, Texas Government Code; 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; (9) certificates of deposit and share certificates meeting the requirements of PFIA (i) that are issued by or through an institution that has its main office or a branch office in Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (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 of Texas and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the United States 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 value of 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 of Texas; 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 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (14) no-load money market mutual funds registered with and regulated by the United States Securities and Exchange Commission that comply with federal Securities and Exchange Commission Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.) and that provide the investing entity with a prospectus and other information required by the Securities Exchange Act of 1934; (15) no-load mutual funds registered with the United States Securities and Exchange Commission that have an average weighted maturity of less than two years, and either: (i) have a duration of one year or more and are invested exclusively in obligations described in this paragraph or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; and (16) aggregate repurchase agreement transactions entered into by an investing entity in conformity with the provisions of subsections (a-1), (f) and (g) of Section 2256.011 of the PFIA. 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, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the City and deposited with the City or with a third party selected and approved by the City.

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 "AAA-" 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.

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

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

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

*(Remainder of page intentionally left blank.)*

## 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 December 31, 2023, 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>
<b><u>Depository Bank Consolidated Cash Account</u></b>	\$ 37,749,182	36.98%
<b><u>General Fund Account</u></b>		
US T-Note	1,500,000	1.47%
US T-Bill	7,802,461	7.64%
Federal National Mortgage Association	15,246	0.01%
<b><u>Tax &amp; Rev CO 2021 Construction Fund</u></b>		
US T-Bill	2,868,474	2.81%
US T-Note	17,274,596	16.92%
<b><u>GO 2017 Construction Fund</u></b>		
US T-Note	1,949,838	1.91%
<b><u>Water Contract Fund</u></b>		
Federal National Mortgage Association	556,010	0.54%
Freddie Mac	29,890	0.03%
<b><u>Water and Sewer Contingency Fund</u></b>		
Federal National Mortgage Association	515,477	0.50%
FMAC	773,248	0.76%
<b><u>Water and Sewer Revenue Bonds Reserve Fund</u></b>		
FFCB	550,000	0.54%
Freddie Mac	2,685,175	2.63%
Federal National Mortgage Association	1,335,859	1.31%
Federal Home Loan Bank	750,000	0.73%
US T-Note	850,000	0.83%
FHLMC	550,000	0.54%
US T-Bill	341,284	0.33%
<b><u>Community Development Fund</u></b>		
US T-Note	194,983	0.19%
<b><u>W&amp;S Revenue Bond Series 2022</u></b>		
US T-Note	17,600,000	17.24%
US T-Bill	4,876,544	4.78%
<b><u>PEG Fund</u></b>		
Federal National Mortgage Association	58,370	0.06%
Freddie Mac	28,859	0.03%
US T-Bill	488,840	0.48%
US T-Note	646,237	0.63%
<b><u>Library Trust Funds</u></b>		
Bank Certificate of Deposit	97,962	0.10%
<b>Total</b>	<b>\$ 102,088,535</b>	<b>100.00%</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. Of the amounts listed above for each Fund and Investment Type, only those funds maintained in the General Fund Account are unrestricted as to use and available to the City for its spending needs. No funds of the City are invested in derivative securities, i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

## EMPLOYEE BENEFITS

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

### Texas Municipal Retirement System

*Plan Description:* The City participates as one of 900 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agency multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (ACFR) that can be obtained at [www.tMrs.org](http://www.tMrs.org).

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

For more information see 2022 Annual Comprehensive Financial Report.

## AD VALOREM PROPERTY TAXATION

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

### Valuation of Taxable Property

The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Lamar County Appraisal District (the "Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

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

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified as both agricultural and open-space land.

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

### State Mandated Homestead Exemptions

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

### Local Option Homestead Exemptions

The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than \$5,000) and (2) an additional exemption of at

least \$3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentation of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

### **Local Option Freeze for the Elderly and Disabled**

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

### **Personal Property**

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

### **Freeport and Goods-In-Transit Exemptions**

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

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

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

### **Other Exempt Property**

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

### **Tax Increment Reinvestment Zones**

A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones (“TIRZ”) within its boundaries. At the time of the creation of the TIRZ, a “base value” for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the “tax increment”. During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

### **Tax Abatement Agreements**

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

## **City and Taxpayer Remedies**

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

Owners of certain property with a taxable value in excess of the current year “minimum eligibility amount”, as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at \$57,216,456 for the 2023 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda that could result in the repeal of certain tax increases (see “AD VALOREM PROPERTY TAXATION – Public Hearing and Maintenance and Operations Tax Rate Limitations”). The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

## **Levy and Collection of Taxes**

The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the City. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

## **City’s Rights in the Event of Tax Delinquencies**

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

At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer’s debt.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

## **Public Hearing and Maintenance and Operations Tax Rate Limitations**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Debt Tax Rate Limitations**

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

**CITY APPLICATION OF THE PROPERTY TAX CODE**

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

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

The City taxes only business personal property.

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

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

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

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

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

The City has entered into twelve Chapter 380 agreements.

The City has entered into abatement agreements with the following companies and has adopted criteria therefor, which is a prerequisite to the execution of abatement agreements. For the 2023 Tax Year, the total aggregate amount of the City’s assessed valuation loss due to abatement agreements equals \$204,517,377 and the expiration dates are shown below. Additional information concerning the City’s abatement policy and agreements may be obtained from the City.

<b><u>Industrial Tax Abatements:</u></b>	<b><u>Expires</u></b>
American Spiralweld Pipe Company, Inc.	10/01/2028
Lionshead Paris, LLC	12/31/2030
Ametsa Packaging, LLC	12/31/2030
Huhtamaki, Inc.	12/31/2035
Potters Industries, LLC	12/31/2026
Kimberly-Clark Corporation	12/31/2028
Turner Industries Group, LLC	12/31/2025
<b><u>Residential Tax Abatements:</u></b>	<b><u>Expires</u></b>
We’re Going to Paris, LLC	05/08/2029
<b><u>380 Agreements w/Residential Tax Abatements (5 in 5):</u></b>	<b><u>Expires</u></b>
Sky-Mar Ventures, LLC	04/10/2027
Enns Ventures, LLC	05/08/2027
Distinguished Property & Investments, LLC	06/24/2027
Essential Housing, LLC	07/27/2027
Highland Heritage Investments, LLC	10/10/2027
Paris/Lamar County Habitat for Humanity	04/09/2028
Cultiv8Community	06/11/2028
P-Town Property Holdings	06/11/2028
<b><u>380 Agreements with Sales Tax Rebates:</u></b>	<b><u>Expires</u></b>
Alpha Lake, Ltd.	06/01/2029
Emerald Hospitality, LLC	06/01/2029
Paris Hotel, LP	06/01/2029



## ADDITIONAL TAX COLLECTIONS

### Municipal Sales Tax Collections

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

### Optional Sales Tax

The Tax Code provides certain cities and counties the option of assessing a maximum one-half percent ( $\frac{1}{2}$  %) 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 a special election held on May 1, 1993 the City's voters approved an additional one-quarter percent ( $\frac{1}{4}$ %) sales tax to be collected for economic development purposes in accordance with Section 4A, Article 5190.6 of Vernon's Annotated Texas Civil Statutes (now codified as V.T.C.A., Local Government Code, Title 12, Subtitle C1). Collections of the 4A sales tax began October 1, 1993.

At a special election held on May 1, 1993 the City's voters approved an additional one-quarter percent ( $\frac{1}{4}$ %) sales tax to be collected for property tax reduction. Collections of the property tax reduction sales tax began October 1, 1993.

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

## TAX MATTERS

### Opinion

On the date of initial delivery of the Certificates, McCall, Parkhurst & Horton L.L.P., 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. 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.

Interest on the Certificates may be includable in certain corporation's "adjusted financial statement income" determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

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 foreign investors, 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 (“MSRB”). The information provided to the MSRB will be available to the public free of charge via the electronic EMMA system at [www.emma.msrb.org](http://www.emma.msrb.org).

### **Annual Reports**

The City will provide certain updated financial information and operating data annually to the MSRB. The information to be updated includes financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1, 2, 10, 11, 12, 15, 20 and 21 in Appendix A (such information being the “Annual Operating Report”). The City will additionally provide financial statements of the City (the “Financial Statements”), that will be (i) prepared in accordance with the accounting principles described in Appendix D or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation and shall be in substantially the form included in Appendix D and (ii) audited, if the City commissions an audit of such Financial Statements and the audit is completed within the period during which they must be provided. The City will update and provide the Annual Operating Report within six months after the end of each fiscal year and the Financial Statements within 12 months of the end of each fiscal year, in each case beginning with the fiscal year ending in and after 2023. The City may provide the Financial Statements earlier, including at the time it provides its Annual Operating Report, but if the audit of such Financial Statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited Financial Statements within such 12-month period and audited Financial Statements for the applicable fiscal year, when and if the audit report on such Financial Statements becomes available.

The City’s current fiscal year end is September 30. Accordingly, the City must provide the Annual Operating Report by the last day of 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) must be provided by September 30 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the City otherwise would be required to provide financial information and operating data as set forth above.

All financial information, operating data, financial statements and notices required to be provided to the MSRB shall be provided in an electronic format and be accompanied by identifying information prescribed by the MSRB. Financial information and operating data to be provided as set forth above may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public on the MSRB's Internet Web site or filed with the Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

### **Notice of Certain Events**

The City will also provide notice of any of the following events with respect to the Certificates to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of holders of the Certificates, if material; (8) Certificate calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under "Annual Reports". The City will provide each notice described in this paragraph to the MSRB. Neither the Certificates nor the Ordinance make provision for a bond trustee, credit enhancement (although an application has been made for municipal bond insurance policy), liquidity enhancement, or debt service reserves.

For these purposes, any event described in clause (12) of in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City. For the purposes of the above described event notices (15) and (16), the term "financial obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii); provided however, that a "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

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

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

### **Limitations and Amendments**

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

The City may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if, but only if, (1) the agreement, as so amended, would have permitted an underwriter to purchase or sell Certificates in the initial primary offering in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount

of the outstanding Certificates consent or (b) any qualified person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Certificates. The City may also amend or repeal the provisions of its continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling the Certificates in the primary offering of the Certificates. If the City amends its agreement, it has agreed to include with the financial information and operating data next provided, in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and operating data so provided.

### **Compliance with Prior Agreements**

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

## **OTHER PERTINENT INFORMATION**

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

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

It is the obligation of the Underwriters to register or qualify the sale of the Certificates under the securities laws of any jurisdiction which so requires. The City agrees to cooperate, at the Underwriters' written request and sole expense, in registering or qualifying the Certificates or in obtaining an exemption from registration or qualification in any state where such action is necessary; provided, however, that the City shall not be required to qualify as a foreign corporation or to execute a general or special consent to service of process in any jurisdiction.

### **Litigation**

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

### **Future Debt Issuance**

The City does not anticipate the issuance of additional tax supported debt within the next twelve months.

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

No representation is made that the Certificates will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes. The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to any such persons or entities or which might otherwise limit the suitability of the Certificates for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Certificates for such purposes.

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

The Issuer will furnish the Underwriters 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 to the effect that the Initial Certificate is a valid and legally binding obligation 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, issued in compliance with the provisions of the Ordinance, are valid and legally binding obligations of the Issuer and that the interest on the Certificates is exempt from federal income taxation under existing statutes, published rulings, regulations, and court decisions, subject to the qualifications set forth herein under "TAX MATTERS", including the alternative minimum tax on certain corporations." Though it represents the Financial Advisor and the Underwriters from time to time in matters unrelated to the issuance of the Certificates, Bond Counsel was engaged by, and only represents, the City in connection with the issuance of the Certificates. In its capacity as Bond Counsel, McCall, Parkhurst & Horton L.L.P., Dallas, Texas has reviewed (except for numerical, statistical, or technical data) the information under the captions and subcaptions "THE CERTIFICATES" (except for the subcaptions "Sources and Uses of Funds", "DTC Notices", "Payment Record", "Default and Remedies" and the last two sentences under "Tax Rate Limitations", as to which no opinion is expressed), "REGISTRATION, TRANSFER AND EXCHANGE", "TAX MATTERS", "OTHER PERTINENT INFORMATION – Legal Investments and Eligibility to Secure Public Funds in Texas", "OTHER PERTINENT INFORMATION – Registration and Qualification of Certificates for Sale", "OTHER PERTINENT INFORMATION – Legal Opinions and No-Litigation Certificate" (except for the last sentence of the first paragraph thereof, as to which no opinion is expressed), and "CONTINUING DISCLOSURE OF INFORMATION" (except for the information under the subcaption "Compliance with Prior Agreements", as to which no opinion is expressed) and, in the opinion of Bond Counsel, such information in all material respects accurately and fairly reflects the provisions of the Certificates and the Ordinance and the discussion of applicable law contained in such captions or subcaptions. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Certificates or which would affect the provision made for their payment or security, or in any manner questioning the validity of the Certificates will also be furnished. The City expects to pay the legal fees of Bond Counsel for services rendered in connection with the issuance of the Certificates from proceeds of the Certificates. Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliff LLP, Austin, Texas, whose fees are contingent on 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**

The Certificates are expected to be rated "AA" (Stable Outlook) by S&P Global Ratings with the understanding that upon issuance and delivery of the Certificates, a municipal bond insurance policy insuring the timely payment of the principal and interest on the Certificates will be issued by ASSURED GUARANTY MUNICIPAL CORP. The Certificates and the City's currently outstanding tax-supported debt have been rated "Aa3" by Moody's Investors Services, Inc. ("Moody's") without regard to credit enhancement. An explanation of the significance of such ratings may be obtained from the rating agencies. The ratings reflect only the view of such organization and the City makes no representation as to the appropriateness of the ratings. There is no assurance that any rating will continue for any given period of time or that one or both of the ratings will not be revised downward or withdrawn entirely by such rating companies, if in the judgment of such companies, circumstances so warrant. Any such downward revision or withdrawal of one or both of the ratings, may have an adverse effect on the market price of the Certificates (see "MUNICIPAL BOND INSURANCE RISKS - Claims-Paying Ability and Financial Strength of Municipal Bond Insurers" for a description of the current state of the financial guaranty insurance industry and recent downgrading of multiple financial guaranty insurers).

## **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 City, at a price equal to the initial offering prices to the public, as shown on page ii of this Official Statement, less an underwriting discount of \$255,582.78, plus accrued interest from the Dated Date to the date of initial delivery. The Underwriters will be obligated to purchase all of the Certificates, if any Certificates are purchased. The Certificates to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Certificates into investment trusts) at prices lower than the

public offering prices of such Certificates, and such public offering prices may be changed, from time to time, by the Underwriters.

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

**Forward-Looking Statements Disclaimer**

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

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

**Concluding Statement**

The financial data and other information contained in this Official Statement have been obtained from the City's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and ordinances contained in this Official Statement are made subject to all of the provisions of such 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 documents in all respects.

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

CITY OF PARIS, TEXAS

Reginald Hughes

Mayor  
City of Paris, Texas

ATTEST:

Janice Ellis

City Clerk  
City of Paris, Texas

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## **APPENDIX A**

### **FINANCIAL INFORMATION OF THE ISSUER**

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

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**FINANCIAL INFORMATION OF THE ISSUER**

**ASSESSED VALUATION**

**TABLE 1**

2023-2024 Actual Market Value of Taxable Property (100% of Actual)		\$ 3,795,756,599
Less Exemptions:		
Productivity Loss	29,015,305	
Cap Loss (10%)	177,668,113	
Local, Optional Over-65 and/or Disabled Homestead Exemptions	43,787,072	
Disabled and Deceased Veterans' Exemptions	16,239,732	
Totally Exempt Property	444,609,999	
Freeport	119,291,230	
Pollution Control / Solar	59,391,206	
Abatement Loss	204,517,377	
Personal Use of Business Vehicle	306,980	
Historical / Other	<u>27,504,617</u>	
Total	1,122,331,631	
 2023-2024 Net Taxable Assessed Valuation		\$ 2,673,424,968
Frozen Taxable Value and Transfer Adjustment		<u>(224,447,011)</u>
Freeze Adjusted Net Taxable Assessed Valuation		<u>\$ 2,448,977,957</u>

Source: Lamar County Appraisal District and the Issuer.

**GENERAL OBLIGATION BONDED DEBT PRINCIPAL**

**TABLE 2**

<b>General Obligation Debt Principal Outstanding: (As of April 8, 2024)</b>		
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2013		\$ 1,410,000
General Obligation Bonds, Series 2016		5,840,000
General Obligation Bonds, Series 2017		7,380,000
General Obligation Bonds, Series 2018		650,000
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2020		1,080,000
General Obligation Refunding Bonds, Series 2020		1,210,000
Tax Notes, Series 2020		580,000
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2021		40,760,000
General Obligation Pension Bonds, Taxable Series 2022		11,780,000
General Obligation Refunding Bonds, Series 2023		20,570,000
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2024 (the "Certificates")		<u>42,790,000</u>
Total Gross General Obligation Debt Principal Outstanding:		\$ 134,050,000
<b>Less: Self-Supporting General Obligation Debt Principal</b>		
Combination Tax and Revenue Certificates of Obligation, Series 2013 (TWDB) (100% WS)		\$ 1,410,000
General Obligation Bonds, Series 2016 (100% WS)		5,840,000
General Obligation Bonds, Series 2018 (100% WS)		650,000
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2020 (100% Hotel Occupancy Tax)		1,080,000
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2021 (68.4% WS)		27,885,000
General Obligation Pension Bonds, Taxable Series 2022		11,780,000
General Obligation Refunding Bonds, Series 2023 (100% WS)		20,570,000
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2024 (100% WS) (the "Certificates")		<u>42,790,000</u>
Total Self-Supporting General Obligation Debt Outstanding Following the Issuance of the Bonds:		\$ 112,005,000
Total <b>Net</b> General Obligation Debt Principal Outstanding Following the Issuance of the Bonds:		\$ 22,045,000
Ratio of Gross General Obligation Debt Principal to 2023-24 Freeze Adjusted Net Taxable Assessed Valuation		5.47%
Ratio of Net General Obligation Debt Principal to 2023-24 Freeze Adjusted Net Taxable Assessed Valuation		0.90%
2023-24 <u>Freeze Adjusted</u> Net Taxable Assessed Valuation		\$ 2,448,977,957
Population: 1990 - 24,699; 2000 - 25,898; 2010 - 25,171; 2020 - 24,476	Current (Estimate) -	25,171
Per Capita 2023-2024 Freeze Adjusted Net Taxable Assessed Valuation -		\$97,294
Per Capita Gross General Obligation Debt Principal -		\$5,326
Per Capita Net General Obligation Debt Principal -		\$876

**GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS**

**TABLE 3**

Fiscal Year Ending 30-Sep	Current Total Debt Service <sup>(a)</sup>	The Certificates			Combined Debt Service <sup>(a)</sup>	Less: Self-Supporting Debt Service		Net General Obligation Debt Service <sup>(b)</sup>
		Principal	Interest	Total				
2024	\$ 8,925,026	\$ -	\$ -	\$ -	\$ 8,925,026	\$ 5,100,013	\$ 3,825,014	
2025	7,956,909	-	2,344,384	2,344,384	10,301,293	6,489,267	3,812,026	
2026	6,669,207	515,000	1,944,650	2,459,650	9,128,857	5,307,496	3,821,361	
2027	6,487,060	725,000	1,918,900	2,643,900	9,130,960	5,309,496	3,821,464	
2028	6,475,240	765,000	1,882,650	2,647,650	9,122,890	5,303,537	3,819,353	
2029	5,821,339	930,000	1,844,400	2,774,400	8,595,739	5,305,484	3,290,255	
2030	5,817,427	975,000	1,797,900	2,772,900	8,590,327	5,304,907	3,285,420	
2031	5,431,672	1,035,000	1,749,150	2,784,150	8,215,822	5,140,524	3,075,298	
2032	5,435,098	1,080,000	1,697,400	2,777,400	8,212,498	5,139,948	3,072,550	
2033	5,864,563	705,000	1,643,400	2,348,400	8,212,963	5,138,713	3,074,250	
2034	5,807,265	800,000	1,608,150	2,408,150	8,215,415	5,139,868	3,075,548	
2035	5,802,220	835,000	1,568,150	2,403,150	8,205,370	5,138,470	3,066,900	
2036	5,802,864	875,000	1,526,400	2,401,400	8,204,264	5,135,839	3,068,425	
2037	5,802,378	925,000	1,482,650	2,407,650	8,210,028	5,138,755	3,071,273	
2038	4,605,763	1,305,000	1,436,400	2,741,400	7,347,163	4,927,813	2,419,350	
2039	4,603,650	1,370,000	1,371,150	2,741,150	7,344,800	4,928,375	2,416,425	
2040	4,605,463	1,440,000	1,302,650	2,742,650	7,348,113	4,932,788	2,415,325	
2041	4,611,788	1,510,000	1,230,650	2,740,650	7,352,438	4,926,738	2,425,700	
2042	4,607,263	1,585,000	1,155,150	2,740,150	7,347,413	4,929,938	2,417,475	
2043	3,710,875	1,665,000	1,075,900	2,740,900	6,451,775	4,927,150	1,524,625	
2044	3,708,550	1,750,000	992,650	2,742,650	6,451,200	4,929,075	1,522,125	
2045	2,189,519	1,820,000	922,650	2,742,650	4,932,169	4,932,169	-	
2046	2,186,656	1,895,000	847,575	2,742,575	4,929,231	4,929,231	-	
2047	2,187,838	1,970,000	769,406	2,739,406	4,927,244	4,927,244	-	
2048	2,188,006	2,055,000	688,144	2,743,144	4,931,150	4,931,150	-	
2049	2,185,875	2,140,000	603,375	2,743,375	4,929,250	4,929,250	-	
2050	2,186,356	2,225,000	515,100	2,740,100	4,926,456	4,926,456	-	
2051	2,185,650	2,320,000	420,538	2,740,538	4,926,188	4,926,188	-	
2052	-	2,420,000	321,938	2,741,938	2,741,938	2,741,938	-	
2053	-	2,525,000	219,088	2,744,088	2,744,088	2,744,088	-	
2054	-	2,630,000	111,775	2,741,775	2,741,775	2,741,775	-	
	<u>\$ 133,861,515.00</u>	<u>\$ 42,790,000</u>	<u>\$ 36,992,321</u>	<u>\$ 79,782,321</u>	<u>\$ 205,416,036</u>	<u>\$ 151,323,675</u>	<u>62,320,161</u>	

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

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

**TABLE 4**

2023-24 Freeze Adjusted Net Taxable Assessed Valuation	\$ 2,448,977,957
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-25)	\$ 10,301,293
Indicated Maximum Interest and Sinking Fund Tax Rate at 98% Collections	\$ 0.42922

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

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

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

**TABLE 5**

2023-24 Freeze Adjusted Net Taxable Assessed Valuation	\$ 2,448,977,957
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-24)	\$ 3,825,014
Indicated Maximum Interest and Sinking Fund Tax Rate at 98% Collections	\$ 0.15938

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

**OTHER OBLIGATIONS - NOTES / LEASES PAYABLE****TABLE 6**

(As of September 30, 2022)

In September 2015, the City began leasing equipment under an agreement classified as a financing purchase due to a bargain purchase option. Equipment purchased through the agreement are pledged as security for repayment of the lease liability. The present value and accumulated amortization are as follows:

Financed Purchase - Equipment, at Cost	\$ 617,114
Less: Accumulated Amortization	<u>412,526</u>
Financed Purchase - Equipment, Net	\$ 204,588

The future minimum lease payments required under the financing purchase and the present value of the net minimum payments as of September 30, 2022, are as follows:

Year Ending <u>September 30</u>	
2023	\$ 72,353
2024	72,353
2025	<u>72,352</u>
Total Minimum Payments	\$ 217,058
Less Amount Representing Interest	<u>(12,470)</u>
Present Value of Net Minimum payments	\$ 204,588
Less: Current Maturities of Financing Purchase Obligation	<u>(66,213)</u>
Long-Term Portion of Financing Purchase Obligation	\$ 138,375

In January 2016, the City began leasing equipment under an agreement classified as a financing purchase due to a bargain purchase option. Equipment purchased through the agreement are pledged as security for repayment of the lease liability. The present value and accumulated amortization are as follows:

Financed Purchase - Equipment, at Cost	\$ 975,185
Less: Accumulated Amortization	<u>550,317</u>
Financed Purchase - Equipment, Net	\$ 424,868

The future minimum payments required under the financing purchase and the present value of the net minimum payments as of September 30, 2022, are as follows:

Year Ending <u>September 30</u>	
2023	\$ 114,337
2024	114,337
2025	114,337
2026	<u>114,337</u>
Total Minimum Payments	\$ 457,348
Less: Amount Representing Interest	<u>(32,480)</u>
Present Value of Net Minimum payments	\$ 424,868
Less: Current Maturities of Financing Purchase Obligation	<u>(101,587)</u>
Long-Term Portion of Financing Purchase Obligation	\$ 323,281

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

Net System Revenues Available, Fiscal Year End September 30, 2022	\$ 8,179,248
Less: 2023 Utility System Revenue Bond Debt Service	<u>\$ 831,437</u>
Net System Revenues Available for Utility Supported CO's	\$ 7,347,811
2023 Annual Debt Service Requirements on Outstanding Utility System Certificates of Obligation	6,300,865
Percentage of System General Obligation Debt Self-Supporting	100%

**INTEREST AND SINKING FUND MANAGEMENT INDEX****TABLE 8**

Interest and Sinking Fund Balance, Fiscal Year Ended September 30, 2023 (unaudited)	\$ 1,012,554
2023 Interest and Sinking Fund Tax Levy of \$0.15606 at 98% Collections Produces	\$ 3,745,437
Total Available for Debt Service	\$ 4,757,991
Less: Net General Obligation Debt Service Requirements, Fiscal Year Ending 9-30-24 <sup>(a)</sup>	\$ 3,925,841
Estimated Interest and Sinking Fund at Fiscal Year Ending 9-30-24 <sup>(b)</sup>	\$ 832,150

<sup>(a)</sup> Excludes self-supporting general obligation debt. Includes \$100,827 of City's portion of regional transportation debt.

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

**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	Total		
2024	\$ 1,645,000	\$ -	\$ 1,645,000	\$ 132,405,000	1.23%
2025	4,860,000	-	4,860,000	127,545,000	4.85%
2026	3,755,000	515,000	4,270,000	123,275,000	8.04%
2027	3,715,000	725,000	4,440,000	118,835,000	11.35%
2028	3,855,000	765,000	4,620,000	114,215,000	14.80%
2029	3,340,000	930,000	4,270,000	109,945,000	17.98%
2030	3,465,000	975,000	4,440,000	105,505,000	21.29%
2031	3,210,000	1,035,000	4,245,000	101,260,000	24.46%
2032	3,345,000	1,080,000	4,425,000	96,835,000	27.76%
2033	3,920,000	705,000	4,625,000	92,210,000	31.21%
2034	4,020,000	800,000	4,820,000	87,390,000	34.81%
2035	4,170,000	835,000	5,005,000	82,385,000	38.54%
2036	4,325,000	875,000	5,200,000	77,185,000	42.42%
2037	4,485,000	925,000	5,410,000	71,775,000	46.46%
2038	3,440,000	1,305,000	4,745,000	67,030,000	50.00%
2039	3,560,000	1,370,000	4,930,000	62,100,000	53.67%
2040	3,690,000	1,440,000	5,130,000	56,970,000	57.50%
2041	3,830,000	1,510,000	5,340,000	51,630,000	61.48%
2042	3,965,000	1,585,000	5,550,000	46,080,000	65.62%
2043	3,215,000	1,665,000	4,880,000	41,200,000	69.27%
2044	3,325,000	1,750,000	5,075,000	36,125,000	73.05%
2045	1,885,000	1,820,000	3,705,000	32,420,000	75.81%
2046	1,925,000	1,895,000	3,820,000	28,600,000	78.66%
2047	1,970,000	1,970,000	3,940,000	24,660,000	81.60%
2048	2,015,000	2,055,000	4,070,000	20,590,000	84.64%
2049	2,060,000	2,140,000	4,200,000	16,390,000	87.77%
2050	2,110,000	2,225,000	4,335,000	12,055,000	91.01%
2051	2,160,000	2,320,000	4,480,000	7,575,000	94.35%
2052	-	2,420,000	2,420,000	5,155,000	96.15%
2053	-	2,525,000	2,525,000	2,630,000	98.04%
2054	-	2,630,000	2,630,000	-	100.00%
	<u>\$ 91,260,000</u>	<u>\$ 42,790,000</u>	<u>\$ 134,050,000</u>		

<sup>(a)</sup> As of March 1, 2024.

TABLE 10

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

Category	2023-2024	% of Total	2022-2023	% of Total	2021-2022	% of Total	2020-2021	% of Total	2019-2020	% of Total
Real, Residential, Single-Family	\$ 1,094,894,695	28.85%	\$ 943,179,877	26.69%	\$ 758,658,443	23.85%	\$ 763,215,654	25.83%	\$ 555,725,094	21.22%
Real, Residential, Multi-Family	133,997,170	3.53%	121,204,107	3.43%	112,201,519	3.53%	103,101,945	3.49%	60,643,497	2.32%
Real, Vacant Lots/Tracts	30,971,101	0.82%	31,534,732	0.89%	31,470,634	0.99%	33,987,935	1.15%	33,015,060	1.26%
Real, Acreage (Land Only)	30,134,565	0.79%	20,958,160	0.59%	20,972,380	0.66%	20,907,780	0.71%	21,611,670	0.83%
Farm & Ranch Improvements	35,719,408	0.94%	30,038,194	0.85%	25,293,068	0.80%	24,603,618	0.83%	20,902,638	0.80%
Real, Commercial	444,763,905	11.72%	431,656,699	12.22%	409,844,864	12.89%	336,543,447	11.39%	290,129,663	11.08%
Real Industrial	686,988,380	18.10%	667,764,200	18.90%	687,876,550	21.63%	594,799,020	20.13%	588,443,970	22.47%
Real & Tangible, Personal Utilities	65,999,990	1.74%	60,626,630	1.72%	57,691,980	1.81%	55,398,730	1.87%	49,300,600	1.88%
Tangible Personal, Commercial	183,956,050	4.85%	164,277,840	4.65%	151,679,870	4.77%	150,764,480	5.10%	137,319,910	5.24%
Tangible Personal, Industrial	589,051,200	15.52%	611,674,330	17.31%	519,985,340	16.35%	495,136,440	16.76%	490,224,670	18.72%
Tangible Personal, Mobile Homes	2,423,150	0.06%	1,823,340	0.05%	890,630	0.03%	782,530	0.03%	796,370	0.03%
Residential / Special, Inventory	23,606,440	0.62%	25,135,220	0.71%	20,948,400	0.66%	19,937,470	0.67%	18,093,300	0.69%
Totally Exempt Property	473,230,545	12.47%	423,675,741	11.99%	382,866,616	12.04%	355,779,371	12.04%	352,476,683	13.46%
<b>Total Market Value</b>	<b>\$ 3,795,756,599</b>	<b>100.00%</b>	<b>\$ 3,533,549,070</b>	<b>100.00%</b>	<b>\$ 3,180,380,294</b>	<b>100.00%</b>	<b>\$ 2,954,958,420</b>	<b>100.00%</b>	<b>\$ 2,618,683,125</b>	<b>100.00%</b>
<b>Less Exemptions:</b>										
Productivity Loss	\$ 29,015,305		\$ 19,856,605		\$ 19,992,060		\$ 19,886,610		\$ 20,576,410	
Cap Loss (10%)	177,668,113		150,758,853		79,061,864		111,866,158		7,090,415	
Local, Optional Over-65/Disabled	43,787,072		57,737,043		45,303,916		45,989,123		39,196,208	
Disabled and Deceased Veterans' Exempt Property	16,239,732		1,732,110		12,132,564		10,897,692		14,497,851	
Freeport	444,609,999		396,184,061		361,607,606		338,347,363		340,140,213	
Pollution Control / Solar	119,291,230		111,908,964		91,612,816		85,763,349		98,468,752	
Tax Abatement Loss	59,391,206		62,479,174		62,080,048		65,128,932		67,790,322	
Personal Use of Business Vehicle	204,517,377		281,560,424		259,158,157		187,457,093		224,131,835	
Other / Historical	306,980		319,140		303,980		382,630		282,460	
Total Exemptions	27,504,617		27,546,091		21,125,710		17,342,738		12,347,370	
	\$ 1,122,331,631		\$ 1,110,082,465		\$ 952,378,721		\$ 883,061,688		\$ 824,521,836	
<b>Net Taxable Assessed Valuation</b>	<b>\$ 2,673,424,968</b>		<b>\$ 2,423,466,605</b>		<b>\$ 2,228,001,573</b>		<b>\$ 2,071,896,732</b>		<b>\$ 1,794,161,289</b>	
<b>Freeze Taxable &amp; Adjustment</b>	<b>(224,447,011)</b>		<b>(190,151,876)</b>		<b>(178,970,749)</b>		<b>(159,171,273)</b>		<b>(139,607,850)</b>	
<b>Freeze Adjusted Net Taxable Assessed Valuation</b>	<b>\$ 2,448,977,957</b>		<b>\$ 2,233,314,729</b>		<b>\$ 2,049,030,824</b>		<b>\$ 1,912,725,459</b>		<b>\$ 1,654,553,439</b>	

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

**PRINCIPAL TAXPAYERS 2023**

**TABLE 11**

<u>Name</u>	<u>Type of Property</u>	<u>2023 Net Taxable</u>		<u>% of Total 2023</u>
		<u>Assessed Valuation</u>	<u>Assessed Valuation</u>	<u>Assessed Valuation</u>
La Frontera Holdings LLC	Electric Utility	\$ 355,252,180		14.51%
Campbell Soup	Food Manufacturing	185,566,399		7.58%
Kimberly Clark Corporation	Paper Products	96,347,051		3.93%
American Spiral Weld III Inc.	Industrial Manufacturing	48,940,090		2.00%
Essent PRMC LP	Health Care Services / Hospital	34,884,770		1.42%
ONCOR Electric Delivery Company	Electric Utility	17,308,991		0.71%
Huhtamaki Inc	Packaging Manufacturing	15,114,881		0.62%
Atmos Energy	Gas Utility	14,798,840		0.60%
Potter Industries LLC	Manufacturing	12,716,310		0.52%
Paris Town Center LLC	Shopping Center	11,937,352		0.49%
	<b>Total</b>	<b>\$ 792,866,864</b>		<b>32.38%</b>

Based on 2023 Freeze Adjusted Net Taxable Assessed Valuation of \$ 2,448,977,957

Source: Lamar County Appraisal District

As shown in the table above, the top ten taxpayers in the City account for in excess of 32% of the City's tax base. Adverse developments in economic conditions, especially in a particular industry in which any one of these large taxpayers participates, could adversely impact these businesses and, consequently, the tax values in the city, resulting in less local tax revenue. If any major taxpayer, or a combination of top taxpayers, were to default in the payment of taxes, the ability of the City to make timely payment of debt service on the Certificates may be dependent on its ability to enforce and liquidate its tax lien, which is a time consuming process that may only occur annually. See "THE CERTIFICATES – Default and Remedies" and "AD VALOREM PROPERTY TAXATION – City's Rights in the Event of Tax Delinquencies" in this Official Statement.

**PROPERTY TAX RATES AND COLLECTIONS**

**TABLE 12**

<u>Tax Year</u>	<u>Net Taxable Assessed Valuation (a)</u>	<u>Tax Rate</u>	<u>Tax Levy</u>	<u>% Collections</u>		<u>Year Ended</u>
				<u>Current</u>	<u>Total</u>	
2014	\$ 1,519,380,525	0.50195	\$ 7,626,530	96.35%	99.07%	9/30/2015
2015	1,607,003,070	0.50195	7,627,731	97.10%	97.81%	9/30/2016
2016	1,510,271,195	0.50195	8,093,094	98.11%	99.93%	9/30/2017
2017	1,556,621,932	0.55195	9,145,965	98.11%	99.54%	9/30/2018
2018	1,607,003,070	0.55195	9,381,829	98.15%	98.79%	9/30/2019
2019	1,654,553,439	0.51608	9,332,621	96.95%	99.61%	9/30/2020
2020	1,912,725,459	0.45373	9,592,756	97.17%	98.13%	9/30/2021
2021	2,049,030,824	0.44278	9,888,259	97.83%	99.26%	9/30/2022
2022	2,233,314,729	0.44278	10,441,096	97.73%	99.22%	9/30/2023
2023	2,448,977,957	0.47782	12,255,543	31.01%	31.62%	9/30/2024 (b)

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

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

(b) Current Fiscal Year collections are as of December 31, 2023 (Unaudited).

Source: The Lamar County Appraisal District, the City's 2023 Comprehensive Annual Financial Report and additional information from the City.

**TAX RATE DISTRIBUTION**

**TABLE 13**

	<u>2023-24</u>	<u>2022-2023</u>	<u>2021-2022</u>	<u>2020-2021</u>	<u>2019-2020</u>
General Fund	\$0.32176	\$0.34377	\$0.37357	\$0.38442	\$0.40868
I & S Fund	0.15606	0.09901	0.08016	0.08291	0.10740
TOTAL	\$0.47782	\$0.44278	\$0.45373	\$0.48078	\$0.51608

Sources: Lamar County Appraisal District and the Issuer.



**TAXABLE ASSESSED VALUATION FOR TAX YEARS 2014-2023**

**TABLE 14**

Tax Year	Net Taxable Assessed Valuation <sup>(a)</sup>	Change From Preceding Year	
		Amount (\$)	Percent
2014	\$ 1,530,367,088	27,108,196	1.80%
2015	1,534,016,839	3,649,751	0.24%
2016	1,627,397,467	93,380,628	6.09%
2017	1,681,747,299	54,349,832	3.34%
2018	1,732,236,641	50,489,342	3.00%
2019	1,794,161,289	61,924,648	3.57%
2020	2,071,896,732	277,735,443	15.48%
2021	2,228,001,573	156,104,841	7.53%
2022	2,423,466,605	195,465,032	8.77%
2023	2,673,424,968	249,958,363	10.31%

<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. The above figures are not freeze adjusted.  
Sources: Lamar County Appraisal District.

**MUNICIPAL SALES TAX**

**TABLE 15**

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

Calendar Year	Total Collected	1.00% City	0.25% Property Tax Reduction	City Collections as % of Ad Valorem Tax Levy	(\$ ) Equivalent of Ad Valorem Tax Rate	0.25% EDC
2014	\$ 8,786,209	\$ 5,857,473	\$ 1,464,368	97.65%	0.49	\$ 1,464,368
2015	8,173,696	5,449,131	1,362,283	89.31%	0.45	1,362,283
2016	8,472,642	5,648,428	1,412,107	92.56%	0.46	1,412,107
2017	8,689,014	5,792,676	1,448,169	89.47%	0.45	1,448,169
2018	8,827,668	5,885,112	1,471,278	80.43%	0.44	1,471,278
2019	8,921,837	5,947,891	1,486,973	79.25%	0.44	1,486,973
2020	9,950,289	6,633,526	1,658,381	88.85%	0.46	1,658,381
2021	11,048,084	7,365,389	1,841,347	95.98%	0.46	1,841,347
2022	11,326,086	7,550,724	1,887,681	95.45%	0.43	1,887,681
2023	12,591,056	8,394,038	2,098,509	100.49%	0.44	2,098,509

Source: State Comptroller of Public Accounts.

**OVERLAPPING DEBT DATA AND INFORMATION**

**TABLE 16**

(As of March 1, 2024)

<u>Taxing Entity</u>	<u>Gross Debt Principal</u>	<u>% Overlapping</u>	<u>Amount Overlapping</u>
Chisum Independent School District	\$ 53,312,990	39.30%	\$ 20,952,005
Lamar County	5,520,000	48.33%	2,667,816
North Lamar Independent School District	46,997,000	29.74%	13,976,908
Paris Independent School District	<u>45,960,000</u>	<u>97.40%</u>	<u>44,765,040</u>
Total Gross Overlapping Debt Principal	<u>151,789,990</u>		<u>\$ 82,361,769</u>
Paris, City of	<u>134,050,000</u>	100.00%	<u>134,050,000</u>
Total Direct and Overlapping Debt Principal	<u>\$ 285,839,990</u>		<u>\$ 216,411,769</u>

Ratio of Direct and Overlapping Debt Principal to 2023 Freeze Adjusted Net Taxable Assessed Valuation	8.84%
Ratio of Direct and Overlapping Debt Principal to 2023 Actual Assessed Value	5.70%
Per Capita Direct and Overlapping Debt Principal	\$8,598

Note: The above figures show **Gross** General Obligation Debt Principal for the City of Paris, Texas

The Issuer's **Net** General Obligation Debt Principal is:

\$ 22,045,000

Calculations on the basis of Net General Obligation Debt would change the above figures as follows:

Total Net Direct and Overlapping Debt

\$ 104,406,769

Ratio of Direct and Overlapping Debt Principal to 2023 Freeze Adjusted Net Taxable Assessed Valuation	4.26%
Ratio of Direct and Overlapping Debt Principal to 2023 Actual Assessed Value	2.75%
Per Capita Net Direct and Overlapping Debt Principal 2023	\$4,148

\*\* Less than 1%

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

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

**TABLE 17**

<u>Governmental Entity</u>	<u>2023 Net Taxable Assessed Valuation</u>	<u>% of Actual</u>	<u>2023 Tax Rate</u>
Chisum Independent School District	\$1,241,032,415	100%	\$1.1580
Lamar County	5,445,982,641	100%	0.3045
North Lamar Independent School District	1,529,665,719	100%	0.9566
Paris Independent School District	1,303,014,925	100%	0.9637
Paris JCD	5,499,152,281	100%	0.0715
Prairiland ISD	934,004,267	100%	0.9096

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

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

**TABLE 18**

	<u>Date of Authorization</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Issued To Date</u>	<u>Amount Unissued</u>
Chisum Independent School District	5/6/2023	School Bldg & Buses	\$ 50,000,000	\$ 30,000,000	\$ 20,000,000
Lamar County	None				
North Lamar Independent School District	None				
Paris Independent School District	None				
Paris JCD	None				
Prairieland ISD	None				
Paris, Texas	None				

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

**FUND BALANCES**

**TABLE 19**

	<u>As of 9-30-2023</u>	<u>As of 12-31-2023</u>
<u>Governmental Funds</u>		
General Operating Fund	\$ 8,163,720	\$ 10,005,695
Special Revenue fund	1,536,501	1,562,709
General Obligation Interest and Sinking Fund (Debt Service)	589,242	1,012,554
Grant Fund	1,792,680	1,901,349
Capital Projects Funds (General Fund Purposes)	597,879	573,170
Equipment Replacement Fund	130,068	148,089
Construction Fund	1,493,447	462,339
Landfill Fund	237,361	184,677
TIRZ	102,784	104,443
Airport Fund	(7,003)	(41,537)
Civic Center I&S Fund	510,538	581,299
<u>Proprietary Funds</u>		
Waterworks and Sewer System Operating Fund	\$ 4,559,054	\$ 3,214,685
Revenue Bond Interest and Sinking Fund (Debt Service)	3,465,736	964,519
Revenue Bond Reserve Fund	1,078,857	988,999
(Revenue debt outstanding and Rate Maintenance Policy requires a reserve be kept)		
Water Contract Fund	517,987	581,607
Water and Sewer Contingency Fund	616,760	708,604
Construction Funds	18,810,303	18,486,023
<u>Library Trust Funds</u>		
Permanent & Expendable	\$ 81,843	\$ 84,738
<b>Total Fund Balances</b>	<b>\$ 44,277,757</b>	<b>\$ 41,523,962</b>

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

**TABLE 20**

	<b>Fiscal Year Ended September 30</b>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Revenues:</b>					
Ad Valorem Taxes	\$ 8,287,694	\$ 7,971,838	\$ 7,380,958	\$ 7,552,516	\$ 7,357,425
Sales Taxes	9,650,605	9,196,157	8,245,939	7,369,079	7,317,162
Franchise Tax	4,827,601	4,253,182	4,714,021	4,305,851	4,315,694
Hotel Occupancy Taxes	848,508	881,259	643,417	675,158	662,263
Licenses and Permits	532,557	211,668	259,117	277,507	197,920
Fines and Fees	432,115	615,721	724,259	434,016	446,670
Leases	65,617		-		
Use of Money and Property	201,997	198,965	304,755	483,876	329,365
Sanitation	1,462,220	1,470,237	1,462,452	1,437,157	1,470,248
Health	5,933,986	4,806,996	5,117,649	2,991,995	2,614,504
Intergovernmental Revenue	1,574,428	706,574	713,570	1,325,665	677,072
Other Revenues	629,747	442,020	381,355	210,946	341,330
<b>Total Revenues</b>	<b>\$ 34,447,075</b>	<b>\$ 30,754,617</b>	<b>\$ 29,947,492</b>	<b>\$ 27,063,766</b>	<b>\$ 25,729,653</b>
<b>Expenditures:</b>					
<b>Current</b>					
General Government	\$ 1,917,259	\$ 1,613,946	\$ 1,779,229	\$ 1,616,363	\$ 1,541,274
Public Safety	23,917,194	11,367,228	12,005,945	11,218,944	10,884,241
Public Works	6,050,354	4,991,668	5,065,867	5,644,019	5,356,374
Health	5,595,417	5,199,358	4,022,732	2,845,874	2,668,477
Culture and Recreation	715,243	677,612	723,046	740,350	734,826
Cox Field Airport	1,224	242,809	179,631	210,851	112,562
Other	1,829,866	1,838,073	1,922,363	1,845,609	1,716,365
<b>Capital Outlay</b>					
General Government	561,165	252,387	109,280	16,995	10,100
Public Safety	1,060,330	870,874	403,654	413,250	168,163
Public Works	1,199,200	941,371	626,741	1,016,738	612,947
Health	486,604	216,631	287,256	303,946	554,083
Cox Field Airport	-	65,000	-	-	37,275
<b>Debt Service</b>					
Principal	162,914	158,073	186,690	186,690	186,690
Interest	24,756	28,617	-	-	-
Other	-	-	-	-	42,187
<b>Total Expenditures</b>	<b>\$ 43,521,526</b>	<b>\$ 28,463,647</b>	<b>\$ 27,312,434</b>	<b>\$ 26,059,629</b>	<b>\$ 24,625,564</b>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	<b>\$ (9,074,451)</b>	<b>\$ 2,290,970</b>	<b>\$ 2,635,058</b>	<b>\$ 1,004,137</b>	<b>\$ 1,104,089</b>
<b>Other Financing Sources (Uses):</b>					
Inception of Lease	\$ 278,821	\$ -	\$ -	\$ -	\$ -
Operating Transfers In	12,272,188	2,751,240	539,986	18,513	124,968
Operating Transfers Out	(193,259)	(802,211)	(29,319)	(127,545)	(383,374)
Sale of Capital Assets	155,367	151,266	28,000	-	-
Insurance Recoveries	-	-	-	57,835	-
<b>Total Other Financing Sources (Uses):</b>	<b>\$ 12,513,117</b>	<b>\$ 2,100,295</b>	<b>\$ 538,667</b>	<b>\$ (51,197)</b>	<b>\$ (258,406)</b>
<b>Excess of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>\$ 3,438,666</b>	<b>\$ 4,391,265</b>	<b>\$ 3,173,725</b>	<b>\$ 952,940</b>	<b>\$ 845,683</b>
<b>Fund Balance - Beginning of Year</b>	<b>\$ 21,420,072 *</b>	<b>\$ 17,150,077</b>	<b>\$ 13,451,478</b>	<b>\$ 12,670,747</b>	<b>\$ 11,622,868</b>
Increase (Decrease) in Reserve for Inventory	-	-	-	-	40,517
Prior Period Adjustment	212,704	(52,060)	524,874	(172,209)	161,678
<b>Fund Balance - End of Year</b>	<b>\$ 25,071,442</b>	<b>\$ 21,489,282</b>	<b>\$ 17,150,077</b>	<b>\$ 13,451,478</b>	<b>\$ 12,670,746</b>

The unaudited estimated fund balance for September 30, 2023 is: \$25,500,000

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

\* Beginning of Year Fund Balance adjusted.

**CONDENSED WATERWORKS AND SEWER SYSTEM OPERATING STATEMENT**

**TABLE 21**

	Fiscal Year Ended September 30				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Operating Revenues <sup>(a)</sup></b>					
<b>Total Revenues</b>	\$ 18,397,839	\$ 16,567,528	\$ 15,043,788	\$ 14,452,703	\$ 14,168,934
<b>Expenses <sup>(b)</sup></b>	<u>10,218,591</u>	<u>10,308,035</u>	<u>9,566,990</u>	<u>10,147,099</u>	<u>9,886,456</u>
<b>Net Revenue Available for Debt Service</b>	<u>\$ 8,179,248</u>	<u>\$ 6,259,493</u>	<u>\$ 5,476,798</u>	<u>\$ 4,305,604</u>	<u>\$ 4,282,478</u>
Annual Revenue Bond Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -
Coverage of Annual Revenue Bond Requirements	N/A	N/A	N/A	N/A	N/A
Annual Requirements on all Bonds paid from System Revenues	\$ 5,289,797	\$ 3,842,897	\$ 3,845,397	\$ 3,848,957	\$ 3,714,257
Coverage of Annual Requirements on all Bonds Paid from System Revenues	1.55X	1.63X	1.42X	1.12X	1.15X
Customer Count:					
Water	9,786	9,762	9,810	9,679	9,698
Sewer	9,198	9,175	9,221	9,189	9,208

<sup>(a)</sup> Revenues include operating revenues, interest income and other revenues of the Waterworks and Sewer System.

<sup>(b)</sup> Expenses include total expenses less depreciation and amortization of the Waterworks and Sewer System.

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

**Current Rates**  
(Rates Effective July 1, 2022)

**Residential Class**

<b>Meter Size (Inches)</b>	<b>Base Cost (Per Cubic Foot)</b>	<b>Service in Excess of Base (For Each Additional 100 Cubic Feet)</b>
5/8" - 3/4"	\$13.69 for first 200 Cubic Feet	\$5.04 / 100 Cubic Feet
1" and Larger	\$66.81 for first 1,000 Cubic Feet	\$5.04 / 100 Cubic Feet

**Commercial Industrial Class**

<b>Meter Size (Inches)</b>	<b>Base Cost (Per Cubic Foot)</b>	<b>Service in Excess of Base (For Each Additional 100 Cubic Feet)</b>
5/8" - 3/4"	\$16.36 for first 200 Cubic Feet	\$4.94 / 100 Cubic Feet
1" - 2"	\$65.54 for first 1,000 Cubic Feet	\$4.03 / 100 Cubic Feet
Larger than 2"	\$235.24 for first 2,000 Cubic Feet	\$4.03 / 100 Cubic Feet

**Commercial Industrial Class (Meters Greater Than Three Inches)**

<b>Meter Size (Inches)</b>	<b>Base Cost (Per Cubic Foot)</b>	<b>Service in Excess of Base (For Each Additional 100 Cubic Feet)</b>
4"	\$4,034.82 for first 100,000 Cubic Feet	\$4.03 / 100 Cubic Feet
6"	\$6,052.22 for first 150,000 Cubic Feet	\$4.03 / 100 Cubic Feet
8" and Larger	\$8,069.63 for first 200,000 Cubic Feet	\$4.03 / 100 Cubic Feet

Source: Information from the Issuer

**PRINCIPAL WATER CUSTOMERS 2022-2023**

(October 1, 2022 to September 30, 2023)

<b><u>Name of Customer</u></b>	<b><u>Average Monthly Consumption (Gals.)</u></b>	<b><u>Average Monthly Bill</u></b>	
Campbell Soup Company	8,982,073	\$ 90,750	
Lamar County Water Supply	20,329,772	78,705	
Lamar Power Partners*	27,365,782	39,942	
Kimberly Clark	1,078,112	27,095	
Paris Generation	3,934,147	27,072	
Daisy Farms*	3,894,925	16,367	
Paris Regional Medical Center	184,253	7,442	
Paris Housing Authority	283,368	7,335	
North Lamar ISD	194,924	5,477	
Paris Junior College	189,497	5,309	
Total	<u>66,436,853</u>	<u>\$ 305,494</u>	(a)
Total Annual Water Sales as of September 30, 2023		\$ 9,107,920	

<sup>(a)</sup> Principal Water Customers represent approximately 40.25% of total annual water sales. Includes raw water rates

## SEWER RATES

TABLE 24

## Current Rates

*(Residential Rates Effective October 1, 2023)*Residential Class

<u>Meter Size (Inches)</u>	<u>Base Cost (Per Cubic Foot)</u>	<u>Service in Excess of Base (For Each Additional 100 Cubic Feet)</u>
3/4" or Less	\$24.22 for first 200 Cubic Feet	\$11.96 / 100 Cubic Feet
1" and Larger	\$119.62 for first 1,000 Cubic Feet	\$11.96 / 100 Cubic Feet

Commercial Industrial Class*(Commercial Rates Effective October 1, 2023)*

<u>Meter Size (Inches)</u>	<u>Base Cost (Per Cubic Foot)</u>	<u>Service in Excess of Base (For Each Additional 100 Cubic Feet)</u>
3/4" or Less	\$32.23 for first 200 Cubic Feet	\$12.41 / 100 Cubic Feet
1" - 2"	\$124.12 for first 1,000 Cubic Feet	\$12.41 / 100 Cubic Feet
Larger than 2"	\$248.28 for first 2,000 Cubic Feet	\$12.41 / 100 Cubic Feet

PRINCIPAL SEWER CUSTOMERS - 2022-2023

TABLE 25

*(October 1, 2022 to September 30, 2023)*

<u>Name of Customer</u>	<u>Average Monthly Consumption (Gals.)</u>	<u>Average Monthly Bill</u>
Kimberly Clark	737,401	\$ 49,869
Paris Housing Authority	265,395	17,435
Campbell Soup Supply	165,214	10,904
Paris Junior College	160,883	10,901
Lamar County Human Resources	164,268	10,772
North Lamar ISD	137,420	9,023
Lamar County	100,560	6,569
Paris ISD	94,230	6,366
Wash Masters	94,608	6,167
City of Toco	334,046	2,610
<b>Total</b>	<u>2,254,025</u>	<u>\$ 130,616</u> <sup>(a)</sup>
Total Sewer Charges as of September 30, 2023	<u>\$ 9,917,780</u>	

<sup>(a)</sup> *Principal Sewer Customers represent approximately 15.80% of total annual sewer charges.*

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**APPENDIX B**

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

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

### Location

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



### Government

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

### Population

<b>Census Report</b>	<b>City of Paris</b>	<b>Lamar County</b>
Current Estimate	25,571	50,311
2020	24,476	50,088
2010	25,171	49,793
2000	25,898	48,499
1990	24,699	43,949
1980	25,498	42,156

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

### Labor Force Statistics

	<b>City of Paris</b>		<b>Lamar County</b>	
	<b>December 2023</b>	<b>December 2022</b>	<b>December 2023</b>	<b>December 2022</b>
Civilian Labor Force	11,687	11,755	24,418	24,347
Total Employed	11,278	11,146	23,589	23,313
Total Unemployed	409	609	829	1,034
% Unemployed	3.5%	5.2%	3.4%	4.2%
% Unemployed (Texas)	3.5%	3.5%	3.5%	3.5%
% Unemployed (US)	3.5%	3.3%	3.5%	3.3%

*Source: Texas Workforce Commission, Labor Market Information.*

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**APPENDIX C**

**FORM OF LEGAL OPINION OF BOND COUNSEL**

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## Proposed Form of Opinion of Bond Counsel

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

**CITY OF PARIS, TEXAS,  
COMBINATION TAX AND SURPLUS REVENUE  
CERTIFICATES OF OBLIGATION, SERIES 2024**

**IN THE AGGREGATE PRINCIPAL AMOUNT OF \$42,790,000**

---

**AS BOND COUNSEL** for the City of Paris, Texas (the "Issuer"), the issuer of the above-described Certificates (the "Certificates"), we have examined into the legality and validity of the Certificates, which bear interest from the date specified in the text of the Certificates, at the rates and payable on the dates as stated in the text of the Certificates, maturing all in accordance with the terms and conditions stated in the text of the Certificates.

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

**BASED ON SAID EXAMINATION, IT IS OUR OPINION** that the Certificates have been authorized, issued and delivered in accordance with law; and that except as may be limited by laws applicable to the Issuer relating to governmental immunity and bankruptcy, reorganization and other similar matters affecting creditors' rights generally, and by general principles of equity which permit the exercise of judicial discretion, the Certificates constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Certificates have been levied and pledged for such purpose, within the limit prescribed by law, and that the Certificates are additionally secured by and payable from a pledge of the revenues of the Issuer's combined Waterworks and Sewer System remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve and other requirements in connection with all of the Issuer's revenue obligations (now or hereafter outstanding), which are payable from all or part of said revenues, all as provided in the Ordinance of the Issuer authorizing the issuance of the Certificates.

**IT IS FURTHER OUR OPINION** that, except as discussed below, the interest on the Certificates is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Certificates are not "specified

600 Congress Ave., Suite 1800  
Austin, Texas 78701  
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F 512.472.0871

717 North Harwood, Suite 900  
Dallas, Texas 75201  
T 214.754.9200  
F 214.754.9250

700 N. St. Mary's Street, Suite 1525  
San Antonio, Texas 78205  
T 210.225.2800  
F 210.225.2984

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private activity bonds" and that, accordingly, interest on the Certificates will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). 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 CALL YOUR ATTENTION TO THE FACT** that the interest on tax-exempt obligations, such as the Certificates, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

**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.

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

**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.

Respectfully,

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**APPENDIX D**

**ISSUER'S AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

(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 PARIS, TEXAS  
ANNUAL COMPREHENSIVE  
FINANCIAL REPORT  
Fiscal Year Ended September 30, 2022

**ANNUAL COMPREHENSIVE FINANCIAL  
REPORT  
FOR**

**CITY OF PARIS, TEXAS**

**Fiscal Year Ended September 30, 2022**



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

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For the Fiscal Year Ended

September 30, 2021

*Christopher P. Morill*

Executive Director/CEO

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## INTRODUCTORY SECTION



October 16, 2023

Mayor Reginald B. Hughes  
and Members of the City Council  
City of Paris, Texas

Dear Mayor and Council Members:

I am pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Paris, Texas, for the fiscal year ended September 30, 2022.

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

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

## **THE ANNUAL COMPREHENSIVE FINANCIAL REPORT**

The Annual Comprehensive Financial Report of the City of Paris, Texas, for the fiscal year ended September 30, 2022, which follows, was prepared by the Finance Department. The financial statements have been audited by McClanahan and Holmes, LLP, CPAs, whose report is included herein. This audit satisfies Article III, Section 33 of the City Charter which requires that an annual audit of all accounts of the City be made by an independent certified public accountant.

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

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

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

### **General Information Regarding the City and Surrounding County**

The City of Paris is the county seat and principal commercial center of Lamar County and is located at the intersection of United States Highways 271 and 82, approximately 100 miles northeast of Dallas near the Red River. The City is served by 6 banks. The City's 2020 census is 24,476, a decrease of 2.76% from the 2010 census of 25,171.

Lamar County (the County) is located in northeast Texas and borders the State of Oklahoma. The County, which is situated between the Red River and the Sulphur River, is traversed by United States Highways 271 and 82, State Highways 19 and 24, and 32 farm-to-market roads. The County's 2020 census is 50,088, an increase of 0.59% over the 2010 census of 49,793.

The City is a regional medical center serving patients in Northeast Texas and Southeast Oklahoma. Founded in 1911 as St. Joseph's Hospital, Paris Regional Medical Center is a 154 bed general acute-care hospital.

The City provides utilities through its 36 MGD water plant and 7.25 MGD wastewater plant. Electric power is supplied to Paris by TXU Electric's interconnected transmission system. It has a generating capacity of 22,808,000 KW. The supply of electric power is adequate to meet the requirements of any commercial or industrial demand. Atmos Energy provides natural gas for residential, commercial, and industrial users. Atmos Energy is the largest provider of pure natural gas in America. It provides service to over three million customers in 12 states. There are 3 transmission lines serving the City with a line pressure of 300 pounds per square inch. Telephone service is provided by AT & T.

Educational facilities of the City are provided by 3 independent school districts. Each of the districts is accredited by the Texas Education Agency. Higher education needs in the County are provided at Paris Junior College located in the City. Total enrollment of these entities is 11,800.

Tourists are attracted to the area by activities on Lake Crook and Pat Mayse Reservoir. Pat Mayse Reservoir is located 15 minutes from the City and provides 6,000 acres for boating, fishing, and camping. The Gambill Goose Refuge and numerous hunting and fishing areas are also located in the County. Other points of interest and activities include the Sam Bell Maxey House, the A.M. Aikin Archives, Veterans Memorial, and the Lamar County Historical Society Museum.

Also, the City has one 18-hole golf course, one public swimming pool, 26 tennis courts (some of which are also striped for pickle ball), 3 walk/jog tracks, a sports complex, and 24 public park areas.

### **Government Organization**

The City was founded in 1839 with the current charter adopted in November of 1948 and last revised in 2022. The City operates under the Council/Manager form of government with 7 council members elected from single member districts. The Mayor is elected by the Council itself to serve as moderator of the group. The Council members can serve a maximum of

three consecutive 2 year staggered terms. The Mayor and Council appoint the City Manager, the City Attorney, and the Municipal Judge. The City is a Home Rule City with all powers granted to home rule cities by the constitution and laws of the State of Texas. The Council enacts legislation, adopts budgets, and determines policies of the City of Paris. The City Manager executes the laws and administers the government of the City.

### **Economic Condition and Outlook**

Taxable values, as originally certified by the Lamar County Appraisal District, for fiscal year 2022-23 reflect an 8.77% increase over the 2021-22 values. Building permits for new residential and commercial construction were valued at \$50,632,430 for fiscal year 2021-22. Most of this activity will be reflected in next year's taxable values. However, it should be noted that \$25,000,000 of the permit value was school related and will not be taxable.

Sales taxes for 2021-22 increased from the prior year by 4.94%. Current rebates on a cash basis are 10.74% above the 2021-22 cash rebates through September 2023.

Hotel occupancy taxes were down 3.71% compared to 2020-21, but appear to have recouped that decrease in 2022-23.

Franchise fees for 2021-22 were up 13.51% compared to the previous year. The biggest portion of the increase came from Atmos Energy.

The City of Paris, Paris Economic Development Corporation, and the Lamar County Chamber of Commerce have been actively recruiting new business to the area as well as supporting already existing businesses. PEDC has several active incentive commitments in regard to its recruitment of new industry and support of existing industry. There are currently incentives totaling \$2,226,526 involving Huhtamaki, Metro Gate, Lions Head, Universal Fabricating, and Ametsa. Two new businesses joined the community in the 2021-22 fiscal year. They were Trison Tarps and Lions Head Tire & Wheel.

General Fund receipts equaled 121.37% of budget. This surplus of revenues was caused primarily by Emergency Medical Service revenue (increased call volume), Federal funding related to COVID-19 & economic stimulus, and sales taxes. General Fund expenditures were 136.49% of budget. This variance is due in large part to COVID-19 related expenditures for various departments. However, by far the largest cause for exceeding budget was the over \$12,000,000 payment of pension bond proceeds to fully fund the Paris Firefighters Retirement & Relief Fund. For the 2022-23 fiscal year, the City Council adopted a tax rate of .44278 cents per \$100 of value. This rate is \$0.01095 cents lower than the previous year but does allow maintaining all services at their current levels and funds all required interest and sinking funds. Taxable property value increased 6.83%.

### **Long-term Financial Planning and Relevant Financial Policies**

The City continues to exercise its long-range financial plan. The City formalized a key financial policy in 2010 that had been informally followed previously: a utility rate maintenance policy. The utility rate maintenance policy will help assure the financial integrity of the enterprise fund along with its related interest and sinking funds. Another policy was formalized in 2013 in the form of a reserve level guideline for both the general fund and utility fund. Adequate reserve levels provide the City with the ability to deal with extraordinary events and maintain its credit worthiness. This credit worthiness, as reflected in the current financial statements, allowed the City to obtain very favorable interest rates on debt issued from 2016 through 2022.

## **Major Initiatives**

The City continues to work on its long-range plan to maintain its infrastructure. The City called for a general obligation bond election in May 2013 in the amount of \$45,000,000 which passed overwhelmingly. Proceeds from these bonds were used for water and sewer infrastructure improvements. At the same time a small low interest \$2,900,000 Certificates of Obligation issue was made through the Texas Water Development Board. Both bonds will be paid for out of utility system revenues. With the payoff of earlier debt issues, it was not necessary to raise utility rates to fund this new debt. Likewise a \$9,750,000 bond election for street construction and repair was approved in 2017 and those projects have been completed. In May of 2021, the City issued \$43,855,000 in Combination Tax and Surplus Revenue Certificates of Obligation to fund Phase One construction of a new wastewater treatment plant. These bonds will be paid for out of utility system revenue and tax revenue. It is expected that additional bonds will be issued in 2024 for Phase Two of the new wastewater treatment plant project. Also, the City used the Federal American Rescue Plan funding to install water transmission lines around Loop 286 to aid in industrial recruitment as well as providing a second water line connection to certain areas of town.

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

From a development standpoint, the City has taken several steps. Reentry into the State of Texas Main Street Program has channeled additional funds for revitalization of existing structures and businesses. The City continues to work closely with the Paris Economic Development Corporation to attract new business to Paris and to support existing businesses as well. Working with the Chamber of Commerce, the City is effectively using the civic center to attract people and business to Paris. A major renovation of the civic center was recently completed. City officials are also closely working with Keep Paris Beautiful, Inc. to promote and improve the City. The Historic Preservation Committee is working with local property owners to maintain the historical character of the City. The City also implemented a new incentive program to encourage residential housing construction. The City, PEDC, and the Chamber of Commerce recently worked together to develop a common branding strategy to emphasize our unity in economic development and other areas.

## **Other Financial Information**

The financial statements of the City of Paris, Texas, have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Using the GASB 34 reporting model, the City's Annual Comprehensive Financial Report provides for a management's discussion and analysis, government-wide financial statements, major fund financial statements, notes to the financial statements, and other required supplementary information.

The City has a written investment policy that conforms to state statutes, which outlines permissible investments. The City pools its cash balances for investment purposes from the various funds maintained in its consolidated cash account. Interest earnings of the pool are allocated to the various funds of the City based upon a fund's equity position in the pool. The City of Paris' primary risk exposures are in the areas of workers' compensation and tort liability. Provision for these risks is made through participation in the Texas Municipal League's risk pool.

Between 30 days and 90 days prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget, which represents the financial plan for the ensuing fiscal year, includes proposed expenditures and the means of financing them. Public hearings

are conducted at which all interested persons' comments concerning the budget for the next fiscal year are heard. The budget is legally enacted by the City Council through passage of an ordinance not later than the 27<sup>th</sup> day of the last month prior to the beginning of the fiscal year. Generally, appropriations are legally adopted at the department level. Budgetary controls are maintained at the major category of expenditure level within each operating division. All anticipated expenditures are budgeted for control purposes. Capital project funds are appropriated on a project by project basis. Expenditures and/or expenses are directly monitored by the City Council through financial reports provided to them.

**Internal Controls**

Internal accounting controls are designed to provide reasonable, but not absolute, assurance of the safeguarding of assets against loss from unauthorized use or disposition and reliable financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived.

All internal control evaluations occur within this framework. The Finance Department’s staff believes the City's internal control structure adequately ensures compliance with laws and regulations and reasonable assurance for safeguarding of assets.

**Debt**

The following schedule outlines the outstanding City debt as of 09-30-22:

Issue	Tax Supported	Revenue Supported	Fund Maturity	Moody’s Investors Rating Insured
2013 C.O. (TWDB)	-	1,560,000	12-15-32	N/A
2013 G.O. Bonds	-	25,335,000	12-15-32	Aa3
2016 G.O. Bonds	-	6,560,000	12-15-36	Aa3
2017 G.O. Bonds	7,795,000	-	06-15-37	Aa3
2018 G.O. Bonds	-	775,000	06-15-38	Aa3
2020 Tax and Rev. C.O. (Civic Center)	1,225,000	-	06-15-30	N/A
2020 G.O. Refunding Bonds	1,585,000	-	12-15-29	Aa3
2020 Tax Notes	770,000	-	06-15-26	N/A
2021 Tax and Rev. C.O.	-	43,855,000	12-15-50	Aa3
2022 GO Pension Bonds	-	12,355,000	06-15-42	Aa3
Financed Purchases-Firetrucks	629,538	-	01-28-26	N/A
SuRRMA Loan	192,906	-	06-29-25	N/A
Total	\$ 12,197,444	\$ 90,440,000		

**Independent Audit**

The City Charter requires an annual audit to be made of the accounts, financial records, and transactions of all administrative departments of the City by a certified public accountant selected by the City Council. The requirement has been complied with, and the Independent Auditors' Report has been included in this report.



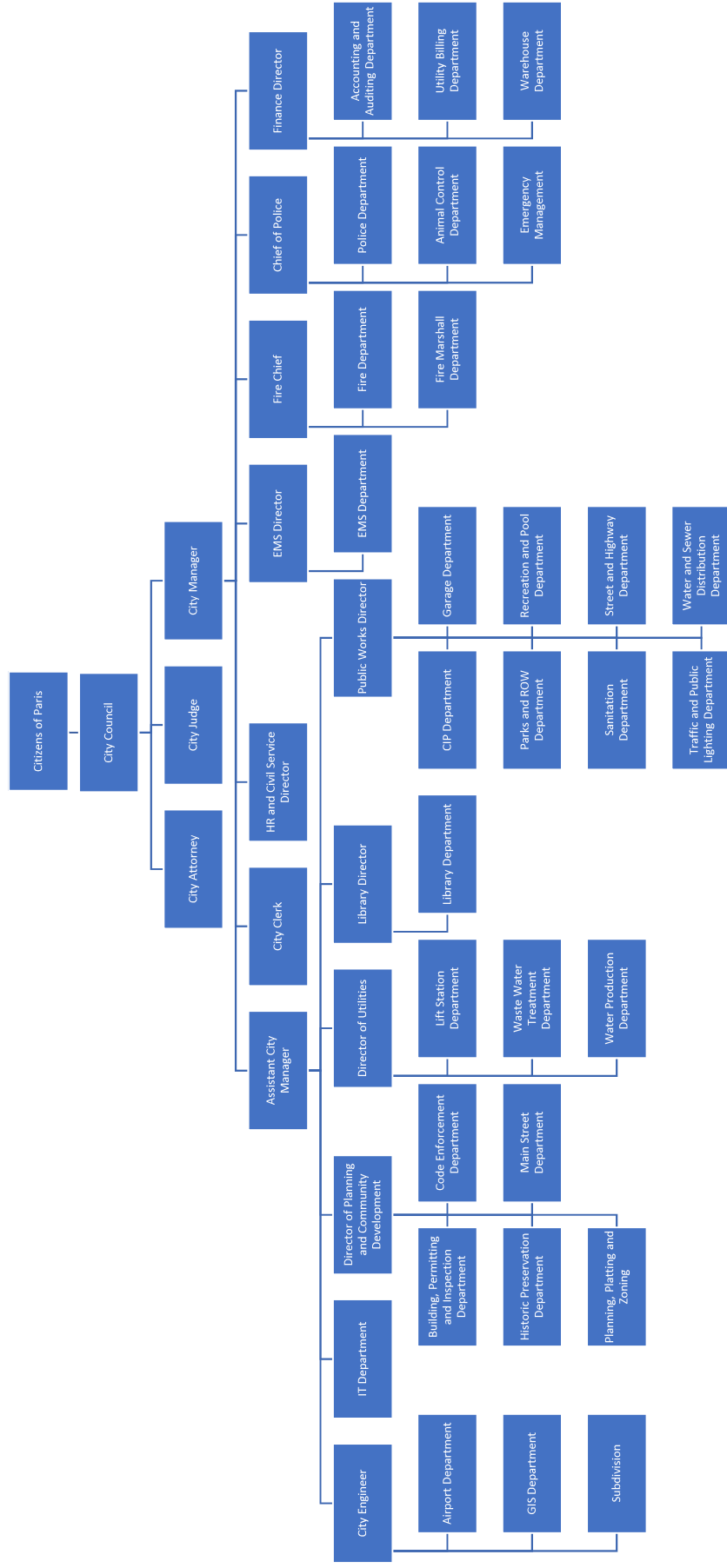
## **Acknowledgments**

The preparation of this report could not have been accomplished without the full support and efficient and dedicated efforts of the entire staff of the Finance Department and the competent services of the independent auditors, McClanahan and Holmes, LLP, CPAs. I express my appreciation to all members of the Finance Department who assisted and contributed to the completion of this report and to all City departments involved in the preparation of information for this report. In addition, I express my appreciation to the Mayor, City Council, and City Manager for their continuing interest and support in planning and conducting the financial affairs of the City in a responsible and progressive manner.

Respectfully submitted,

W. E. Anderson  
Director of Finance

# CITY OF PARIS ORGANIZATIONAL CHART



## List of Elected and Appointed Officials

### Elected Officials

Reginald Hughes – Mayor  
Mihir Pankaj – Mayor Pro Tem  
Shatara Moore  
Gary Savage  
Rebecca Norment  
Clayton Pilgrim  
Rudy Kessel

### Appointed Officials

Grayson Path – City Manager  
Robert Vine – Assistant City Manager  
Gene Anderson, CPA – Finance Director  
Janice Ellis – City Clerk  
Stephanie Harris – City Attorney  
Tom E. Hunt, III – Presiding Municipal Court Judge  
Michael Smith – Public Works Director  
Richard Salter – Police Chief  
Connie Lawman – Library Director  
Sandy Collard – Human Resources  
Jason Dyess – Emergency Medical Services  
Andrew Mack – Planning and Development  
Doug Harris – Utilities Director  
Thomas McMonigle – Fire Chief

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FINANCIAL SECTION

**McClanahan and Holmes, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

GEORGE H. STRUVE, CPA  
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TEFFANY A. KAVANAUGH, CPA  
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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council  
City of Paris, Texas

**Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Paris, Texas (the City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Paris, Texas, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and respective budgetary comparison schedule for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Change in Accounting Principle**

As discussed in Note I to the financial statements, in 2022 the City adopted new accounting guidance, *GASBS No. 84, Fiduciary Activities* and *GASBS No. 87, Leases*. Our opinions are not modified with respect to this matter.

**Responsibilities of Management for the Financial Statements**

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

Honorable Mayor and City Council  
City of Paris, Texas

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of changes in net pension liability and related ratios, the schedules of changes in total OPEB liability and related ratios, and the schedules of City contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 inquires 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.

Honorable Mayor and City Council  
City of Paris, Texas

### **Supplementary 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 combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, statistical section, and the continuing disclosure information but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected misstatement of the other information exists, we are required to describe it in our report.

*McClanahan and Holmes, LLP*  
Certified Public Accountants

Paris, Texas  
October 16, 2023



## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Paris (the City), we offer readers of the City of Paris, Texas' financial statements this narrative overview and analysis of the financial activities of the City of Paris for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal as well as the City's financial statements.

### Financial Highlights of the Primary Government

- The City dropped its tax rate from 0.48078 to 0.45373 per \$100 of valuation for fiscal year 2021-22.
- For the upcoming 2022-23 fiscal year, the City lowered its tax rate to 0.44278 per \$100 of valuation.
- City-wide revenues this year exceeded City-wide expenses by \$6,900,085 whereas in the previous year revenues exceeded expenses by \$5,144,346. The underlying causes of the higher surplus was an increase in every type of revenue: charges for services, operating and capital grants, general revenues, interest, and gain on disposal of assets. These increases more than offset the increase in expenses.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$23,926,645 or 77.27%, of total general fund expenditures. The prior year unassigned fund balance was \$20,596,761 or 58.60%, of general fund expenditures.
- At the end of the fiscal year, the net position of the proprietary funds was \$36,177,466 compared to \$45,212,203 the prior year. Increased debt related to the construction of a new wastewater plant was the primary cause of the decrease in net position.

### Overview of the Financial Statements

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

### Government-Wide Financial Statements

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

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

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

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

The government-wide financial statements can be found at Statement 1 and 2.

## **Fund Financial Statements**

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

### **Governmental Funds**

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

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

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

The basic governmental fund financial statements can be found beginning with Statement 3 and continuing through Statement 6 of this report.

### **Proprietary Funds**

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

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

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

### **Fiduciary Funds**

The City of Paris is the trustee, or fiduciary, for certain amounts held on behalf of other entities. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The activity of this fund is excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in this fund are used for their intended purpose.

The basic fiduciary fund financial statements can be found on Statements 10 and 11 of this report.

## Notes to the Financial Statements

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

### Other Information

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

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

### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Paris, assets exceeded liabilities by \$93,067,810 at the close of the most recent fiscal year. This compares to \$85,879,855 for the previous year. This was an 8.37% increase in net position.

By far, the largest portion of the City of Paris' net position (\$48,987,874 or 52.64%) reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). The City of Paris uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Paris' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	City of Paris Net Position					
	Governmental Activities		Business-Type Activities		Total	Total
	2022	2021	2022	2021	2022	2021
<b>Assets</b>						
Current and Other Assets	\$ 35,493,063	\$ 30,225,091	\$ 67,030,765	\$ 67,149,358	\$ 102,523,828	\$ 97,374,449
Capital Assets	40,589,238	40,391,518	70,544,343	67,853,908	111,133,581	108,245,426
<b>Total Assets</b>	<b>76,082,301</b>	<b>70,616,609</b>	<b>137,575,108</b>	<b>135,003,266</b>	<b>213,657,409</b>	<b>205,619,875</b>
<b>Deferred Outflows</b>						
Related to Asset Retirement	-	-	2,707,600	2,804,300	2,707,600	2,804,300
Related to Pension	13,873,084	1,651,067	178,764	163,384	14,051,848	1,814,451
Related to OPEB	485,320	456,770	38,529	47,281	523,849	504,051
<b>Total Deferred Outflows</b>	<b>14,358,404</b>	<b>2,107,837</b>	<b>2,924,893</b>	<b>3,014,965</b>	<b>17,283,297</b>	<b>5,122,802</b>
<b>Long-Term Liabilities</b>						
Outstanding	24,336,260	27,898,649	96,587,781	86,894,194	120,924,041	114,792,843
Other Liabilities	1,849,162	1,291,784	6,851,388	5,519,745	8,700,550	6,811,529
<b>Total Liabilities</b>	<b>26,185,422</b>	<b>29,190,433</b>	<b>103,439,169</b>	<b>92,413,939</b>	<b>129,624,591</b>	<b>121,604,372</b>
<b>Deferred Inflows</b>						
Related to Pensions	5,168,101	2,650,876	871,469	378,487	6,039,570	3,029,363
Related to OPEB	361,020	215,485	11,897	13,602	372,917	229,087
Related to Leases	1,835,818	-	-	-	1,835,818	-
<b>Total Deferred Inflows</b>	<b>7,364,939</b>	<b>2,866,361</b>	<b>883,366</b>	<b>392,089</b>	<b>8,248,305</b>	<b>3,258,450</b>

Net Position						
Net Investment in						
Capital Assets	28,267,799	26,703,929	20,720,075	33,410,030	48,987,874	60,113,959
Restricted	6,528,631	7,357,621	-	-	6,528,631	7,357,621
Unrestricted	<u>22,093,914</u>	<u>6,606,102</u>	<u>15,457,391</u>	<u>11,802,173</u>	<u>37,551,305</u>	<u>18,408,275</u>
Total Net Position	<u>\$ 56,890,344</u>	<u>\$ 40,667,652</u>	<u>\$ 36,177,466</u>	<u>\$ 45,212,203</u>	<u>\$ 93,067,810</u>	<u>\$ 85,879,855</u>

An additional portion of the City of Paris' net position (\$6,528,631 or 7.01%) represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position (\$37,551,305 or 40.35%) may be used to meet the government's ongoing obligations to citizens and creditors.

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

Statement 1 reflects the relevant deferred outflows and inflows for the fiscal year. Outflows are intended to account for the anticipated future liabilities for pension payments as well as contributions toward the cost of retiree health care and other post-employment benefits. Inflows anticipate future contributions to the pension plan and retiree health care and other post-employment benefits as well as certain asset retirement obligations.

### Governmental Activities

Governmental activities increased the City of Paris' net position by \$15,934,822 or 39.18% during the current fiscal year. The bulk of this increase was caused by a transfer in of the firefighter pension bond proceeds used to fully fund that pension fund. Total general and program revenues were up \$5,383,135 (16.38%). This increase was due to significant increases in program revenues and miscellaneous revenues with property, sales, and franchise taxes also contributing to the increase.

	General Revenues & Program Revenues		
	2022	2021	Increase (Decrease)
Property Taxes	\$ 9,863,420	\$ 9,561,394	\$ 302,026
Sales Taxes	9,650,605	9,196,157	454,448
Franchise Taxes	4,827,601	4,253,182	574,419
Hotel Occupancy Tax	1,151,124	1,192,873	(41,749)
Unrestricted Investment Earnings	279,262	41,704	237,558
Miscellaneous	1,548,315	546,391	1,001,924
Gain (Loss) on Sale of Capital Asset	111,727	125,176	(13,449)
Program Revenues	<u>10,808,246</u>	<u>7,940,288</u>	<u>2,867,958</u>
	<u>\$ 38,240,300</u>	<u>\$ 32,857,165</u>	<u>\$ 5,383,135</u>

The following table provides a summary of the City's operations for the years ending 2022 and 2021 for both governmental and business-type activities.

City of Paris  
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 9,189,299	\$ 7,331,549	\$18,397,839	\$16,567,528	\$27,587,138	\$23,899,077
Operating Grants and Contributions	522,574	369,289	1,371,533	-	1,894,107	369,289
Capital Grants and Contributions	1,096,373	239,450	-	-	1,096,373	239,450
General Revenues						
Property Taxes	9,863,420	9,561,394	-	-	9,863,420	9,561,394
Sales Taxes	9,650,605	9,196,157	-	-	9,650,605	9,196,157
Franchise Taxes	4,827,601	4,253,182	-	-	4,827,601	4,253,182
Hotel Occupancy Tax	1,151,124	1,192,873	-	-	1,151,124	1,192,873
Unrestricted						
Investment Earnings	279,262	41,704	(1,376,170)	(51,563)	(1,096,908)	(9,859)
Other	1,660,042	671,567	66,138	19,321	1,726,180	690,888
<b>Total Revenues</b>	<b>38,240,300</b>	<b>32,857,165</b>	<b>18,459,340</b>	<b>16,535,286</b>	<b>56,699,640</b>	<b>49,392,451</b>
<b>Expenses</b>						
General Government	7,891,210	5,481,353	-	-	7,891,210	5,481,353
Public Safety	12,265,360	11,874,360	-	-	12,265,360	11,874,360
Public Works	8,186,910	6,452,355	-	-	8,186,910	6,452,355
Health	3,781,493	3,962,596	-	-	3,781,493	3,962,596
Culture and Recreation	774,910	762,080	-	-	774,910	762,080
Other	-	-	-	-	-	-
Cox Field	1,099,517	374,649	-	-	1,099,517	374,649
Interest on Long-Term Debt	52,281	99,169	-	-	52,281	99,169
Water and Sewer	-	-	15,747,874	15,241,543	15,747,874	15,241,543
<b>Total Expenses</b>	<b>34,051,681</b>	<b>29,006,562</b>	<b>15,747,874</b>	<b>15,241,543</b>	<b>49,799,555</b>	<b>44,248,105</b>
Increase (Decrease) in Net Position Before Transfers	4,188,619	3,850,603	2,711,466	1,293,743	6,900,085	5,144,346
Transfers/Special Items	11,746,203	(177,451)	(11,746,203)	177,451	-	-
Increase (Decrease) in Net Position	15,934,822	3,673,152	(9,034,737)	1,471,194	6,900,085	5,144,346
Net Position, Beginning	40,667,652	37,046,560	45,212,203	43,803,809	85,879,855	80,850,369
Prior Period Adjustment	287,870	(52,060)	-	(62,800)	287,870	(114,860)
<b>Net Position, Ending</b>	<b>\$ 56,890,344</b>	<b>\$40,667,652</b>	<b>\$36,177,466</b>	<b>\$45,212,203</b>	<b>\$93,087,810</b>	<b>\$85,879,855</b>

**Business-Type Activities**

Business-type activities decreased the City of Paris' net position by \$9,034,737. This decrease was caused by a transfer out of bond proceeds to fully fund the firefighter pension plan.

## Financial Analysis of the Government's Funds

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

### Governmental Funds

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

	Governmental Funds	
	2022	2021
Total Assets	\$ 35,565,019	\$ 30,225,090
Total Liabilities	1,833,188	1,190,557
Deferred Inflows of Resources	2,579,793	813,024
Fund Balances		
Nonspendable:		
Inventory	248,423	181,620
Prepaid Items	145,724	
Permanent Fund Principal	98,883	98,543
Restricted For:		
Debt Service	1,799,656	1,928,672
Capital Projects	2,436,202	3,631,092
Notes	-	-
Law Enforcement	1,316,348	672,627
Public Education	746,789	707,090
Community Development	130,753	107,574
Assigned:		
Library	79,148	76,935
Community Development	223,467	220,595
Unassigned:		
General Fund	23,926,645	20,596,761
Total Fund Balances	31,152,038	28,221,509
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 35,565,019	\$ 30,225,090

As of the end of the current fiscal year, the City of Paris' governmental funds reported combined ending fund balances of \$31,152,038. Approximately 77.27% of this total amount (\$23,926,645) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is non-spendable, restricted, or assigned to 1) Permanent Fund Principal (\$98,883), 2) pay debt service (\$1,799,656), 3) inventories (\$248,423), 4) law enforcement (\$1,316,348), 5) library (\$79,148), 6) Public Education (\$746,789), 7) capital projects (\$2,436,202); 8) Community Development (\$354,220), and 9) Prepaid Items (\$145,724).

	Governmental Funds	
	Revenues, Expenditures, and	
	Changes in Fund Balances	
	2022	2021
Revenues	\$ 38,100,335	\$ 32,751,652
Expenditures	47,638,067	32,306,405
Deficiency of Revenues		
Under Expenditures	(9,537,732)	445,247
Total Other Financing Sources (Uses)	12,180,391	2,771,823
Net Change in Fund Balances	2,642,659	3,217,070
Increase (Decrease) in Inventory	-	-
Fund Balances - Beginning	28,221,509	25,056,499
Prior Period Adjustment	287,870	(52,060)
Fund Balances - Ending	<u>\$ 31,152,038</u>	<u>\$ 28,221,509</u>

### General Fund

The General Fund is the chief operating fund of the City of Paris. At the end of the current fiscal year, unassigned fund balance of the general fund was \$23,926,645 (\$20,596,761 the previous year), while total fund balance reached \$25,071,442 (\$28,221,509 the previous year). The decrease in the fund balance of the general fund was primarily due to increased liabilities and deferred inflows. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 55.31% of total general fund expenditures, while total fund balance represents 57.61% of that same amount.

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

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

### Budget Analysis

The City of Paris adopts an annual appropriated budget for its general fund and general fund types. Statement 6 combines these funds and provides a budget to actual comparison.

The final appropriation of the general fund types in total was overspent by \$11,635,719 (\$1,729,835 overspent the previous year). This 36.49% variance was primarily due to the issuance of \$12,355,000 in GO Bonds to fully fund the fire fighter pension fund. General fund type revenues were over budget by 21.36% or \$6,065,087 (\$4,014,955 last year). Higher than expected sales tax collections and increased billings by EMS account for most of the increase.

### Capital Projects Fund

The Capital Projects Fund is funded by the General Fund and/or the Proprietary Fund on an as needed basis or by debt issue authorized by the City Council. As Proprietary Fund projects are completed in the Capital Projects Fund, they are transferred back to the Proprietary Fund. The fund balance in the Capital Projects Fund was \$2,432,341 (\$3,627,281 last year). This reduction was due mainly to expenditures in the remodeling of the civic center. Variances from year to year are common in this fund as projects are approved on a year to year basis by the City Council.

## Debt Service Fund

The Debt Service Fund has a total fund balance of \$1,799,656 (\$1,928,372 the previous year), all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$192,987 (\$161,809 increase the previous year). There was a prior period adjustment that offset the decrease in fund balance by \$63,971. The government enacted a dedicated property tax for debt service at the beginning of the current fiscal year. This tax produced revenues of \$1,644,776 in the current fiscal year (\$1,541,384 the previous year).

## Proprietary Fund

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

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$15,457,391 (\$11,802,173 the previous year). Factors concerning the finances of this fund have already been addressed in the discussion of the City of Paris' business-type activities.

## Capital Asset and Debt Administration

### Capital Assets

The City of Paris' investment in capital assets for its governmental and business-type activities as of September 30, 2022 amounts to \$110,906,788 (\$108,245,426 the previous year). Both of these amounts are net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

	Net Capital Assets					
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 6,101,909	\$ 5,950,108	\$ 339,620	\$ 339,620	\$ 6,441,529	\$ 6,289,728
Buildings and System Improvements Other than Buildings	9,652,918	10,048,032	23,609,694	25,794,430	33,262,612	35,842,462
Machinery, Furniture, and Equipment	2,130,906	2,363,745	-	-	2,130,906	2,363,745
Infrastructure	4,819,859	4,608,507	1,771,306	1,324,682	6,591,165	5,933,189
Construction in Progress	16,172,728	17,157,762	-	-	16,172,728	17,157,762
Water Rights-Net	1,484,125	263,364	41,652,434	37,188,254	43,136,559	37,451,618
	-	-	3,171,289	3,206,922	3,171,289	3,206,922
<b>Total</b>	<b>\$ 40,362,445</b>	<b>\$ 40,391,518</b>	<b>\$ 70,544,343</b>	<b>\$ 67,853,908</b>	<b>\$ 110,906,788</b>	<b>\$ 108,245,426</b>

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



## Long-Term Debt

The City of Paris has total debt outstanding in the amount of \$102,637,545 (includes two financed purchases). Of this amount, \$12,197,545 comprises debt being paid for by property tax or hotel tax revenues, and \$90,440,000 represents bonds being paid for by water and sewer revenues.

Issue	Tax Supported	Revenue Supported	Final Maturity	Moody's Investors Rating
2013 C.O.s (TWDV)	\$ -	\$ 1,560,000	06-15-2032	N/A
2013 G.O. Bonds	-	25,335,000	12-15-2032	Aa3
2016 G.O. Bonds	-	6,560,000	12-15-2036	Aa3
2017 G.O. Bonds	7,795,000	-	06-15-2037	Aa3
2018 G.O. Bonds	-	775,000	09-30-2028	Aa3
2020 Tax and Rev C.O.s	1,225,000	-	06-15-2030	N/A
2020 G.O. Refunding Bonds	1,585,000	-	12-15-2029	Aa3
2020 Tax Notes	770,000	-	06-15-2026	N/A
2021 Tax & Rev. C.O.s	-	43,855,000	12-15-2050	Aa3
2022 GO Pension Bonds	-	12,355,000	06-15-2042	Aa3
SuRRMA Loan	192,906	-	06-29-2025	N/A
Financed Purchases – Firetrucks	629,639	-	01-28-2026	N/A
	<u>\$ 12,197,545</u>	<u>\$ 90,440,000</u>		

Paris' bond debt increased by \$8,346,785 during the fiscal year. This was due to the \$12,355,000 GO Pension Bonds issued for the purpose of fully funding the fire fighters pension fund. This new debt was offset somewhat by principal payments made on the previously issued debt. The City's underlying bond rating from Moody's is Aa3. The maximum tax rate permitted by Article XI, Section 5 of the State of Texas constitution is \$2.50 per \$100 of assessed valuation. Consequently, no legal debt margin can be calculated. The state attorney general has traditionally allowed up to \$1.50 per \$100 valuation to be applied to debt service. The City levied a tax rate of \$0.45373 per \$100 valuation for the 2021-22 fiscal year. This rate was broken down into \$0.37357 per \$100 valuation for operations and \$0.08016 per \$100 valuation for debt service. Using the traditional allowance of the state attorney general as a guide, the City of Paris is utilizing only 5.34% of its debt capacity. Additional information on the City of Paris' long-term debt can be found in note IV. K. of the Notes to the Financial Statements.

### Economic Factors and Next Year's Budgets and Rates

- Sales tax revenues are projected to grow 5% in the coming year.
- New construction amounted to 35 residential units and 17 commercial units.
- Local population growth is expected to be minimal.
- The tax rate is expected to increase \$0.035 per \$100 of value for debt services.
- Franchise fees are expected to remain stable.

All of these factors were considered in preparing the City of Paris' budget for 2022-23.

### Requests for Information

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

CITY OF PARIS, TEXAS  
Statement of Net Position  
September 30, 2022

Statement 1

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development
<b>Assets</b>				
Cash and Cash Equivalents	\$ 13,692,416	\$ 14,655,205	\$ 28,347,621	\$ 2,981,322
Investments	8,043,206	745,065	8,788,271	2,131,500
Receivables (Net of Allowance for Uncollectibles)	8,465,494	2,732,269	11,197,763	353,246
Leases Receivable	1,865,100	-	1,865,100	-
Inventories	248,423	499,623	748,046	-
Prepaid Assets	145,724	-	145,724	5,950
Net Pension Asset	-	1,021,114	1,021,114	-
<b>Restricted Assets</b>				
Cash and Cash Equivalents	1,175,869	7,106,204	8,282,073	-
Investments	1,140,288	40,271,285	41,411,573	-
Due from Other Governments	716,543	-	716,543	-
Land Development Costs	-	-	-	3,858,276
Water Rights (Net of Accumulated Amortization)	-	3,171,289	3,171,289	-
<b>Capital Assets Not Being Depreciated</b>				
Land	6,101,909	339,619	6,441,528	-
Construction in Progress	1,484,125	41,652,435	43,136,560	-
<b>Capital Assets (Net of Accumulated Depreciation)</b>				
Buildings and System Improvements Other Than Buildings	9,652,918	23,609,694	33,262,612	-
Machinery and Equipment	2,130,906	-	2,130,906	-
Infrastructure	4,819,859	1,771,306	6,591,165	1,264
Right-to-Use Assets, Net of Amortization	16,172,728	-	16,172,728	-
Right-to-Use Assets, Net of Amortization	226,793	-	226,793	-
<b>Total Assets</b>	<b>76,082,301</b>	<b>137,575,108</b>	<b>213,657,409</b>	<b>9,331,558</b>
<b>Deferred Outflows of Resources</b>				
<b>Deferred Outflows Related to Asset Retirement Obligation</b>				
Retirement Obligation	-	2,707,600	2,707,600	-
Deferred Outflows Related to Pensions	13,873,084	178,764	14,051,848	-
Deferred Outflows Related to OPEB	485,320	38,529	523,849	-
<b>Total Deferred Outflows of Resources</b>	<b>14,358,404</b>	<b>2,924,893</b>	<b>17,283,297</b>	<b>-</b>

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

CITY OF PARIS, TEXAS  
Statement of Net Position  
September 30, 2022

Statement 1  
(Continued)

	Primary Government		Total	Component Unit
	Governmental Activities	Business-Type Activities		Economic Development
<b>Liabilities</b>				
Accounts Payable and Other Current Liabilities	1,761,232	474,785	2,236,017	119,582
Accrued Interest Payable	87,930	921,969	1,009,899	15,155
Unearned Revenue	-	4,387,022	4,387,022	-
Customers' Deposits	-	1,067,612	1,067,612	-
Intergovernmental Payable	-	-	-	16,835
<b>Noncurrent Liabilities</b>				
<b>Due Within One Year</b>				
Compensated Absences	125,086	22,277	147,363	-
Bonds and Notes Payable	1,114,280	4,230,000	5,344,280	145,199
Right-to-Use Lease Liability	52,306	-	52,306	-
<b>Due in More Than One Year</b>				
Compensated Absences	1,125,772	200,496	1,326,268	-
Bonds and Notes Payable	11,138,290	88,993,920	100,132,210	2,247,922
Right-to-Use Lease Liability	166,564	-	166,564	-
Asset Retirement Obligation	-	2,901,000	2,901,000	-
Net Pension Liability	5,896,434	-	5,896,434	-
Net OPEB Liability	4,717,528	240,088	4,957,616	-
<b>Total Liabilities</b>	<u>26,185,422</u>	<u>103,439,169</u>	<u>129,624,591</u>	<u>2,544,693</u>
<b>Deferred Inflows of Resources</b>				
Deferred Inflows Related to Pensions	5,168,101	871,469	6,039,570	-
Deferred Inflows Related to OPEB	361,020	11,897	372,917	-
Deferred Inflows Related to Leases	1,835,818	-	1,835,818	-
<b>Total Deferred Inflows of Resources</b>	<u>7,364,939</u>	<u>883,366</u>	<u>8,248,305</u>	<u>-</u>
<b>Net Position</b>				
Net Investment in Capital Assets	28,267,799	20,720,075	48,987,874	1,264
<b>Restricted for</b>				
Construction	2,436,202	-	2,436,202	-
Debt Service	1,799,656	-	1,799,656	2,393,121
Law Enforcement	1,316,348	-	1,316,348	-
Education	746,789	-	746,789	-
Community Development	130,753	-	130,753	-
Industrial Incentives	-	-	-	2,226,526
Land Development Costs	-	-	-	3,858,276
Permanent Library Funds	-	-	-	-
Nonexpendable	98,883	-	98,883	-
Unrestricted	22,093,914	15,457,391	37,551,305	(1,692,322)
<b>Total Net Position</b>	<u>\$ 56,890,344</u>	<u>\$ 36,177,466</u>	<u>\$ 93,067,810</u>	<u>\$ 6,786,865</u>

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

CITY OF PARIS, TEXAS  
Statement of Activities  
Year Ended September 30, 2022

Statement 2

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Economic Development
					Governmental Activities	Business-Type Activities		
<b>Primary Government</b>								
<b>Governmental Activities</b>								
General Government	\$ 7,891,210	\$ 567,805	\$ 418,243	\$ -	\$ (6,905,162)	\$ (6,905,162)	\$ -	
Public Safety	12,265,360	346,023	103,441	202,054	(11,613,842)	(11,613,842)	-	
Public Works	8,186,910	1,488,587	-	846,707	(5,851,616)	(5,851,616)	-	
Health	3,781,493	5,946,071	-	-	2,164,578	2,164,578	-	
Culture and Recreation	774,910	65,827	890	-	(708,193)	(708,193)	-	
Cox Field Airport	1,099,517	774,986	-	47,612	(276,919)	(276,919)	-	
Interest on Long-Term Debt	52,281	-	-	-	(52,281)	(52,281)	-	
Total Governmental Activities	34,051,681	9,189,299	522,574	1,096,373	(23,243,435)	(23,243,435)	-	
<b>Business-Type Activities</b>								
Water and Sewer	15,747,874	18,397,839	1,371,533	-	4,021,498	4,021,498	-	
Total Business-Type Activities	15,747,874	18,397,839	1,371,533	-	4,021,498	4,021,498	-	
<b>Total Primary Government</b>	\$ 49,799,555	\$ 27,587,138	\$ 1,894,107	\$ 1,096,373	(23,243,435)	(19,221,937)	-	
<b>Component Unit</b>								
<b>Economic Development</b>	\$ 589,734	\$ -	\$ -	\$ -	-	-	(589,734)	
<b>General Revenues</b>								
Property Taxes					9,863,420	9,863,420	-	
Sales Taxes					9,650,605	9,650,605	1,930,132	
Franchise Taxes					4,827,601	4,827,601	-	
Hotel Occupancy Taxes					1,151,124	1,151,124	-	
Unrestricted Investment Earnings					(1,376,170)	(1,096,908)	29,308	
Miscellaneous					1,548,315	1,548,315	-	
Gain on Disposal of Assets					111,727	177,865	-	
Transfers					(11,746,203)	-	-	
Total General Revenues and Transfers					(13,056,235)	26,122,022	1,959,440	
<b>Changes in Net Position</b>					(9,034,737)	6,900,085	1,369,706	
<b>Net Position - Beginning</b>					40,667,652	85,879,855	5,417,159	
<b>Prior Period Adjustment</b>					287,870	287,870	-	
<b>Net Position - Ending</b>					\$ 56,890,344	\$ 93,067,810	\$ 6,786,865	

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

CITY OF PARIS, TEXAS  
Balance Sheet - Governmental Funds  
September 30, 2022

Statement 3

	General	Debt Service	Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and Cash Equivalents	\$ 9,757,078	\$ 1,698,400	\$ 1,692,859	\$ 1,719,948	\$ 14,868,285
Investments	8,081,449	-	1,003,664	98,381	9,183,494
Receivables (Net)					
Accounts	3,239,425	93,307	-	23,079	3,355,811
Taxes	2,716,541	-	-	-	2,716,541
Leases	903,671	-	-	961,429	1,865,100
Notes	2,393,142	-	-	-	2,393,142
Inventories	248,423	-	-	-	248,423
Prepaid Items	145,724	-	-	-	145,724
Due from Other Funds	-	71,956	-	-	71,956
Due from Other Governments	716,543	-	-	-	716,543
<b>Total Assets</b>	<b><u>\$ 28,201,996</u></b>	<b><u>\$ 1,863,663</u></b>	<b><u>\$ 2,696,523</u></b>	<b><u>\$ 2,802,837</u></b>	<b><u>\$ 35,565,019</u></b>
<b>Liabilities, Deferred Inflows, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable and Accrued Liabilities	\$ 1,492,438	\$ -	\$ 264,182	\$ 4,612	\$ 1,761,232
Due to Other Funds	71,956	-	-	-	71,956
<b>Total Liabilities</b>	<b><u>1,564,394</u></b>	<b><u>-</u></b>	<b><u>264,182</u></b>	<b><u>4,612</u></b>	<b><u>1,833,188</u></b>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue - Property Taxes	653,495	64,007	-	-	717,502
Unavailable Revenue - Other	26,473	-	-	-	26,473
Unavailable Revenue - Leases	886,192	-	-	949,626	1,835,818
<b>Total Deferred Inflows of Resources</b>	<b><u>1,566,160</u></b>	<b><u>64,007</u></b>	<b><u>-</u></b>	<b><u>949,626</u></b>	<b><u>2,579,793</u></b>
<b>Fund Balances</b>					
<b>Nonspendable</b>					
Inventory	248,423	-	-	-	248,423
Permanent Library Funds	-	-	-	98,883	98,883
<b>Restricted for</b>					
Debt Service	-	1,799,656	-	-	1,799,656
Capital Projects	3,861	-	2,432,341	-	2,436,202
Law Enforcement	-	-	-	1,316,348	1,316,348
Public Education	746,789	-	-	-	746,789
Community Development	-	-	-	130,753	130,753
<b>Assigned</b>					
Library	-	-	-	79,148	79,148
Community Development	-	-	-	223,467	223,467
Unassigned: General Fund	24,072,369	-	-	-	24,072,369
<b>Total Fund Balances</b>	<b><u>25,071,442</u></b>	<b><u>1,799,656</u></b>	<b><u>2,432,341</u></b>	<b><u>1,848,599</u></b>	<b><u>31,152,038</u></b>
<b>Total Liabilities, Deferred     Inflows and Fund Balances</b>	<b><u>\$ 28,201,996</u></b>	<b><u>\$ 1,863,663</u></b>	<b><u>\$ 2,696,523</u></b>	<b><u>\$ 2,802,837</u></b>	<b><u>\$ 35,565,019</u></b>

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

CITY OF PARIS, TEXAS  
 Balance Sheet - Governmental Funds  
 September 30, 2022

Statement 3  
 (Continued)

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

Fund Balances - Total Governmental Funds	\$ 31,152,038
Amounts reported for governmental activities in the statement of net position are different because:	
Capital and right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. (Net of Accumulated Depreciation/Amortization)	40,589,238
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred or not reflected in the funds.	743,975
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(13,810,228)
Included in noncurrent liabilities is the recognition of the City's proportionate share of the net pension liability required by GASB 68 in the amount of \$5,896,434, a Deferred Outflow of Resources in the amount of \$14,069,300, and a Deferred Inflow of Resources in the amount of \$5,228,704. This amounted to an increase in Net Position of \$2,944,162.	2,808,549
Included in noncurrent liabilities is the recognition of the City's proportionate share of the net OPEB liability required by GASB 75 in the amount of \$4,717,528, a Deferred Outflow of Resources in the amount of \$289,104, and a Deferred Inflow of Resources in the amount of \$300,417. This amounted to a decrease in Net Position of \$4,728,841.	<u>(4,593,228)</u>
Net Position of Governmental Activities	<u><u>\$ 56,890,344</u></u>

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

CITY OF PARIS, TEXAS  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended September 30, 2022

Statement 4

	General	Debt Service	Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
<b>Taxes</b>					
Property	\$ 8,287,694	\$ 1,644,776	\$ -	\$ -	\$ 9,932,470
Sales	9,650,605	-	-	-	9,650,605
Franchise	4,827,601	-	-	-	4,827,601
Hotel Occupancy	848,508	256,125	-	46,491	1,151,124
Licenses and Permits	532,557	-	-	-	532,557
Fines and Fees	432,115	-	-	40,628	472,743
Leases	65,617	-	-	101,720	167,337
Charges for Services	-	-	-	774,986	774,986
Use of Money and Property	201,997	21,586	33,178	26,166	282,927
Sanitation	1,462,220	-	-	-	1,462,220
Health	5,933,986	-	-	-	5,933,986
Intergovernmental	1,574,428	-	-	129,612	1,704,040
Other	629,747	-	4,558	573,434	1,207,739
<b>Total Revenues</b>	<b>34,447,075</b>	<b>1,922,487</b>	<b>37,736</b>	<b>1,693,037</b>	<b>38,100,335</b>
<b>Expenditures</b>					
<b>Current</b>					
General Government	1,917,259	-	-	39,666	1,956,925
Public Safety	23,917,194	-	-	7,602	23,924,796
Public Works	6,050,354	-	-	-	6,050,354
Health	5,595,417	-	-	-	5,595,417
Culture and Recreation	715,243	-	-	1,401	716,644
Cox Field	1,224	-	-	971,531	972,755
Other	1,829,866	-	-	-	1,829,866
<b>Debt Service</b>					
Principal	162,914	1,500,401	-	-	1,663,315
Interest	24,756	306,901	-	-	331,657
<b>Capital Outlay</b>					
General Government	561,165	-	1,232,676	-	1,793,841
Public Safety	1,060,330	-	-	56,363	1,116,693
Public Works	1,199,200	-	-	-	1,199,200
Health	486,604	-	-	-	486,604
<b>Total Expenditures</b>	<b>43,521,526</b>	<b>1,807,302</b>	<b>1,232,676</b>	<b>1,076,563</b>	<b>47,638,067</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(9,074,451)</b>	<b>115,185</b>	<b>(1,194,940)</b>	<b>616,474</b>	<b>(9,537,732)</b>

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

CITY OF PARIS, TEXAS  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended September 30, 2022

Statement 4  
(Continued)

	General	Debt Service	Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)					
Inception of Lease	278,821	-	-	-	278,821
Proceeds from Sale of Capital Assets	155,367	-	-	-	155,367
Transfers In	12,682,538	152,461	-	-	12,834,999
Transfers Out	(603,609)	(460,633)	-	(24,554)	(1,088,796)
Total Other Financing Sources (Uses)	12,513,117	(308,172)	-	(24,554)	12,180,391
Net Changes in Fund Balances	3,438,666	(192,987)	(1,194,940)	591,920	2,642,659
Fund Balances - Beginning	21,420,072	1,928,672	3,627,281	1,245,484	28,221,509
Prior Period Adjustment	212,704	63,971	-	11,195	287,870
Fund Balances - Ending	<u>\$ 25,071,442</u>	<u>\$ 1,799,656</u>	<u>\$ 2,432,341</u>	<u>\$ 1,848,599</u>	<u>\$ 31,152,038</u>

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



CITY OF PARIS, TEXAS  
 Reconciliation of the Statement of Revenues, Expenditures, and  
 Changes in Fund Balances of Governmental Funds to the Statement of Activities  
 Year Ended September 30, 2022

Statement 5

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

Net Change in Fund Balances - Total Governmental Funds (Statement 4)	\$	2,642,659
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		(55,056)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.		25,354
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.		157,744
Accrued interest expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		13,926
Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(87,994)
Pension expenses are not reported as expenditures in governmental funds and contributions after the measurement date are deferred.		13,836,711
OPEB expenses are not reported as expenditures in governmental funds and contributions after the measurement date are deferred.		(1,964,670)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		1,366,148
Change in net position of governmental activities (Statement 2).	\$	15,934,822

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

CITY OF PARIS, TEXAS  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
General Fund  
Year Ended September 30, 2022

Statement 6

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 8,269,000	\$ 8,269,000	\$ 8,287,694	\$ 18,694
Sales Taxes	8,200,000	8,200,000	9,650,605	1,450,605
Franchise Taxes	4,483,157	4,483,157	4,827,601	344,444
Hotel Occupancy Taxes	750,000	750,000	848,508	98,508
Licenses and Permits	167,950	167,950	532,557	364,607
Fines and Fees	387,000	387,000	432,115	45,115
Leases	-	-	65,617	65,617
Investment Earnings	154,800	154,800	201,997	47,197
Sanitation	1,474,250	1,474,250	1,462,220	(12,030)
Health	2,990,000	2,990,000	5,933,986	2,943,986
Intergovernmental Revenues	1,191,281	1,191,281	1,574,428	383,147
Other	314,550	314,550	629,747	315,197
	<u>28,381,988</u>	<u>28,381,988</u>	<u>34,447,075</u>	<u>6,065,087</u>
<b>Total Revenues</b>				
<b>EXPENDITURES</b>				
<b>General Government</b>				
Council	97,700	154,700	590,815	(436,115)
Manager	576,809	551,809	560,610	(8,801)
Attorney	376,198	374,698	385,885	(11,187)
Municipal Court	242,787	229,087	264,170	(35,083)
Clerk	161,654	158,654	156,964	1,690
Finance	460,463	550,463	519,980	30,483
Total General Government	<u>1,915,611</u>	<u>2,019,411</u>	<u>2,478,424</u>	<u>(459,013)</u>
<b>Public Safety</b>				
Police	7,485,659	7,463,759	7,408,596	55,163
Fire	5,516,560	5,644,560	17,756,598	(12,112,038)
Total Public Safety	<u>13,002,219</u>	<u>13,108,319</u>	<u>25,165,194</u>	<u>(12,056,875)</u>
<b>Public Works</b>				
Community Development	2,461,499	2,224,499	2,354,291	(129,792)
Engineering	318,068	320,068	315,780	4,288
Public Works	249,681	251,681	247,541	4,140
Parks and Recreation	1,353,319	1,256,619	1,257,277	(658)
Sanitation	1,252,213	1,330,713	1,159,973	170,740
Streets and Highways	1,613,559	1,219,559	1,107,858	111,701
Traffic and Public Lighting	495,576	448,576	475,730	(27,154)
Garage	405,948	334,048	331,104	2,944
Total Public Works	<u>8,149,863</u>	<u>7,385,763</u>	<u>7,249,554</u>	<u>136,209</u>

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

CITY OF PARIS, TEXAS  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
General Fund  
Year Ended September 30, 2022

Statement 6  
(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES (Continued)				
Health	3,527,899	4,361,899	6,082,021	(1,720,122)
Culture and Recreation				
Paris Band	23,050	23,050	22,268	782
Library Services	734,128	699,128	692,975	6,153
Total Culture and Recreation	757,178	722,178	715,243	6,935
Other				
Cox Field Airport	-	-	1,224	(1,224)
Other	1,710,237	4,288,237	1,829,866	2,458,371
Total Other	1,710,237	4,288,237	1,831,090	2,457,147
Total Expenditures	29,063,007	31,885,807	43,521,526	(11,635,719)
Excess (Deficiency) of Revenues Over Expenditures	(681,019)	(3,503,819)	(9,074,451)	(5,570,632)
Other Financing Sources (Uses)				
Inception of Lease	-	-	278,821	278,821
Transfers In	-	-	12,682,538	12,682,538
Transfers Out	(353,030)	(353,030)	(603,609)	(250,579)
Proceeds from Sale of Assets	-	-	155,367	155,367
Total Other Financing Sources (Uses)	(353,030)	(353,030)	12,513,117	12,866,147
Net Changes in Fund Balance	(1,034,049)	(3,856,849)	3,438,666	7,295,515
Fund Balance - Beginning	21,420,072	21,420,072	21,420,072	-
Prior Period Adjustment	-	-	212,704	212,704
Fund Balance - Ending	\$ 20,386,023	\$ 17,563,223	\$ 25,071,442	\$ 7,508,219

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

CITY OF PARIS, TEXAS  
Statement of Net Position  
Proprietary Funds  
September 30, 2022

Statement 7

	Water and Sewer Enterprise Fund
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 14,655,205
Restricted Cash and Cash Equivalents	7,106,204
Total Cash and Cash Equivalents	21,761,409
Accounts Receivable, Net	2,699,560
Accrued Interest Receivable	32,709
Inventories	499,623
Total Current Assets	24,993,301
Noncurrent Assets	
Investments	
Construction	34,296,718
Reserve and Contingency	5,974,567
Unrestricted	745,065
Total Investments	41,016,350
Water Rights (Net of Accumulated Amortization)	3,171,289
Capital Assets	
Land	339,620
Construction in Progress	41,652,434
Plant, Pumps, and Motors	32,502,752
Distribution System	46,963,935
Collection System	28,300,115
Maintenance Equipment and Vehicles	5,111,936
Furniture and Equipment	2,092,872
Less Accumulated Depreciation/Amortization	(89,590,610)
Total Capital Assets (Net of Accumulated Depreciation/Amortization)	67,373,054
Net Pension Asset	1,021,114
Total Noncurrent Assets	112,581,807
Total Assets	137,575,108
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows of Resources - Asset Retirement Obligation	2,707,600
Deferred Outflows of Resources - Pensions	178,764
Deferred Outflows of Resources - OPEB	38,529
Total Deferred Outflows	2,924,893

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

CITY OF PARIS, TEXAS  
Statement of Net Position  
Proprietary Funds  
September 30, 2022

Statement 7  
(Continued)

	Water and Sewer Enterprise Fund
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable and Accrued Liabilities	474,785
Accrued Interest Payable	921,969
Customers' Deposits	1,067,612
Notes Payable - Current Portion	1,210,000
Bonds Payable - Current Portion	3,020,000
Accrued Compensated Absences - Current Portion	22,277
Unearned Revenue	4,387,022
Total Current Liabilities	11,103,665
Noncurrent Liabilities	
Bonds Payable - Noncurrent Portion	46,348,920
Notes Payable - Noncurrent Portion	42,645,000
Accrued Compensated Absences - Noncurrent Portion	200,496
Asset Retirement Obligation	2,901,000
Net OPEB Liabilities	240,088
Total Noncurrent Liabilities	92,335,504
Total Liabilities	103,439,169
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pensions	871,469
Deferred Inflows Related to OPEB	11,897
Total Deferred Inflows	883,366
NET POSITION	
Net Investment in Capital Assets	20,720,075
Unrestricted	15,457,391
Total Net Position	\$ 36,177,466

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

CITY OF PARIS, TEXAS  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
Year Ended September 30, 2022

Statement 8

	Water and Sewer Enterprise Fund
Operating Revenues	
Charges for Sales and Services	
Water Sales and Taps	\$ 9,042,125
Sewer Charges and Taps	8,558,316
Sanitation Billing Fees	76,653
Service Charges	203,776
Industrial Surcharges	80,135
Miscellaneous	436,834
Total Operating Revenues	18,397,839
Operating Expenses	
Personnel	3,218,532
Supplies	1,323,753
Contractual	3,681,479
Maintenance	1,033,566
Sundry Charges	752,906
Bad Debt Expense	63,046
Other	48,609
Depreciation	2,674,834
Amortization of Water Rights	35,633
Amortization of Asset Retirement Obligation	96,700
Total Operating Expenses	12,929,058
Operating Income	5,468,781
Nonoperating Revenues (Expenses)	
Investment Earnings	363,000
Net Increase (Decrease) in the Fair Value of Investments	(1,739,170)
Intergovernmental	1,371,533
Gain/(Loss) on Sale of Capital Assets	66,138
Interest Expense	(2,657,916)
Bond Issue Costs	(160,900)
Net Nonoperating Revenues (Expenses)	(2,757,315)
Income Before Contributions, Other Revenue, and Transfers	2,711,466
Capital Contributions, Other Revenue, and Transfers	
Transfers In	1,064,242
Transfers Out	(12,810,445)
Total Capital Contributions, Other Revenue, and Transfers	(11,746,203)
Changes in Net Position	(9,034,737)
Total Net Position - Beginning	45,212,203
Total Net Position - Ending	\$ 36,177,466

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

CITY OF PARIS, TEXAS  
Statement of Cash Flows  
Proprietary Funds  
Year Ended September 30, 2022

Statement 9

	Water and Sewer Enterprise Fund
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 18,399,949
Other Receipts	1,308,653
Payments to Suppliers, Contractors, and Service Providers	(7,003,325)
Payments to Employees for Salaries and Benefits	(3,511,331)
	9,193,946
 Cash Flows from Noncapital Financing Activities	
Transfers In	1,064,242
Transfers Out	(12,810,445)
	(11,746,203)
 Cash Flows from Capital and Related Financing Activities	
Proceeds Received from Sale of Capital Assets	80,353
Acquisition and Construction of Capital Assets	(5,415,119)
Proceeds from Long-Term Debt	12,150,020
Principal Paid on Capital Debt	(2,345,000)
Interest Paid on Capital Debt	(2,943,696)
	1,526,558
 Cash Flows from Investing Activities	
Interest on Investments	363,000
Purchases of Investment Securities	(7,261,131)
Maturities of Investments	11,420,975
	4,522,844
 Net Increase in Cash and Cash Equivalents	3,497,145
Cash and Cash Equivalents - Beginning	18,264,264
 Cash and Cash Equivalents - Ending	\$ 21,761,409

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

CITY OF PARIS, TEXAS  
Statement of Cash Flows  
Proprietary Funds  
Year Ended September 30, 2022

Statement 9  
(Continued)

	Water and Sewer Enterprise Fund
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities	
Operating Income	\$ 5,468,781
Adjustments to Reconcile Operating Income to Net Cash	
Provided by (Used in) Operating Activities	
Depreciation	2,674,834
Amortization of Water Rights	35,633
Amortization of Asset Retirement Obligation	96,700
Decrease (Increase) in Accounts Receivable	43,903
Decrease (Increase) in Inventory	(143,353)
Decrease (Increase) in Net Pension Asset	(812,291)
Decrease (Increase) in Deferred Outflows of Resources	(6,628)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	2,511
Increase (Decrease) in Customers' Deposits	21,253
Increase (Decrease) in Unearned Revenue	1,308,653
Increase (Decrease) in Accrued Compensated Absences	-
Increase (Decrease) in Asset Retirement Obligation	-
Increase (Decrease) in Net Pension Liabilities	-
Increase (Decrease) in Net OPEB Liabilities	12,673
Increase (Decrease) in Deferred Inflows of Resources	491,277
Total Adjustments	3,725,165
Net Cash Provided by Operating Activities	\$ 9,193,946

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



CITY OF PARIS, TEXAS  
Statement of Net Position  
Fiduciary Funds  
September 30, 2022

Statement 10

	<u>Custodial Fund</u>
	<u>Court Costs and Fees</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 24,883
Total Assets	<u>24,883</u>
<b>LIABILITIES</b>	
Accounts Payable to State	<u>24,883</u>
Total Liabilities	<u>24,883</u>
<b>NET POSITION</b>	
Total Net Position	<u><u>\$ -</u></u>

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

CITY OF PARIS, TEXAS  
Statement of Changes in Net Position  
Fiduciary Funds  
Year Ended September 30, 2022

Statement 11

	Custodial Fund
	Court Costs and Fees
ADDITIONS	
Contributions	
State Court Fees Collected	\$ 103,007
Total Additions	103,007
DEDUCTIONS	
Payments of Court Fees to State	103,007
Total Deductions	103,007
Change in Net Position	-
Net Position - Beginning	-
Net Position - Ending	\$ -

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

CITY OF PARIS, TEXAS  
Notes to Financial Statements  
September 30, 2022

I. Summary of Significant Accounting Policies

A. Description of Government-Wide Financial Statements

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

B. Reporting Entity

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

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

C. Basis of Presentation - Government-Wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its discretely presented component unit. Separate statements for each fund category – governmental, proprietary, and fiduciary – 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.

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

I. Summary of Significant Accounting Policies (Continued)

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

The City reports the following major governmental funds:

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

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

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

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

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

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

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

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

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

The City reports the following fiduciary fund as one major fund:

The Court Cost and Fees Custodial Fund includes court costs collected by the City on behalf of the State of Texas, which are remitted to the State quarterly. These assets are excluded from the government-wide financial statements as they cannot be used to support the government's own programs.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (e.g., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (e.g., the enterprise fund) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Interfund services provided and used are not eliminated in the process of consolidation.

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

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

I. Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

F. Budgetary Information

1. Budgetary Basis of Accounting

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

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

I. Summary of Significant Accounting Policies (Continued)

F. Budgetary Information (Continued)

1. Budgetary Basis of Accounting (Continued)

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

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

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

The budget for the next fiscal year is legally enacted by the City Council through passage of an ordinance not later than the twenty-seventh day of the last month of the fiscal year. If the City Council does not enact the budget within this time period, then the budget as submitted by the City Manager becomes the legally authorized budget. An annual budget is not legally adopted for the Library Memorial Fund, a nonmajor special revenue fund.

2. Excess of Expenditures Over Appropriations

For the year ended September 30, 2022, expenditures may not legally exceed appropriations at the department level for each legally adopted annual operating budget. The City Manager may, without Council approval, transfer appropriation balances from one expenditure account to another within a department or agency of the City. The City Council, however, must approve any transfer or unencumbered appropriation balances or portions thereof from one department or agency to another. During the year ended September 30, 2022, the City Council approved a transfer of \$3,751,000 from various departments to other departmental line items. Expenditures exceeded appropriations in the following departments: Council \$436,115, Manager \$8,801, Attorney \$11,187, Municipal Court \$35,083, Fire \$12,112,038, Community Development \$129,792, Parks and Recreation \$658, Traffic and Public Lighting \$27,154, Health \$1,720,122, Cox Field Airport \$1,224.

G. Assets, Liabilities, and Equity

1. Cash and Cash Equivalents

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

2. Investments

Investments are reported in the accompanying balance sheet at fair value with changes in fair value being reported as part of investment income. PEDC holds investments in two external investment pools, Texas Class and Lone Star Investments. Both investment pools carry investments at amortized cost, which

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

I. Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities, and Equity (Continued)

2. Investments (Continued)

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

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

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

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

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

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

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

3. Inventories

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

4. Restricted Assets

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

Other restricted assets include funds restricted from revenue bond proceeds, contractual obligation debt service funds, unspent grant proceeds, and customer deposits. Assets restricted for a specific purpose are utilized before the use of unrestricted assets to pay related obligations when authorized to do so.

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

I. Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities, and Equity (Continued)

5. Capital Assets

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

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

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

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

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

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

6. Leases

The Government Accounting Standards Board defines a lease as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction.

City as Lessor

The City is a lessor for noncancellable leases of property and equipment. The City recognizes a lease receivable and deferred inflow of resources at the beginning of the lease term. In general, the lease receivable and deferred inflows of resources are measured at the present value of the lease payments expected to be received during the lease term. The City remeasures the lease receivables at subsequent financial reporting dates if one or more of the following changes have occurred at or before the financial reporting date: change in lease term; change in the interest rate the lessor charges the lessee; and/or change in future contingency lease payments to fixed payments for the remainder of the lease.



CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

I. Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities, and Equity (Continued)

6. Leases (Continued)

City as Lessor (Continued)

The key estimates and judgments related to leases include how the City determines the discount rate it uses to discount the expected lease payments to present value, lease term, and lease payments. The City uses its estimated incremental borrowing rate as the discount rate for leases, unless the rate is stated in the lease agreement. The lease term includes the noncancellable period of the lease. Lease payments include the measurement of the lease receivable are composed of fixed payments from the lessee. Leases with periodic percentage rent increases or flat rate increases that are specified in the lease terms are included in the measurement of the lease receivable.

The City calculates the amortization of the discount on the lease receivable on a straight-line basis over the term of the lease and reports that amount as an inflow of resources for the period. Any payments received are allocated first to the accrued interest receivable and then to the lease receivable. This recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

The City accounts for the partial or full lease termination by reducing the carrying values of the lease receivable and related deferred inflow of resources, and recognizing a gain or loss for the difference. However, if the lease is terminated as a result of the lessee purchasing an underlying asset from the City, the carrying value of the underlying asset should be derecognized and included in the calculation of any resulting gain or loss.

Leases that are considered a short-term lease (12 months or less) are not included in the measurement of the lease receivable. The City recognizes short-term lease payments as revenues based on the payment provisions of the lease contract. Liabilities are only recognized if payments are received in advance, and receivables are only recognized if payments are received subsequent to the reporting period.

City as Lessee

The City is a lessee for noncancellable leases of property and equipment. The City recognizes a lease liability and an intangible right-to-use lease asset at the beginning of a lease. In general, the lease liability and the right-to-use assets are measured based on the present value of the expected payments during the term of the lease. Remeasurement of a lease liability and right-to-use lease asset occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability.

The key estimates and judgments related to leases include how the City determines the discount rate it uses to discount the expected lease payments to present value, lease term, and lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the City is reasonably certain to exercise. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options or periods after terminations options are only included in the lease term is the lease is reasonably certain to be extended. Leases with payments that depend on an index or rate, such as the Consumer Price Index or market rate, are initially measured using the index or rate as of the commencement of the lease term. Leases with periodic percentage rent increases or flat rate increases that are specified in the lease terms are included in the measurement of the lease liability.

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

I. Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities, and Equity (Continued)

6. Leases (Continued)

City as Lessee (Continued)

The City calculates the amortization of the discount on the lease liability and reports that amount as outflows of resources or interest expense for the period. Payments are allocated first to accrued interest liability and then to the lease liability.

The City amortizes the right-to-use lease asset on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. However, if a lease contains a purchase option that the City has determined is reasonably certain of being exercised, the lease asset is amortized over the useful life of the underlying asset. If the underlying asset is non-depreciable, such as land, the lease asset is not amortized. The City reports the amortization of the lease asset as an outflow of resources, amortization expense, which is combined with depreciation expense related to other capital assets for financial reporting purposes.

The City accounts for the partial or full lease termination by reducing the carrying values of the lease asset and lease liability, and recognizing a gain or loss for the difference. However, if the lease is terminated as a result of the City purchasing an underlying asset from the lessor, the lease asset will be reclassified to the appropriate class of owned asset.

Leases that are considered a short-term lease (12 months or less), transfers ownership of the underlying asset, assets held as investments, or contain variable payments based on future performance of the City or usage of the underlying assets are not included in the measurement of the lease liability. The City recognizes payments for short-term leases and variable payments as expense in the period in which the City incurs the obligation for those payments.

7. Deferred Outflows/Inflows of Resources

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

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

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

I. Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities, and Equity (Continued)

8. Net Position Flow Assumption

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

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

9. Fund Balance Flow Assumption

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

10. Fund Balance Policies

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

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

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

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

I. Summary of Significant Accounting Policies (Continued)

H. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Compensated Absences

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

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

I. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. Recent Accounting Pronouncements Adopted

During fiscal year 2021, the City adopted and implemented GASB Statement No. 84, Fiduciary Activities, with no material effects to the financial statements. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is generally on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

I. Summary of Significant Accounting Policies (Continued)

J. Recent Accounting Pronouncements Adopted (Continued)

applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. In the current year, this resulted in the addition of a custodial fund for the quarterly municipal court fees due to the State of Texas. In the prior year, the quarterly municipal court fees due to the State of Texas were reported as assets and liabilities in the General Fund. As assets equaled liabilities, the requirement to report as custodial fund had no impact on beginning net position. Additionally, the adoption of this statement resulted in a reclassification of certain fund types from fiduciary to governmental. The reclassification of funds resulted in \$24,883 of net position being reclassified to fiduciary funds from governmental funds.

During fiscal year 2022, the City adopted the following Governmental Accounting Standards Board (GASB) Statements:

In June 2017, the GASB issued Statement No. 87 Leases. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of government's financial statements by requiring recognition of certain leases assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provision of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about government's leasing activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. GASB 95 postponed the effective date 18 months. The City implemented this Statement in fiscal year 2022. There was no effect on net position as a result of this implementation.

K. Future Adoption of Accounting Pronouncements

The GASB has issued the following potentially significant statements which the City has not yet adopted, and which require adoption subsequent to September 30, 2022.

Statement No.		Adoption Required
91	<i>Conduit Debt Obligations</i>	September 30, 2023
94	<i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i>	September 30, 2023
96	<i>Subscription-Based Information Technology Arrangements</i>	September 30, 2023
99	<i>Omnibus 2022</i>	September 30, 2023
100	<i>Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62</i>	September 30, 2024
101	<i>Compensated Absences</i>	September 30, 2025

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

II. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital and right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$40,589,238 are as follows:

Land	\$ 6,101,909
Construction in Progress	1,484,125
Buildings	20,640,470
Less: Accumulated Depreciation – Buildings	(10,987,552)
Improvements Other Than Buildings	6,664,963
Less: Accumulated Depreciation – Improvements Other Than Buildings	(4,534,057)
Machinery and Equipment	23,985,850
Less: Accumulated Depreciation – Machinery and Equipment	(19,165,991)
Infrastructure	52,733,342
Less: Accumulated Depreciation – Infrastructure	(36,560,614)
Right-To-Use Assets	278,821
Less: Accumulated Amortization – Right-To-Use Assets	<u>(52,028)</u>
Net Adjustment to Increase Fund Balance – Total Governmental Funds to Arrive at Net Position – Governmental Activities	<u>\$ 40,589,238</u>

Another element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$13,810,228 difference are as follows:

Bonds Payable	\$ 10,605,000
Plus: Premiums on Bonds Payable (to be Amortized Over the Life of the Debt)	98,031
Tax Notes Payable	770,000
Financed Purchases	629,539
Leases	218,870
Accrued Interest	87,930
Compensated Absences	1,250,858
Landfill Post-Closure Care Costs	<u>150,000</u>
Net Adjustment to Reduce Fund Balance – Total Governmental Funds to Arrive at Net Position – Governmental Activities	<u>\$ 13,810,228</u>

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$55,056 difference are as follows:

Capital Outlay	\$ 2,780,098
Depreciation Expense	<u>(2,835,154)</u>
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position Of Governmental Activities	<u>\$ (55,056)</u>

Another element of that reconciliation states that “the net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position.” The details of this \$25,354 difference are as follows:

In the statement of activities, only the gain on the sale of assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.

\$ (43,640)

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental fund because they are not financial resources.

68,994

Total Governmental Funds to Arrive at Changes in Net Position  
of Governmental Activities

\$ 25,354

Another element of that reconciliation states that “the issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$1,366,148 difference are as follows:

Initiation of Leases	\$ (278,821)
Amortization of Premium	12,105
Principal Repayments	1,572,915
Lease Payments	<u>59,949</u>
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$ 1,366,148</u>

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

III. Stewardship, Compliance, and Accountability

Violations of Legal or Contractual Provisions

Note I.F.2, on the Excess of Expenditures Over Appropriations, describes budgetary violations that occurred for the year ended September 30, 2022.

IV. Detailed Notes on All Activities and Funds

A. Cash and Cash Equivalents

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

At September 30, 2022, the City maintained deposits at a bank with a carrying amount of \$36,652,797, and the bank's balances were \$36,135,571. As of September 30, 2022, \$348,295 was insured by FDIC and \$36,304,502 was collateralized with securities held by the pledging financial institution's agent in the name of the City.

B. Investments

As of September 30, 2022, the City had the following investments:

<u>Type of Security</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Weighted Average Maturity (Years)</u>	<u>Weighted Average Maturity (Days)</u>
Primary Government				
Federal Home Loan Mortgage Corporation	\$ 3,569,624	AA+	9.30	
Federal National Mortgage Association	3,288,098	AA+	7.25	
Certificates of Deposit	98,295	Not Rated	0.58	
U.S. Treasury Bills OID	8,946,785		0.25	
U.S. Treasury Notes	34,297,042		0.92	
Paris Economic Development Corporation				
Texas Class Investment Pool	2,131,500	AAAm		82
Totals	<u>\$ 52,331,344</u>			

The City invested in the Texas Local Government Investment Cooperative (LOGIC) Liquid Asset Portfolio. LOGIC is a public funds investment pool managed by Southwest Securities Group, Inc. LOGIC uses amortized cost rather than market value to report net position to compute share prices. Accordingly, fair value of the position of LOGIC is the same as the net asset value of LOGIC shares. LOGIC issues an annual report that can be obtained upon request. The accounts remain open at September 30, 2022. However, the City had a zero balance at year end.

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



CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

B. Investments (Continued)

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

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

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

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

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce in value as a result of changes in currency exchange rates. At September 30, 2022, the City was not exposed to foreign currency risk.

C. Accounts Receivable and Payable

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

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

C. Accounts Receivable and Payable (Continued)

	General	Debt Service	Nonmajor Governmental Funds	Enterprise
Receivables:				
Accrued Interest	\$ 427	\$ -	\$ -	\$ 32,709
Property Taxes	1,089,159	124,409	-	5,565
Sales Tax	1,765,807	-	-	-
Hotel Occupancy Tax	297,238	-	-	-
Franchise	613,899	-	-	-
Accounts	153,852	-	23,079	2,852,898
Street Assessments	26,473	-	-	-
Fines	2,421,531	-	-	-
EMS	4,077,946	-	-	-
Leases	903,671	-	961,429	-
Notes	2,393,142	-	-	-
Gross Receivables	<u>13,743,145</u>	<u>124,409</u>	<u>984,508</u>	<u>2,891,172</u>
Less: Allowance for Uncollectibles	<u>(4,490,366)</u>	<u>(31,102)</u>	<u>-</u>	<u>(158,903)</u>
Net Total Receivables	<u>\$ 9,252,779</u>	<u>\$ 93,307</u>	<u>\$ 984,508</u>	<u>\$ 2,732,269</u>

Net receivable balances not expected to be collected within one year are Property Taxes - \$640,976, Fines - \$61,793, EMS - \$604,303, Street Assessments - \$26,473, and Leases - \$1,718,776.

Governmental funds report deferred inflows of resources in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. At September 30, 2022, the deferred inflows of resources were \$2,579,793.

At year end, PEDC had a receivable for sales tax of \$353,246. The balance is expected to be collected within one year.

Accounts payable at September 30, 2022, were as follows:

	Accounts	Wages	Totals
Governmental Activities			
General Fund	\$ 813,957	\$ 678,481	\$ 1,492,438
Capital Projects	264,182	-	264,182
Special Revenues	4,612	-	4,612
Total – Governmental Activities	<u>\$ 1,082,751</u>	<u>\$ 678,481</u>	<u>\$ 1,761,232</u>
Business-Type Activities			
Water and Sewer Fund	\$ 345,570	\$ 129,215	\$ 474,785
Total – Business Type Activities	<u>\$ 345,570</u>	<u>\$ 129,215</u>	<u>\$ 474,785</u>
Fiduciary Activities			
Custodial Fund	\$ 24,883	\$ -	\$ 24,883
Total – Fiduciary Activities	<u>\$ 24,883</u>	<u>\$ -</u>	<u>\$ 24,883</u>

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

D. Capital Assets

Capital assets activity for the year ended September 30, 2022, follows:

	Balance 9/30/21	Additions	Retirements	Balance 9/30/22
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 5,950,108	\$ 151,801	\$ -	\$ 6,101,909
Construction in Progress	263,364	1,220,761	-	1,484,125
Total Capital Assets, Not Being Depreciated	<u>6,213,472</u>	<u>1,372,562</u>	<u>-</u>	<u>7,586,034</u>
Capital Assets, Being Depreciated				
Buildings	20,556,584	83,886	-	20,640,470
Improvements Other Than Buildings	6,601,672	63,291	-	6,664,963
Machinery and Equipment	23,102,816	1,329,982	446,948	23,985,850
Infrastructure	52,733,342	-	-	52,733,342
Total Capital Assets, Being Depreciated	<u>102,994,414</u>	<u>1,477,159</u>	<u>446,948</u>	<u>104,024,625</u>
Less Accumulated Depreciation for				
Buildings	10,508,552	479,000	-	10,987,552
Improvements Other Than Buildings	4,237,927	296,130	-	4,534,057
Machinery and Equipment	18,494,309	1,074,990	403,308	19,165,991
Infrastructure	35,575,580	985,034	-	36,560,614
Total Accumulated Depreciation	<u>68,816,368</u>	<u>2,835,154</u>	<u>403,308</u>	<u>71,248,214</u>
Total Capital Assets, Being Depreciated, Net	<u>34,178,046</u>	<u>(1,357,995)</u>	<u>43,640</u>	<u>32,776,411</u>
Right-To-Use Assets				
Equipment	67,640	211,181	-	278,821
Total Right-To-Use Assets	<u>67,640</u>	<u>211,181</u>	<u>-</u>	<u>278,821</u>
Less Accumulated Amortization for				
Equipment	-	52,028	-	52,028
Total Accumulated Amortization	<u>-</u>	<u>52,028</u>	<u>-</u>	<u>52,028</u>
Total Right-To-Use Assets, Net	<u>67,640</u>	<u>159,153</u>	<u>-</u>	<u>226,793</u>
Governmental Activities, Capital Assets, Net	<u>\$40,459,158</u>	<u>\$ 173,720</u>	<u>\$ 43,640</u>	<u>\$40,589,238</u>

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

D. Capital Assets (Continued)

	Balance 9/30/21	Additions	Retirements	Balance 9/30/22
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 339,620	\$ -	\$ -	\$ 339,620
Construction in Progress	37,188,254	4,464,180	-	41,652,434
Total Capital Assets, Not Being Depreciated	<u>37,527,874</u>	<u>4,464,180</u>	<u>-</u>	<u>41,992,054</u>
Capital Assets, Being Depreciated				
Plant, Pumps, and Motors	32,280,368	222,384	-	32,502,752
Distribution System	47,011,375	-	47,440	46,963,935
Collection System	28,300,115	-	-	28,300,115
Maintenance Equipment and Vehicles	4,560,328	690,053	138,445	5,111,936
Furniture and Equipment	2,054,372	38,500	-	2,092,872
Total Capital Assets, Being Depreciated	<u>114,206,558</u>	<u>950,937</u>	<u>185,885</u>	<u>114,971,610</u>
Less Accumulated Depreciation for				
Plant, Pumps, and Motors	27,036,398	656,237	-	27,692,635
Distribution System	33,013,912	1,201,496	33,225	34,182,183
Collection System	21,747,118	535,172	-	22,282,290
Maintenance Equipment and Vehicles	3,610,593	231,746	138,445	3,703,894
Furniture and Equipment	1,679,425	50,183	-	1,729,608
Total Accumulated Depreciation	<u>87,087,446</u>	<u>2,674,834</u>	<u>171,670</u>	<u>89,590,610</u>
Total Capital Assets, Being Depreciated, Net	<u>27,119,112</u>	<u>(1,723,897)</u>	<u>14,215</u>	<u>25,381,000</u>
Business-Type Activities, Capital Assets, Net	<u>64,646,986</u>	<u>2,740,283</u>	<u>14,215</u>	<u>67,373,054</u>
Intangible Asset – Water Rights	4,113,119	-	-	4,113,119
Less Accumulated Amortization	906,197	35,633	-	941,830
Total Intangible Asset - Water Rights, Net	<u>3,206,922</u>	<u>(35,633)</u>	<u>-</u>	<u>3,171,289</u>
Business-Type Activities, Capital and Intangible Assets, Net	<u>\$67,853,908</u>	<u>\$ 2,704,650</u>	<u>\$ 14,215</u>	<u>\$70,544,343</u>

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

D. Capital Assets (Continued)

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

Governmental Activities	
General Government	\$ 117,084
Public Safety	735,571
Public Works, Including Depreciation of General Infrastructure Assets	1,514,340
Health	203,790
Culture and Recreation	119,858
Cox Field Airport	<u>144,511</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 2,835,154</u>
Business-Type Activities	
Water and Sewer	<u>\$ 2,674,834</u>
Total Depreciation Expense – Business-Type Activities	<u>\$ 2,674,834</u>

E. Deferred Compensation Plan

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

F. Employee Retirement Systems and Plans

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

1. Texas Municipal Retirement System

Plan Description

The City of Paris participates as one of 901 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. The plan financial statements are prepared using the accrual basis of accounting. TMRS issues a publicly available 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.

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

F. Employee Retirement Systems and Plans (Continued)

1. Texas Municipal Retirement System (Continued)

Benefits Provided

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

At retirement, the member's benefits are calculated based on the sum of the member's contributions with interest, and the City-financed monetary credits with interest, and their age at retirement and other actuarial factors. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, however this lump sum cannot exceed 75% of the total member contributions and interest.

Prior service credit is a monetary credit that a city may grant to eligible employees when the City joins TMRS. The credit is used in calculating the employee's retirement benefit and is based on compensation they earned while working for the city before the city joined TMRS. Current service credit is a monetary credit for service performed by a member after a city joins TMRS and is based on a city's matching ratio (100%, 150%, or 200%) of the member's total contributions and interest. A change in a city's matching ratio is applied prospectively. Update service credit (USC) is a monetary credit a city may grant to active members. The USC calculation is performed annually on a member's account and may grant supplemental financial credits. The USC calculation considers a member's salary history and the city's plan changes and may increase the value of a member's benefit at retirement.

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

	<u>Plan Year 2021</u>
Employee Deposits Rate	6%
Matching Ratio (City to Employee)	2 to 1
Years required for vesting	5 Years
Retirement Eligibility (Age/Service)	60/5, 0/20
Updated Service Credit	0%
Annuity Increase (to retirees)	0% of CPI

Employees Covered by Benefit Terms

At the December 31, 2021, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	244
Inactive Employees Entitled to but not yet Receiving Benefits	167
Active employees	233
Total	644

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

F. Employee Retirement Systems and Plans (Continued)

1. Texas Municipal Retirement System (Continued)

Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 6.78% and 6.45% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022, were \$972,171 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall Payroll Growth	3.5% to 11.5%, including inflation
Investment Rate of Return	6.75%

Salary increases were based on a service-related table. For calculating the actuarial liability and the retirement contribution rates, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements. Based on the size of the city, rates are multiplied by an additional factor of 100%. For disabled annuitants, the mortality tables for healthy retirees are used 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 is 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 actuarial assumptions were developed 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 valuation.

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

F. Employee Retirement Systems and Plans (Continued)

1. Texas Municipal Retirement System (Continued)

Actuarial Assumptions (Continued)

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Public Equity	35.0%	7.55%
Core Fixed Income	6.0	2.00
Non-Core Fixed Income	20.0	5.68
Other Public and Private Markets	12.0	7.22
Real Estate	12.0	6.85
Hedge Funds	5.0	5.35
Private Equity	10.0	10.00
Total	<u>100.0%</u>	

Discount Rate

A single discount rate of 6.75% was used to measure the Total Pension Liability as of December 31, 2021. This single discount rate was based on the expected rate of return on pension plan investments of 6.75%. Based on the stated assumptions and the projection of cash flows the city's fiduciary net position and future contributions were sufficient to finance the future benefit payments of current plan members for all projection years. 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. The projection of cash flows used to determine the single discount rate for the city assumed that the funding policy adopted by the TMRS Board will remain in effect for all future years. Under this funding policy, the city will finance the unfunded actuarial accrued liability over the years remaining for the closed period existing for each base in addition to the employer portion of all future benefit accruals.



CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

F. Employee Retirement Systems and Plans (Continued)

1. Texas Municipal Retirement System (Continued)

Net Pension Liability and Changes in the Pension Liability

	Total Pension Liability (a)	Increase (Decrease)	
		Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balance at 12/31/2020	\$ 67,105,668	\$68,377,769	\$ (1,272,101)
Changes for the year:			
Service Cost	1,443,089	-	1,443,089
Interest	4,487,312	-	4,487,312
Change of Benefit Terms	390,679	-	390,679
Difference Between Expected and Actual Experience	(749,803)	-	(749,803)
Changes of Assumptions	-	-	-
Contributions – Employer	-	878,482	(878,482)
Contributions – Employee	-	783,806	(783,806)
Net Investment Income	-	8,898,242	(8,898,242)
Benefit Payments, Including Refunds of Employee Contributions	(3,748,402)	(3,748,402)	-
Administrative Expense	-	(41,245)	41,245
Other Changes	-	282	(282)
Net Changes	<u>1,822,875</u>	<u>6,771,165</u>	<u>(4,948,290)</u>
Balance at 12/31/2021	<u>\$ 68,928,543</u>	<u>\$75,148,934</u>	<u>\$ (6,220,391)</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%, as well as what the City's net pension liability (asset) would have been if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate 5.75%	Discount Rate 6.75%	1% Increase in Discount Rate 7.75%
City's Net Pension Liability (Asset)	<u>\$2,014,870</u>	<u>\$(6,220,391)</u>	<u>\$(13,116,858)</u>

Pension Plan Fiduciary Net Position

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

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

F. Employee Retirement Systems and Plans (Continued)

1. Texas Municipal Retirement System (Continued)

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

For the year ended September 30, 2022, the City recognized pension expense of \$(1,066,678).

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Economic Experience (Net of Current Year Amortization)	\$ -	\$ 682,671
Changes in Actuarial Assumptions	-	17,194
Differences Between Projected and Actual Investment Earnings (Net of Current Year Amortization)	-	4,574,605
Contributions Subsequent to the Measurement Date	693,908	-
Total	\$ 693,908	\$ 5,274,470

\$693,908 reported as deferred outflows of resources, related to pensions resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions, will be recognized in pension expense as follows:

Fiscal Year Ended September 30,	
2023	\$ (1,168,232)
2024	(2,257,737)
2025	(991,954)
2026	(856,547)
2027	-
Thereafter	-
	\$ (5,274,470)

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

F. Employee Retirement Systems and Plans (Continued)

2. Firefighters' Relief and Retirement Fund

Plan Description

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

Eligibility

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

Employee contributions are "picked up" by the City of Paris, Texas, as permitted under Section 414(h)(2) of the Internal Revenue Code. Fund members receive credit for service for the period during which they make contributions to the plan.

The fund was established August 28, 1941, and was most recently amended effective August 31, 2019.

As of September 30, 2022, the plan was closed to new entrants.

Contributions

The City's annual required contribution to the plan for fiscal year 2022 was based on a payroll of \$3,582,668 and amounted to \$501,574. Covered employees made contributions of \$573,227.

Employees Covered by Benefit Terms

At the December 31, 2021, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	40
Inactive employees entitled to but not yet receiving benefits	8
Active employees	<u>48</u>
Total	<u><u>96</u></u>

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

F. Employee Retirement Systems and Plans (Continued)

2. Firefighters' Relief and Retirement Fund (Continued)

Service Retirement Disability and Death Benefits

A member is eligible for service retirement upon the earlier of (a) the completion of 20 years of service and attainment of age 55 or (b) the date as of which the sum of the member's age and service equals 80 provided the member has completed 20 years of service. A member who retires under the service retirement provisions of the fund will receive a monthly benefit equal to \$94 multiplied by his/her years of service at retirement. The minimum service retirement benefit is \$500 per month. Service retirement benefits are payable for the member's lifetime. In the event the member's death precedes that of his/her spouse, two-thirds of the member's pension will be continued to the spouse for his/her lifetime. In lieu of the normal form of benefit, a member may elect at the time of his/her retirement to receive a modified monthly amount payable under one of several optional forms of payment. An active member will qualify for a disability benefit if he/she becomes disabled for either physical or mental reasons. If a member dies while in active service, his/her widow(er) will receive an immediate monthly benefit, payable for his/her lifetime.

Actuarial Methods and Assumptions

The actuarial valuation date used to determine the total pension liability for the year ended September 30, 2022, and the most current available information required for disclosure under GASB Statement No. 67 is based on an actuarial valuation as of December 31, 2021. The actuarial cost method used in the December 31, 2021, valuation is the entry age service actuarial cost method. This method is also referred to as the entry age actuarial cost method under the terminology developed by the Joint Committee on Pension Terminology. There has been no change in the actuarial cost method since the last actuarial valuation.

The assumed rate of return was developed using both the plan's historical rates of return and expected future rates of return. Rate of return experience studies have been performed in connection with the plan's valuations.

The demographic assumptions were chosen based on expected future rates of retirement, mortality, disability, and termination. Mortality was taken from published studies and was updated to reflect expected future improvement. Retirement and salary increase rates were developed based on the plan's own experience. Disability and termination rates were based on published rates, adjusted as necessary, to conform to the plan's own experience.

Both economic and demographic assumptions were further tested through the calculation of the plan's aggregate experience with respect to both demographic decrements and economic assumptions.

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

F. Employee Retirement Systems and Plans (Continued)

2. Firefighters' Relief and Retirement Fund (Continued)

Net Pension Liability and Changes in the Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) – (b)
Balance at 12/31/2020	\$ 15,862,735	\$ 4,771,104	\$ 11,091,631
Changes for the year:			
Service Cost	273,163	-	273,163
Interest	1,128,647	-	1,128,647
Experience	-	-	-
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions – Employer	-	457,000	(457,000)
Contributions – Employee	-	522,286	(522,286)
Net Investment Income	-	471,438	(471,438)
Benefit Payments, Including Refunds of Employee Contributions	(1,136,694)	(1,136,694)	-
Administrative Expense	-	(52,994)	52,994
Other Changes	-	-	-
Net Changes	<u>265,116</u>	<u>261,036</u>	<u>4,080</u>
Balance at 12/31/2021	<u>\$ 16,127,851</u>	<u>\$ 5,032,140</u>	<u>\$ 11,095,711</u>

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

	1% Decrease in Discount Rate 6.25%	Discount Rate 7.25%	1% Increase in Discount Rate 8.25%
Net Pension Liability	\$12,828,016	\$11,095,711	\$9,641,418

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2022, the City recognized pension expense of \$515,613.

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

F. Employee Retirement Systems and Plans (Continued)

2. Firefighters' Relief and Retirement Fund (Continued)

The aggregate pension expense for Texas Municipal Retirement System and Firefighters' Relief and Retirement Fund for the year ended September 30, 2022 was \$(551,065).

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Economic Experience	\$ 91,299	\$ 500,896
Changes in Actuarial Assumptions	744,689	-
Difference Between Projected and Actual Investment Earnings	-	264,204
Contributions Subsequent to the Measurement Date	12,521,952	-
Total	\$ 13,357,940	\$ 765,100

\$12,521,952 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions, will be recognized in pension expense as follows:

Fiscal Year Ended September 30,	
2023	\$ 21,473
2024	(108,392)
2025	(45,348)
2026	31,947
2027	164,599
Thereafter	6,609
Total	\$ 70,888

G. Other Post Employment Benefit (OPEB) Obligations

1. Supplemental Death Benefits Fund

Plan Description

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

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

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

1. Supplemental Death Benefits Fund (Continued)

Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an "other post-employment benefit" (OPEB) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated).

Employees Covered by Benefit Terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	180
Inactive employees entitled to but not yet receiving benefits	49
Active employees	<u>233</u>
Total	<u><u>462</u></u>

Contributions

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

Employees of the City were not required to contribute to the OPEB plan during the fiscal year. The contribution rates for the City were 0.36% and 0.37% of gross earnings in calendar year 2021 and 2022. The City's contributions to TMRS SDBF for the year ended September 30, 2022 were \$47,924 and were equal to the required contributions.

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

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

1. Supplemental Death Benefits Fund (Continued)

Changes in the OPEB Liability

	Increase (Decrease)
	Total OPEB Liability
Balance at 12/31/20	\$ 1,385,480
Changes for the year:	
Service Cost	64,802
Interest	28,046
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	(28,573)
Changes of Assumptions	44,084
Contributions – Employer	-
Contributions – Employees	-
Net Investment Income	-
Benefit Payments, Including Refunds of Employee Contributions	(31,155)
Administrative Expense	-
Other Changes	-
Net Changes	77,204
Balance at 12/31/21	\$ 1,462,684

The following presents the total SDBF OPEB liability of the City, calculated using the discount rate of 1.84%, as well as what the City’s total SDBF OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (0.84%) or 1-percentage-point higher (2.84%) than the current rate:

	1% Decrease in Discount Rate 0.84%	Discount Rate 1.84%	1% Increase in Discount Rate 2.84%
Net Pension Liability	\$1,785,403	\$1,462,684	\$1,215,109

Supplemental Death Benefits Fund Net Position

Detailed information about the plan’s net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmrs.com](http://www.tmrs.com).



CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

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

1. Supplemental Death Benefits Fund (Continued)

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

For the year ended September 30, 2022, the City recognized OPEB expense in the amount of \$154,350.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Economic Experience (Net of Current Year Amortization)	\$ -	\$ 59,277
Changes in Actuarial Assumptions	199,812	13,223
Differences Between Projected and Actual Investment Earnings (Net of Current Year Amortization)	-	-
Contributions Subsequent to the Measurement Date	34,933	-
Total	\$ 234,745	\$ 72,500

\$34,933 reported as deferred outflows of resources related to SDBF OPEB resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB, will be recognized in pension expense as follows:

Fiscal Year Ended September 30,		
2023	\$	46,968
2024		55,807
2025		23,590
2026		947
2027		-
Thereafter		-
Total	\$	127,312

2. City of Paris Retiree Health Care Plan

Plan Description

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

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

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

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

Benefits

Retiree health benefits are available to all retirees who meet the definition of a retiree as set for by City ordinance. Retirees are responsible for the full cost of their retiree health benefits. Retirees who meet certain conditions are eligible for a monthly subsidy from the City toward the purchase of health care coverage until the retiree becomes age 65. Retirees are able to remain on the City group health insurance plan until the retiree reaches age 65 or becomes eligible for Medicare coverage. Retiree premiums are 1.95 times the rates for active employees. Retiree health benefits are available to spouses and eligible dependents of retirees. All costs for dependents are paid by the retiree if they have them. The City will provide a monthly subsidy to eligible retirees who purchase medical coverage either through the City group insurance plan or from an alternate provider. The cost of coverage for the retiree will be reimbursed up to a maximum amount set by the City with the balance paid by the retiree. Effective January 1, 2020, the maximum amount of the monthly subsidy is \$565.

Employees Covered by Benefit Terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by benefit terms:

Inactive Retirees or Beneficiaries Currently Receiving Benefits	10
Inactive, Nonretired Members	-
Active employees	<u>62</u>
Total	<u><u>72</u></u>

Contributions

The City's contributions are financed on a pay-as-you-go basis. For the year ended September 30, 2022, the contributions were approximately \$19,875.

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

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

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

Changes in the OPEB Liability

	Increase (Decrease)
	Total OPEB Liability
Balance at 12/31/2020	\$ 1,711,750
Changes for the year:	
Service Cost	46,370
Interest	34,083
Change of Benefit Terms	1,923,344
Difference Between Expected and Actual Experience	(250,340)
Changes of Assumptions	91,261
Contributions – Employer	-
Contributions – Employees	-
Net Investment Income	-
Benefit Payments, Including Refunds of Employee Contributions	(61,564)
Administrative Expense	-
Other Changes	-
Net Changes	1,783,154
Balance at 12/31/2021	\$ 3,494,904

The following presents the total Plan OPEB liability of the City, calculated using the discount rate of 1.84%, as well as what the City's total Plan OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (0.84%) or 1-percentage-point higher (2.84%) than the current rate:

	1% Decrease in Discount Rate 0.84%	Discount Rate 1.84%	1% Increase in Discount Rate 2.84%
Net OPEB Liability	\$3,687,281	\$3,494,904	\$3,307,252

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

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Net OPEB Liability	\$3,251,140	\$3,494,904	\$3,761,770

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

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

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

OPEB Plan Net Position

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

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

For the year ended September 30, 2022, the City recognized OPEB expense in the amount of \$1,916,654.

The aggregate OPEB expense for the Supplemental Death Benefits Fund and the City of Paris Retiree Health Care Plan for the year ended September 30, 2022 was \$2,071,004.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Economic Experience (Net of Current Year Amortization)	\$ -	\$ 287,455
Changes in Actuarial Assumptions	180,827	12,962
Contributions Subsequent to the Measurement Date	108,277	-
Total	\$ 289,104	\$ 300,417

\$108,277 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the OPEB liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB, will be recognized in pension expense as follows:

Fiscal Year Ended September 30,	
2023	\$ (33,379)
2024	(39,715)
2025	(32,689)
2026	(13,807)
2027	-
Thereafter	-
Total	\$ (119,590)

H. Water Sales and Commitments

1. Water Sales

The City has contracts extending for several years to sell treated and untreated water to six entities. Total water sales under these contracts to these entities during the year ended September 30, 2022, were approximately \$3,002,193.

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

H. Water Sales and Commitments (Continued)

2. Construction Commitments

The City has active construction projects as of September 30, 2022. At year-end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>To Date</u>	<u>Commitment</u>
Sewer and Water System Replacement and Related Street Reconstruction	\$ 27,955,785	\$ 4,548,836
Total	<u>\$ 27,955,785</u>	<u>\$ 4,548,836</u>

3. Water Storage Commitment

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

4. Civic Center Contract Commitment

The City is a party to a contract with the Chamber of Commerce of Lamar County, Inc. whereby three-sevenths of the hotel/motel tax is to be dedicated to a fund to be used for improving, enlarging, equipping, repairing, operating, or maintaining a civic center. The contract provides that the Chamber of Commerce of Lamar County, Inc. will operate the civic center through September 30, 2022, and may be reviewed for four additional one-year terms upon written agreement of the parties. Either party may terminate this contract at the end of the current term by giving thirty days notice.

5. Interlocal Cooperative Agreement

During the year, the City participated in an interlocal cooperative agreement with the Sulphur River Regional Mobility Authority. The City's payments are to assist in funding completion of approximately 10.4 miles of four-lane divided highway in Delta County, Texas. The City considers this a cost sharing arrangement; accordingly, debt payments are not included in long-term liabilities. Annual payments of \$100,827 include principal and interest at 3.68% beginning March 29, 2013, through March 29, 2024. The City is required to establish a sinking fund and to levy and collect property tax. The balance outstanding at September 30, 2022 is \$192,906.

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

H. Water Sales and Commitments (Continued)

6. Other Commitments - PEDC

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

Metro Gate – On January 22, 2021, the Board of Directors reached a performance agreement with Metro Gate and Manufacturing Company, Inc. PEDC will provide \$120,000 for the creation of 40 full-time employees paid out in installments over 5 years and \$40,000 for expected capital expenditures for a total of \$160,000. The remaining balance is estimated to be \$69,000.

Blossom Aerospace – On March 1, 2022, the Board of Directors reached an incentive agreement with Blossom Aerospace Texas, LLC. PEDC will invest up to \$350,000 for the creation of 70 new positions at its Lamar County facility paid out in installments over 5 years. The remaining balance is estimated to be \$350,000.

Lionshead Specialty Tire and Wheel – On June 21, 2022, the Board of Directors reached a performance agreement with Lionshead Paris, LLC. PEDC will invest up to \$807,526 in cash, land, and improvements in connection with a new assembly and warehousing plant, job creation, and employment retention. The remaining balance is estimated to be \$807,526.

I. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases insurance coverage from commercial insurers and participates in risk pools to limit risk of loss in these areas. The risk pools maintain adequate protection from catastrophic losses to protect their financial integrity. Aggregate protection is also maintained to ensure that the City shall at no time be assessed. The City's contributions are limited to the rates calculated under the agreement. There has been no significant reduction in insurance coverage during the year ended September 30, 2022. There have been no settlements in excess of insurance coverage in any of the prior three fiscal years.

J. Financed Purchases

In September 2015, the City began leasing equipment under an agreement classified as a financing purchase due to a bargain purchase option. Equipment purchased through the agreement are pledged as security for repayment of the lease liability. The present value and accumulated amortization are as follows:

Financed Purchase – Equipment, at Cost	\$ 617,114
Less: Accumulated Amortization	412,526
Financed Purchase – Equipment, Net	<u>\$ 204,588</u>

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

J. Financed Purchases (Continued)

The future minimum payments required under the financing purchase and the present value of the net minimum payments as of September 30, 2022, are as follows:

Year Ending September 30,	Amount
2023	\$ 72,353
2024	72,353
2025	72,352
Total Minimum Payments	217,058
Less: Amount Representing Interest	(12,470)
Present Value of Net Minimum Payments	204,588
Less: Current Maturities of Financing Purchase Obligation	(66,213)
Long-Term Portion of Financing Purchase Obligation	\$ 138,375

In January 2016, the City began leasing equipment under an agreement classified as a financing purchase due to a bargain purchase option. Equipment purchased through the agreement are pledged as security for repayment of the lease liability. The present value and accumulated amortization are as follows:

Financed Purchase – Equipment, at Cost	\$ 975,185
Less: Accumulated Amortization	550,317
Financed Purchase – Equipment, Net	\$ 424,868

The future minimum payments required under the financing purchase and the present value of the net minimum payments as of September 30, 2022, are as follows:

Year Ending September 30,	Amount
2023	\$ 114,337
2024	114,337
2025	114,337
2026	114,337
Total Minimum Payments	457,348
Less: Amount Representing Interest	(32,480)
Present Value of Net Minimum Payments	424,868
Less: Current Maturities of Financing Purchase Obligation	(101,587)
Long-Term Portion of Financing Purchase Obligation	\$ 323,281

K. Long-Term Liabilities

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

K. Long-Term Liabilities (Continued)

are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

General Obligation Certificates of Obligation and Other Long-Term Obligations

\$9,750,000 General Obligation Bonds, Series 2017, due in annual installments varying from \$430,000 to \$635,000 with final payment due June 15, 2037. On July 17, 2017, the City issued this series bearing interest ranging from 2.125% to 3.0%. On December 15, 2027, or any date thereafter, the outstanding bonds may be redeemed prior to their scheduled maturities at the City's option. The bonds were issued at a premium to provide funds to pay the costs of construction, improving, extending, expanding, upgrading and developing streets and roads, bridges and intersections including, utility relocation, landscaping, sidewalks, traffic safety and operational improvements, the purchase of any necessary right-of-way, drainage, and other related costs, and improving and equipping parks, trails and recreational facilities.

\$2,900,000 Combination Tax and Surplus Revenue Certificates of Obligation, Series 2013, due in annual installments varying from \$150,000 to \$165,000 with final payment due June 15, 2032. Interest is payable semi-annually at rates ranging from 0.75% to 1.45%. On June 15, 2023, or any date thereafter, the outstanding bonds may be redeemed prior to their scheduled maturities at the City's option. These bonds were issued to provide funds to pay the costs of improving the potable water distribution system and related costs. The certificates are also secured by a pledge of net revenues of the water works and sewer system. In addition to the purchase of these bonds by the Texas Water Development Board, the City received \$500,778 in connection with a loan forgiveness program. The bonds are reported as obligations of the Enterprise Fund.

\$33,925,000 General Obligation Bonds, Series 2013, due in annual installments varying from \$1,910,000 to \$2,850,000 with final payment due December 15, 2032. Interest is payable semi-annually at rates ranging from 4.0% to 5.0%. On December 15, 2023, or any date thereafter, the outstanding bonds may be redeemed prior to their scheduled maturities at the City's option. These bonds were issued August 15, 2014, at a premium for the purpose of replacing and extending water distribution lines and sewer collection lines and making repairs necessitated by the replacement. Voters of the issuer approved the issuance of \$45,000,000 in tax bonds. The bonds are reported as obligations of the Enterprise Fund.

\$8,780,000 General Obligation Bonds, Series 2016, due in annual installments varying from \$365,000 to \$535,000 with final payment due December 15, 2036. Interest is payable semi-annually at rates ranging from 3.0% to 4.0%. On December 15, 2026, or any date thereafter, the outstanding bonds may be redeemed prior to their scheduled maturities at the City's option. These bonds were issued December 1, 2016, at a premium for the purpose of constructing and acquiring improvements and equipping the City's waterworks and sewer system and for replacing and extending water distribution lines and sewer collection lines and construction repairs to streets and drainage infrastructure necessitated by such water and sewer line construction. Voters approved the issuance of \$45,000,000 in tax bonds. The bonds are reported as obligations of the Enterprise Fund.

\$1,390,000 General Obligation Bonds, Series 2018, due in annual installments varying from \$125,000 to \$130,000 with final payment due June 15, 2028. Interest is payable semi-annually at 2.59%. The principal installments of this bond are not subject to redemption prior to maturity. These bonds were issued May 1, 2018, in the amount of \$1,200,000 for the purpose of constructing and acquiring improvements and equipping the City's waterworks and sewer system and for replacing and extending water distribution lines and sewer collection lines and construction repairs to streets and drainage infrastructure necessitated by such water and sewer line construction and in the amount of \$190,000 to pay the costs of construction, improving, extending, expanding, upgrading and developing streets and roads, bridges and intersections including, utility relocation, landscaping, sidewalks, traffic safety and operational improvements, the purchase of any necessary right-of-



CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

K. Long-Term Liabilities (Continued)

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

way, drainage and other related costs. The bonds are reported as Enterprise Fund debt and General Obligation debt.

\$1,500,000 Combination Tax and Surplus Revenue Certificates of Obligation, Series 2020, due in annual installments varying from \$145,000 to \$165,000 with final payment due June 15, 2030. Interest is payable semi-annually at 1.95%. The certificates of this series are not subject to redemption prior to maturity. These bonds were issued February 1, 2020 for the purpose of paying all or a portion of the City's contractual obligations incurred in connection with the renovation, repair and other improvement of the City's Love Civic Center and paying legal, fiscal and engineering fees in connection with such projects. The bonds are reported as General Obligation debt.

\$1,115,000 Tax Notes, Series 2020, due in annual installments varying from \$190,000 to \$195,000 with final payment due June 15, 2026. Interest is payable semi-annually at 1.05%. The principal installments of this note are not subject to redemption prior to maturity. The note was issued November 1, 2020 for the purpose of paying contractual obligations incurred or to be incurred for the construction of any public work, for the purchase of materials, supplies, equipment, machinery, buildings, lands and right-of-way for the City's authorized needs and purposes, and to pay costs of professional services. The note is reported as General Obligation debt.

\$1,765,000 General Obligation Refunding Bonds, Series 2020, due in annual installments varying from \$190,000 to \$210,000 with final payment due December 15, 2029. Interest is payable semi-annually at 1.24%. On December 15, 2020, the City issued this series to refund Outstanding Combination Tax and Revenue Certificates of Obligation, Series 2010 (\$3,005,000) bearing interest ranging from 3.0% to 4.2%. The net proceeds of \$1,772,711 (after payment of various fees, outstanding principal balance, and accrued interest) were deposited in the Old Paying Agent account to refund the Refunding Bonds on the Redemption Date in accordance with the Deposit Agreement. The issuance of the bonds produced a present value debt service savings of \$188,730 and an actual debt service savings of \$201,195. The bonds are reported as General Obligation Debt.

\$43,855,000 Combination Tax and Surplus Revenue Certification of Obligation, Series 2021, due in annual installments varying from \$620,000 to \$2,160,000 with final payment due on December 15, 2050. Interest is payable semi-annually at rates ranging from 2.0% to 5.0%. On December 15, 2030, or any date thereafter, the certificate may be redeemed prior to their scheduled maturities at the City's option. The bonds were issued on May 12, 2021, at a premium for the purpose of refurbishment of portions of the existing waste water treatment plant as needed in connection with the construction of a new waste water treatment plant. Voters approved the issuance of \$46,065,000 in tax bonds. The bonds are reported as obligations of the Enterprise Fund.

\$12,355,000 General Obligation Pension Bonds, Taxable Series 2022, due in annual installments varying from \$270,000 to \$855,000 with final payment due on June 15, 2042. Interest is payable semi-annually at rates ranging from 4.0% to 5.0%. On June 15, 2031, or on any date thereafter, the bonds may be redeemed prior to their scheduled maturities at the City's option. The bonds were issued August 31, 2022 at a discount for the purpose of fund all or any part of an unfunded, accrued liability of the City to a public pension fund as determined by actuarial analysis. The bonds are reported as obligations of the Enterprise Fund.

The ordinances require that property taxes be levied and collected at a rate sufficient to pay principal and interest as they come due. They also require that these funds be placed in special interest and sinking funds created solely for the benefit of the obligations. At September 30, 2022, the fund balances in the Interest and Sinking Funds are \$1,799,656.

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

K. Long-Term Liabilities (Continued)

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

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

A summary of long-term liability transactions for the year ended September 30, 2022, follows:

	Balance September 30, 2021	Additions	Reductions	Balance September 30, 2022	Due Within One Year
<b>Governmental Activities</b>					
Debt Payable					
Bonds Payable	\$ 11,830,000	\$ -	\$ 1,225,000	\$ 10,605,000	\$ 745,000
Tax Notes Payable	955,000	-	185,000	770,000	190,000
Premium	110,137	-	12,105	98,032	-
Financed Purchases	792,453	-	162,915	629,538	167,811
Total Debt Payable	13,687,590	-	1,585,020	12,102,570	1,102,811
Compensated Absences	1,162,864	833,242	745,248	1,250,858	125,086
Right-to-use Lease Liability	67,640	211,181	59,949	218,870	52,306
Landfill Post-Closure					
Care Costs	150,000	-	-	150,000	-
Governmental Activities Long-Term Liabilities	<u>\$ 15,068,094</u>	<u>\$ 1,044,423</u>	<u>\$ 2,399,217</u>	<u>\$ 13,722,298</u>	<u>\$ 1,280,203</u>
<b>Business-Type Activities</b>					
Debt Payable					
Bonds Payable	\$ 36,575,000	\$ 12,355,000	\$ 2,345,000	\$ 46,585,000	\$ 3,020,000
Tax Notes Payable	43,855,000	-	-	43,855,000	1,210,000
Premium	3,113,006	-	285,006	2,828,000	-
Discount	-	(44,080)	-	(44,080)	-
Total Debt Payable	83,543,006	12,310,920	2,630,006	93,223,920	4,230,000
Compensated Absences	222,773	185,308	185,308	222,773	22,277
Business-Type Activities Long-Term Liabilities	<u>\$ 83,765,779</u>	<u>\$ 12,496,228</u>	<u>\$ 2,815,314</u>	<u>\$ 93,446,693</u>	<u>\$ 4,252,277</u>

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

K. Long-Term Liabilities (Continued)

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

<b>Component Unit</b>	Balance September 30, 2021	Additions	Reductions	Balance September 30, 2022	Due Within One Year
Note Payables	\$ 1,221,754	\$ 2,500,000	\$ 1,328,633	\$ 2,393,121	\$ 145,199
Component Unit Long-Term Liabilities	<u>\$ 1,221,754</u>	<u>\$ 2,500,000</u>	<u>\$ 1,328,633</u>	<u>\$ 2,393,121</u>	<u>\$ 145,199</u>

For governmental activities, pension-related debt and compensated absences are liquidated by the general fund.

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

Year Ending September 30,	General Obligation		Water and Sewer		PEDC	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 935,000	\$ 269,466	\$ 4,230,000	\$ 3,154,961	\$ 145,199	\$ 49,794
2024	955,000	249,868	5,040,000	3,013,978	148,337	46,656
2025	980,000	229,759	5,440,000	2,773,726	151,542	43,451
2026	995,000	208,568	3,800,000	2,557,414	154,817	40,176
2027	825,000	188,097	3,960,000	2,256,288	158,163	36,830
2028-2032	3,685,000	674,416	21,790,000	9,365,402	1,635,063	117,490
2033-2037	3,000,000	261,346	16,025,000	5,181,182	-	-
2038-2042	-	-	12,390,000	3,031,302	-	-
2043-2047	-	-	9,420,000	1,516,688	-	-
2048-2051	-	-	8,345,000	400,887	-	-
Totals	<u>\$11,375,000</u>	<u>\$2,081,520</u>	<u>\$90,440,000</u>	<u>\$33,251,828</u>	<u>\$2,393,121</u>	<u>\$334,397</u>

PEDC has an outstanding \$2,500,000 Note Payable to the City issued December 27, 2021, due in monthly installments of \$16,249 through November 27, 2031 and a final payment of \$940,083 on December 27, 2031, bearing an interest rate of 3.14%. At September 30, 2022, the balance of the Note Payable was \$2,393,121.

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

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

L. Leases

Lease Receivable

The City, as a lessor, leases City-owned properties such as land, tower space, and airport hangars. The related receivables are presented in the Statement of Net Position for the amounts equal to the present value of lease payments expected to be received during the lease term. Revenue recognized under GASB 87 lease contracts during the year ended September 30, 2022 was \$190,436, which includes both lease revenue and interest.

As of September 30, 2022, the City's Governmental Activities lease receivable balance of \$1,865,100 was comprised of the following amounts:

Land leases with interest rates ranging from 0.95% to 1.28%	\$ 114,287
Building leases with interest rates ranging from 1.08% to 1.88%	896,456
Infrastructure leases with interest rates at 1.55%	<u>854,357</u>
Total lease receivable for Governmental Activities	<u>\$ 1,865,100</u>

The City expects to receive the following lease receivable amounts for Governmental Activities in subsequent years as follows:

Year Ending September 30,	General Activities	
	Principal	Interest
2023	\$ 138,135	\$ 25,694
2024	142,559	23,896
2025	148,118	22,025
2026	153,916	20,076
2027	159,857	18,049
2028-2032	609,633	60,733
2033-2037	377,832	27,991
2038-2042	41,246	10,024
2043-2047	17,626	8,174
2048-2052	17,701	6,499
2053-2057	18,999	4,801
2058-2062	20,855	2,945
2063-2067	16,864	955
2068-2070	<u>1,759</u>	<u>40</u>
Totals	<u>\$ 1,865,100</u>	<u>\$ 231,902</u>

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

L. Leases (Continued)

Lease Liability

The City, as a lessee, has entered into lease agreements involving equipment. The related obligations are presented in the amounts equal to the present value of lease payments, payable during the remaining lease term. As the lessee, a lease liability and the associated lease asset is recognized on the government-wide Statement of Net Position. The City did not incur expenses related to its leasing activities related to residual value guarantees, lease termination penalties or losses due to impairment. As a lessee, there are currently no agreements that include sale-leaseback and lease-leaseback transactions.

As of September 30, 2022, the City's governmental activities lease liability balance of \$218,870 was comprised of the following:

Equipment leases with interest rates ranging from 0.25% to 4.89%	\$ <u>218,870</u>
Total lease liability for Governmental Activities	\$ <u>218,870</u>

As of September 30, 2022, the City had a minimum principal and interest payment requirements for its leasing activities, with a remaining term more than one year, as follows:

Year Ending September 30,	General Activities	
	Principal	Interest
2023	\$ 52,306	\$ 8,352
2024	38,235	7,048
2025	34,115	5,742
2026	32,586	4,383
2027	30,419	2,980
2028	31,209	1,525
Totals	\$ 218,870	\$ 30,030

M. Interfund Transfers

During the year ended September 30, 2022, the City made transfers from the Water and Sewer fund to the Debt Service fund of \$152,461 to make debt service payments and to the General Fund of \$12,150,000 for pension funding. Other minor transfers were made between funds making up transfers of:

	General	Debt Service	Water and Sewer	Transfers Out
General	\$ -	\$ -	\$ 603,609	\$ 603,609
Debt Service	-	-	460,633	460,633
Other Governmental	24,554	-	-	24,554
Water and Sewer	12,657,984	152,461	-	12,810,445
Transfers In	\$ 12,682,538	\$ 152,461	\$ 1,064,242	\$13,899,241

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

N. Restricted Net Position and Restricted Asset Accounts

In order to safeguard the financial integrity of the water and sewer system, the City Council approved a resolution establishing and maintaining funds comparable to those required by the revenue bonds refunded in 2010. At September 30, 2022, these accounts, shown as cash and investments on the Statement of Net Position – Proprietary Funds, are as follows:

Reserve Fund	\$ 9,646,661
Contingency Fund	925,405

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

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

	Cash and Cash Equivalents	Certificates of Deposit and Other Investments	Other Receivables
Grants Receivable	\$ -	\$ -	\$ 716,543
Lake Crook	3,861	-	-
Contingency	716,214	209,191	-
Loan	33,745	-	-
Bond Reserves and Sinking Funds	3,881,284	5,765,376	-
Construction	3,040,507	34,437,006	-
Other	606,462	-	-
Total Restricted Assets	\$ 8,282,073	\$ 40,411,573	\$ 716,543

O. Related Party

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

P. Contingent Liabilities

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

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

The City has incurred certain asset retirement obligations related to the operation of its wastewater utility system. The U.S. Environmental Protection Agency and the Texas Commission on Environmental Quality regulates wastewater utility system closure and post closure requirements. Environmental engineers calculated the asset retirement obligation based on the estimated current cost of remediation and removal of the contamination and contaminated sludge and dirt in the wastewater treatment facilities. The estimated liability of

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

P. Contingent Liabilities (Continued)

the legally required closure costs for the waste water utility system was estimated as of September 30, 2022 to be \$2,901,000. The estimated remaining wastewater utility system life is 30 years. The actual cost of closure and post closure may be higher due to inflation, changes in technology, or changes in waste water utility system laws and regulations. At September 30, 2022, there were no assets restricted to pay this liability.

Q. Tax Abatements

As of September 30, 2022, the City provides tax abatements through two programs-Industrial and Residential:

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

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

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated 2021-22</u>
Industrial Incentives	\$ 1,289,467

R. Prior Period Adjustment

During fiscal year 2022, the City determined that an adjustment was necessary to the adjust revenue and expenses that should have been recorded in the prior fiscal year. The prior period adjustment totaled \$287,870 for governmental funds. The restated beginning fund balance for governmental funds is \$40,955,522. The restated net position for governmental activities is \$28,509,379.

S. Subsequent Events

Subsequent events have been evaluated through October 16, 2023, the date the financial statements were available to be issued.

In October 2022, the City approved a construction contract in the amount of \$88,490, for the southern boat ramp construction project at Lake Crook. In addition, the City approved a construction contract in the amount of \$62,852,642, for the Phase I of the Wastewater Treatment Plant Project.

In November 2022, the City issued \$26,795,000 Waterworks and Sewer System Revenue Bonds, Series 2022 for the purpose of acquiring, constructing, installing and equipping additions, improvements and extensions to the City's waterworks and sewer system. The interest rate is payable semi-annually at rates ranging from 4.00% to 5.25%, with the final payment due on June 15, 2051.

CITY OF PARIS, TEXAS  
Notes to Financial Statements (Continued)  
September 30, 2022

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

S. Subsequent Events (Continued)

In April 2023, the City approved the performance agreement between the PEDC and Amesta Packaging, LLC.

In August 2023, the City approved a tax abatement agreement with Huhtamaki, Inc. The agreement is de-escalating and for a ten-year period. See Note IV.Q. for information on the City's tax abatement policy.

In August 2023, the City approved a contract with a private company to provide residential and commercial trash services to the City.

In September 2023, the City approved an ordinance to refund and restructure the 2013 GO Bond.



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PARIS, TEXAS  
 Required Supplementary Information  
 Texas Municipal Retirement System -  
 Schedule of Changes in Net Pension Liability and Related Ratios  
 Year Ended September 30, 2022

	Plan Year Ended December 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability	\$ 1,443,089	\$ 1,184,350	\$ 1,233,792	\$ 1,198,978	\$ 1,192,255	\$ 1,190,613	\$ 1,084,666	\$ 1,084,779
Service Cost	4,487,312	4,344,087	4,233,112	4,092,798	3,952,930	3,826,176	3,718,773	3,592,818
Interest	390,679	-	-	-	-	1,615,467	-	-
Changes in Benefit Terms	(749,803)	(321,817)	(260,390)	(118,708)	19,208	(211,467)	(159,282)	(191,294)
Differences Between Expected and Actual Experience	-	-	(110,977)	-	-	-	-	-
Changes in Assumptions	(3,748,402)	(3,731,229)	(3,122,282)	(3,101,195)	(3,090,075)	(2,766,533)	(2,741,148)	(2,632,638)
Benefit Payments, Including Refunds of Employee Contributions	1,822,875	1,475,391	1,973,255	2,071,873	2,074,318	2,038,789	3,518,476	1,853,665
Net Change in Total Pension Liability	67,105,668	65,630,277	63,657,022	61,585,149	59,510,831	57,472,042	53,953,566	52,099,901
Total Pension Liability - Beginning	\$ 68,928,543	\$ 67,105,668	\$ 65,630,277	\$ 63,657,022	\$ 61,585,149	\$ 59,510,831	\$ 57,472,042	\$ 53,953,566
Total Pension Liability - Ending	\$ 136,034,211	\$ 132,735,945	\$ 129,287,302	\$ 125,242,171	\$ 121,095,980	\$ 117,022,873	\$ 111,425,608	\$ 106,053,467
Plan Fiduciary Net Position								
Contributions - Employer	\$ 878,482	\$ 852,067	\$ 845,646	\$ 825,989	\$ 817,914	\$ 669,501	\$ 700,159	\$ 721,733
Contributions - Employee	783,806	712,034	730,054	705,973	704,087	701,189	676,545	667,048
Net Investment Income	8,898,242	4,972,797	8,988,070	(1,845,475)	7,698,497	3,607,913	80,774	3,031,103
Benefit Payments, Including Refunds of Employee Contributions	(3,748,402)	(3,731,229)	(3,122,282)	(3,101,195)	(3,090,075)	(2,766,533)	(2,741,148)	(2,632,638)
Administrative Expense	(41,245)	(32,223)	(50,855)	(35,702)	(39,921)	(40,766)	(49,204)	(31,651)
Other	282	(1,257)	(1,527)	(1,865)	(2,023)	(2,196)	(2,430)	(2,602)
Net Change in Plan Fiduciary Net Position	6,771,165	2,772,189	7,389,106	(3,452,275)	6,088,479	2,169,108	(1,335,304)	1,752,993
Plan Fiduciary Net Position - Beginning	68,377,769	65,605,580	58,216,474	61,668,749	55,580,270	53,411,162	54,746,466	52,993,473
Plan Fiduciary Net Position - Ending	\$ 75,148,934	\$ 68,377,769	\$ 65,605,580	\$ 58,216,474	\$ 61,668,749	\$ 55,580,270	\$ 53,411,162	\$ 54,746,466
City's Net Pension Liability (Asset) - Ending	\$ (6,220,391)	\$ (1,272,101)	\$ 24,697	\$ 5,440,548	\$ (83,600)	\$ 3,930,561	\$ 4,060,880	\$ (792,900)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	109.02%	101.90%	99.96%	91.45%	100.14%	93.40%	92.93%	101.47%
Covered Payroll	\$ 12,461,905	\$ 11,867,235	\$ 12,167,574	\$ 11,766,222	\$ 11,734,791	\$ 11,684,128	\$ 11,203,172	\$ 11,177,790
City's Net Pension Liability as a Percentage of Covered Payroll	-49.92%	-10.72%	0.20%	46.24%	-0.71%	33.64%	36.25%	-7.09%

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

CITY OF PARIS, TEXAS  
 Required Supplementary Information  
 Texas Municipal Retirement System -  
 Schedule of City Pension Contributions  
 Year Ended September 30, 2022

	2022	2021	2020	Fiscal Year Ended September 30,			2015
				2019	2018	2017	2016
Contractually Required Fiscal Year Contribution	\$ 972,171	\$ 809,036	\$ 852,884	\$ 834,605	\$ 825,691	\$ 801,727	\$ 733,564
Contribution in Relation to the Contractually Required Fiscal Year Contribution	(972,171)	(809,036)	(852,884)	(834,605)	(825,691)	(801,727)	(733,564)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 13,050,044	\$ 11,761,104	\$ 11,975,225	\$ 11,980,216	\$ 11,846,360	\$ 11,615,574	\$ 12,058,579
Contributions as a Percentage of Covered Payroll	7.45%	6.88%	7.12%	6.97%	6.97%	6.90%	6.08%

**Notes to Schedule**

Valuation Date Actuarially determined contribution rates are calculated as of December 31 and become effective 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	24 years
Asset Valuation Method	10 year smoothed fair value; 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 based on 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.
Other Information	There were no benefit changes during the year.

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

CITY OF PARIS, TEXAS  
Required Supplementary Information  
Paris Firefighters' Relief and Retirement Fund -  
Schedule of Changes in Net Pension Liability and Related Ratios  
Year Ended September 30, 2022

	Plan Year Ended December 31,					
	2021	2020	2019	2018	2017	2016
	2015	2014	2013	2012	2011	2010
Total Pension Liability	\$ 273,163	\$ 263,769	\$ 244,258	\$ 263,477	\$ 254,567	\$ 258,484
Service Cost	1,128,647	1,098,206	1,081,834	1,109,567	1,094,074	1,109,262
Interest	-	-	-	-	-	-
Changes in Benefit Terms	-	125,175	-	(650,764)	-	(65,973)
Differences Between Expected and Actual Experience	-	-	-	562,256	-	616,266
Changes in Assumptions	-	-	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,136,694)	(1,016,641)	(1,222,906)	(1,032,502)	(1,249,430)	(1,136,379)
Net Change in Total Pension Liability	265,116	470,509	103,186	232,034	99,211	781,660
Total Pension Liability - Beginning	15,862,735	15,392,226	15,289,040	15,057,006	14,957,795	14,175,471
Total Pension Liability - Ending	\$ 16,127,851	\$ 15,862,735	\$ 15,392,226	\$ 15,289,040	\$ 15,057,006	\$ 14,957,131
Plan Fiduciary Net Position						
Contributions - Employer	\$ 457,000	\$ 388,839	\$ 393,136	\$ 336,951	\$ 326,396	\$ 317,902
Contributions - Employee	522,286	444,388	449,298	411,944	407,996	397,475
Net Investment Income	471,438	482,463	758,981	(302,649)	578,324	377,387
Benefit Payments, Including Refunds of Employee Contributions	(1,136,694)	(1,016,641)	(1,222,906)	(1,052,502)	(1,249,430)	(1,136,379)
Administrative Expense	(52,994)	(25,739)	(33,025)	(31,444)	(37,553)	(70,404)
Other	-	-	-	-	5	2,121
Net Change in Plan Fiduciary Net Position	261,036	273,310	345,484	(637,700)	25,738	(111,898)
Plan Fiduciary Net Position - Beginning	4,771,104	4,497,794	4,152,310	4,790,010	4,764,272	4,876,170
Plan Fiduciary Net Position - Ending	\$ 5,032,140	\$ 4,771,104	\$ 4,497,794	\$ 4,152,310	\$ 4,790,010	\$ 4,764,272
City's Net Pension Liability (Asset) - Ending	\$ 11,095,711	\$ 11,091,631	\$ 10,894,432	\$ 11,136,730	\$ 10,266,996	\$ 10,192,859
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	31.20%	30.10%	29.20%	27.16%	31.81%	31.85%
Covered Payroll	\$ 3,264,288	\$ 2,777,425	\$ 2,808,113	\$ 2,712,961	\$ 2,717,229	\$ 2,785,912
City's Net Pension Liability as a Percentage of Covered Payroll	339.91%	399.30%	388.00%	410.50%	377.85%	365.87%
						370.34%
						360.17%
						34.40%
						39.03%
						2,368,370
						8,530,165
						5,862,006
						5,461,733
						4,876,170
						2,511,047
						2,785,912
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						2,511,047
						2,785,912
						370.34%
						360.17%
						34.40%
						39.03%
						2,368,370
						8,530,165

CITY OF PARIS, TEXAS  
 Required Supplementary Information  
 Paris Firefighters' Relief and Retirement Fund  
 Schedule of City Contributions  
 Year Ended September 30, 2022

	2022	2021	2020	Fiscal Year Ended September 30, 2019	2018	2017	2016	2015
Contractually Required Fiscal Year Contribution	\$ 457,000	\$ 388,839	\$ 393,157	\$ 336,951	\$ 326,067	\$ 320,851	\$ 332,665	\$ 301,329
Contribution in Relation to the Contractually Required Fiscal Year Contribution	(457,000)	(388,839)	(393,157)	(336,951)	(326,067)	(320,851)	(332,665)	(301,329)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 3,582,668	\$ 2,777,425	\$ 2,817,872	\$ 2,713,093	\$ 2,717,229	\$ 2,795,465	\$ 2,772,967	\$ 2,511,047
Contributions as a Percentage of Covered Payroll	12.76%	14.00%	13.95%	12.42%	12.00%	11.48%	12.00%	12.00%

**Notes to Schedule**

Valuation Date

December 31, 2020, rolled forward to 2021

Methods and Assumptions used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Amortization Period	33.6 years
Asset Valuation Method	Market Value of Assets
Salary Increases	3.50%
Investment Rate of Return	7.25%
Retirement Age	Active members are assumed to retire 2 years after they have either (a) both attained the age of 55 and completed at least 20 years of service or (b) satisfied the rule of 80. Active members who have already met the requirements for service retirement are assumed to retire one year after the valuation date. Benefits for vested terminated members are assumed to start on the same date as normal retirement benefits.
Mortality	Employee and healthy annuitant rates from the Pub-2010 Public Safety Below Median Mortality Table, generationally projected using the ultimate rates of the MP-2018 improvement scales.
Other Information	There were no benefit changes during the year.

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

CITY OF PARIS, TEXAS  
 Required Supplementary Information  
 Texas Municipal Retirement System -  
 Schedule of Changes in Total OPEB Liability and Related Ratios  
 Year Ended September 30, 2022

	Plan Year Ended December 31,				
	2021	2020	2019	2018	2017
Total OPEB Liability					
Service Cost	\$ 64,802	\$ 42,722	\$ 26,769	\$ 30,592	\$ 26,990
Interest	28,046	32,883	37,003	33,951	33,850
Changes in Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	(28,573)	(34,781)	(40,603)	(13,049)	-
Changes in Assumptions	44,084	175,630	178,024	(67,751)	76,984
Benefit Payments, Including Refunds of Employee Contributions	(31,155)	(10,681)	(10,951)	(9,413)	(9,388)
Net Change in Total OPEB Liability	77,204	205,773	190,242	(25,670)	128,436
Total OPEB Liability - Beginning	1,385,480	1,179,707	989,465	1,015,135	886,699
Total OPEB Liability - Ending	<u>\$ 1,462,684</u>	<u>\$ 1,385,480</u>	<u>\$ 1,179,707</u>	<u>\$ 989,465</u>	<u>\$ 1,015,135</u>
Covered Payroll	\$ 12,461,905	\$ 11,867,235	\$ 12,167,574	\$ 11,766,222	\$ 11,734,791
City's Total OPEB Liability as a Percentage of Covered Payroll	11.74%	11.67%	9.70%	8.41%	8.65%

**Notes to Schedule**

Valuation Date

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:

- Inflation
- Salary Increases
- Mortality

2.50%  
 3.50% to 11.50%, including inflation.

Service retirees: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Disabled retirees: 2019 Municipal Retirees of Texas Mortality Tables with 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. There were no benefit changes during the year.

Other Information

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

CITY OF PARIS, TEXAS  
 Required Supplementary Information  
 City of Paris Retiree Health Care Plan -  
 Schedule of Changes in Total OPEB Liability and Related Ratios  
 Year Ended September 30, 2022

	Plan Year Ended December 31,				
	2021	2020	2019	2018	2017
Total OPEB Liability					
Service Cost	\$ 46,370	\$ 45,329	\$ 34,501	\$ 36,808	\$ 36,410
Interest	34,083	44,410	60,652	55,250	61,432
Changes in Benefit Terms	1,923,344	-	-	-	-
Differences Between Expected and Actual Experience	(250,340)	(10,649)	(174,952)	(10,869)	-
Changes in Assumptions	91,261	68,964	120,032	(36,122)	51,925
Benefit Payments, Including Refunds of Employee Contributions	(61,564)	(57,093)	(74,044)	(82,466)	(103,929)
Net Change in Total OPEB Liability	1,783,154	90,961	(33,811)	(37,399)	45,838
Total OPEB Liability - Beginning	1,711,750	1,620,789	1,654,600	1,691,999	1,646,161
Total OPEB Liability - Ending	\$ 3,494,904	\$ 1,711,750	\$ 1,620,789	\$ 1,654,600	\$ 1,691,999
Covered Payroll	\$ 3,826,545	\$ 3,522,249	\$ 3,799,135	\$ 4,814,704	\$ 5,284,495
City's Total OPEB Liability as a Percentage of Covered Payroll	91.33%	48.60%	42.66%	34.37%	32.02%

Notes to Schedule

Valuation Date December 31, 2021

Methods and Assumptions used to Determine Contribution Rates:

Actuarial Cost Method	Individual Entry--Age Normal
Discount Rate	1.84%
Inflation	2.50%
Salary Increases	3.50% to 11.50% for TMRS and 4.10% to 6.00% for Firefighters, including inflation
Demographic Assumptions	TMRS: Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS). Firefighters: Based on those disclosures in the Paris Firefighters' Relief and Retirement Fund pension valuation report as of December 31, 2020.
Mortality	TMRS: For healthy retirees, the gender distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables published through 2019 to account for future mortality improvements. Firefighters: For healthy retirees, the Pub-2010 Public Safety Below Median Healthy Retiree mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP-2018 tables to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 13 years; the City's subsidy is assumed to increase by 3.00% per year.
Participation Rates	95% of eligible TMRS employees and Firefighters
Other Information	The discount rate changed from 2.00% as of December 31, 2020 to 1.84% as of December 31, 2021. Additionally, the retirement rates for TMRS employees were updated to match those used in the December 31, 2021 TMRS pension valuation for the City of Paris, and the methodology for determining service cost was changed such that the attribution period for the accumulation of service costs is now based only on employment with the City of Paris. There are no assets accumulated in a trust that meets the criteria of GASB Codification P22.101 or P52.1010 to pay related benefits for the OPEB plan.

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

COMBINING AND INDIVIDUAL NONMAJOR  
FUND STATEMENTS AND SCHEDULES



CITY OF PARIS, TEXAS  
Nonmajor Governmental Funds  
September 30, 2022

Special Revenue

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

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

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

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

Permanent Funds

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

Other Major Governmental Funds

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

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

CITY OF PARIS, TEXAS  
Combining Balance Sheet - Nonmajor Governmental Funds  
September 30, 2022

Schedule 7

	Special Revenue			Permanent		Total Nonmajor Governmental Funds
	Community Development Block Grant	Special Revenue Fund	Library Memorial Funds	Total	Library Trust Funds	
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 223,381	\$ 1,416,831	\$ 79,148	\$ 1,719,360	\$ 588	\$ 1,719,948
Investments	86	-	-	86	98,295	98,381
Receivables				-	-	-
Accounts (Net)	-	23,079	-	23,079	-	23,079
Leases	-	961,429	-	961,429	-	961,429
<b>Total Assets</b>	<b>\$ 223,467</b>	<b>\$ 2,401,339</b>	<b>\$ 79,148</b>	<b>\$ 2,703,954</b>	<b>\$ 98,883</b>	<b>\$ 2,802,837</b>
<b>LIABILITIES</b>						
Accounts Payable	\$ -	\$ 4,612	\$ -	\$ 4,612	\$ -	\$ 4,612
<b>Total Liabilities</b>	<b>-</b>	<b>4,612</b>	<b>-</b>	<b>4,612</b>	<b>-</b>	<b>4,612</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenue Related to Leases	-	949,626	-	949,626	-	949,626
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>949,626</b>	<b>-</b>	<b>949,626</b>	<b>-</b>	<b>949,626</b>
<b>FUND BALANCES</b>						
Nonspendable						
Permanent Library Funds	-	-	-	-	98,883	98,883
Restricted for:						
Law Enforcement	-	1,316,348	-	1,316,348	-	1,316,348
Community Development	-	130,753	-	130,753	-	130,753
Assigned:						
Library	-	-	79,148	79,148	-	79,148
Community Development	223,467	-	-	223,467	-	223,467
<b>Total Fund Balances</b>	<b>223,467</b>	<b>1,447,101</b>	<b>79,148</b>	<b>1,749,716</b>	<b>98,883</b>	<b>1,848,599</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 223,467</b>	<b>\$ 2,401,339</b>	<b>\$ 79,148</b>	<b>\$ 2,703,954</b>	<b>\$ 98,883</b>	<b>\$ 2,802,837</b>

CITY OF PARIS, TEXAS  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended September 30, 2022

Schedule 8

	Special Revenue				Permanent	Total Nonmajor Governmental Funds
	Community Development Block Grant	Special Revenue	Library Memorial Funds	Total	Library Trust Funds	
<b>REVENUES</b>						
Fees and Fines	\$ -	\$ 40,628	\$ -	\$ 40,628	\$ -	\$ 40,628
Hotel Occupancy Taxes	-	46,491	-	46,491	-	46,491
Intergovernmental	-	129,612	-	129,612	-	129,612
Leases	-	101,720	-	101,720	-	101,720
Charges for Services	-	774,986	-	774,986	-	774,986
Use of Money and Property	2,872	21,939	1,015	25,826	340	26,166
Miscellaneous	-	570,835	2,599	573,434	-	573,434
Total Revenues	2,872	1,686,211	3,614	1,692,697	340	1,693,037
<b>EXPENDITURES</b>						
<b>Current</b>						
General Government	-	39,666	-	39,666	-	39,666
Public Safety	-	7,602	-	7,602	-	7,602
Cox Field	-	971,531	-	971,531	-	971,531
Culture and Recreation	-	-	1,401	1,401	-	1,401
<b>Debt Service</b>						
Principal	-	-	-	-	-	-
Interest & Other Charges	-	-	-	-	-	-
<b>Capital Outlay</b>						
General Government	-	-	-	-	-	-
Public Safety	-	56,363	-	56,363	-	56,363
Total Expenditures	-	1,075,162	1,401	1,076,563	-	1,076,563
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,872	611,049	2,213	616,134	340	616,474
<b>Other Financing Sources (Uses)</b>						
Transfers In	-	-	-	-	-	-
Transfers Out	-	(24,554)	-	(24,554)	-	(24,554)
Total Other Financing Sources (Uses)	-	(24,554)	-	(24,554)	-	(24,554)
Net Changes in Fund Balances	2,872	586,495	2,213	591,580	340	591,920
Fund Balances - Beginning	220,595	849,411	76,935	1,146,941	98,543	1,245,484
Prior Period Adjustment	-	11,195	-	11,195	-	11,195
Fund Balances - Ending	\$ 223,467	\$ 1,447,101	\$ 79,148	\$ 1,749,716	\$ 98,883	\$ 1,848,599

CITY OF PARIS, TEXAS  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Special Revenue Fund  
Year Ended September 30, 2022

Schedule 9

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Fees and Fines	\$ 30,350	\$ 30,350	\$ 40,628	\$ 10,278
Hotel Occupancy Taxes	-	-	46,491	46,491
Intergovernmental	-	-	129,612	129,612
Leases	-	-	101,720	101,720
Charges for Services	-	-	774,986	774,986
Interest Earned	200	200	21,939	21,739
Miscellaneous	23,560	23,560	570,835	547,275
Total Revenues	<u>54,110</u>	<u>54,110</u>	<u>1,686,211</u>	<u>1,632,101</u>
<b>EXPENDITURES</b>				
Municipal Court	43,250	43,250	39,666	3,584
Police	101,000	101,000	63,965	37,035
Health	5,300	5,300	-	5,300
Cox Field	656,872	984,722	971,531	13,191
Total Expenditures	<u>806,422</u>	<u>1,134,272</u>	<u>1,075,162</u>	<u>59,110</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(752,312)</u>	<u>(1,080,162)</u>	<u>611,049</u>	<u>1,691,211</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	(24,554)	(24,554)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(24,554)</u>	<u>(24,554)</u>
Net Changes in Fund Balance	(752,312)	(1,080,162)	586,495	1,666,657
Fund Balance - Beginning	849,411	849,411	849,411	-
Prior Period Adjustment	-	-	11,195	11,195
Fund Balance - Ending	<u>\$ 97,099</u>	<u>\$ (230,751)</u>	<u>\$ 1,447,101</u>	<u>\$ 1,677,852</u>

CITY OF PARIS, TEXAS  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Debt Service Fund  
Year Ended September 30, 2022

Schedule 10

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 1,545,298	\$ 1,545,298	\$ 1,644,776	\$ 99,478
Hotel Occupancy Taxes	200,000	200,000	256,125	56,125
Interest Earned	1,300	1,300	21,586	20,286
Total Revenues	<u>1,746,598</u>	<u>1,746,598</u>	<u>1,922,487</u>	<u>175,889</u>
<b>EXPENDITURES</b>				
Bond Principal Retirement	1,405,402	1,405,402	1,500,401	(94,999)
Interest and Fiscal Charges	<u>306,272</u>	<u>306,272</u>	<u>306,901</u>	<u>(629)</u>
Total Expenditures	<u>1,711,674</u>	<u>1,711,674</u>	<u>1,807,302</u>	<u>(95,628)</u>
Excess of Revenues Over Expenditures	<u>34,924</u>	<u>34,924</u>	<u>115,185</u>	<u>80,261</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	152,461	152,461
Transfers Out	<u>-</u>	<u>-</u>	<u>(460,633)</u>	<u>(460,633)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(308,172)</u>	<u>(308,172)</u>
Net Changes in Fund Balance	34,924	34,924	(192,987)	(227,911)
Fund Balance - Beginning	1,928,672	1,928,672	1,928,672	-
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>63,971</u>	<u>(63,971)</u>
Fund Balance - Ending	<u>\$ 1,963,596</u>	<u>\$ 1,963,596</u>	<u>\$ 1,799,656</u>	<u>\$ (291,882)</u>

CITY OF PARIS, TEXAS  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Capital Projects Fund  
From Inception and Year Ended September 30, 2022

Schedule 11

	Prior Years	Current Year	Total to Date	Project Authorization (Budget)
<b>REVENUES</b>				
Interest Earned	\$ 535,102	\$ 33,178	\$ 568,280	\$ -
Other	263,248	4,558	267,806	-
Total Revenues	798,350	37,736	836,086	-
<b>EXPENDITURES</b>				
City Council	708,144	1,232,676	1,940,820	314,109
Police	285,630	-	285,630	285,630
Fire	915,942	-	915,942	915,942
Community Development	725,207	-	725,207	870,350
Engineering	35,555	-	35,555	35,555
Parks and Recreation	563,384	-	563,384	923,781
Solid Waste	568,811	-	568,811	1,181,019
Streets and Highways	13,339,696	-	13,339,696	8,095,265
Health	144,232	-	144,232	228,000
Library	7,100	-	7,100	35,000
Cox Field Airport	110,667	-	110,667	159,100
Total Expenditures	17,404,368	1,232,676	18,637,044	13,043,751
Deficiency of Revenues Over Expenditures	(16,606,018)	(1,194,940)	(17,800,958)	(13,043,751)
<b>Other Financing Sources (Uses)</b>				
Transfers In	9,604,042	-	9,604,042	-
Transfers Out	(2,549,549)	-	(2,549,549)	-
Certificates of Obligation Issued	12,918,399	-	12,918,399	-
<b>SPECIAL ITEM</b>				
Proceeds from Sale of Assets	90,100	-	90,100	-
Net Changes in Fund Balance	\$ 3,456,974	(1,194,940)	\$ 2,262,034	\$ (13,043,751)
Fund Balance - Beginning		3,627,281		
Fund Balance - Ending		\$ 2,432,341		

CAPITAL ASSETS USED IN  
THE OPERATION OF GOVERNMENTAL FUNDS

CITY OF PARIS, TEXAS  
 Capital Assets Used in the Operation of Governmental Funds  
 Comparative Schedules by Source  
 September 30, 2022 and 2021

Schedule 12

	2022	2021
Governmental Funds Capital Assets		
Land	\$ 6,101,909	\$ 5,950,108
Buildings	20,640,470	20,556,584
Improvements Other Than Buildings	6,664,963	6,601,672
Machinery and Equipment	23,985,850	23,102,816
Infrastructure	52,733,342	52,733,342
Construction in Progress	1,484,125	263,364
Total Governmental Funds Capital Assets	\$ 111,610,659	\$ 109,207,886
Investments in Governmental Funds Capital Assets by Source		
General Fund	\$ 70,607,685	\$ 69,562,588
Capital Projects Funds	33,211,640	31,978,964
Donations	7,791,334	7,666,334
Total Investments in Governmental Funds Capital Assets by Source	\$ 111,610,659	\$ 109,207,886



STATISTICAL SECTION

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CITY OF PARIS, TEXAS  
Statistical Section  
September 30, 2022

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

Financial Trends

Tables 1-4

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

Revenue Capacity

Tables 5 - 8

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

Debt Capacity

Tables 9-13

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

Demographic and Economic Information

Tables 14-15

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

Operating Information

Tables 16-19

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

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

Table 1

	Fiscal Year			
	2013	2014	2015	2016
Governmental Activities:				
Net Investment in Capital Assets	\$ 28,732,801	\$ 28,427,758	\$ 28,043,910	\$ 30,505,784
Restricted	4,949,039	4,949,039	3,393,033	3,003,799
Unrestricted	12,301,829	10,023,934	5,694,771	1,890,470
Total Governmental Activities, Net Position	<u>\$ 45,983,669</u>	<u>\$ 43,400,731</u>	<u>\$ 37,131,714</u>	<u>\$ 35,400,053</u>
Business-Type Activities:				
Net Investment in Capital Assets	\$ 33,003,801	\$ 33,041,432	\$ 33,331,038	\$ 33,466,855
Restricted	-	-	-	-
Unrestricted	10,075,150	12,172,944	13,508,734	14,460,833
Total Business-Type Activities, Net Position	<u>\$ 43,078,951</u>	<u>\$ 45,214,376</u>	<u>\$ 46,839,772</u>	<u>\$ 47,927,688</u>
Primary Government:				
Net Investment in Capital Assets	\$ 61,736,602	\$ 61,469,190	\$ 61,374,948	\$ 63,972,639
Restricted	4,949,039	4,949,039	3,393,033	3,003,799
Unrestricted	22,376,979	22,196,878	19,203,505	16,351,303
Total Primary Government, Net Assets/Position	<u>\$ 89,062,620</u>	<u>\$ 88,615,107</u>	<u>\$ 83,971,486</u>	<u>\$ 83,327,741</u>

Table 1  
(Continued)

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 21,971,338	\$ 20,713,428	\$ 18,064,569	\$ 21,907,532	\$ 26,703,929	\$ 28,267,799
3,004,564	12,548,372	8,782,171	8,272,920	7,357,621	6,528,631
11,159,128	53,717	4,831,122	6,866,108	6,606,102	22,093,914
<u>\$ 36,135,030</u>	<u>\$ 33,315,517</u>	<u>\$ 31,677,862</u>	<u>\$ 37,046,560</u>	<u>\$ 40,667,652</u>	<u>\$ 56,890,344</u>
\$ 24,198,822	\$ 18,322,809	\$ 25,779,748	\$ 28,880,579	\$ 31,236,956	\$ 20,720,075
-	-	-	-	-	-
22,900,345	22,945,722	16,473,443	14,923,230	13,975,247	15,457,391
<u>\$ 47,099,167</u>	<u>\$ 41,268,531</u>	<u>\$ 42,253,191</u>	<u>\$ 43,803,809</u>	<u>\$ 45,212,203</u>	<u>\$ 36,177,466</u>
\$ 46,170,160	\$ 39,036,237	\$ 43,844,317	\$ 50,788,111	\$ 57,940,885	\$ 48,987,874
3,004,564	12,548,372	8,782,171	8,272,920	7,357,621	6,528,631
34,059,473	22,999,439	21,304,565	21,789,338	20,581,349	37,551,305
<u>\$ 83,234,197</u>	<u>\$ 74,584,048</u>	<u>\$ 73,931,053</u>	<u>\$ 80,850,369</u>	<u>\$ 85,879,855</u>	<u>\$ 93,067,810</u>

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

Table 2

	Fiscal Year			
	2013	2014	2015	2016
<b>EXPENSES</b>				
<b>Governmental Activities:</b>				
General Government	\$ 2,905,871	\$ 2,997,393	\$ 2,909,807	\$ 3,463,908
Finance	393,526	407,463	404,567	400,665
Public Safety	9,982,926	10,449,953	11,037,966	12,595,127
Public Works	8,396,001	7,909,651	7,508,978	7,020,333
Health	3,348,281	3,228,513	2,404,782	2,633,051
Library Services	787,242	816,376	790,339	799,187
Cox Field Airport	259,938	158,632	152,063	217,995
Interest on Long-Term Debt	436,690	287,256	276,197	237,313
Bond Issue Costs	314,765	-	-	-
<b>Total Governmental Activities Expenses</b>	<b>26,825,240</b>	<b>26,255,237</b>	<b>25,484,699</b>	<b>27,367,579</b>
<b>Business-Type Activities:</b>				
Water and Sewer Services	11,504,538	11,940,791	11,929,499	12,100,940
<b>Total Primary Government Expenses</b>	<b>38,329,778</b>	<b>38,196,028</b>	<b>37,414,198</b>	<b>39,468,519</b>
<b>PROGRAM REVENUES</b>				
<b>Governmental Activities:</b>				
<b>Charges for Services:</b>				
General Government	2,447	3,310	17,634	6,572
Public Safety	412,150	433,828	370,308	361,100
Public Works	1,860,656	1,799,918	1,862,606	1,780,836
Health	2,463,907	2,371,757	2,391,817	2,519,387
Library Services	27,824	19,400	19,433	16,874
Cox Field	78,234	67,037	76,689	91,810
Operating Grants and Contributions	1,959,427	926,506	1,396,711	672,298
Capital Grants and Contributions	117,080	690,176	271,961	424,332
<b>Total Governmental Activities Program Revenues</b>	<b>6,921,725</b>	<b>6,311,932</b>	<b>6,407,159</b>	<b>5,873,209</b>
<b>Business-Type Activities:</b>				
<b>Charges for Services:</b>				
Water and Sewer Service	14,005,748	13,881,328	14,281,964	14,617,218
Operating Grants and Contributions	-	-	-	-
<b>Total Business-Type Activities</b>	<b>14,005,748</b>	<b>13,881,328</b>	<b>14,281,964</b>	<b>14,617,218</b>
<b>Total Primary Government Program Revenues</b>	<b>20,927,473</b>	<b>20,193,260</b>	<b>20,689,123</b>	<b>20,490,427</b>

Table 2  
(Continued)

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 3,748,965	\$ 3,421,223	\$ 3,651,888	\$ 3,927,783	\$ 5,000,473	\$ 7,371,230
398,262	404,443	402,943	481,645	480,880	519,980
12,456,655	12,061,033	13,228,151	12,727,703	11,874,360	12,265,360
7,126,349	6,882,186	8,274,343	6,699,707	6,452,355	8,186,910
2,836,429	2,884,339	3,205,596	4,267,819	3,962,596	3,781,493
781,092	866,435	914,874	846,669	762,080	774,910
235,546	243,666	344,964	311,796	374,649	1,099,517
185,852	399,291	194,004	115,000	99,169	52,281
-	-	-	-	-	-
27,769,150	27,162,616	30,216,763	29,378,122	29,006,562	34,051,681
14,095,860	14,594,309	14,568,695	14,026,074	15,241,543	15,747,874
41,865,010	41,756,925	44,785,458	43,404,196	44,248,105	49,799,555
181,197	214,000	304,818	277,689	237,376	567,805
342,083	376,322	353,571	562,859	530,151	346,023
1,463,576	1,470,248	1,437,157	1,473,803	1,493,826	1,488,587
2,609,811	2,732,908	2,979,160	4,790,535	4,818,960	5,946,071
127,997	120,942	100,014	60,928	80,657	65,827
98,382	134,716	161,527	161,619	170,579	774,986
338,718	154,497	165,064	2,151,740	369,289	522,574
2,147,065	522,574	1,160,602	324,889	239,450	1,096,373
7,308,829	5,726,207	6,661,913	9,804,062	7,940,288	10,808,246
13,781,748	14,168,934	14,452,703	15,043,788	16,567,528	18,397,839
-	-	-	-	-	1,371,533
13,781,748	14,168,934	14,452,703	15,043,788	16,567,528	19,769,372
21,090,577	19,895,141	21,114,616	24,847,850	24,507,816	30,577,618

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

Table 2  
(Continued)

	Fiscal Year			
	2013	2014	2015	2016
Net (Expense)/Revenue				
Governmental Activities	(19,903,515)	(19,943,305)	(19,077,540)	(21,494,370)
Business-Type Activities	2,501,210	1,940,537	2,352,465	2,516,278
<b>Total Primary Government, Net Expense</b>	<b>(17,402,305)</b>	<b>(18,002,768)</b>	<b>(16,725,075)</b>	<b>(18,978,092)</b>
<b>General Revenues and Other Changes in Net Assets/Position</b>				
Governmental Activities:				
Taxes				
Property	7,597,667	7,575,840	7,651,005	7,748,872
Sales	6,304,250	6,416,749	7,684,113	7,051,858
Franchise	2,550,447	2,662,604	2,641,537	2,502,614
Hotel Occupancy	572,150	547,354	594,493	630,545
Investment Earnings	64,386	45,799	51,741	80,129
Grants, Donations, and Miscellaneous	615,222	122,703	369,689	315,989
Capital Contributions	2,527,979	(10,682)	1,087,474	651,847
Gain/Loss on Sale of Capital Assets	-	-	-	(57,026)
Transfers	-	-	-	1,579,100
<b>Total Governmental Activities</b>	<b>20,232,101</b>	<b>17,360,367</b>	<b>20,080,052</b>	<b>20,503,928</b>
Business-Type Activities:				
Taxes				
Investment Earnings	(42,124)	83,206	77,787	291,131
Contribution	550,978	101,000	-	-
Gain/Loss on Sale of Capital Assets	-	-	-	-
Transfers	(2,527,979)	10,682	(1,087,474)	(1,579,100)
<b>Total Business-Type Activities</b>	<b>(2,019,125)</b>	<b>194,888</b>	<b>(1,009,687)</b>	<b>(1,287,969)</b>
<b>Total Primary Government</b>	<b>18,212,976</b>	<b>17,555,255</b>	<b>19,070,365</b>	<b>19,215,959</b>
<b>Changes in Net Assets/Position</b>				
Governmental Activities	328,586	(2,582,938)	1,002,512	(990,442)
Business-Type Activities	482,085	2,135,425	1,342,778	1,228,309
<b>Total Primary Government</b>	<b>\$ 810,671</b>	<b>\$ (447,513)</b>	<b>\$ 2,345,290</b>	<b>\$ 237,867</b>



Table 2  
(Continued)

Fiscal Year					
2017	2018	2019	2020	2021	2022
(20,460,321)	(21,436,409)	(23,554,850)	(19,574,060)	(21,066,274)	(23,243,435)
(314,112)	(425,375)	(115,992)	1,017,714	1,325,985	4,021,498
(20,774,433)	(21,861,784)	(23,670,842)	(18,556,346)	(19,740,289)	(19,221,937)
8,175,530	9,170,951	9,358,943	9,338,087	9,561,394	9,863,420
7,233,526	7,317,162	7,369,079	8,245,939	9,196,157	9,650,605
4,211,397	4,315,694	4,305,851	4,714,021	4,253,182	4,827,601
657,270	662,263	675,158	872,418	1,192,873	1,151,124
173,656	426,518	581,115	197,203	41,704	279,262
361,125	387,306	272,338	714,470	546,391	1,548,315
-	-	-	-	-	-
-	(57,940)	49,951	25,246	125,176	111,727
382,794	610,955	(523,031)	(146,679)	(177,451)	11,746,203
21,195,298	22,832,909	22,089,404	23,960,705	24,739,426	39,178,257
-	-	-	-	-	-
315,872	380,393	577,621	427,723	(51,563)	(1,376,170)
-	-	-	-	-	-
-	-	-	-	19,321	66,138
(382,794)	(610,955)	523,031	146,679	177,451	(11,746,203)
(66,922)	(230,562)	1,100,652	574,402	145,209	(13,056,235)
21,128,376	22,602,347	23,190,056	24,535,107	24,884,635	26,122,022
734,977	1,396,500	(1,465,446)	4,386,645	3,673,152	15,934,822
(381,034)	(655,937)	984,660	1,592,116	1,471,194	(9,034,737)
\$ 353,943	\$ 740,563	\$ (480,786)	\$ 5,978,761	\$ 5,144,346	\$ 6,900,085

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

Table 3

	Fiscal Year			
	2013	2014	2015	2016
<b>General Fund</b>				
Nonspendable	\$ 271,292	\$ 233,127	\$ 294,776	\$ 223,911
Restricted	-	271,269	331,086	387,950
Unassigned	11,969,203	11,194,101	12,969,124	10,227,839
<b>Total General Fund</b>	<u>\$ 12,240,495</u>	<u>\$ 11,698,497</u>	<u>\$ 13,594,986</u>	<u>\$ 10,839,700</u>
<b>All Other Governmental Funds</b>				
Nonspendable	\$ 90,062	\$ 90,572	\$ 90,800	\$ 91,565
Restricted	4,858,977	3,031,192	2,726,900	2,525,049
Assigned	457,471	389,511	267,440	188,569
Unassigned	-	-	-	-
<b>Total All Other Governmental Funds</b>	<u>\$ 5,406,510</u>	<u>\$ 3,511,275</u>	<u>\$ 3,085,140</u>	<u>\$ 2,805,183</u>

Table 3  
(Continued)

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 326,985	\$ 418,995	\$ 483,575	\$ 500,495	\$ 181,620	\$ 394,147
446,493	498,359	577,814	659,322	710,901	750,650
<u>10,849,390</u>	<u>11,753,392</u>	<u>12,390,089</u>	<u>15,990,260</u>	<u>20,596,761</u>	<u>23,926,645</u>
<u>\$ 11,622,868</u>	<u>\$ 12,670,746</u>	<u>\$ 13,451,478</u>	<u>\$ 17,150,077</u>	<u>\$ 21,489,282</u>	<u>\$ 25,071,442</u>
\$ 92,347	\$ 93,689	\$ 96,007	\$ 98,400	\$ 98,543	\$ (46,841)
12,009,532	10,991,000	8,108,350	7,512,067	6,633,684	5,679,098
82,042	299,013	292,571	295,955	-	302,615
<u>57,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,724</u>
<u>\$ 12,241,626</u>	<u>\$ 11,383,702</u>	<u>\$ 8,496,928</u>	<u>\$ 7,906,422</u>	<u>\$ 6,732,227</u>	<u>\$ 6,080,596</u>

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

Table 4

	Fiscal Year		
	2013	2014	2015
<b>REVENUES</b>			
Taxes	\$ 17,020,156	\$ 17,194,419	\$ 18,457,686
Licenses and Permits	154,923	386,775	220,696
Fines and Fees	624,609	586,429	573,953
Leases	-	-	-
Charges for Services	-	-	-
Use of Money and Property	142,620	138,629	137,030
Sanitation	1,463,210	1,472,278	1,462,810
Health	2,453,270	2,111,439	2,383,355
Intergovernmental	2,069,494	1,603,165	1,662,824
Other	317,981	169,261	224,463
<b>Total Revenues</b>	<u>24,246,263</u>	<u>23,662,395</u>	<u>25,122,817</u>
<b>EXPENDITURES</b>			
Current:			
General Government	1,197,486	1,153,686	1,076,798
Finance	393,526	407,443	404,567
Public Safety	9,462,148	9,712,876	10,206,584
Public Works	6,646,804	6,507,603	5,861,079
Health Department	1,043,502	916,260	8,672
Emergency Medical Service	2,132,692	2,127,225	2,240,853
Library	632,040	707,716	692,290
Cox Field Airport	153,182	97,778	102,539
Other	1,560,051	1,548,753	1,641,714
Debt Service:			
Interest	379,241	311,919	280,733
Principal	1,185,622	1,226,543	1,077,610
Bond Issuance Costs	-	-	-
Capital Outlay	2,407,415	1,332,959	1,920,359
<b>Total Expenditures</b>	<u>27,193,709</u>	<u>26,050,761</u>	<u>25,513,798</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(2,947,446)</u>	<u>(2,388,366)</u>	<u>(390,981)</u>
Other Financing Sources (Uses):			
Proceeds of Capital Leases	-	-	617,114
General Obligation Bonds Issued	-	-	-
Certificates of Obligation Issued	-	-	-
Tax Notes Issued	-	-	-
Issue Costs	-	-	-
Insurance Recoveries	-	-	-
Inception of Lease	-	-	-
Transfers In	3,938,899	1,782,291	1,504,281
Transfers Out	(1,410,920)	(1,792,973)	(416,807)
Long-Term Debt Issued	4,505,000	-	-
Payment to Escrow Agent and Premium	(4,424,955)	-	-
Sale of General Capital Assets	72,108	-	95,098
<b>Total Other Financing Sources (Uses)</b>	<u>2,680,132</u>	<u>(10,682)</u>	<u>1,799,686</u>
<b>Increase (Decrease) in Reserve for Inventory</b>	<u>53,175</u>	<u>(38,165)</u>	<u>61,649</u>
<b>Net Changes in Fund Balances</b>	<u>\$ (214,139)</u>	<u>\$ (2,437,213)</u>	<u>\$ 1,470,354</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	6.74%	5.38%	5.76%

Table 4  
(Continued)

Fiscal Year						
2016	2017	2018	2019	2020	2021	2022
\$17,976,072	\$20,280,057	\$21,447,857	\$21,672,347	\$ 23,106,141	\$ 24,155,434	\$ 25,561,800
152,016	155,363	197,920	277,507	259,117	211,668	532,557
515,147	491,880	495,708	480,618	743,152	663,873	472,743
-	-	-	-	-	-	167,337
-	-	-	-	-	-	774,986
173,004	272,039	561,234	742,644	375,074	212,284	282,927
1,474,874	1,463,576	1,470,248	1,437,157	1,462,452	1,470,237	1,462,220
2,519,387	2,609,811	2,614,504	2,991,995	5,117,649	4,806,996	5,933,986
1,096,630	1,463,514	677,072	1,325,665	2,503,393	706,574	1,704,040
386,853	258,051	346,789	214,502	692,664	524,586	1,207,739
<u>24,293,983</u>	<u>26,994,291</u>	<u>27,811,332</u>	<u>29,142,435</u>	<u>34,259,642</u>	<u>32,751,652</u>	<u>38,100,335</u>
1,301,401	1,288,458	1,180,280	1,230,366	1,371,042	1,178,384	1,436,945
400,665	398,262	404,443	402,943	481,645	480,880	519,980
11,125,560	11,026,655	10,850,538	11,253,953	12,032,115	11,374,139	23,924,796
5,556,359	5,549,270	5,356,374	5,644,019	5,065,867	4,991,668	6,050,354
-	-	-	-	-	-	-
2,366,673	2,535,135	2,670,131	2,845,874	4,058,990	5,200,828	5,595,417
717,395	697,503	736,513	756,566	723,742	679,491	716,644
110,330	129,269	112,562	210,851	179,631	242,809	972,755
1,771,889	1,738,115	1,716,365	1,845,609	1,922,363	1,838,073	1,829,866
254,304	196,358	447,294	443,205	398,844	389,169	331,657
991,899	1,161,513	1,580,682	1,577,803	1,635,788	3,315,266	1,663,315
-	103,399	4,410	-	-	-	-
4,474,952	2,350,010	3,564,942	4,399,885	5,540,837	2,615,698	4,596,338
<u>29,071,427</u>	<u>27,173,947</u>	<u>28,624,534</u>	<u>30,611,074</u>	<u>33,410,864</u>	<u>32,306,405</u>	<u>47,638,067</u>
<u>(4,777,444)</u>	<u>(179,656)</u>	<u>(813,202)</u>	<u>(1,468,639)</u>	<u>848,778</u>	<u>445,247</u>	<u>(9,537,732)</u>
975,185	-	-	-	-	-	-
-	9,913,399	190,000	-	-	1,765,000	-
-	-	-	-	1,500,000	-	-
-	-	-	-	-	1,115,000	-
-	-	-	-	(62,000)	(81,992)	-
-	-	-	57,835	-	-	-
-	-	-	-	-	-	278,821
3,437,300	466,536	994,335	27,678	2,570,626	3,358,332	12,424,649
(1,858,200)	(83,742)	(383,374)	(550,708)	(2,717,305)	(3,535,783)	(678,446)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	28,000	151,266	155,367
<u>2,554,285</u>	<u>10,296,193</u>	<u>800,961</u>	<u>(465,195)</u>	<u>1,319,321</u>	<u>2,771,823</u>	<u>12,180,391</u>
<u>(70,865)</u>	<u>103,074</u>	<u>40,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (2,294,024)</u>	<u>\$10,219,611</u>	<u>\$ 28,276</u>	<u>\$ (1,933,834)</u>	<u>\$ 2,168,099</u>	<u>\$ 3,217,070</u>	<u>\$ 2,642,659</u>
5.07%	5.47%	8.09%	7.71%	7.30%	12.48%	4.45%

CITY OF PARIS, TEXAS  
Property Tax Levies and Collections (1)  
Last Ten Fiscal Years  
Unaudited

Table 5

Roll	Fiscal Year	Total Tax Levy	Collection of Current Year's Taxes During Fiscal Year	Percent of Current Levy Collected During Fiscal Year	Delinquent Tax Collections	Total Collections
2012	2012-13	\$ 7,544,315	\$ 7,368,232	97.67%	\$ 110,036	\$ 7,478,268
2013	2013-14	7,498,327	7,309,230	97.48	119,430	7,428,660
2014	2014-15	7,626,530	7,348,250	96.35	111,210	7,459,460
2015	2015-16	7,627,731	7,406,830	97.10	215,544	7,622,374
2016	2016-17	8,093,094	7,940,087	98.11	116,317	8,056,404
2017	2017-18	9,145,965	8,973,214	98.11	62,442	9,035,656
2018	2018-19	9,381,829	9,208,248	98.15	137,647	9,345,895
2019	2019-20	9,332,621	9,047,982	96.95	109,970	9,157,952
2020	2020-21	9,592,756	9,321,264	97.17	134,553	9,455,817
2021	2021-22	9,888,259	9,673,449	97.83	141,826	9,815,275

Source:

Lamar County Appraisal District

Note:

- (1) Taxes stated are for General Fund and Debt Service Funds.
- (2) Penalty, interest, and attorney fees not included.

Table 5  
(Continued)

Ratio of Total Collections To Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes To Total Tax Levy
99.14	\$ 190,166	2.52
99.07	186,382	2.48
97.81	279,144	3.66
99.93	221,880	2.91
99.54	153,007	1.89
98.79	172,751	1.89
99.61	173,582	1.85
98.13	284,639	3.05
98.57	271,491	2.83
99.26	215,835	2.18

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

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
<b>City of Paris</b>										
M & O	\$ 0.41487	\$ 0.39129	\$ 0.40635	\$ 0.42547	\$ 0.42443	\$ 0.44248	\$ 0.43831	\$ 0.40868	\$ 0.39788	\$ 0.37357
I & S	0.09620	0.11066	0.09560	0.07648	0.07752	0.10947	0.11364	0.10740	0.08290	0.08016
Total	<u>\$ 0.51107</u>	<u>\$ 0.50195</u>	<u>\$ 0.50195</u>	<u>\$ 0.50195</u>	<u>\$ 0.50195</u>	<u>\$ 0.55195</u>	<u>\$ 0.55195</u>	<u>\$ 0.51608</u>	<u>\$ 0.48078</u>	<u>\$ 0.45373</u>
<b>Lamar County</b>										
M & O	\$ 0.41850	\$ 0.40580	\$ 0.42640	\$ 0.40920	\$ 0.40660	\$ 0.37550	\$ 0.36740	\$ 0.37630	\$ 0.38180	\$ 0.34250
I & S	0.02020	0.01930	0.01900	0.01830	0.01730	0.01880	0.01910	0.01770	0.00210	0.01830
Total	<u>\$ 0.43870</u>	<u>\$ 0.42510</u>	<u>\$ 0.44540</u>	<u>\$ 0.42750</u>	<u>\$ 0.42390</u>	<u>\$ 0.39430</u>	<u>\$ 0.38650</u>	<u>\$ 0.39400</u>	<u>\$ 0.38390</u>	<u>\$ 0.36080</u>
<b>Paris ISD</b>										
M & O	\$ 1.17000	\$ 1.17000	\$ 1.17000	\$ 1.17000	\$ 1.17000	\$ 1.17000	\$ 1.17000	\$ 1.06840	\$ 1.05190	\$ 0.99200
I & S	0.28500	0.28500	0.28500	0.28500	0.28500	0.28500	0.28500	0.28500	0.25970	0.25970
Total	<u>\$ 1.45500</u>	<u>\$ 1.45500</u>	<u>\$ 1.45500</u>	<u>\$ 1.45500</u>	<u>\$ 1.45500</u>	<u>\$ 1.45500</u>	<u>\$ 1.45500</u>	<u>\$ 1.35340</u>	<u>\$ 1.31160</u>	<u>\$ 1.25170</u>
<b>Chisum ISD</b>										
M & O	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 0.96640	\$ 0.96640	\$ 0.96340
I & S	0.16000	0.14500	0.14678	0.14678	0.20650	0.19500	0.19000	0.18000	0.18000	0.18000
Total	<u>\$ 1.20000</u>	<u>\$ 1.18500</u>	<u>\$ 1.18678</u>	<u>\$ 1.18678</u>	<u>\$ 1.24650</u>	<u>\$ 1.23500</u>	<u>\$ 1.23000</u>	<u>\$ 1.14640</u>	<u>\$ 1.14640</u>	<u>\$ 1.14340</u>
<b>North Lamar ISD</b>										
M & O	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 0.96640	\$ 0.96640	\$ 0.89600
I & S	0.08150	0.07110	0.06750	0.06750	-	-	-	-	-	0.25000
Total	<u>\$ 1.12150</u>	<u>\$ 1.11110</u>	<u>\$ 1.10750</u>	<u>\$ 1.10750</u>	<u>\$ 1.04000</u>	<u>\$ 1.04000</u>	<u>\$ 1.04000</u>	<u>\$ 0.96640</u>	<u>\$ 0.96640</u>	<u>\$ 1.14600</u>
<b>Paris Junior College</b>										
M & O	\$ 0.18700	\$ 0.18660	\$ 0.18660	\$ 0.18750	\$ 0.17730	\$ 0.08500	\$ 0.08500	\$ 0.08400	\$ 0.08900	\$ 0.08150
I & S	-	-	-	-	-	-	-	-	-	-
Total	<u>\$ 0.18700</u>	<u>\$ 0.18660</u>	<u>\$ 0.18660</u>	<u>\$ 0.18750</u>	<u>\$ 0.17730</u>	<u>\$ 0.08500</u>	<u>\$ 0.08500</u>	<u>\$ 0.08400</u>	<u>\$ 0.08900</u>	<u>\$ 0.08150</u>

Source:  
Lamar County Appraisal District

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

Table 7

Roll	Year	Real Property		Personal Property	
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2012	2012-13	\$ 931,939,433	\$1,424,800,859	\$ 559,431,805	\$ 628,115,774
2013	2013-14	1,033,357,277	1,438,785,698	469,901,615	654,358,864
2014	2014-15	1,007,593,690	1,472,220,698	522,773,397	763,567,027
2015	2015-16	1,006,810,741	1,490,882,796	526,923,827	780,316,817
2016	2016-17	1,148,246,077	1,725,298,577	479,151,390	720,199,051
2017	2017-18	1,206,992,530	1,773,796,952	474,754,769	697,701,527
2018	2018-19	1,236,252,824	1,807,476,750	495,983,817	725,129,690
2019	2019-20	1,295,418,472	1,870,747,790	498,742,817	720,268,510
2020	2020-21	1,391,511,659	1,933,860,434	532,519,786	740,100,180
2021	2021-22	1,667,126,345	2,305,669,290	560,875,228	775,657,080

Sources:  
Lamar County Appraisal District

Table 7  
(Continued)

Exemptions	Total		Assessed Value as a Percentage of Actual Value	Total Direct Tax Rate
	Assessed Value	Estimated Actual Value		
\$ 561,543,395	\$1,491,371,238	\$2,052,916,633	72.65%	\$ 0.52000
589,885,670	1,503,258,892	2,093,144,562	71.82	0.50195
705,420,637	1,530,367,087	2,235,787,725	68.45	0.50195
737,465,045	1,533,734,568	2,271,199,613	67.53	0.50195
818,100,161	1,627,397,467	2,445,497,628	66.55	0.50195
789,751,180	1,681,747,299	2,471,498,479	68.04	0.55195
800,369,799	1,732,236,641	2,532,606,440	68.40	0.55195
796,855,011	1,794,161,289	2,591,016,300	69.25	0.51608
749,929,169	1,924,031,445	2,673,960,614	71.95	0.48078
853,324,797	2,228,001,573	3,081,326,370	72.31	0.45373

CITY OF PARIS, TEXAS  
Principal Property Taxpayers  
September 30, 2022 and 2013  
Unaudited

Table 8

Taxpayer	Type of Business	2022		
		Taxable Assessed Value	Rank	Percentage of Total Freeze Adjusted Taxable Assessed Value
La Frontera Holdings LLC (Lamar Power Partners)	Electric Utility	\$ 355,252,180	1	14.66%
Campbell Soup Company - A	Food Manufacturer	185,566,399	2	7.66%
Kimberly-Clark Corporation - A	Disposable Diapers	96,347,051	3	3.98%
Essent PRMC, LP A	Hospital	48,940,090	4	2.02%
Oncor Electric Delivery	Electric Utility	34,884,770	5	1.44%
Huhtamaki Inc	Packaging Mfg.	17,308,991	6	0.49%
Potter Industries	Glass Manufacturer	15,114,881	7	0.62%
Atmos Energy	Gas Utility	14,798,840	8	0.71%
Alpha Lake Limited	Shopping Center	12,716,310	9	0.52%
American Spiral Weld III Inc.	Pipe Manufacturer	11,937,352	10	0.61%
Lamar Power Partners	Electric Utility	-		0.00%
Paris Regional Medical Center	Warehouse	-		0.00%
Paris Generation, LP	Electric Utility	-		0.00%
Silgan Can Company	Can Manufacturer	-		0.00%
Walmart	Retail Store	-		0.00%
Turner Industries	Pipe Manufacturer	-		0.00%
Totals		<u>\$ 792,866,864</u>		<u>32.71%</u>

Source:  
Lamar County Appraisal District

Table 8  
(Continued)

2013		
<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
\$ -		0.00%
89,955,430	3	5.98%
132,648,056	2	8.82%
-		0.00%
20,053,960	7	1.33%
-		0.00%
-		0.00%
-		0.00%
10,596,530	9	0.70%
-		0.00%
210,303,060	1	13.99%
36,471,510	4	2.43%
21,511,700	5	2.43%
17,116,130	6	1.43%
16,777,080	8	1.14%
6,712,959	10	0.45%
<u>\$ 562,146,415</u>		<u>38.70%</u>

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

Table 9

Fiscal Year	Estimated Population	Taxable Assessed Value	Gross General Bonded Debt	Less Debt Service Funds	Net General Bonded Debt	Ratio of Net General Bonded Debt To Assessed Value	Net General Bonded Debt Per Capita
2012-13	25,082	\$ 1,491,371,238	\$ 9,485,800	\$ 2,318,294	\$ 7,167,506	0.48	\$ 285.76
2013-14	25,171	1,503,258,892	8,310,000	1,432,199	6,877,801	0.46	273.24
2014-15	25,200	1,519,380,526	7,285,000	1,117,793	6,167,207	0.41	244.73
2015-16	25,400	1,627,397,467	6,442,624	1,087,664	5,354,960	0.33	210.83
2016-17	25,425	1,681,747,299	15,461,503	898,022	14,563,481	0.87	572.80
2017-18	25,450	1,732,236,641	14,306,032	1,073,917	13,232,115	0.76	519.93
2018-19	25,450	1,794,161,289	12,977,671	1,103,061	11,874,610	0.67	466.59
2019-20	25,450	1,876,141,460	11,818,173	1,196,122	10,622,051	0.56	417.37
2020-21	24,476	2,228,001,573	11,420,000	1,272,171	10,147,829	0.46	414.60
2021-22	24,476	2,423,466,605	9,380,000	544,537	8,835,463	0.36	360.98

Sources:  
Lamar County Appraisal District  
City of Paris

CITY OF PARIS, TEXAS  
Ratio of Outstanding Debt by Type  
Last Ten Fiscal Years  
Unaudited

Table 10

Fiscal Year	Governmental Activities				Business-Type Activities		
	General Obligation Bonds	Financed Purchases	Leases	Other	Utility Rate Supported Debt	Financed Purchases	Leases
2013	\$9,485,800	\$ -	\$ -	\$ -	\$ 43,239,200	\$ -	\$ -
2014	8,310,000	-	-	-	40,795,000	-	-
2015	7,285,000	617,114	-	-	38,545,000	-	-
2016	6,442,624	1,538,459	-	-	37,997,715	-	-
2017	15,461,503	1,397,929	-	-	45,175,173	-	-
2018	14,306,032	1,253,181	-	-	44,264,589	-	-
2019	12,840,000	1,104,090	-	-	41,075,000	-	-
2020	12,975,000	950,526	-	-	38,875,000	-	-
2021	11,830,000	792,453	-	955,000	80,430,000	-	-
2022	9,380,000	629,538	218,870	770,000	90,440,000	-	-

Sources:

City Finance Office  
Samco Capital Markets, Inc.  
Bureau of Economic Analysis



Table 10  
(Continued)

<u>Business-Type Activities</u>		Total Primary Government	Percentage of Personal Income	Per Capita
<u>Other</u>				
\$	-	\$ 52,725,000	2.92	\$ 2,081
	-	49,105,000	2.64	1,951
	-	46,447,114	2.49	1,843
	-	45,978,798	2.47	1,810
	-	62,034,605	3.23	2,440
	-	59,823,802	2.91	2,304
	-	55,019,090	2.73	2,180
	-	52,800,526	2.47	2,085
	-	94,007,453	4.03	3,841
	-	101,438,408	3.99	4,135

CITY OF PARIS, TEXAS  
Direct and Overlapping  
Governmental Activities Debt  
September 30, 2022  
Unaudited

Table 11

<u>Taxing Jurisdiction</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percent Applicable to Government</u>	<u>Amount Applicable to Government</u>
Lamar County	\$ 6,934,868	62.75%	\$ 4,351,629
Paris Independent School District	40,760,000	49.30	20,094,680
Chisum Independent School District	26,950,000	47.75	12,868,625
North Lamar Independent School District	<u>44,005,000</u>	58.23	<u>25,624,112</u>
Subtotal Overlapping Debt	118,649,868		62,939,046
City of Paris (Includes General Obligation Debt and Capital Leases)	<u>10,009,639</u>	100.00	<u>10,009,639</u>
Total Direct and Overlapping Debt	<u>\$ 128,659,507</u>		<u>\$ 72,948,685</u>
Per Capita Direct and Overlapping Funded Debt	<u>\$ 5,257</u>		<u>\$ 2,980</u>

Sources: Outstanding debt and applicable percentages provided by each governmental unit.

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

CITY OF PARIS, TEXAS  
Legal Debt Margin Information  
September 30, 2022  
Unaudited

Table 12

The maximum tax rate permitted by Article XI, Section 5 of the State of Texas constitution is \$2.50 per \$100 of assessed valuation. Consequently, no legal debt margin can be calculated. The state attorney general has traditionally allowed up to \$1.50 per \$100 valuation to be applied to debt service. The City levied a tax rate of \$.45373 per \$100 valuation for the fiscal year ended September 30, 2022.

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CITY OF PARIS, TEXAS  
Revenue Pledged Coverage - Water and Sewer Revenue Bonds  
Last Ten Fiscal Years  
Unaudited

Table 13

Fiscal Year	Gross Revenues*	Operating Expenses**	Net Revenue Available For Debt Service	Average Remaining Debt Service Requirements			Percent Coverage
				Principal	Interest	Total***	
2012-13	\$ 13,963,624	\$7,578,446	\$6,385,178	\$ -	\$ -	\$ -	N/A
2013-14	13,964,534	7,342,744	6,621,790	-	-	-	N/A
2014-15	14,359,751	7,248,302	7,111,449	-	-	-	N/A
2015-16	14,894,489	7,834,768	7,059,721	-	-	-	N/A
2016-17	14,097,620	9,902,805	4,194,815	-	-	-	N/A
2017-18	14,549,327	9,922,088	4,627,239	-	-	-	N/A
2018-19	15,030,324	10,182,731	4,847,593	-	-	-	N/A
2019-20	15,043,788	9,602,622	5,441,166	-	-	-	N/A
2020-21	16,768,090	10,440,367	6,327,723	-	-	-	N/A
2021-22	20,198,510	10,254,224	9,944,286	-	-	-	N/A

Notes:

(1)\* Gross Revenues = Operating and Nonoperating Revenue of the Water and Sewer Fund  
Excluding Contribution Revenue and Premium Amortization

(2)\*\* Operating Expenses Excluding Depreciation

(3)\*\*\* Agent Fees Not Included

CITY OF PARIS, TEXAS  
Demographic and Economic Statistics  
Last Ten Calendar Years  
Unaudited

Table 14

Calendar Year	Paris, TX Micropolitan Service Area Population	Paris, TX Micropolitan Service Area Personal Income	Paris, TX Micropolitan Service Area Per Capita Personal Income	Paris, TX Micropolitan Service Area Median Age	School Enrollments (1)	Percent Unemployment Rate
2012	49,811	\$ 1,750,363,000	\$ 35,140	39.0	12,671	7.9
2013	49,426	1,804,479,000	36,509	37.1	12,377	7.6
2014	49,523	1,859,083,000	37,540	40.4	12,414	6.1
2015	49,440	1,857,879,000	37,578	40.5	12,121	5.4
2016	49,791	1,917,848,000	38,518	40.6	12,180	4.9
2017	49,587	2,013,704,000	40,610	40.6	12,758	3.5
2018	49,728	2,027,062,464	40,763	41.0	12,307	3.3
2019	49,859	2,147,064,000	43,063	37.8	11,482	6.8
2020	50,088	2,330,995,344	46,538	40.7	11,461	6.5
2021	50,484	2,539,934,000	50,311	39.4	11,800	4.3

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

Sources:

Paris Independent School District - 3,808  
 North Lamar Independent School District - 2,416  
 Chisum Independent School District - 1,149  
 Paris Junior College - 4,427  
 Bureau of Economic Analysis  
 US Census Bureau

CITY OF PARIS, TEXAS  
Principal Employers  
Fiscal Years End 2022 and 2013  
Unaudited

Table 15

Taxpayer	September 30, 2022			September 30, 2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Paris Regional Medical Center	900	1	5.08%	700	3	3.95%
Campbell Soup Company	750	2	4.23%	840	1	4.74%
Kimberly-Clark Corporation	750	3	4.23%	730	2	4.12%
We Pack Logistics, Inc.	522	4	2.95%	150	7	0.85%
The Results Company*	419	5	2.37%	-		0.00%
Huhtamaki**	200	6	1.13%	180	6	1.02%
RK Hall Construction LTD	200	7	1.13%	430	5	2.43%
Delco Trailers	200	8	1.13%	-		0.00%
Paris Print Works	100	9	0.56%	-		0.00%
Silgan Can Company	90	10	0.51%	87	9	0.49%
Turner Industries	-		0.00%	600	4	3.39%
HWH - We Build	-		0.00%	75	10	0.42%
Sara Lee	-		0.00%	130	8	0.73%
Totals	<u>4,131</u>		<u>23.32%</u>	<u>3,922</u>		<u>22.14%</u>

Source:

U.S. Department of Labor  
PEDC  
Bureau of Labor Statistics

Additional Information:

Public Employers:

Paris ISD	618
North Lamar ISD	469
City of Paris	314
Paris Junior College	367
Chisum ISD	176
Lamar County	196
Total	<u>2,140</u>

Notes:

- (\*) TCIM in 2013
- (\*\*) Paris Packaging in 2013

CITY OF PARIS, TEXAS  
 Operating Indicators by Function  
 Last Ten Fiscal Years  
 Unaudited

Table 16

GOVERNMENT:

Date of Incorporation - 1836  
 Current Charter - Adopted November 2, 1948

	Fiscal Year			
	2013	2014	2015	2016
<b>FACILITIES:</b>				
Airports:				
Number of Airports	1	1	1	1
Fire Protection:				
Number of Stations	3	3	3	3
Number of Fire Hydrants	1,240	1,262	1,299	1,313
Number of Employees (certified)	51	51	51	51
Employees Per 1,000 Population	2.01	2.03	2.02	2.01
Libraries:				
Number of Libraries	1	1	1	1
Number of Volumes	82,878	82,832	81,893	84,162
Circularization of Materials	127,053	127,002	127,824	119,265
Circulation Per Capita	5.01	5.06	5.07	4.69
Library Cards in Force	14,896	16,519	15,507	13,551
Police Protection:				
Number of Stations	1	1	1	1
Number of Employees (certified)	62	60	60	60
Employees Per 1,000 Population	2.44	2.39	2.38	2.36
Parks and Recreation:				
Park Acres Developed	87	87	87	87
Park Acres Undeveloped	221	221	221	221
City Parks	24	24	24	24
Streets:				
Paved Lanes - Miles	160	160	160	171
Unpaved Streets - Miles	3	3	3	3
<b>WATER AND SEWER UTILITY:</b>				
Average Daily Water Consumption - Gallons	11,400,000	11,472,271	11,006,721	10,701,294
Maximum Day's Water Consumption - Gallons	20,764,000	17,201,000	20,662,000	17,983,000
Annual Water Consumption - Gallons	4,177,171,000	4,187,379,000	4,017,453,000	3,977,369,000
Water Mains - Miles	183	183	185	185
Water Connections - Metered	9,816	9,819	10,024	9,995
Sewer Mains - Miles	188	189	209	209
Area Miles	39.18	39.18	39.18	38.02
Number of Full-Time Employees	325	326.5	327	328

Sources: Various City of Paris Departments



Table 16  
(Continued)

Fiscal Year						
2017	2018	2019	2020	2021	2022	
1	1	1	1	1	1	1
3	3	3	3	3	3	3
1,333	1,357	1,367	1,408	1,399	1,510	1,510
51	51	51	51	51	52	52
2.00	2.00	2.00	2.00	2.08	2.12	2.12
1	1	1	1	1	1	1
85,630	72,288	81,185	79,821	81,739	82,409	82,409
114,611	103,389	99,239	81,249	86,120	103,731	103,731
4.50	4.06	3.90	3.19	3.51	4.24	4.24
14,312	10,441	8,734	8,424	9,337	10,345	10,345
1	1	1	1	1	1	1
60	57	57	57	57	57	57
2.35	2.24	2.24	2.24	2.32	2.12	2.12
87	87	87	87	87	87	87
221	221	221	221	221	221	221
24	24	24	24	24	24	24
171	171	174	174	174	174	174
3	3	3	3	3	3	3
13,241,942	10,759,444	10,775,920	11,138,000	11,740,173	13,715,333	13,715,333
18,493,000	18,137,000	19,202,000	17,747,000	19,386,000	29,661,000	29,661,000
4,833,309,000	3,927,197,000	3,937,831,000	4,078,053,000	4,285,163,000	5,015,467,000	5,015,467,000
185	185	185	185	185	185	185
9,766	9,698	9,679	9,810	9,754	9,776	9,776
209	209	209	209	209	209	209
38.02	38.02	38.02	38.02	38.02	38.02	38.02
330	331.5	333	322	314	314	314

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

Table 17

	Fiscal Year			
	2013	2014	2015	2016
<b>Function:</b>				
Public Safety				
Police				
Stations	1	1	1	1
Patrol Units	10	10	10	10
Fire Stations	3	3	3	3
Sanitation				
Collection Trucks	6	6	6	6
Highways and Streets				
Streets (miles)	163	163	174	174
Streetlights	2,223	2,225	2,228	2,228
Traffic Signals*	-	-	-	-
Culture and Recreation				
Park Acreage	286	286	286	286
Swimming Pools - Municipal	1	1	1	1
Tennis Courts	14	14	14	14
Community Centers	1	1	1	1
Water				
Water Mains (miles)	183	183	185	185
Fire Hydrants	1,240	1,262	1,299	1,313
Maximum Daily Capacity (thousands of gallons)	36,000	36,000	36,000	36,000
Sewer				
Sanitary Sewers (miles)	189	189	209	209
Maximum Daily Treatment Capacity (thousands of gallons)	7,250	7,250	7,250	7,250

Source: Various City Departments

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

Table 17  
(Continued)

Fiscal Year						
2017	2018	2019	2020	2021	2022	
1	1	1	1	1	1	1
10	10	10	10	10	10	10
3	3	3	3	3	3	3
6	6	6	6	6	6	6
174	174	174	174	174	174	174
2,230	2,231	2,235	2,235	2,235	2,235	2,235
-	-	-	-	-	-	-
286	286	308	308	308	308	308
1	1	1	1	1	1	1
14	14	14	14	14	14	14
1	1	1	1	1	1	1
185	185	185	185	185	185	185
1,333	1,357	1,367	1,408	1,399	1,399	1,510
36,000	36,000	36,000	36,000	36,000	36,000	36,000
209	209	209	209	209	209	209
7,250	7,250	7,250	7,250	7,250	7,250	7,250

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

Table 18

<u>Property Value Fiscal Year</u>	<u>Commercial Units</u>	<u>Commercial Construction Value</u>	<u>Residential Units</u>	<u>Residential Construction Value</u>	<u>Total Construction Value</u>
2013	15	\$ 9,653,725	24	\$ 2,171,613	\$ 11,825,338
2014	10	5,336,150	16	1,924,218	7,260,368
2015	14	61,243,705	10	823,430	62,067,135
2016	59	7,838,210	44	3,252,018	11,090,228
2017	18	12,653,657	21	3,914,081	16,567,738
2018	33	39,273,020	31	4,101,770	43,374,790
2019	15	64,446,766	25	3,744,359	68,191,125
2020	21	15,636,180	36	5,366,500	21,002,680
2021	8	7,995,151	17	1,908,787	9,903,938
2022	17	43,395,000	35	7,237,430	50,632,430

Sources: City of Paris Community Development Department

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

Table 19

<b>Function:</b>	Fiscal Year			
	2013	2014	2015	2016
Manager	3.0	3.0	3.0	3.0
Attorney	4.0	4.0	4.0	4.0
Court Clerk	4.0	4.0	4.0	4.0
City Clerk	3.0	2.0	2.0	2.0
Finance	5.0	5.0	5.0	5.0
Police*	85.5	83.0	83.0	83.0
Fire	52.0	57.0	57.0	57.0
Community Development	7.5	5.5	4.5	4.5
Engineering	6.5	7.5	7.5	7.5
Public Works	3.0	3.0	2.0	2.0
Parks & ROW	10.0	10.0	11.0	11.0
Sanitation	12.0	12.0	12.0	12.0
Streets	15.0	15.0	15.0	15.0
Traffic & Lighting	2.0	2.0	2.0	2.0
Garage	5.5	5.5	5.5	5.5
EMS	26.0	26.0	26.0	26.0
Library	10.5	10.5	10.5	10.5
Warehouse	2.0	2.0	2.0	2.0
Water Billing	8.0	8.0	8.0	8.0
Water Treatment Plant	15.5	15.5	15.5	16.5
Water Distribution	10.5	11.0	11.0	11.0
Waste Water Collection	7.5	7.5	8.5	8.5
Waste Water Treatment Plant	22.5	22.5	22.5	22.5
Lift Stations	3.0	3.0	3.0	3.0
Information Technology	2.0	2.0	2.5	2.5
<b>Totals</b>	<b>325.5</b>	<b>326.5</b>	<b>327.0</b>	<b>328.0</b>

\* Includes related grant employees.  
 Seasonal employees not included.

Source: City of Paris Finance Department

Table 19  
(Continued)

Fiscal Year						
2017	2018	2019	2020	2021	2022	
3.0	3.0	3.0	3.0	4.0	4.0	
4.0	2.0	2.0	2.0	2.0	2.0	
4.0	4.0	4.0	4.0	4.0	4.0	
2.0	2.0	2.0	2.0	2.0	2.0	
5.0	5.0	5.0	5.0	5.0	5.0	
83.0	83.5	84.0	83.0	77.5	77.5	
58.0	58.0	58.0	59.0	52.0	52.0	
4.5	4.0	4.0	5.5	15.0	15.0	
7.5	6.0	6.0	4.5	3.0	3.0	
2.0	3.0	3.0	3.0	3.0	3.0	
12.0	12.0	12.0	11.0	10.0	10.0	
12.0	11.0	12.0	8.0	6.0	6.0	
15.0	17.0	17.0	11.0	12.0	12.0	
2.0	2.0	2.0	1.0	1.0	1.0	
5.5	6.0	6.0	5.5	6.0	6.0	
26.0	26.0	27.0	27.0	27.0	27.0	
10.5	10.5	10.5	10.5	10.5	10.5	
2.0	2.0	2.0	2.0	2.0	2.0	
8.0	8.0	8.0	8.0	8.0	8.0	
16.5	16.5	17.5	18.0	18.0	18.0	
11.0	12.5	12.5	9.0	11.0	11.0	
8.5	8.5	8.0	8.0	8.0	8.0	
22.5	22.5	21.5	26.0	21.0	21.0	
3.0	3.0	3.0	3.0	3.0	3.0	
2.5	3.5	3.0	3.0	3.0	3.0	
<u>330.0</u>	<u>331.5</u>	<u>333.0</u>	<u>322.0</u>	<u>314.0</u>	<u>314.0</u>	

CONTINUING DISCLOSURE INFORMATION



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

**ASSESSED VALUATION**

**TABLE 1**

2022-2023 Actual Market Value of Taxable Property (100% of Actual)		\$ 3,533,549,070
Less Exemptions:		
Local, Optional Over-65 and/or Disabled Homestead Exemptions	\$ 40,935,341	
Disabled and Deceased Veterans' Exemptions	18,533,812	
Productivity Loss	19,856,605	
Personal Use of Business Vehicle	319,140	
Freeport	111,908,964	
Pollution Control / Solar	62,479,174	
Abatement Loss	281,560,424	
Cap Loss (10%)	150,758,853	
Historical / Other	27,546,091	
Totally Exempt Property	396,184,061	
Total Exemptions		1,110,082,465
2022-2023 Net Taxable Assessed Valuation		2,423,466,605
Frozen Taxable Value and Transfer Adjustment		(190,151,876)
Freeze Adjusted Net Taxable Assessed Valuation		\$ 2,233,314,729

Source: Lamar County Appraisal District and the Issuer.

**GENERAL OBLIGATION BONDED DEBT PRINCIPAL**

**TABLE 2**

<b>General Obligation Debt Principal Outstanding: (As of September 30, 2022)</b>		
Combination Tax and Revenue Certificates of Obligation, Series 2013 (TWDB)	\$ 1,560,000	
General Obligation Bonds, Series 2013	25,335,000	
General Obligation Bonds, Series 2016	6,560,000	
General Obligation Bonds, Series 2017	7,795,000	
General Obligation Bonds, Series 2018	775,000	
General Obligation Refunding Bonds, Series 2020	1,585,000	
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2020	1,225,000	
Tax Notes, Series 2020	770,000	
Tax and Revenue Certificates of Obligation, Series 2021	43,855,000	
General Obligation Pension Bonds, Series 2022	12,355,000	
Total Gross General Obligation Debt Principal Outstanding:		101,815,000
<b>Less: Self-Supporting General Obligation Debt Principal</b>		
Combination Tax and Revenue Certificates of Obligation, Series 2013 (TWDB) (100% WS)	1,560,000	
General Obligation Bonds, Series 2013 (100% WS)	25,335,000	
General Obligation Bonds, Series 2016 (100% WS)	6,560,000	
General Obligation Bonds, Series 2018 (86% WS)	775,000	
Tax and Revenue Certificates of Obligation, Series 2021	43,855,000	
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2020	1,225,000	
GO Pension Bonds, Series 2022	12,355,000	
Total Self-Supporting General Obligation Debt Outstanding Following the Issuance of the Bonds:		91,665,000
Total <b>Net</b> General Obligation Debt Principal Outstanding Following the Issuance of the Bonds:		\$ 10,150,000
General Obligation Interest and Sinking Fund Balance as of September 30, 2022		\$ 2,990,410
Ratio of Gross General Obligation Debt Principal to 2021-22 Freeze Adjusted Net Taxable Assessed Valuation		4.56%
Ratio of Net General Obligation Debt Principal to 2021-22 Freeze Adjusted Net Taxable Assessed Valuation		0.45%
2021-22 <u>Freeze Adjusted</u> Net Taxable Assessed Valuation		\$ 2,233,314,729
Population: 1980 - 25,498; 1990 - 24,699; 2000 - 25,898; 2010 - 25,171	Current (Estimate)	24,476
Per Capita 2021-2022 Freeze Adjusted Net Taxable Assessed Valuation		\$ 91,245
Per Capita Gross General Obligation Debt Principal		\$ 4,160
Per Capita Net General Obligation Debt Principal		\$ 415

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

TABLE 3

<u>Category</u>	<u>2021-22</u>	<u>% of Total</u>	<u>2020-21</u>	<u>% of Total</u>	<u>2019-2020</u>	<u>% of Total</u>	<u>2018-2019</u>	<u>% of Total</u>	<u>2017-2018</u>	<u>% of Total</u>
Real, Residential, Single-Family	\$ 943,179,877	26.69%	\$ 758,658,443	23.85%	\$ 713,569,554	25.47%	\$ 555,725,094	20.28%	\$ 513,053,546	20.51%
Real, Residential, Multi-Family	121,204,107	3.43%	112,201,519	3.53%	78,929,430	2.82%	60,643,497	2.27	55,673,247	2.22
Real, Vacant Lots/Tracts	31,534,732	0.89%	31,470,634	0.99%	30,827,095	1.10%	33,015,060	1.17	29,663,525	1.19
Real, Acreage (Land Only)	20,958,160	0.59%	20,972,380	0.66%	20,517,420	0.73%	21,611,670	0.79	20,285,840	0.81
Farm & Ranch Improvements	30,038,194	0.85%	25,293,068	0.80%	23,098,838	0.82%	20,902,638	0.74	18,316,868	0.73
Real, Commercial	431,656,699	12.22%	409,844,864	12.89%	267,504,955	9.55%	290,129,663	11.24	288,609,812	11.53
Real Industrial	667,764,200	18.90%	687,876,550	21.63%	594,799,020	21.23%	588,443,970	23.26	594,247,570	23.74
Real & Tangible, Personal Utilities	60,626,630	1.72%	57,691,980	1.81%	55,391,760	1.98%	49,300,600	1.68	42,243,760	1.69
Tangible Personal, Commercial	164,277,840	4.65%	151,679,870	4.77%	145,136,550	5.18%	137,319,910	5.43	138,468,717	5.53
Tangible Personal, Industrial	611,674,330	17.31%	519,985,340	16.35%	494,875,900	17.67%	490,224,670	19.54	475,659,420	19.01
Tangible Personal, Mobile Homes	1,823,340	0.04%	890,630	0.04%	769,900	0.04%	796,370	0.03	768,990	0.03
Residential / Special, Inventory	25,135,220	0.71%	20,948,400	0.66%	19,937,470	0.71%	18,093,300	0.72	18,382,080	0.73
Totally Exempt Property	423,675,741	11.99%	382,866,616	12.04%	355,713,491	12.70%	352,476,683	12.86	307,256,120	12.28
<b>Total Market Value</b>	<b>3,533,549,070</b>	<b>100.00%</b>	<b>3,180,380,294</b>	<b>100.00%</b>	<b>2,801,071,383</b>	<b>100.00%</b>	<b>2,618,683,125</b>	<b>100.00%</b>	<b>2,502,629,495</b>	<b>100.00%</b>
<b>Less Exemptions:</b>										
Productivity Loss	19,856,605		19,992,060		19,523,280		20,576,410		19,378,050	
Cap Loss (10%)	150,758,853		79,061,864		107,587,489		7,090,415		6,410,256	
Local, Optional Over-65/Disabled	40,935,341		45,303,916		40,632,898		39,196,208		45,466,649	
Disabled and Deceased Veterans'	18,533,812		12,132,564		10,827,192		14,497,851		7,810,386	
Exempt Property	396,184,061		361,607,606		338,281,483		340,140,213		295,991,820	
Freeport	111,908,964		91,612,816		85,531,645		98,468,752		89,590,207	
Pollution Control / Solar	62,479,174		62,080,048		65,128,932		67,790,322		67,165,339	
Tax Abatement Loss	281,560,424		259,158,157		187,457,093		224,131,835		271,984,849	
Personal Use of Business Vehicle	319,140		303,980		382,630		282,460		378,570	
Other / Historical	27,546,091		21,125,710		17,220,053		12,347,370		11,363,360	
Total Exemptions	<u>1,110,082,465</u>		<u>952,378,721</u>		<u>872,572,695</u>		<u>824,521,836</u>		<u>815,539,486</u>	
<b>Net Taxable Assessed Valuation</b>	<b>2,423,466,605</b>		<b>2,228,001,573</b>		<b>1,928,498,688</b>		<b>1,794,161,289</b>		<b>1,687,090,009</b>	
<b>Freeze Taxable &amp; Transfer Adjustment</b>	<u>(190,151,876)</u>		<u>(178,970,749)</u>		<u>(155,792,063)</u>		<u>(139,607,850)</u>		<u>(125,125,367)</u>	
<b>Freeze Adjusted Net Taxable Assessed Valuation</b>	<b>\$ 2,233,314,729</b>		<b>\$ 2,049,030,824</b>		<b>\$ 1,772,706,625</b>		<b>\$ 1,654,553,439</b>		<b>\$ 1,561,964,642</b>	

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

Source: Lamar County Appraisal District and the Issuer.

**PRINCIPAL TAXPAYERS 2021-22 (UNAUDITED)**

**TABLE 4**

<u>Name</u>	<u>Type of Property</u>	<u>2020 Net Taxable Assessed Valuation</u>	<u>% of Total 2020 Assessed Valuation</u>
La Frontera Holdings LLC	Electric Utility	\$ 355,252,180	15.91%
Campbell Soup	Food Manufacturing	185,566,399	8.31%
Kimberly Clark Corporation	Disposable Diaper Mfg.	96,347,051	4.31%
Essent PRMC LP	Health Care Services/Hospital	48,940,090	2.19%
Oncor Electric Delivery Company	Utility	34,884,770	1.56%
Huhtamaki Inc.	Packaging Manufacturing	17,308,991	0.78%
Potter Industries LLC	Manufacturing	15,114,881	0.68%
Atmost Energy	Gas Utility	14,798,840	0.66%
Alpha Lake LTD	Shopping Center	12,716,310	0.57%
American Spiral Weld III, Inc	Pipe Manufacturer	11,937,352	0.53%
<b>Total</b>		<u>\$ 792,866,864</u>	<u>35.50%</u>
Based on a 2022 Freeze Adjusted Net Taxable Assessed Valuation of		<u>\$ 2,233,314,729</u>	

Source: Lamar County Appraisal District

**PROPERTY TAX RATES AND COLLECTIONS (UNAUDITED)**

**TABLE 5**

<u>Tax Year</u>	<u>Net Taxable Assessed Valuation</u> <sup>(a)</sup>	<u>Tax Rate</u>	<u>Tax Levy</u>	<u>% Collections</u>		<u>Year Ended</u>
				<u>Current</u>	<u>Total</u>	
2012	\$ 1,385,188,151	0.51107	\$ 7,544,315	97.67	99.22	9-30-13
2013	1,493,839,431	0.50195	7,498,327	97.48	100.03	9-30-14
2014	1,519,380,525	0.50195	7,626,530	96.35	99.17	9-30-15
2015	1,607,003,070	0.50195	7,627,731	97.10	99.90	9-30-16
2016	1,510,271,195	0.50195	8,093,094	98.11	<sup>(b)</sup> 99.52	<sup>(b)</sup> 9-30-17
2017	1,556,621,932	0.55195	9,145,965	98.11	99.51	9-30-18
2018	1,607,003,070	0.55195	9,381,829	98.15	100.71	9-30-19
2019	1,654,553,439	0.51608	9,332,621	96.95	98.95	9-30-20
2020	1,924,031,445	0.48078	9,592,756	97.17	98.57	9-30-21
2021	2,049,030,824	0.45373	9,888,259	97.83	99.49	9-30-22

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

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

Financial Report. Valuations for tax years 2012-2021 represent Freeze Adjusted Net Taxable Valuations.

<sup>(b)</sup> Current Fiscal Year collections are as of September 30, 2022 (Unaudited).

Source: The Lamar County Appraisal District, the City's 2021 Comprehensive Annual Financial Report and additional information from the City.

**TAX RATE DISTRIBUTION (UNAUDITED)**

**TABLE 6**

	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
General Fund	\$ 0.34377	\$ 0.37357	\$ 0.39788	\$ 0.40868	\$ 0.43831	\$ 0.44248
I & S Fund	0.09901	0.08016	0.08290	0.10740	0.11364	0.10947
TOTAL	\$ 0.44278	\$ 0.45373	\$ 0.48078	\$ 0.51608	\$ 0.55195	\$ 0.55195

Sources: Texas Municipal Report published by the Municipal Advisory Council of Texas and the Lamar County Appraisal District.

**MUNICIPAL SALES TAX  
UNAUDITED**

**TABLE 7**

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

<b>Calendar Year</b>	<b>Total Collected</b>	<b>1.00% City</b>	<b>0.25% Prop Tax Red</b>	<b>City Collections as % of Ad Valorem Tax Levy</b>	<b>(\$ Equivalent of Ad Valorem Tax Rate</b>	<b>0.25% EDC</b>
2009	\$ 7,591,224	\$ 5,060,816	\$ 1,265,204	80.72	0.42	\$ 1,265,204
2010	7,029,392	4,686,262	1,171,565	75.12	0.39	1,171,565
2011	7,202,519	4,801,679	1,200,420	78.44	0.41	1,200,420
2012	7,268,103	4,845,402	1,211,351	80.29	0.42	1,211,351
2013	7,624,480	5,082,987	1,270,747	84.22	0.43	1,270,747
2014	8,786,209 *	5,857,473	1,464,368	97.65	0.49	1,464,368
2015	8,173,696	5,449,131	1,362,283	89.30	0.45	1,362,283
2016	8,472,647	5,648,431	1,412,108	92.56	0.46	1,412,108
2017	8,689,014	5,792,676	1,448,169	89.47	0.45	1,448,169
2018	8,827,668	5,885,112	1,471,278	90.74	0.50	1,471,278
2019	8,921,837	5,947,891	1,486,973	79.25	0.43	1,486,973
2020	9,950,289	6,633,526	1,658,381	87.90	0.45	1,658,381
2021	11,048,083	7,365,389	1,841,347	95.81	0.47	1,841,347
2022	11,715,522	7,810,348	1,952,587	97.83	0.48	1,952,587

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

Source: State Comptroller of Public Accounts Website.

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

**TABLE 8**

	<b>Fiscal Year Ended September 30</b>				
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Revenues:</b>					
Ad Valorem Taxes	\$ 8,287,694	\$ 7,971,838	\$ 7,380,958	\$ 7,552,516	\$ 7,357,425
Sales Taxes	9,650,605	9,196,157	8,245,939	7,369,079	7,317,162
Franchise Tax	4,827,601	4,253,182	4,714,021	4,305,851	4,315,694
Hotel Occupancy Taxes	848,508	881,259	643,417	675,158	662,263
Licenses and Permits	532,557	211,668	259,117	277,507	197,920
Fines and Fees	432,115	615,721	724,259	434,016	446,670
Investment Earnings	201,997	198,965	304,755	483,876	329,365
Sanitation	1,462,220	1,470,237	1,462,452	1,437,157	1,470,248
Health	5,933,986	4,806,996	5,117,649	2,991,995	2,614,504
Intergovernmental Revenue	1,574,428	706,574	713,570	1,325,665	677,072
Other Revenues	695,364	442,020	381,355	210,946	341,330
<b>Total Revenues</b>	<b>34,447,075</b>	<b>30,754,617</b>	<b>29,947,492</b>	<b>27,063,766</b>	<b>25,729,653</b>
<b>Expenditures:</b>					
<b>Current</b>					
General Government	1,917,259	1,613,946	1,779,229	1,616,363	1,541,274
Public Safety	23,917,194	11,367,228	12,005,945	11,218,944	10,884,241
Public Works	6,050,354	4,991,668	5,065,867	5,644,019	5,356,374
Health	5,595,417	5,199,358	4,022,732	2,845,874	2,668,477
Culture and Recreation	715,243	677,612	723,046	740,350	734,826
Cox Field Airport	1,224	242,809	179,631	210,851	112,562
Other	1,829,866	1,838,073	1,922,363	1,845,609	1,716,365
<b>Capital Outlay</b>					
General Government	561,165	252,387	109,280	16,995	10,100
Public Safety	1,060,330	870,874	403,654	413,250	168,163
Public Works	1,199,200	941,371	626,741	1,016,738	612,947
Health	486,604	216,631	287,256	303,946	554,083
Cox Field Airport	-	65,000	-	-	37,275
Debt Service	187,670	186,690	186,690	186,690	186,690
Other	-	-	-	-	42,187
<b>Total Expenditures</b>	<b>43,521,526</b>	<b>28,463,647</b>	<b>27,312,434</b>	<b>26,059,629</b>	<b>24,625,564</b>
Excess (Deficit) of Revenues Over Expenditures	(9,074,451)	2,290,970	2,635,058	1,004,137	1,104,089
<b>Other Financing Sources (Uses):</b>					
Leases	278,821	-	-	-	-
Operating Transfers In	12,682,538	2,751,240	539,986	18,513	124,968
Operating Transfers Out	(603,609)	(802,211)	(29,319)	(127,545)	(383,374)
Sale of Capital Assets	155,367	151,266	28,000	-	-
Insurance Recoveries	-	-	-	57,835	-
<b>Total Other Financing Sources (Uses):</b>	<b>12,513,117</b>	<b>2,100,295</b>	<b>538,667</b>	<b>(51,197)</b>	<b>(258,406)</b>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	3,438,666	4,391,265	3,173,725	952,940	845,683
Fund Balance - Beginning of Year	21,420,072	17,150,077	13,451,478	12,670,747	11,622,868
Increase (Decrease) in Reserve for Inventory	-	-	-	-	40,518
Prior Period Adjustment	212,704	(52,060)	524,874	(172,209)	161,678
<b>Fund Balance - End of Year</b>	<b>\$ 25,071,442</b>	<b>\$ 21,489,282</b>	<b>\$ 17,150,077</b>	<b>\$ 13,451,478</b>	<b>\$ 12,670,747</b>

Source: The Issuer's Comprehensive Annual Financial Reports.

**CONDENSED WATERWORKS AND SEWER SYSTEM OPERATING STATEMENT (UNAUDITED)**

**TABLE 9**

	Fiscal Year Ended September 30				
	2022	2021	2020	2019	2018
<b>Operating Revenues <sup>(a)</sup></b>					
<b>Total Revenues</b>	\$ 18,397,839	\$ 16,567,528	\$ 15,043,788	\$ 14,452,703	\$ 14,168,934
<b>Expenses <sup>(b)</sup></b>	10,151,891	10,308,035	9,602,622	10,147,099	9,886,456
<b>Net Revenue Available for Debt Service</b>	<u>\$ 8,245,948</u>	<u>\$ 6,259,493</u>	<u>\$ 5,441,166</u>	<u>\$ 4,305,604</u>	<u>\$ 4,282,478</u>
Annual Revenue Bond Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -
Coverage of Annual Revenue Bond Requirements	N/A	N/A	N/A	N/A	N/A
Annual Requirements on all Bonds Paid from System Revenues	\$ 5,289,797	\$ 3,842,897	\$ 3,845,397	\$ 3,848,957	\$ 3,714,257
Coverage of Annual Requirements on all Bonds Paid from System Revenues	1.56 x	1.63 x	1.41 x	1.11 x	1.15 x
Customer Count:					
Water	9,786	9,762	9,810	9,679	9,698
Sewer	9,198	9,175	9,221	9,189	9,208

<sup>(a)</sup> Revenues include operating revenues, interest income and other revenues of the Waterworks and Sewer System.

<sup>(b)</sup> Expenses include total expenses less depreciation and amortization of the Waterworks and Sewer System.

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

**WATER RATES (UNAUDITED)**

**TABLE 10**

Current Rates (Rates Effective July 1, 2022)		
<b>Residential Class</b>		
Meter Size (Inches)	Base Cost (Per Cubic Foot)	Service in Excess of Base (For Each Additional 100 Cubic Feet)
5/8" - 3/4"	\$13.69 for first 200 Cubic Feet	\$5.04 / 100 Cubic Feet
1" and Larger	\$66.81 for first 1,000 Cubic Feet	\$5.04 / 100 Cubic Feet
<b>Commercial Industrial Class</b>		
Meter Size (Inches)	Base Cost (Per Cubic Foot)	Service in Excess of Base (For Each Additional 100 Cubic Feet)
5/8" - 3/4"	\$16.36 for first 200 Cubic Feet	\$4.94 / 100 Cubic Feet
1" - 2"	\$65.54 for first 1,000 Cubic Feet	\$4.03 / 100 Cubic Feet
Larger than 2"	\$235.24 for first 2,000 Cubic Feet	\$4.03 / 100 Cubic Feet
<b>Commercial Industrial Class (Meters Greater Than Three Inches)</b>		
Meter Size (Inches)	Base Cost (Per Cubic Foot)	Service in Excess of Base (For Each Additional 100 Cubic Feet)
4"	\$4,034.82 for first 100,000 Cubic Feet	\$4.03 / 100 Cubic Feet
6"	\$6,052.22 for first 150,000 Cubic Feet	\$4.03 / 100 Cubic Feet
8" and Larger	\$8,069.63 for first 200,000 Cubic Feet	\$4.03 / 100 Cubic Feet

Source: Information from the Issuer

**PRINCIPAL WATER CUSTOMERS 2021-2022 (UNAUDITED)**

**TABLE 11**

(October 1, 2021 to September 30, 2022)

<u>Name of Customer</u>	<u>Average Monthly Consumption (Gals.)</u>	<u>Average Monthly Bill</u>
Lamar Power Partners*	19,685,539	\$ 27,089
Campbell Soup Company	15,185,949	97,184
Daisy Farms*	2,304,151	15,568
Paris Generation	2,023,092	23,942
Lamar County Water Supply	1,342,300	72,843
Kimberly Clark	864,846	33,867
The James Skinner Baking Co.	271,167	10,834
Paris Housing Authority	235,815	9,527
Paris Regional Medical Center	144,271	7,226
Paris Junior College	118,465	5,195
<b>Total</b>	<b>42,175,595</b>	<b>\$ 303,275</b> <sup>(a)</sup>

Total Water Sales as of September 30, 2022 (unaudited) \$ 9,042,125

<sup>(a)</sup> Principal Water Customers represent approximately 40.25% of total annual water sales.

\* Includes raw water sales.

**SEWER RATES (UNAUDITED)**

**TABLE 12**

**Current Rates**

(Residential Rates Effective October 1, 2022)

**Residential Class**

<u>Meter Size (Inches)</u>	<u>Base Cost (Per Cubic Foot)</u>	<u>Service in Excess of Base (For Each Additional 100 Cubic Feet)</u>
3/4" or Less	\$18.54 for first 200 Cubic Feet	\$9.16 / 100 Cubic Feet
1" and Larger	\$91.56 for first 1,000 Cubic Feet	\$9.16 / 100 Cubic Feet

(Commercial Rates Effective October 1, 2022)

**Commercial Industrial Class**

<u>Meter Size (Inches)</u>	<u>Base Cost (Per Cubic Foot)</u>	<u>Service in Excess of Base (For Each Additional 100 Cubic Feet)</u>
3/4" or Less	\$24.67 for first 200 Cubic Feet	\$9.50 / 100 Cubic Feet
1" - 2"	\$95.00 for first 1,000 Cubic Feet	\$9.50 / 100 Cubic Feet
Larger than 2"	\$190.04 for first 2,000 Cubic Feet	\$9.50 / 100 Cubic Feet

**PRINCIPAL SEWER CUSTOMERS - 2020-2021 (UNAUDITED)**

**TABLE 13**

(October 1, 2021 to September 30, 2022)

<u>Name of Customer</u>	<u>Average Monthly Consumption (Gals.)</u>	<u>Average Monthly Bill</u>
Kimberly Clark	732,549	\$ 60,738
The James Skinner Baking Co	271,167	23,608
Paris Housing Authority	238,263	20,775
Campbell Soup Supply	150,469	12,454
City of Toco	121,118	9,509
Lamar County Human Resources	98,724	8,600
Paris Regional Medical Center	88,670	8,002
Paris Junior College	88,568	8,026
Spanish Oaks	68,406	5,932
Grassland Healthcare	67,144	5,879
<b>Total</b>	<b>1,925,078</b>	<b>\$ 163,523</b> <sup>(a)</sup>

Total Sewer Charges as of September 30, 2022 (unaudited) \$ 8,558,316

<sup>(a)</sup> Principal Sewer Customers represent approximately 22.93% of total annual sewer charges.

OVERALL COMPLIANCE, INTERNAL CONTROLS  
AND FEDERAL AWARDS SECTION



CITY OF PARIS, TEXAS  
Overall Compliance, Internal Controls,  
And Federal Awards Section  
September 30, 2022

This section includes elements required by Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

**McClanahan and Holmes, LLP**  
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Independent Auditors' Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and City Council  
City of Paris, Texas

We have audited, in accordance with the 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, the 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 Paris, Texas (the City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 16, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-01 and 2022-02 that we consider to be significant deficiencies.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Honorable Mayor and City Council  
City of Paris, Texas

### **City of Paris, Texas' Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***McClanahan and Holmes, LLP***  
Certified Public Accountants

Paris, Texas  
October 16, 2023

CITY OF PARIS, TEXAS  
Summary Schedule of Prior Audit Findings  
Year Ended September 30, 2022

**Finding:**

None

CITY OF PARIS, TEXAS  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2022

**Summary of Auditors' Results**

1. The auditors' report expresses an unmodified opinion on the financial statements of the City of Paris, Texas.
2. Two significant deficiencies disclosed during the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of the City of Paris, Texas, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs disclosed during the audit are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. No material weaknesses were identified.
5. The auditors' report on compliance for the major federal awards programs for the City of Paris, Texas expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR 200.516(a).
7. The programs tested as major programs were:

21.027	Coronavirus State and Local Fiscal Recovery Funds
14.239	Home Investment Partnership Program
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. City of Paris, Texas, was determined to be a high-risk auditee.

CITY OF PARIS, TEXAS  
Schedule of Findings and Questioned Costs (Continued)  
Year Ended September 30, 2022

**Financial Statement Findings**

**Significant Deficiency**

**Finding 2022-01 – Internal Controls Related to Bank Reconciliations and Revenue**

Criteria: Accurate bank reconciliations should be performed and reviewed by management monthly.

Condition: Internal controls were not properly implemented to reconcile items that should have been investigated and corrected in a timely manner on monthly cash reconciliations. Management did not review bank reconciliations prepared by finance department staff.

Cause: Account reconciliations were not accurate in the clearing of outstanding items, recording of revenue, and were not properly reviewed by management to ensure accuracy.

Effect: As a result of this condition, cash reconciliations misrepresented cash balance resulting in misstatement of revenue.

Recommendation: We recommend the City of Paris, Texas perform bank reconciliations addressing all outstanding items and that management review and approve reconciliations monthly. Any reconciling items should be investigated and corrected in a timely manner.

**Finding 2022-02 – Financial Accounting and Reporting**

Criteria: The City's management should be responsible for preparing period-end financials including recording recurring and non-recurring adjustments to the financial statements.

Condition: The City does not control the period-end financial reporting process including controls over procedures used to analyze transactions compromising general ledger activity and controls over recording recurring and non-recurring adjustment to the financial statements.

Cause: Journal entries to adjust accounts to proper balance are not consistently recorded.

Effect: As a result of this condition, the City lacks internal controls over the period-end financial reporting.

Recommendation: We recommend the management of the City of Paris, Texas maintain close oversight of the accounting and period-end financial reporting process.

**Federal Award Findings and Questioned Costs**

The audit disclosed no findings required to be reported.



Corrective Action Plan  
Year Ended September 30, 2022

FINDING/RECOMMENDATION

2022-01 Internal Controls Related to Bank Reconciliations and Revenue

Recommendation: We recommend the City of Paris perform bank reconciliations addressing all outstanding items and that management review and approve reconciliations monthly. Any reconciling items should be investigated and corrected in a timely manner.

Response: The City will investigate any reconciling items during the monthly reconciliation process. Monthly reconciliations will be reviewed and approved by management.

Contact Person: Gene Anderson, Finance Director

Estimated Completion Date: September 30, 2023

FINDING/RECOMMENDATION

2022-02 Financial Accounting and Reporting

Recommendation: We recommend the management of the City of Paris, Texas maintain close oversight of the accounting and period-end financial reporting process.

Response: The City's management agrees to maintain close oversight of the accounting and period-end financial reporting process.

Contact Person: Gene Anderson, Finance Director

Estimated Completion Date: September 30, 2023

**McClanahan and Holmes, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report on Compliance for Each Major Program and on  
Internal Control Over Compliance Required by the Uniform Guidance

Honorable Mayor and City Council  
City of Paris, Texas

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Paris, Texas' (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal programs for the year ended September 30, 2022. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

**Basis for Opinion on Each Major Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.



***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing and opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Honorable Mayor and City Council  
City of Paris, Texas

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*McClanahan and Holmes, LLP*  
Certified Public Accountants

Paris, Texas  
October 16, 2023

CITY OF PARIS, TEXAS  
Notes on Accounting Policies for Federal and State Awards  
Year Ended September 30, 2022

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state award activity of the City of Paris, Texas (the City) under programs of the federal and state governments for the fiscal year ended September 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas *Uniform Grant Management Standards*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3: Indirect Cost Rate

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Program Costs/ Matching Contributions

The amounts shown as current year expenses represent only the federal grant portion of the program costs. Entire program costs, including the City's portion, may be more than shown.

Note 5: Disaster Grants – Public Assistance (Presidentially Declared Disasters)

After a presidentially declared disaster, the Texas Severe Winter Storm of 2021, Texas Department of Emergency Management (TDEM) reimbursed eligible costs associated with repair, replacement or restoration of disaster-damaged facilities. In the current year, TDEM approved \$17,355 of eligible expenditures that were incurred in the prior fiscal year but included in the current year SEFA.

CITY OF PARIS, TEXAS  
Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Project Number	Federal Expenditures	Expenditures to Subrecipients
<u>U.S. Department of Housing and Urban Development</u>				
Passed through Texas Department of Housing & Community Affairs:				
Home Investment Partnership Program	14.239	1002887	\$ 552,560	\$ -
Home Investment Partnership Program	14.239	1002888	285,647	-
Total U.S. Department of Housing and Urban Development			<u>838,207</u>	<u>-</u>
<u>U.S. Department of Justice</u>				
Direct Programs:				
Edward Byrne Justice Assistance Grant Program	16.738	DJ-4268001	11,475	-
Federal Seizures - Equitable Sharing	16.922	1123-0011	367	-
Total U.S. Department of Justice			<u>11,842</u>	<u>-</u>
<u>U.S. Department of Transportation</u>				
Passed Through Texas Department of Transportation:				
Airport Improvement Program	20.106	M2201PARI	47,611	-
<b>COVID-19</b> - Airport Improvement Program - Airport Coronavirus Relief	20.106	21CRPARIS	23,000	-
<b>COVID-19</b> - Airport Improvement Program - Airport Rescue Plan	20.106	22CVPARIS	59,000	-
Total U.S. Department of Transportation			<u>129,611</u>	<u>-</u>
<u>U.S. Department of Treasury</u>				
Passed Through Texas Division of Emergency Management:				
<b>COVID-19</b> - Coronavirus State and Local Recovery Funds	21.027	1505-0271	1,781,883	-
Total U.S. Department of Treasury			<u>1,781,883</u>	<u>-</u>
<u>National Endowment for the Humanities</u>				
Passed Through Texas State Library and Archives Commission				
FY2022 ILL Lending Reimbursement Program	45.310	LS-250239-OLS-21	5,000	-
Total National Endowment for the Humanities			<u>5,000</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>				
Passed Through Texas Water Development Board:				
Flood Mitigation Assistance	97.029	2000012422	127,804	-
Passed Through Texas Division of Emergency Management:				
Disaster Grant - Public Assistance	97.036	4586PATXP0000001	17,355	-
Passed Through Lamar County:				
Homeland Security Grant Program	97.067	4314501	24,990	-
Total U.S. Department of Homeland Security			<u>170,149</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 2,936,692</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule. See Notes on Accounting Policies for Federal and State Awards.

CITY OF PARIS, TEXAS  
Schedule of Expenditures of State of Texas Awards  
Year Ended September 30, 2022

State Grantor/Program Title	Project Number	Expenditures
<u>Automobile Burglary and Theft Prevention Authority</u>		
Northeast Texas Auto Theft Task Force	608-22-1390200	\$ 105,688
Total Automobile Burglary and Theft Prevention Authority		105,688
 <u>Texas Historical Commission</u>		
Certified Local Government Subgrant		3,983
Total Texas Historical Commission		3,983
 <u>Texas Division of Emergency Management</u>		
Fire Deployment Grant		100,447
Total Texas Division of Emergency Management		100,447
Total Expenditures of State of Texas Awards		\$ 210,118

The accompanying notes are an integral part of this schedule. See Notes on Accounting Policies for Federal and State Awards.

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**APPENDIX E**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

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## MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

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

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

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

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

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

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

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

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

ASSURED GUARANTY MUNICIPAL CORP.

By \_\_\_\_\_  
Authorized Officer

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



Financial Advisory Services  
Provided By:

