

OFFICIAL STATEMENT**Dated: August 6, 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 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.

\$37,325,000**CITY OF ENNIS, TEXAS****(Ellis County)****COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024****Dated Date: August 1, 2024****Due: February 1, as shown on page ii**

The City of Ennis, Texas (the "City" or the "Issuer") \$37,325,000 Combination Tax and Limited Pledge 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, Texas Government Code, Chapter 1502, as amended, an ordinance (the "Ordinance") adopted by the City Commission, and the City's Home Rule Charter. (See "THE CERTIFICATES - Authority for Issuance" herein.)

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

Interest on the Certificates will accrue from August 1, 2024 (the "Dated Date") as shown above and will be payable on February 1, 2025, and on each August 1 and February 1 thereafter, until maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Certificates will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository (the "Securities Depository"). Book-entry interests in the Certificates will be made available for purchase in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of the Certificates ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Certificates purchased. So long as DTC or its nominee is the registered owner of the Certificates, the principal of and interest on the Certificates will be payable by BOKF, NA, Dallas, Texas, as Paying Agent/Registrar, to DTC, which will in turn remit such principal and interest to its Participants, which will in turn remit such principal and interest to the Beneficial Owners of the Certificates. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Proceeds from the sale of the Certificates will be used to pay all or a portion of the City's contractual obligations incurred in connection with (a) acquiring, constructing, installing and equipping additions, extensions, renovations and improvements to the City's waterworks and sewer system, and the acquisition of land and interests in land and properties therefor; (b) constructing, reconstructing and improving streets, including sidewalks, drainage, signalization, landscaping, streetscaping, lighting, signage and utility relocation, and the acquisition of land and interests in land and properties therefor; (c) acquiring equipment for the fire department; (d) acquiring, constructing, reconstructing, improving and equipping park facilities, and the acquisition of land and interests in land and properties therefor; and (e) acquiring, constructing, reconstructing, installing and equipping additions, extensions, renovations and improvements to existing municipal facilities and new facilities for the public works department servicing the water and sewer, streets, sanitation, parks, equipment services, distribution and collections, and fleet departments and functions; and also for the purpose of paying all or a portion of the City's contractual obligations for professional services, including engineers, architects, attorneys, map makers, auditors, and financial advisors, in connection with such projects. (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 INC.



The Purchaser (hereinafter defined) will be responsible for paying the bond insurer's bond insurance premium. (See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS") herein.

SEE FOLLOWING PAGE FOR STATED MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL YIELDS, CUSIP NUMBERS, AND REDEMPTION PROVISIONS FOR THE CERTIFICATES

The Certificates are offered for delivery, when, as and if issued and received by the initial purchaser (the "Purchaser") and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel. (See Appendix C – Form of Legal Opinion of Bond Counsel.) (See "OTHER PERTINENT INFORMATION - Legal Opinions and No-Litigation Certificate" herein). It is expected that the Certificates will be available for delivery through the facilities of DTC on or about September 4, 2024.

\$37,325,000
CITY OF ENNIS, TEXAS
(Ellis County)
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION
SERIES 2024

STATED MATURITY SCHEDULE

(Due February 1)
Base CUSIP – 293425^(a)

| Stated Maturity February 1 | Principal Amount | Interest Rate (%) | Initial Yield (%) | CUSIP Suffix ^(a) |
|----------------------------------|---------------------|----------------------|----------------------|--------------------------------|
| 2025 | \$ 645,000 | 5.000 | 2.950 | R89 |
| 2026 | 1,765,000 | 5.000 | 2.940 | R97 |
| 2027 | 1,235,000 | 5.000 | 2.900 | S21 |
| 2028 | 1,300,000 | 5.000 | 2.870 | S39 |
| 2029 | 1,360,000 | 5.000 | 2.870 | S47 |
| 2030 | 1,430,000 | 5.000 | 2.870 | S54 |
| 2031 | 1,510,000 | 5.000 | 2.870 | S62 |
| 2032 | 1,585,000 | 5.000 | 2.880 | S70 |
| 2033 | 1,665,000 | 5.000 | 2.900 | S88 |
| 2034 | 1,755,000 | 5.000 | 2.920 ^(b) | S96 |
| 2035 | 1,840,000 | 5.000 | 2.950 ^(b) | T20 |
| 2036 | 1,935,000 | 5.000 | 2.980 ^(b) | T38 |
| 2037 | 2,030,000 | 5.000 | 3.020 ^(b) | T46 |
| 2038 | 2,140,000 | 5.000 | 3.120 ^(b) | T53 |
| 2039 | 2,250,000 | 5.000 | 3.180 ^(b) | T61 |
| 2040 | 2,365,000 | 5.000 | 3.260 ^(b) | T79 |
| 2041 | 2,475,000 | 4.000 | 3.830 ^(b) | T87 |
| 2042 | 2,575,000 | 4.000 | 3.880 ^(b) | T95 |
| 2043 | 2,680,000 | 4.000 | 3.930 ^(b) | U28 |
| 2044 | 2,785,000 | 4.000 | 4.000 | U36 |

(Interest to accrue from the Dated Date)

The Issuer reserves the right to redeem the Certificates maturing on and after February 1, 2034, on February 1, 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. (See “THE CERTIFICATES - Redemption Provisions” herein.)

- ^(a) 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.
- ^(b) Yield calculated based on the assumption that the Certificates denoted and sold at a premium will be redeemed on February 1, 2033, the earliest date of redemption for the Certificates, at a price of par plus accrued interest to the date of redemption.

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

ELECTED OFFICIALS

| <u>Name</u> | <u>Title</u> | First Elected to Commission May | Term Expires May |
|----------------|----------------------|--|---------------------------------|
| Kameron Raburn | Mayor | 2022 | 2027 |
| Jake Holland | Mayor Pro Tem | 2020 | 2026 |
| Rowdy Pruitt | Commissioner, Ward 1 | 2016 | 2027 |
| Bruce Jones | Commissioner, Ward 2 | 2020 | 2026 |
| Scott Hejny | Commissioner, Ward 3 | 2024 | 2025 |
| Shirley Watson | Commissioner, Ward 4 | 2017 | 2026 |
| Eric Pierce | Commissioner, Ward 5 | 2024 | 2025 |

ADMINISTRATION

| <u>Name</u> | <u>Position</u> | Length of Service With the City | Years in Municipal Government |
|----------------|----------------------|--|--|
| Daniel Ortiz | Interim City Manager | 1 year | 17 years |
| Stephen Barnes | Finance Director | 6 years | 21 years |
| Angie Wade | City Secretary | 8 years | 26 years |

CONSULTANTS AND ADVISORS

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

For Additional Information Please Contact:

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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.

NONE OF THE CITY, THE PURCHASER OR THE FINANCIAL ADVISOR MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK ("DTC") OR ITS BOOK-ENTRY-ONLY SYSTEM, OR ANY MUNICIPAL BOND INSURER WITH RESPECT TO ITS MUNICIPAL BOND INSURANCE POLICY AS SUCH INFORMATION HAS BEEN PROVIDED BY DTC AND THE MUNICIPAL BOND INSURER, RESPECTIVELY.

Assured Guaranty Inc. ("AG") makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, AG 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 AG supplied by AG and presented under the heading "BOND INSURANCE" and Appendix E – "Specimen Municipal Bond Insurance Policy".

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

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

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

SELECTED DATA FROM THE OFFICIAL STATEMENT

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

| | |
|------------------------------------|--|
| The Issuer | The City of Ennis, Texas (the “City” or the “Issuer”) is in Ellis County and is a principal commercial center of Ellis County. The City is a political subdivision of the State of Texas and operates under a Commission-Manager form of government with a City Commission comprised of seven members including the Mayor. The Mayor and Mayor Pro Tem are elected at large for two-year staggered terms. The five Commissioners are elected by single member districts for two-year staggered terms. (See APPENDIX B - “GENERAL INFORMATION REGARDING THE CITY OF ENNIS AND ELLIS COUNTY, TEXAS” herein.) |
| The Certificates | The Certificates are being issued pursuant to the Constitution and laws of the State of Texas (the “State”), including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, Texas Government Code, Chapter 1502, as amended, an ordinance (the “Ordinance”) adopted by the City Commission, and the City’s Home Rule Charter. (See “THE CERTIFICATES - Authority for Issuance” herein.) |
| Paying Agent/Registrar | The initial Paying Agent/Registrar for the Certificates is BOKF, NA, Dallas Texas. |
| Security | The Certificates constitute direct general obligations of the Issuer payable from a combination of the levy and collection of an annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and further secured by a limited pledge (not to exceed \$1,000) of the surplus Net Revenues derived from the operation of the City’s combined Waterworks and Sewer System (the “System”). (See “THE Certificates - Security for Payment” herein.) |
| Redemption Provision | The Issuer reserves the right, at its sole option, to redeem Certificates stated to mature on and after February 1, 2034, on February 1, 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. (See "THE CERTIFICATES - Redemption Provisions" herein.) |
| Tax Matters | In the opinion of Bond Counsel, the interest on the Certificates will be excludable from gross income for federal tax purposes under statutes, regulations, published rulings and court decisions existing on the date of the initial delivery of the Certificates, subject to the matters described under “TAX MATTERS” herein, including the alternative minimum tax on certain corporations. (See “TAX MATTERS” for a discussion of the Opinion of Bond Counsel and “APPENDIX C - FORM OF LEGAL OPINION OF BOND COUNSEL” herein.) |
| Use of Certificate Proceeds | Proceeds from the sale of the Certificates will be used to pay all or a portion of the City’s contractual obligations incurred in connection with (a) acquiring, constructing, installing and equipping additions, extensions, renovations and improvements to the City’s waterworks and sewer system, and the acquisition of land and interests in land and properties therefor; (b) constructing, reconstructing and improving streets, including sidewalks, drainage, signalization, landscaping, streetscaping, lighting, signage and utility relocation, and the acquisition of land and interests in land and properties therefor; (c) acquiring equipment for the fire department; (d) acquiring, constructing, reconstructing, improving and equipping park facilities, and the acquisition of land and interests in land and properties therefor; and (e) acquiring, constructing, reconstructing, installing and equipping additions, extensions, renovations and improvements to existing municipal facilities and new facilities for the public works department servicing the water and sewer, streets, sanitation, parks, equipment services, distribution and collections, and fleet departments and functions; and also for the purpose of paying all or a portion of the City’s contractual obligations for professional services, including engineers, architects, attorneys, map makers, auditors, and financial advisors, in connection with such projects. (See “THE CERTIFICATES - Use of Certificate Proceeds” herein.) |

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|------------------------------------|--|
| Book-Entry-Only System | The Issuer intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York described herein. No physical delivery of the Certificates will be made to the beneficial owners of the Certificates. Such Book-Entry-Only System may affect the method and timing of payments on the Certificates and the manner the Certificates may be transferred. (See “Book-Entry-Only System” herein.) |
| Rating | S&P Global Ratings (“S&P”) has assigned a rating of “AA” to the Certificates with the understanding that, concurrently with the delivery of the Certificates, a municipal bond insurance policy will be issued by AG. The City has received an underlying unenhanced rating of “AA-” (stable outlook) from S&P. |
| Bond Insurance | The scheduled payment of principal of and interest on the Certificates when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Certificates by Assured Guaranty Inc. (“AG”). (See “BOND INSURANCE” and “BOND INSURANCE GENERAL RISKS” herein.) |
| Issuance of Additional Debt | The City does not anticipate the issuance of any additional debt during the next 12 months. |
| Payment Record | The City has never defaulted on the payment of its general obligation debt. |
| Delivery | When issued, anticipated on or about September 4, 2024. |
| Legality | Delivery of the Certificates is subject to the approval by the Attorney General of the State of Texas and the rendering of an opinion as to legality by McCall, Parkhurst & Horton L.L.P., Bond Counsel, Dallas, Texas. |

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OFFICIAL STATEMENT
relating to
\$37,325,000
CITY OF ENNIS, TEXAS
(A political subdivision of the State of Texas located in Ellis County, Texas)
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024

INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by City of Ennis, Texas (the "City" or the "Issuer") of its \$37,325,000 Combination Tax and Limited Pledge 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 and operates as a home-rule municipality under the statutes and the constitution of the State of Texas (the "State"). The Certificates are being issued pursuant to the Constitution and general laws of the State, an ordinance (the "Ordinance") adopted by the City Commission authorizing the issuance of the Certificates, and the City's Home Rule Charter. (See "THE CERTIFICATES - Authority for Issuance" herein.)

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

THE CERTIFICATES

General

The Certificates are dated August 1, 2024 (the "Dated Date"). The Certificates are stated to mature on February 1 in the years and in the principal amounts set forth on page ii hereof. The Certificates shall bear interest from their Dated Date on the unpaid principal amounts, and the amount of interest to be paid with respect to each payment period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Certificates will be payable on February 1, 2025, and on each August 1 and February 1 thereafter until maturity or prior redemption. Principal is payable at the designated offices of the "Paying Agent/Registrar" for the Certificates, initially BOKF, NA, Dallas, Texas. Interest on the Certificates shall be paid to the registered owners whose names appear on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (as hereinafter defined) and shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk of, the registered owner. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to be closed, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

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

Authority for Issuance

The Certificates are being issued pursuant to the Constitution and general laws of the State, including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, Texas Government Code, Chapter 1502, as amended, the Ordinance and the City's Home Rule Charter.

Security for Payment

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

Tax Rate Limitation

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, annual direct ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limit prescribed by law. Article XI, Section 5, of the Texas Constitution applicable to home-rule cities is applicable to the City, and limits the maximum ad valorem tax rate of the City to \$2.50 per \$100 taxable assessed valuation for all City purposes. The City's Home Rule Charter adopts the constitutionally authorized maximum tax rate of \$2.50 per \$100 taxable assessed valuation.

Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all general obligation debt service.

Use of Certificate Proceeds

Proceeds from the sale of the Certificates will be used to pay all or a portion of the City's contractual obligations incurred in connection with (a) acquiring, constructing, installing and equipping additions, extensions, renovations and improvements to the City's waterworks and sewer system, and the acquisition of land and interests in land and properties therefor; (b) constructing, reconstructing and improving streets, including sidewalks, drainage, signalization, landscaping, streetscaping, lighting, signage and utility relocation, and the acquisition of land and interests in land and properties therefor; (c) acquiring equipment for the fire department; (d) acquiring, constructing, reconstructing, improving and equipping park facilities, and the acquisition of land and interests in land and properties therefor; and (e) acquiring, constructing, reconstructing, installing and equipping additions, extensions, renovations and improvements to existing municipal facilities and new facilities for the public works department servicing the water and sewer, streets, sanitation, parks, equipment services, distribution and collections, and fleet departments and functions; and also for the purpose of paying all or a portion of the City's contractual obligations for professional services, including engineers, architects, attorneys, map makers, auditors, and financial advisors, in connection with such projects

Redemption Provisions

Optional Redemption: The Issuer reserves the right, at its sole option, to redeem Certificates stated to mature, on or after February 1, 2034, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof on February 1, 2033, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption.

Notice of Redemption

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

With respect to any optional redemption of the Certificates, unless certain prerequisites to such redemption required by the Ordinance have been met and money sufficient to pay the principal of and premium, if any, and interest on the Certificates to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption will, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption or upon any prerequisite set forth in

such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the City will not redeem such Certificates and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that the Certificates have not been redeemed.

The Paying Agent/Registrar and the City, 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 City 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 City has called for redemption will not be governed by the Ordinance and will not be conducted by the City or the Paying Agent/Registrar. Neither the City 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 its general obligation debt.

Legality

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

Upon such deposit as described above, such Certificates shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of Certificates have been made as described above, all rights of the City to initiate proceedings to call such Certificates for redemption or take any other action

amending the terms of such Certificates are extinguished; provided, however, that the right to call such Certificates for redemption is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call such Certificates for redemption; (ii) gives notice of the reservation of that right to the owners of such Certificates immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Amendments

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

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

Default and Remedies

The Ordinance establishes specific events of default with respect to the Certificates. If the City defaults in the payment of the principal of or interest on the Certificates when due or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City, the failure to perform which materially, adversely affects the rights of the owners of the Certificates, including but not limited to, their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the Ordinance provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Certificates or the Ordinance and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the Certificateholders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On June 30, 2006 Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W. 3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous language." Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, holders of the Certificates may not be able to bring such a suit against the City for breach of the covenants in the Certificates or in the Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. In *Tooke*, the Court noted the enactment in 2005 of sections 271.151 through .160, Texas Local Government Code (the "Local Government Immunity Waiver Act"), which, according to the Court, waives "immunity from suit for contract claims against most local governmental entities under certain circumstances." The Local Government Immunity Waiver Act covers cities and relates to contracts entered into by cities for providing goods and services to cities.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("Wasson I"), that governmental immunity does not imbue a city with derivative immunity when it performs a proprietary, as opposed to a governmental, function in respect to contracts executed by a city. On October 5, 2018, the Texas Supreme Court issued a second opinion to clarify *Wasson I*, *Wasson Interests LTD. v. City of Jacksonville*, 559 S.W.3d 142 (Tex. 2018) ("Wasson II", and together with *Wasson I* "Wasson"), ruling 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 at the time it entered into the contract, not at the time of the alleged breach. In *Wasson*, the Court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in regard to municipal contract cases (as opposed to tort claim cases), it is incumbent on the courts to determine whether a function was governmental or proprietary based upon the statutory and common law guidance at the time of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under authority or for the benefit of the State; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the State's immunity since they are not performed under the authority, or for the benefit, of the State as sovereign. Issues related to the applicability of a governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated based on the facts and circumstances surrounding the contract in question.

As noted above, the Ordinance provides that holders of the Certificates may exercise the remedy of mandamus to enforce the Certificates 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 owners of the Certificates of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Certificates are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

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

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

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

The Certificates will be issued in fully registered form in multiples of \$5,000 for any one stated maturity, and principal and semiannual interest will be paid by the Paying Agent/Registrar. Interest will be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar on the Record Date (as defined below) by check or draft mailed on February 1, 2025, and on each August 1 and February 1 thereafter until maturity or prior redemption of the Certificates, by the Paying Agent/Registrar to the last known address of the registered owner as it appears on the Paying Agent/Registrar's books or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner. Principal of a Certificate will be paid to the registered owner at its stated maturity or its prior redemption upon presentation to the Paying Agent/Registrar. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. So

long as Cede & Co. is the registered owner of the Certificates, payments of principal of and interest on the Certificates will be made as described in "BOOK-ENTRY-ONLY SYSTEM" herein.

Record Date

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

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

Future Registration

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

Limitation on Transfer or Exchange of Certificates

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

Replacement Certificates

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

BOND INSURANCE

Bond Insurance Policy

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

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

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL” and together with its subsidiaries, “Assured Guaranty”), 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. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG’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 AG 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 AG in its sole discretion. In addition, the rating agencies may at any time change AG’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 AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of certificates insured by AG 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.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG (“AGM”), merged with and into AG, with AG as the surviving company (such transaction, the “Merger”). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On July 10, 2024, Moody’s, following Assured Guaranty’s announcement of the Merger, announced that it had affirmed AG’s insurance financial strength rating of “A1” (stable outlook).

On May 28, 2024, S&P announced it had affirmed AG’s financial strength rating of “AA” (stable outlook). On July 9, 2024, S&P stated that the Merger will not change its assessment of the Assured Guaranty group’s business risk or financial risk positions.

On October 20, 2023, KBRA announced it had affirmed AG’s insurance financial strength rating of “AA+” (stable outlook). On July 8, 2024, KBRA commented that, upon the closing of the Merger, AG’s insurance financial strength rating of “AA+” (stable outlook) will remain unchanged.

AG can give no assurance as to any further ratings action that S&P, Moody’s and/or KBRA may take. For more information regarding AG’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 AG, AGM and Pro Forma Combined AG

As of March 31, 2024

(dollars in millions)

| | AG (Actual) | AGM (Actual) | AG (Pro Forma Combined) |
|--|----------------|------------------------|----------------------------|
| Policyholders' surplus | \$1,638 | \$2,665 | \$4,013 ⁽¹⁾ |
| Contingency reserve | \$420 | \$892 | \$1,312 |
| Net unearned premium reserves and net deferred ceding commission income ⁽¹⁾ | \$349 | \$2,036 ⁽²⁾ | \$2,385 ⁽²⁾ |

⁽¹⁾Net of intercompany eliminations.

⁽²⁾Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM or pro forma combined AG, as applicable, and (ii) the net unearned premium reserves and net deferred ceding commissions of Assured Guaranty UK Limited ("AGUK") and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus, contingency reserves, and net unearned premium reserves and net deferred ceding commission income of AG, AGM, and pro forma combined AG 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 the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AG and AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (filed by AGL with the SEC on February 28, 2024); and
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 (filed by AGL with the SEC on May 8, 2024).

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

Miscellaneous Matters

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

BOND INSURANCE GENERAL RISKS

General

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"). The Insurer may reserve the right to direct the pursuit of available remedies, and, in addition, may reserve the right to consent to any remedies available to and requested by the Beneficial Owners.

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

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

Claims-Paying Ability and Financial Strength of Municipal Bond Insurers

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

BOOK-ENTRY-ONLY SYSTEM

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

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

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered Certificates registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative

of DTC. One fully-registered Certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

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

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

Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

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

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

Use of Certain Terms in Other Sections of this Official Statement

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

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE ISSUER

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

Under State law, the City is authorized to invest in: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (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 (the "NCUSIF") or their respective successors; (8) interest-bearing banking deposits, other than those described in clause (7), that (i) are invested through a broker or institution with a main office or branch office in this state and selected by the City in compliance with the PFIA, (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the City's account, (iii) 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 (iv) the City appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (8)(i) above, a bank, or a broker-dealer; (9) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8), above, or secured in accordance with Chapter 2257, Texas Government Code, 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 a broker or institution that has a main office or branch office in the State and selected by the City in compliance with the PFIA, (b) the broker or institution arranges for the deposit of the funds 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, in compliance with the PFIA, the institution in clause (9)(ii)(a) above, a bank, or broker-dealer as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described by clauses (1) or (12), 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) certain bankers' acceptances with a stated maturity of 270 days or less, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least A-1 or P-1 or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit

issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission and complies with Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved 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; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the City is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract; and (16) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations 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 (12) through (14) above, or an authorized investment pool, (iv) the terms of a loan made under the program require that the securities being held as collateral be 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 designated by the City, (v) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State, and (vi) the agreement to lend securities has a term of one year or less.

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

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

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

Under Texas law, the City's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and probable income to be derived." At least quarterly the City's investment officers must submit an investment report to the City Commission detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to:

(a) adopted investment strategies and (b) Texas law. No person may invest City funds without express written authority from the City Commission.

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

Current Investments

As of June 18, 2024 (unaudited), the City's investable funds were invested in the investment categories / percentage shown below:

| <u>Investment Description</u> | <u>Total Invested</u> | <u>Percent of Portfolio</u> |
|---|----------------------------|-----------------------------|
| Operating Check Account | \$83,821,112 | 92.19% |
| Local Checking / Money Market Accounts (General Fund) | 6,749,293 | 7.42% |
| TexPool Money Market Accounts | <u>349,717</u> | <u>0.38%</u> |
| Total | <u>\$90,920,122</u> | <u>100.00%</u> |

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

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

EMPLOYEE PENSION AND RETIREMENT PLAN

The City participates as one of 920 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agency multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.org.

For more information see the Annual Comprehensive Financial Report, Notes 3 and 4.

AD VALOREM TAX PROCEDURES

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Prospective investors are encouraged to review Title 1 of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Valuation of Taxable Property

The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (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 Ellis 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 years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property (the "10% Homestead Cap"). See "Table 1 – Assessed Valuation" for the reduction in taxable valuation attributable to the 10% Homestead Cap.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity ("Productivity Value"). The same land may not be qualified as both agricultural and open-space land. See "Table 1 – Assessed Valuation" for the reduction in taxable valuation attributable to valuation by Productivity Value.

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 TAX PROCEDURES – Issuer 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. See "Table 1 – Assessed Valuation" for the reduction, if any, attributable to state mandated homestead exemptions.

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 be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit. See "Table 1 – Assessed Valuation" for the reduction, if any, attributable to local option homestead exemptions.

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. See “Table 1 – Assessed Valuation” for the reduction, if any, attributable to the local option freeze for the elderly and disabled.

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.

See “Table 1 – Assessed Valuation” for the reduction, if any, attributable to Freeport Property and/or Goods-in-Transit exemptions.

Other Exempt Property

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

Temporary Exemption for Qualified Property Damaged by a Disaster

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

Tax Increment Financing Zones

A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment financing zones (“TIRZ”) within its boundaries, and other overlapping taxing units may agree to contribute taxes levied against the

“Incremental Value” in the TIRZ to finance or pay for project costs, as defined in Chapter 311, Texas Government Code, general located within the TIRZ. At the time of the creation of the TIRZ, a “base value” for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the “Incremental Value”, and during the existence of the TIRZ, all or a portion of the taxes levied by each participating taxing unit against the Incremental Value in the TIRZ are restricted to paying project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units. See “CITY APPLICATION OF THE PROPERTY TAX CODE” for descriptions of any TIRZ created in the City.

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. See “CITY APPLICATION OF THE PROPERTY TAX CODE” for descriptions of any of the City’s tax abatement agreements.

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

Public Hearing and Maintenance and Operation 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 Commission by August 1 or as soon as practicable thereafter.

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

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

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

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

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

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

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

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

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.

Issuer and Taxpayer Remedies

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

Owners of certain property with a taxable value of at least \$50 million and situated in a county with a population of one million or more as of the most recent federal decennial census may additionally protest the determinations of appraisal district directly to a three-member special panel of the appraisal review board, selected by a State district judge, consisting of highly qualified professionals in the field of property tax appraisal.

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

Issuer's Rights in the Event of Tax Delinquencies

Taxes levied by the City are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all State and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each local taxing unit, including the City, having power to tax the property. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes. 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, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two (2) years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

CITY APPLICATION OF THE PROPERTY TAX CODE

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

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

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

The City taxes business personal property.

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

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

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

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

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

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

- A. Depicted in the table below are active economic development agreements that abate, or refund dollars based on property tax.
 - a. Chapter 312 agreements are traditional property tax abatements (property tax not paid).
 - b. Chapter 380 agreements are grants paid by the City based on a property tax refund calculation.
- B. For the 2023 Tax Year:
 - a. The amount of City property tax revenue abated or refunded annually is approximately \$922,691.
 - b. The amount of City property tax revenue collected annually is approximately \$2,467,840.

| Project | | Investment | | Property Tax | | Incentives | | | | | | |
|---------|-----|----------------|----------------------|--------------|------------------|--------------------|---------------|---------------|---------|------------------|-------------|-----------------------------|
| Year | TAD | Company Name | New Capital | Jobs | Abated /Refunded | Collected | Type | Source | Chapter | Terms / Value | Start - End | Purpose |
| 2017 | | Spyglass | \$20,000,000 | 10 | \$157,919 | \$683,057 | Tax Refund | City of Ennis | 380 | 75% - 5 Years | 2020-2024 | New Capital & Jobs |
| 2017 | | Polyguard | 500,000 | 15 | 30,000 | 54,222 | Tax Refund | City of Ennis | 380 | \$30k - 10 years | 2017-2026 | Retained Jobs and New HQ |
| 2017 | | Globe Products | 1,500,000 | 50 | 35,000 | 51,233 | Tax Refund | City of Ennis | 380 | \$35k - 10 years | 2018-2027 | New Capital & Retained Jobs |
| 2018 | | Buc-ee's | 30,000,000 | 175 | 49,773 | 99,546 | Tax Refund | TIRZ#2 | 380 | 50% 15 years | 2020-2034 | New Capital and Jobs |
| 2019 | | Benoit | 10,000,000 | 15 | 98,853 | 141,218 | Tax Refund | City of Ennis | 380 | 70% 5 years | 2023-2027 | New Capital and Jobs |
| 2019 | | Freshpet | 600,000,000 | 500 | 334,365 | 445,820 | Tax Abatement | City of Ennis | 312 | 75% 8 years | 2020-2027 | New Capital and Jobs |
| 2021 | | Americase | 5,000,000 | 100 | 10,909 | 51,579 | Tax Refund | City of Ennis | 380 | 65% 5 years | 2022-2026 | New Capital and Jobs |
| 2021 | | Ennis Steel | 10,000,000 | 15 | 50,000 | 198,440 | Tax Refund | City of Ennis | 380 | \$50K 7 years | 2020-2026 | New Capital and Jobs |
| 2022 | | GAF | 59,000,000 | 32 | 155,872 | 742,725 | Tax Refund | City of Ennis | 380 | 70% 5 years | 2022-2026 | New Capital and Jobs |
| | | Total | \$736,000,000 | 912 | \$922,691 | \$2,467,840 | | | | | | |

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

ADDITIONAL TAX COLLECTIONS

Texas law provides that local sales and use taxes ("sales tax") cannot exceed a combined maximum of 2%.

Municipal Sales Tax Collections

The City has adopted the provisions of Chapter 321 of the Tax Code, as amended, to provide for the 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 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 sales tax on retail sales of taxable items for economic development purposes, if approved by a majority of the voters in a local option election.

At an election held in November 1991, registered voters of the City approved the imposition of a one-half percent (½%) additional sales tax for property tax reduction. Levy of the ad valorem tax reduction sales tax began in April 1992. **Such sales tax proceeds are not pledged for the payment of the Certificates.**

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

TAX MATTERS

Opinion

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

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the Issuer, including information and representations contained in the Issuer's federal tax certificate, and (b) covenants of the Issuer contained in the Certificate documents relating to certain matters, including arbitrage, and the use of the proceeds of the Certificates and the property financed or refinanced therewith. Failure by the Issuer to observe the aforementioned representations or covenants could cause the interest on the Certificates to become 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 is conditioned on compliance

by the Issuer with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Certificates.

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

A ruling was not sought from the Internal Revenue Service by the Issuer with respect to the Certificates or the facilities financed or refinanced with proceeds of the Certificates. Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the representations of the Issuer 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 Issuer as the taxpayer and the Owner may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

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

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

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

Under Existing Law, the original issue discount on each Original Issue Discount Certificate is accrued daily to the stated maturity thereof (in amounts calculated as described below for accrual period 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 corporations' "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 bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

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.

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.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The City will provide annually to the MSRB, in the electronic format prescribed by the MSRB, financial information and operating data (the "Annual Operating Report") with respect to the City of the general type included in this Official Statement under (i) "INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE ISSUER – Current Investments" in the body of this Official Statement, and (ii) Tables 1 through 13, 15 and 19 of "APPENDIX A – FINANCIAL INFORMATION OF THE ISSUER". The City will additionally provide financial statements of the City (the "Financial Statements"), that will be (i) prepared in accordance with the accounting principles described in the City's annual audited financial statements or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation and shall be in substantially the form included in this Official Statement and (ii) audited, if the City commissions an audit of such Financial Statements and the audit is completed within the period during which they must be provided. The City will update and provide the Annual Operating Report within six months after the end of each fiscal year and the Financial Statements within 12 months of the end of each fiscal year, in each case beginning with the fiscal year ending in and after 2024. The City may provide the Financial Statements earlier, including at the time it provides its Annual Operating Report, but if the audit of such Financial Statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited Financial Statements within such 12-month period and audited Financial Statements for the applicable fiscal year, when and if the audit report on such Financial Statements becomes available.

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

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

Notice of Certain Events

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

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

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

Availability of Information from MSRB

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

Limitations and Amendments

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

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

Compliance with Prior Agreements

During the past five years, the City believes that it has complied in all material respects with its previous continuing disclosure agreements made in accordance with the Rule “except for a failure to file an incurrence of a Financial Obligation during 2023. In this instance, the City approved a Promissory Note on May 30, 2023, but because of staff turnover, the required filing was missed. The City made a material event filing acknowledging the failure on November 30, 2023. The City has taken proper steps to insure future compliance with the Rule.”

OTHER PERTINENT INFORMATION

Registration and Qualification of Certificates for Sale

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

Litigation

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

Future Debt Issuance

The City does not anticipate the issuance of any additional debt during the next 12 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 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 - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivision, and are legal security for those deposits to the extent of their fair market value. No review by the City has been made of the laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

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

Legal Opinions and No-Litigation Certificate

The Issuer will furnish the Purchaser with a complete transcript of proceedings incident to the authorization and issuance of the Certificates, including the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the Certificates are valid and legally binding obligations of the Issuer, and based upon examination of such transcript of proceedings, the approval of certain legal matters by Bond Counsel, to the effect that the Certificates are valid and legally binding obligations of the Issuer and, subject to the qualifications set forth herein under "TAX MATTERS," the interest on the Certificates is excludable from the gross income of the owners thereof for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions existing on the date of the initial delivery of the Certificates, including the alternative minimum tax on corporations. 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. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Notice of Sale, the Official Bid Form and the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Certificates in the Official Statement to verify that such description conforms to the provisions of the Ordinance. Such firm has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the Issuer for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon such firm's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to the accuracy or completeness of any of the information contained herein. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Certificates are contingent on the sale and delivery of the Certificates. Though it may represent the Financial Advisor and certain entities that may bid on the Certificates from time to time in matters unrelated to the issuance of the Certificates, Bond Counsel has been engaged by and only represents the City in connection with the issuance of the Certificates.

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

Rating

S&P Global Ratings ("S&P") has assigned a rating of "AA" to the Certificates with the understanding that concurrently with the delivery of the Certificates, the policy will be issued by AG. The City has received an underlying, unenhanced rating of "AA-" from S&P. An explanation of the significance of such rating may be obtained from S&P. The rating of the Certificates by S&P reflect only the views of S&P at the time the rating is given, and the City makes no representations as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by S&P, if, in the judgment of S&P, circumstances so warrant. Any such downward revisions or withdrawals of the rating may have an adverse effect on the market price or marketability of the Certificates.

Financial Advisor

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

The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Winning Bidder

After requesting competitive bids for the Certificates, the City accepted the bid of Robert W. Baird & Co. Incorporated (previously defined as the "Purchaser" or the "Initial Purchaser") to purchase the Certificates at the interest rates shown on the page ii of this Official Statement at a price of par, plus a premium of \$3,239,226.10, less an underwriting discount of \$328,518.23, plus accrued interest on the Certificates from their Dated Date to their date of initial delivery. The City can give no assurance that any trading market will be developed for the City after their sale by the City to the Purchaser. The City has no control over the price at which the Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

Certification of the Official Statement

At the time of payment for and delivery of the Certificates, the Purchaser will be furnished a certificate executed by the proper officials of the City acting in their official capacity, to the effect that: (a) the descriptions and statements of or pertaining to the City contained in its Official Statement relating to the Certificates, and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of the sale of said Certificates, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statement therein, in the light of the circumstances under which they were made, not misleading; (c) to the best of their knowledge, insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the City and its activities, contained in such Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City since September 30, 2023, the date of the last audited financial statements of the City, portions of which appear in the Official Statement.

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

Links to Websites

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

Forward-Looking Statements Disclaimer

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

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

Concluding Statement

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

The Ordinance authorizing the issuance of the Certificates has approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorizes its further use in the reoffering of the Certificates by the Purchaser.

CITY OF ENNIS, TEXAS

/s/ Kameron Raburn
Mayor
City of Ennis, Texas

ATTEST:

/s/ Angie Wade
City Secretary
City of Ennis, Texas

APPENDIX A

FINANCIAL INFORMATION OF THE ISSUER

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

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FINANCIAL INFORMATION OF THE ISSUER

ASSESSED VALUATION

TABLE 1

| | | |
|---|--------------|------------------|
| 2024 Actual Appraised Value of Taxable Property (100% of Actual) ^(a) | | \$ 4,344,258,068 |
| Less Exemptions/Losses: | | |
| Local Over-65 and/or Disabled Homestead Exemptions | \$ 5,670,021 | |
| Local, Optional Percentage Homestead | 18,337,834 | |
| Disabled and Deceased Veterans' Exemptions | 22,045,457 | |
| Pollution Control | 29,277,010 | |
| Productivity Loss | 142,408,850 | |
| Abatement Loss | 150,863,381 | |
| Value Cap Loss (10%) | 173,390,452 | |
| Historical / Minimal Value & Other | 2,774,397 | |
| Totally Exempt Property | 395,206,994 | 939,974,396 |
| 2024 Certified Net Taxable Assessed Valuation | | \$ 3,404,283,672 |

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

GENERAL OBLIGATION BONDED DEBT PRINCIPAL

TABLE 2

| | | |
|--|----|------------------|
| General Obligation Debt Principal Outstanding: (As of August 1, 2024) | | |
| Combination Tax and Revenue Certificates of Obligation, Series 2014 | | \$ 3,545,000 |
| General Obligation Refunding Bonds, Taxable Series 2014 | | 1,065,000 |
| Combination Tax and Revenue Certificates of Obligation, Series 2015 | | 6,120,000 |
| General Obligation Refunding Bonds, Series 2016 | | 535,000 |
| Combination Tax and Revenue Certificates of Obligation, Series 2016 | | 1,545,000 |
| Combination Tax and Revenue Certificates of Obligation, Series 2017 | | 5,325,000 |
| Combination Tax and Revenue Certificates of Obligation, Series 2018 | | 1,980,000 |
| Combination Tax and Revenue Certificates of Obligation, Series 2018A | | 3,245,000 |
| Combination Tax and Revenue Certificates of Obligation, Series 2019 | | 8,095,000 |
| Combination Tax and Revenue Certificates of Obligation, Series 2019A | | 13,670,000 |
| Combination Tax and Revenue Certificates of Obligation, Series 2020 | | 18,250,000 |
| Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2022 | | 25,250,000 |
| Combination Tax and Surplus Revenue Certificates of Obligation, Taxable Series 2022 | | 3,044,000 |
| Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2024 (the "Certificates") | | 37,325,000 |
| Total Gross General Obligation Debt Principal Outstanding (Following the Issuance of the Certificates): | | \$ 128,994,000 |
| Less: Self-Supporting General Obligation Debt Principal ^(a) | | |
| Combination Tax and Revenue Certificates of Obligation, Series 2015 (50.25% Utility Fund) | | \$ 3,075,000 |
| Combination Tax and Revenue Certificates of Obligation, Series 2016 (15.86% Utility Fund) | | 245,000 |
| Combination Tax and Revenue Certificates of Obligation, Series 2017 (30.23% Utility Fund) | | 1,610,000 |
| Combination Tax and Revenue Certificates of Obligation, Series 2018 (42.17% Utility Fund) | | 835,000 |
| Combination Tax and Revenue Certificates of Obligation, Series 2018A (100% Utility Fund) | | 3,245,000 |
| Combination Tax and Revenue Certificates of Obligation, Series 2019 (100% CCPD) | | 8,095,000 |
| Combination Tax and Revenue Certificates of Obligation, Series 2020 (21.28% Utility Fund) | | 3,885,000 |
| Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2022 (52.02% Utility Fund) | | 13,135,000 |
| Combination Tax and Revenue Certificates of Obligation, Taxable Series 2022 (100% Utility Fund) | | 3,044,000 |
| The Certificates (49.95% Utility Fund) | | 18,645,000 |
| Total Self-Supporting General Obligation Debt Principal | | \$ 55,814,000 |
| Total Net General Obligation Debt Principal Outstanding (Following the Issuance of the Certificates): | | \$ 73,180,000 |
| Ratio of Gross General Obligation Debt to 2024 Certified Net Taxable Assessed Valuation | | 3.79% |
| Ratio of Net General Obligation Debt to 2024 Certified Net Taxable Assessed Valuation | | 2.15% |
| 2024 Certified Net Taxable Assessed Valuation | | \$ 3,404,283,672 |
| Population: 1990 - 13,883; 2000 - 16,045; 2010 - 18,513; 2020 - 20,159; Current (Estimate) - | | 25,544 |
| Per Capita 2024 Certified Net Assessed Valuation - | \$ | 133,271 |
| Per Capita Gross General Obligation Debt Principal - | \$ | 5,050 |
| Per Capita Net General Obligation Debt Principal - | \$ | 2,865 |

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

DEVELOPMENT AGREEMENT PAYABLE

In 2006 the City entered into a development agreement with PRHC-Ennis GP, Inc. (subsequently LifePoint Hospitals, Inc.) (Company) for the construction, maintenance, and operation of an acute municipal hospital. Under the terms of the development agreement the City purchased the constructed hospital from the Company. The purchase price of \$21,795,735 at closing was reduced by an amount indentified as operating rental revenue under the term of the development agreement and the terms of a lease agreement described in the Operating Lease.

The development agreement payable currently outstanding and reported as a liability of the City's governmental activities at September 30, 2023, totaled \$13,031,769. The amount due within one year totals \$544,983.

LEASE LIABILITY

The City leases vehicles from Enterprise Fleet Management and property from various third parties to conduct its operations, the terms of which expire 2024 through 2027. The measurement of the lease payables is based on the present value of lease payments expected to be paid during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee.

As of September 30, 2023, the value of the lease liability was \$659,108. Incremental borrowing rates of 3.80 percent to 5.80 percent were used to measure lease payables. The value of the right-to-use lease assets as of the end of the current fiscal year was \$725,161 and had accumulated amortization of \$288,476.

QUALITY IMPROVEMENT PAYMENT PROGRAM

The City participates in the Quality Improvement Payment Program (QIPP). The program is designed to assist nursing facilities servicing indigent patients by providing funding to support increased access to healthcare within the community. It is also designed to allow participating providers to receive additional reimbursement if they either reach a national benchmark level or they make quarterly improvements in up to four predetermined quality measures. At September 30, 2023, the City recorded \$5,209,225 of prepaid intergovernmental transfers for the period of October 2023 – February 2024, which was paid by the City prior to fiscal year end in July 2023. The City is required to contribute to the state for their share of QIPP funding. Accounts receivable under this program was \$5,905,625 at September 30, 2023. The program described above is subject to review and scrutiny by both the Texas Legislature and Center for Medicare & Medicaid Services, and the program could be modified or terminated based on new legislation or regulation in future periods.

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

TABLE 4

| Fiscal Year 30-Sep | Current Total Debt Service ^(a) | The Certificates | | Total | Combined Debt Service ^(a) | Less: Self- Supporting Debt Paid From | | Less: Self- Supporting Debt Paid From CCPD ^(c) | Net General Obligation Debt Service ^(d) |
|-----------------------|--|------------------|---------------|---------------|---|---|---------------------|--|--|
| | | Principal | Interest | | | WS Rev ^(b) | CCPD ^(c) | | |
| 2024 | \$ 10,161,882 | - | - | - | \$ 10,161,882 | \$ 2,323,467 | \$ 700,938 | \$ 7,137,477 | |
| 2025 | 9,207,218 | \$ 645,000 | \$ 1,744,975 | \$ 2,389,975 | 11,597,193 | 3,542,697 | 701,188 | 7,353,309 | |
| 2026 | 8,107,660 | 1,765,000 | 1,684,725 | 3,449,725 | 11,557,385 | 3,768,471 | 700,438 | 7,088,476 | |
| 2027 | 8,036,700 | 1,235,000 | 1,609,725 | 2,844,725 | 10,881,425 | 3,642,034 | 698,688 | 6,540,704 | |
| 2028 | 7,852,304 | 1,300,000 | 1,546,350 | 2,846,350 | 10,698,654 | 3,636,641 | 700,813 | 6,361,201 | |
| 2029 | 7,865,095 | 1,360,000 | 1,479,850 | 2,839,850 | 10,704,945 | 3,644,131 | 696,788 | 6,364,026 | |
| 2030 | 7,839,497 | 1,430,000 | 1,410,100 | 2,840,100 | 10,679,597 | 3,634,359 | 697,013 | 6,348,226 | |
| 2031 | 7,857,205 | 1,510,000 | 1,336,600 | 2,846,600 | 10,703,805 | 3,645,692 | 701,388 | 6,356,726 | |
| 2032 | 7,649,702 | 1,585,000 | 1,259,225 | 2,844,225 | 10,493,927 | 3,637,420 | 699,569 | 6,156,937 | |
| 2033 | 7,646,589 | 1,665,000 | 1,177,975 | 2,842,975 | 10,489,564 | 3,639,243 | 701,509 | 6,148,813 | |
| 2034 | 7,648,110 | 1,755,000 | 1,092,475 | 2,847,475 | 10,495,585 | 3,640,679 | 697,169 | 6,157,737 | |
| 2035 | 7,021,485 | 1,840,000 | 1,002,600 | 2,842,600 | 9,864,085 | 3,646,973 | 696,869 | 5,520,244 | |
| 2036 | 6,363,224 | 1,935,000 | 908,225 | 2,843,225 | 9,206,449 | 3,306,265 | 700,397 | 5,199,787 | |
| 2037 | 6,350,715 | 2,030,000 | 809,100 | 2,839,100 | 9,189,815 | 3,301,102 | 697,344 | 5,191,369 | |
| 2038 | 5,672,564 | 2,140,000 | 704,850 | 2,844,850 | 8,517,414 | 3,078,389 | 698,063 | 4,740,962 | |
| 2039 | 5,407,656 | 2,250,000 | 595,100 | 2,845,100 | 8,252,756 | 2,817,900 | 697,844 | 4,737,012 | |
| 2040 | 3,692,200 | 2,365,000 | 479,725 | 2,844,725 | 6,536,925 | 2,824,500 | - | 3,712,425 | |
| 2041 | 2,137,200 | 2,475,000 | 371,100 | 2,846,100 | 4,983,300 | 2,494,100 | - | 2,489,200 | |
| 2042 | 2,144,600 | 2,575,000 | 270,100 | 2,845,100 | 4,989,700 | 2,492,500 | - | 2,497,200 | |
| 2043 | 125,000 | 2,680,000 | 165,000 | 2,845,000 | 2,970,000 | 1,443,600 | - | 1,526,400 | |
| 2044 | 125,000 | 2,785,000 | 55,700 | 2,840,700 | 2,965,700 | 1,438,200 | - | 1,527,500 | |
| 2045 | 125,000 | - | - | - | 125,000 | - | - | 125,000 | |
| 2046 | 125,000 | - | - | - | 125,000 | - | - | 125,000 | |
| 2047 | 125,000 | - | - | - | 125,000 | - | - | 125,000 | |
| 2048 | 125,000 | - | - | - | 125,000 | - | - | 125,000 | |
| 2049 | 129,000 | - | - | - | 129,000 | - | - | 129,000 | |
| | \$ 129,540,606 | \$ 37,325,000 | \$ 19,703,500 | \$ 57,028,500 | \$ 185,940,106 | \$ 65,598,359 | \$ 11,186,018 | \$ 109,784,729 | |

^(a) Includes all self-supporting debt.

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

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

^(d) Excludes all self-supporting debt.

TAX ADEQUACY (Includes Self-Supporting Debt)

TABLE 5

| | |
|---|------------------|
| 2024 Net Taxable Assessed Valuation | \$ 3,404,283,672 |
| Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-25) | 11,597,193 |
| Indicated Maximum Interest and Sinking Fund Tax Rate at 97% Collections | 0.3512 |

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

TAX ADEQUACY (Excludes Self-Supporting Debt)

TABLE 6

| | |
|---|------------------|
| 2024 Net Taxable Assessed Valuation | \$ 3,404,283,672 |
| Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-25) | 7,353,309 |
| Indicated Maximum Interest and Sinking Fund Tax Rate at 97% Collections | 0.2227 |

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

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

| | |
|---|---------------------|
| Interest and Sinking Fund Balance, Fiscal Year Ended September 30, 2023 | \$ 36,182 |
| 2023 Interest and Sinking Fund Tax Levy of \$0.2490 at 98% Collections Produces | <u>8,307,133</u> |
| Total Available for Debt Service | \$ 8,343,315 |
| Less: Net General Obligation Debt Service Requirements, Fiscal Year Ending 9-30-24 ^(a) | <u>7,137,477</u> |
| Estimated Surplus at Fiscal Year Ending 9-30-24 ^(b) | \$ <u>1,205,839</u> |

^(a) Includes the Certificates and excludes self-supporting general obligation debt.^(b) Does not include delinquent tax collections, penalties and interest on delinquent tax collections or investment earnings.**COMPUTATION OF WATERWORKS AND SEWER SYSTEM SELF-SUPPORTING DEBT****TABLE 8**

| | |
|--|---------------------|
| Net System Revenues Available, Fiscal Year End September 30, 2023 | \$ 5,531,824 |
| Less: 2023 Annual Debt Service Requirements on Outstanding Revenue Bonds | - |
| Balance Available for Other Purposes | <u>\$ 5,531,824</u> |
| System General Obligation Debt for Fiscal Year Ended September 30, 2023 | \$ 2,384,149 |
| Percentage of System General Obligation Debt Self-Supporting | 100% |

GENERAL OBLIGATION PRINCIPAL REPAYMENT SCHEDULE**TABLE 9***(As of August 1, 2024)*

| Fiscal Year Ending 9/30 | Principal Repayment Schedule | | | Obligations Unpaid at End of Year* | Percent of Principal Retired (%)* |
|----------------------------|---|----------------------|-----------------------|--|---|
| | Currently Outstanding ^(a) | The Certificates | Total | | |
| 2025 | \$ 5,915,000 | \$ 645,000 | \$ 6,560,000 | \$ 122,434,000 | 5.1% |
| 2026 | 5,040,000 | 1,765,000 | 6,805,000 | 115,629,000 | 10.4% |
| 2027 | 5,160,000 | 1,235,000 | 6,395,000 | 109,234,000 | 15.3% |
| 2028 | 5,180,000 | 1,300,000 | 6,480,000 | 102,754,000 | 20.3% |
| 2029 | 5,405,000 | 1,360,000 | 6,765,000 | 95,989,000 | 25.6% |
| 2030 | 5,585,000 | 1,430,000 | 7,015,000 | 88,974,000 | 31.0% |
| 2031 | 5,810,000 | 1,510,000 | 7,320,000 | 81,654,000 | 36.7% |
| 2032 | 5,820,000 | 1,585,000 | 7,405,000 | 74,249,000 | 42.4% |
| 2033 | 6,035,000 | 1,665,000 | 7,700,000 | 66,549,000 | 48.4% |
| 2034 | 6,260,000 | 1,755,000 | 8,015,000 | 58,534,000 | 54.6% |
| 2035 | 5,855,000 | 1,840,000 | 7,695,000 | 50,839,000 | 60.6% |
| 2036 | 5,410,000 | 1,935,000 | 7,345,000 | 43,494,000 | 66.3% |
| 2037 | 5,590,000 | 2,030,000 | 7,620,000 | 35,874,000 | 72.2% |
| 2038 | 5,105,000 | 2,140,000 | 7,245,000 | 28,629,000 | 77.8% |
| 2039 | 5,025,000 | 2,250,000 | 7,275,000 | 21,354,000 | 83.4% |
| 2040 | 3,470,000 | 2,365,000 | 5,835,000 | 15,519,000 | 88.0% |
| 2041 | 2,020,000 | 2,475,000 | 4,495,000 | 11,024,000 | 91.5% |
| 2042 | 2,105,000 | 2,575,000 | 4,680,000 | 6,344,000 | 95.1% |
| 2043 | 125,000 | 2,680,000 | 2,805,000 | 3,539,000 | 97.3% |
| 2044 | 125,000 | 2,785,000 | 2,910,000 | 629,000 | 99.5% |
| 2045 | 125,000 | - | 125,000 | 504,000 | 99.6% |
| 2046 | 125,000 | - | 125,000 | 379,000 | 99.7% |
| 2047 | 125,000 | - | 125,000 | 254,000 | 99.8% |
| 2048 | 125,000 | - | 125,000 | 129,000 | 99.9% |
| 2049 | 129,000 | - | 129,000 | - | 100.0% |
| | <u>\$ 91,669,000</u> | <u>\$ 37,325,000</u> | <u>\$ 128,994,000</u> | | |

^(a) Includes self-supporting debt; the City's outstanding debt for Fiscal Year Ending September 30, 2024 has matured

TABLE 10

CLASSIFICATION OF ASSESSED VALUATION^(a)

| Category | 2024 | | 2023 | | 2022 | | 2021 | | 2020 | |
|--|-------------------------|----------------|-------------------------|----------------|-------------------------|----------------|-------------------------|----------------|-------------------------|----------------|
| | Total | % of Total | Total | % of Total | Total | % of Total | Total | % of Total | Total | % of Total |
| Real, Residential, Single-Family | \$ 1,524,950,166 | 35.10% | \$ 1,490,057,064 | 34.61% | \$ 1,116,830,102 | 32.07% | \$ 873,818,208 | 33.15% | \$ 777,413,508 | 30.98% |
| Real, Residential, Multi-Family | 225,503,010 | 5.19% | 228,244,312 | 5.30% | 160,951,491 | 4.62% | 124,516,144 | 4.72% | 99,206,785 | 3.95% |
| Real, Vacant Lots/Tracts | 85,080,366 | 1.96% | 101,115,286 | 2.35% | 77,116,104 | 2.21% | 40,309,608 | 1.53% | 31,469,595 | 1.25% |
| Real, Acreage (Land Only) | 147,433,486 | 3.39% | 149,756,895 | 3.48% | 135,006,528 | 3.88% | 66,238,138 | 2.51% | 68,287,562 | 2.72% |
| Real, Farm & Ranch Improvements | 74,701,096 | 1.72% | 71,378,978 | 1.66% | 58,814,653 | 1.69% | 42,491,685 | 1.61% | 41,481,974 | 1.65% |
| Real, Commercial | 477,899,684 | 11.00% | 445,272,405 | 10.34% | 398,068,724 | 11.43% | 315,900,793 | 11.98% | 310,386,067 | 12.37% |
| Real, Industrial | 515,560,456 | 11.87% | 478,391,085 | 11.11% | 447,614,115 | 12.85% | 299,364,286 | 11.36% | 302,284,835 | 12.04% |
| Real & Tangible, Personal Utilities | 61,573,992 | 1.42% | 53,178,724 | 1.24% | 48,890,944 | 1.40% | 45,589,970 | 1.73% | 39,976,280 | 1.59% |
| Tangible Personal, Commercial | 282,790,732 | 6.51% | 254,103,848 | 5.90% | 214,392,915 | 6.16% | 217,414,256 | 8.25% | 216,627,051 | 8.63% |
| Tangible Personal, Industrial | 526,041,353 | 12.11% | 699,626,047 | 16.25% | 472,558,265 | 13.57% | 358,175,702 | 13.59% | 382,954,940 | 15.26% |
| Tangible Personal, Mobile Homes | 5,201,653 | 0.12% | 6,375,718 | 0.15% | 4,101,644 | 0.12% | 2,441,684 | 0.09% | 1,634,220 | 0.07% |
| Real, Property / Residential Inventory | 17,738,487 | 0.41% | 1,491,156 | 0.03% | 18,787,674 | 0.54% | 13,380,280 | 0.51% | 7,024,134 | 0.28% |
| Special Inventory | 8,497,541 | 0.20% | 9,300,048 | 0.22% | 8,378,992 | 0.24% | 6,681,170 | 0.25% | 6,137,950 | 0.24% |
| Totally Exempt Property | 391,286,046 | 9.01% | 316,575,542 | 7.35% | 321,371,942 | 9.23% | 229,855,806 | 8.72% | 224,897,404 | 8.96% |
| Total Appraised Value | \$ 4,344,258,068 | 100.00% | \$ 4,304,867,108 | 100.00% | \$ 3,482,884,093 | 100.00% | \$ 2,636,177,730 | 100.00% | \$ 2,509,782,305 | 100.00% |
| Less Exemptions: | | | | | | | | | | |
| Local, Over-65 and/or Disabled | \$ 5,670,021 | | \$ 5,479,520 | | \$ 5,392,733 | | \$ 5,388,940 | | \$ 5,266,440 | |
| Local, Optional Percentage Homestead | 18,337,834 | | 17,427,731 | | 15,974,759 | | 15,618,575 | | 15,246,239 | |
| Disabled and Deceased Veterans | 22,045,457 | | 14,906,081 | | 12,444,103 | | 9,559,796 | | 7,958,231 | |
| Pollution Control | 29,277,010 | | 29,130,539 | | 26,802,415 | | 22,721,807 | | 26,448,092 | |
| Productivity Loss | 142,408,850 | | 145,149,884 | | 133,406,776 | | 64,526,994 | | 66,455,550 | |
| Tax Abatement | 150,863,381 | | 197,608,582 | | - | | 30,677,675 | | 35,110,411 | |
| Value Cap Loss (10%) | 173,390,452 | | 222,314,973 | | 131,192,659 | | 74,224,286 | | 66,132,850 | |
| Historical / Minimal Value & Other | 2,774,397 | | 2,281,504 | | 1,842,168 | | 2,215,147 | | 2,594,976 | |
| Totally Exempt Property | 395,206,994 | | 323,254,446 | | 321,722,780 | | 229,855,806 | | 224,897,404 | |
| Total Exemptions | \$ 939,974,396 | | \$ 957,553,260 | | \$ 648,778,393 | | \$ 454,789,026 | | \$ 450,110,193 | |
| Net Taxable Assessed Valuation | \$ 3,404,283,672 | | \$ 3,347,313,848 | | \$ 2,834,105,700 | | \$ 2,181,388,704 | | \$ 2,059,672,112 | |

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

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

PRINCIPAL TAXPAYERS

TABLE 11

| <u>Name</u> | <u>Type of Business/Property</u> | <u>2024 Net Taxable Assessed Valuation</u> | <u>% of Total 2024 Assessed Valuation</u> |
|---------------------------------|----------------------------------|--|---|
| CVS Texas Distribution LP | Pharmacy Retailer Distribution | \$ 80,700,165 | 2.37% |
| Ennis Power Company, LLC | Electric Power Generation | 74,026,000 | 2.17% |
| Sterilite Corporation | Plastic Container Manufacturing | 61,897,173 | 1.82% |
| Freshpet Inc. | Manufacturing | 60,874,747 | 1.79% |
| Elk Roofing Products | Fiberglass Roofing Materials | 47,931,059 | 1.41% |
| Spyglass Apartments of Ennis LC | Apartments | 34,163,091 | 1.00% |
| Ennis-Flint, Inc | Manufacturing | 32,228,398 | 0.95% |
| Leggett & Platt Inc #0003 | Bedding Components Manufacturing | 31,578,457 | 0.93% |
| Oncor Electric Delivery CO LLC | Utility | 29,415,680 | 0.86% |
| Atlas Sound LP | Electronics Manufacturing | 28,590,459 | 0.84% |
| | Total | <u>\$ 481,405,229</u> | <u>14.14%</u> * |

* Based on 2024 Net Taxable Assessed Valuation of \$ 3,404,283,672

Source: Ellis Appraisal District and the Issuer.

PROPERTY TAX RATES AND COLLECTIONS ^(a)

TABLE 12

| <u>Tax Year</u> | <u>Net Taxable Assessed Valuation^(b)</u> | <u>Tax Rate</u> | <u>Tax Levy</u> | <u>% Collections</u> | | <u>Year Ended</u> |
|-----------------|---|-----------------|-----------------|-----------------------|-----------------------|-------------------|
| | | | | <u>Current</u> | <u>Total</u> | |
| 2014 | 1,410,087,870 | 0.6950 | 9,809,002 | 98.82% | 99.95% | 9/30/2015 |
| 2015 | 1,485,040,180 | 0.6692 | 9,931,494 | 98.86% | 99.92% | 9/30/2016 |
| 2016 | 1,554,960,425 | 0.6990 | 10,869,173 | 99.06% | 99.85% | 9/30/2017 |
| 2017 | 1,581,192,534 | 0.7100 | 11,215,175 | 99.14% | 99.86% | 9/30/2018 |
| 2018 | 1,655,513,192 | 0.7100 | 11,754,144 | 99.01% | 99.84% | 9/30/2019 |
| 2019 | 1,952,690,830 | 0.7240 | 14,146,718 | 98.45% | 99.77% | 9/30/2020 |
| 2020 | 2,059,672,112 | 0.7240 | 14,956,587 | 99.04% | 99.04% | 9/30/2021 |
| 2021 | 2,181,388,704 | 0.7240 | 15,697,545 | 98.94% | 99.46% | 9/30/2022 |
| 2022 | 2,834,105,700 | 0.6940 | 19,518,413 | 97.31% | 98.07% | 9/30/2023 |
| 2023 | 3,347,313,848 | 0.6640 | 21,073,263 | 96.64% ^(c) | 97.34% ^(c) | 9/30/2024 |
| 2024 | 3,404,283,672 | | | | | |

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

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

^(c) Collections are as of June 18, 2024

Source: The Issuer and Municipal Advisory Council of Texas.

TAX RATE DISTRIBUTION

TABLE 13

| | <u>2023-24</u> | <u>2022-23</u> | <u>2021-22</u> | <u>2020-21</u> | <u>2019-20</u> |
|--------------|------------------|------------------|------------------|------------------|------------------|
| General Fund | \$0.41500 | \$0.42547 | \$0.44547 | \$0.44547 | \$0.44987 |
| I & S Fund | 0.24900 | 0.26900 | 0.27900 | 0.27900 | 0.27461 |
| TOTAL | <u>\$0.66400</u> | <u>\$0.69447</u> | <u>\$0.72447</u> | <u>\$0.72447</u> | <u>\$0.72447</u> |

Sources: Ellis Appraisal District and the Issuer.

| Fiscal Year | Net Taxable Assessed Valuation ^(a) | Change From Preceding Year | |
|-------------|---|----------------------------|---------|
| | | Amount | Percent |
| 2015-16 | \$ 1,485,040,180 | \$ 74,952,310 | 5.32% |
| 2016-17 | 1,554,960,425 | 69,920,245 | 4.71% |
| 2017-18 | 1,581,192,534 | 26,232,109 | 1.69% |
| 2018-19 | 1,655,513,192 | 74,320,658 | 4.70% |
| 2019-20 | 1,952,690,830 | 297,177,638 | 17.95% |
| 2020-21 | 2,059,672,112 | 106,981,282 | 5.48% |
| 2021-22 | 2,181,388,704 | 121,716,592 | 5.91% |
| 2022-23 | 2,834,105,700 | 652,716,996 | 29.92% |
| 2023-24 | 3,347,313,848 | 513,208,148 | 18.11% |
| 2024-25 | 3,404,283,672 | 56,969,824 | 1.70% |

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

Sources: The Issuer and the Ellis Appraisal District.

MUNICIPAL SALES TAX

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

Collections on calendar year basis are as follows:

| Fiscal Year | City of Ennis (1%) | Ennis Economic Development Corporation (1/2%) | Street Maintenance (1/4%) | CCPD (1/4%) | Total Sales Tax Collections | % of Ad Valorem Tax Levy | Equivalent of Ad Valorem Tax Rate |
|-------------|--------------------|---|---------------------------|-------------|-----------------------------|--------------------------|-----------------------------------|
| 2014 | 3,013,261 | 1,506,630 | - | - | 4,519,891 | 46.08% | 0.32 |
| 2015 | 2,885,767 | 1,442,884 | 721,442 | 427,415 | 5,477,507 | 50.85% | 0.35 |
| 2016 | 3,433,655 | 1,716,827 | 858,414 | 794,382 | 6,803,277 | 55.28% | 0.38 |
| 2017 | 3,534,853 | 1,767,427 | 883,713 | 838,451 | 7,024,444 | 55.16% | 0.39 |
| 2018 | 3,663,459 | 1,831,730 | 915,865 | 868,081 | 7,279,135 | 54.54% | 0.39 |
| 2019 | 3,628,929 | 1,814,465 | 907,232 | 838,620 | 7,189,246 | 44.89% | 0.32 |
| 2020 | 4,177,080 | 2,088,540 | 1,044,270 | 1,009,074 | 8,318,964 | 48.87% | 0.35 |
| 2021 | 5,419,431 | 2,709,715 | 1,354,858 | 1,311,740 | 10,795,744 | 60.42% | 0.44 |
| 2022 | 7,372,310 | 3,686,155 | 1,843,078 | 1,786,798 | 14,688,341 | 66.10% | 0.46 |
| 2023 | 6,897,614 | 3,448,807 | 1,724,404 | 1,671,224 | 13,742,049 | 57.28% | 0.38 |
| 2024* | 5,259,501 | 2,629,750 | 1,314,875 | 1,275,915 | 10,480,041 | | |

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

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

* As of July, 2024.

OVERLAPPING DEBT

TABLE 16

(As of August 1, 2024)

| <u>Taxing Entity</u> | <u>Gross Debt Principal</u> | <u>% Overlapping</u> | <u>Amount Overlapping</u> |
|---|-----------------------------|----------------------|-------------------------------|
| Ellis County | \$ 23,885,000 | 10.12% | \$ 2,417,162 |
| Ennis Independent School District | 76,226,609 | 75.25% | 57,360,523 |
| Palmer Independent School District | 15,165,000 | 0.24% | 36,396 |
| Waxahachie Independent School District | 594,377,772 | 0.20% | 1,188,756 |
| Total Gross Overlapping Debt Principal | | | \$ 61,002,837 |
| Ennis, City of (Following the issuance of the Certificates) | 128,994,000 ^(a) | 100.00% | 128,994,000 ^(a) |
| Total Direct and Overlapping Debt Principal | | | \$ 189,996,837 ^(a) |
| Ratio of Direct and Overlapping Debt Principal to 2024 Net Taxable Assessed Valuation | | | 5.58% ^(a) |
| Ratio of Direct and Overlapping Debt Principal to 204 Actual Assessed Value | | | 4.37% ^(a) |
| Per Capita Direct and Overlapping Debt Principal | | | \$7,438 ^(a) |
| Note: The above figures show Gross General Obligation Debt Principal for the City | | | |
| The Issuer's Net General Obligation Debt Principal is: | | | \$ 73,180,000 |
| Calculations on the basis of Net General Obligation Debt would change the above figures as follows: | | | |
| Total Net Direct and Overlapping Debt | | | \$ 134,182,837 |
| Ratio of Direct and Overlapping Debt Principal to 2024 Net Taxable Assessed Valuation | | | 3.94% |
| Ratio of Direct and Overlapping Debt Principal to 2024 Actual Assessed Value | | | 3.09% |
| Per Capita Net Direct and Overlapping Debt Principal | | | \$5,253 |

^(a) Includes the Certificates

Sources: 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> |
|--|--|--------------------|----------------------|
| Ellis County | \$ 33,034,865,202 | 100% | \$0.2530 |
| Ennis Independent School District | 4,180,535,352 | 100% | 1.2180 |
| Palmer Independent School District | 508,768,533 | 100% | 1.0530 |
| Waxahachie Independent School District | 8,253,435,409 | 100% | 1.1700 |

Source: Municipal Advisory Council of Texas.

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

TABLE 18

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

Sources: Municipal Advisory Council of Texas.

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

TABLE 19

| | Fiscal Year Ended September 30 | | | | |
|---|---------------------------------------|----------------------|----------------------|-----------------------|-----------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| Revenues: | | | | | |
| Property Taxes | \$ 11,144,223 | \$ 9,487,407 | \$ 9,083,314 | \$ 8,715,583 | \$ 7,810,673 |
| Sales Taxes | 6,946,765 | 7,235,358 | 4,956,036 | 4,283,703 | 3,598,266 |
| Franchise Taxes | 2,037,382 | 1,933,079 | 1,694,133 | 1,640,222 | 1,494,793 |
| Alcoholic Beverage Taxes | 93,764 | 76,540 | 77,564 | 49,051 | 52,512 |
| Licenses and Permits | 1,453,090 | 1,339,129 | 1,328,324 | 700,874 | 457,282 |
| Fines, Forfeits and Penalties | 245,640 | 230,783 | 238,214 | 319,623 | 409,817 |
| Charges for Services | 249,416 | 283,334 | 219,555 | 215,684 | 239,467 |
| Revenues from use of money and property | 202,048 | 38,037 | 45,780 | 96,296 | 127,014 |
| Other | 424,013 | 1,171,840 | 354,922 | 491,357 | 409,405 |
| Intergovernmental | <u>1,397,560</u> | <u>45,362</u> | <u>1,527,925</u> | <u>1,395,392</u> | <u>661,141</u> |
| Total Revenues | \$ 24,193,901 | \$ 21,840,869 | \$ 19,525,767 | \$ 17,907,785 | \$ 15,260,370 |
| Expenditures: | | | | | |
| General Government | \$ 6,879,081 | \$ 4,888,358 | \$ 4,344,344 | \$ 4,606,569 | \$ 3,011,243 |
| Public Safety | 14,155,040 | 12,667,435 | 11,872,616 | 11,732,611 | 10,762,410 |
| Streets | 1,108,461 | 1,117,740 | 1,168,734 | 1,211,476 | 1,157,857 |
| Health | 650,469 | 552,285 | 503,483 | 536,061 | 548,751 |
| Equipment Service | 271,091 | 333,397 | 299,006 | 322,337 | 900,753 |
| Cultural and Recreation | 2,030,967 | 1,780,886 | 1,523,378 | 1,654,224 | 1,529,166 |
| Airport | - | 624,213 | - | - | - |
| Public Works | 666,705 | 815,913 | 545,770 | 510,564 | 324,467 |
| Capital Outlay | 5,203,264 * | - | - | - | - |
| Debt Service | <u>36,996</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>88,002</u> |
| Total Expenditures | \$ 31,002,074 | \$ 22,780,227 | \$ 20,257,331 | \$ 20,573,842 | \$ 18,322,649 |
| Excess (Deficit) of Revenues Over Expenditures | \$ (6,808,173) | \$ (939,358) | \$ (731,564) | \$ (2,666,057) | \$ (3,062,279) |
| Other Financing Sources (Uses): | | | | | |
| Operating Transfers In | 2,649,434 | 4,024,006 | 3,610,362 | 4,132,542 | 4,264,468 |
| Operating Transfers Out | (629,478) | - | (266,307) | (677,793) | - |
| Leases | 295,123 | 254,046 | - | - | - |
| Sale of capital assets | <u>5,512</u> | <u>62,420</u> | <u>-</u> | <u>48,318</u> | <u>14,800</u> |
| Total Other Financing Sources (Uses): | 2,320,591 | 4,340,472 | 3,344,055 | 3,503,067 | 4,279,268 |
| Net Change in Fund Balance | \$ (4,487,582) | \$ 3,401,114 | \$ 2,612,491 | \$ 837,010 | \$ 1,216,989 |
| Fund Balance - Beginning of Year | <u>\$ 14,926,142</u> | <u>\$ 11,525,028</u> | <u>\$ 8,912,537</u> | <u>\$ 8,075,527</u> | <u>\$ 6,858,538</u> |
| Fund Balance - End of Year | <u>\$ 10,438,560</u> | <u>\$ 14,926,142</u> | <u>\$ 11,525,028</u> | <u>\$ 8,912,537</u> | <u>\$ 8,075,527</u> |

*The majority of the 2023 Capital Outlay Expenditures consist of the following one time expenses: Purchase and Renovation of City Hall-\$4,252,749; Improvement to the Public Works Facility -\$233,475 and Improvements to the Equipment Services Facility-\$198,563.

The City anticipates an unaudited general fund balance of \$9,000,000 for the fiscal year ending September 30, 2024. The estimated general fund draw down in Fiscal Year 2024 is the result of approximately \$1,400,000 of one time expenses and Council's decision to manage the fund balance closer to the 25% fund balance policy.

Source: The Issuer

FUND BALANCES

TABLE 20

| | Audited | Unaudited |
|---|------------------------|------------------------|
| | As of 9/30/2023 | As of 6/18/2024 |
| General Fund | \$ 10,438,560 | \$ 12,700,900 |
| Special Revenue Fund | 3,291,028 | 3,539,286 |
| Capital Projects Fund (General Fund) | 23,750,042 | 27,197,333 |
| General Obligation Interest and Sinking Fund (Debt Service) | 161,217 | 3,076,157 |
| Water & Sewer General Operating Fund (Investments & Assets) | 45,012,367 | 44,726,520 |
| Capital Projects Fund (Water & Sewer) | <u>15,615,475</u> | <u>10,831,127</u> |
| Total Fund Balances | \$ 98,268,689 | \$ 102,071,323 |

WATERWORKS AND SEWER SYSTEM OPERATING STATEMENT

TABLE 21

| | Fiscal Year Ended September 30 | | | | |
|--|--------------------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
| Total Operating Revenues plus Interest Income | \$ 13,324,718 | \$ 12,030,012 | \$ 11,263,892 | \$ 10,672,175 | \$ 10,432,409 |
| Total Expenses less Depreciation/Amortization | <u>7,792,894</u> | <u>7,089,328</u> | <u>6,305,142</u> | <u>6,632,093</u> | <u>5,980,676</u> |
| Available for Debt Service | <u>\$ 5,531,824</u> | <u>\$ 4,940,684</u> | <u>\$ 4,958,750</u> | <u>\$ 4,040,082</u> | <u>\$ 4,451,733</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 | \$ 2,384,149 | \$ 2,244,729 | \$ 2,244,924 | \$ 2,248,885 | \$ 2,256,705 |
| Coverage of Annual Requirements on all Bonds Paid from System Revenues | 2.32X | 2.20X | 2.21X | 1.80X | 1.97X |
| Customer Count: | | | | | |
| Water | 7,307 | 7,134 | 7,044 | 6,564 | 6,245 |
| Sewer | 6,709 | 6,432 | 6,228 | 6,045 | 5,641 |

WATER RATES

TABLE 22

Current Rates
(Rates Effective October 1, 2022)

Residential

| | <u>New Rates</u> |
|---|-------------------------|
| Monthly Minimum Per One Family Unit | \$ 23.81 |
| Additional Cost Per 1,000 Gallons to 6,000 Gallons | \$ 3.11 |
| Additional Cost Per 7,000 Gallons to 10,000 Gallons | \$ 4.66 |
| Additional Cost Per 11,000 Gallons to 20,000 Gallons | \$ 5.43 |
| Additional Cost Per 1,000 Gallons over 20,000 Gallons | \$ 6.21 |

Commercial

| | | |
|---|--------|-------------|
| Monthly Minimum Per One Family Unit (Apartments) | | |
| or commercial unit Additional Cost per 1,000 Gallons of Water | 3/4" | \$ 25.57 |
| | 1" | \$ 46.90 |
| | 1 1/2" | \$ 85.26 |
| | 2" | \$ 130.33 |
| | 3" | \$ 338.60 |
| | 4" | \$ 577.32 |
| | 6" | \$ 1,222.86 |
| | 8" | \$ 2,131.48 |
| | 10" | \$ 3,196.01 |
| Consumption Rate (per 1,000 gallons) | | \$ 2.83 |

Source: City of Ennis, Texas website.

PRINCIPAL WATER CUSTOMERS

TABLE 23

(October 1, 2022 to September 30, 2023)

| <u>Name of Customer</u> | <u>Average Annual Consumption (Gallons)</u> | <u>2023 % of Total Water Gallons Used</u> | <u>Average Monthly Bill</u> |
|---------------------------------|---|---|-----------------------------|
| Elk Corporation of Texas | 80,804,000 | 7.54% | \$ 21,187.76 |
| Community Water | 23,606,000 | 2.20% | 11,778.15 |
| East Garrett Water (47-0397-00) | 22,515,000 | 2.10% | 11,238.69 |
| East Garrett Water (47-0457-00) | 25,966,000 | 2.42% | 12,949.81 |
| Rice Water Company | 18,409,000 | 1.72% | 9,202.80 |
| Ennis Acquisitions | 25,735,000 | 2.40% | 6,646.49 |
| Sterilite | 24,944,000 | 2.33% | 7,105.49 |
| East Garrett Water (47-0286-00) | 11,387,000 | 1.06% | 5,721.05 |
| Silverton Village Town Homes | 20,648,000 | 1.93% | 7,318.02 |
| Fresh Pet | 45,304,000 | 4.23% | 12,684.95 |
| Totals | 299,318,000 | 27.93% | \$ 105,833.21 |

Total Water Consumption for FY 2023 1,071,698,000 Gallons.

SEWER RATES

TABLE 24

Current Rates
(Rates Effective October 1, 2022)

| | <u>New Rates</u> |
|---|------------------|
| Residential | |
| Monthly Minimum Per One Family Unit (Including Apartments) | \$ 28.71 |
| Additional Cost Per 1,000 Gallons of Water Over 1,000 Gallons up to and Including 6,000 Gallons | \$ 3.12 |
| Commercial | |
| Monthly Minimum Per Commercial Unit | \$ 35.57 |
| Additional Cost Per 1,000 Gallons of Water Over 1,000 Gallons | \$ 3.42 |

Source: City of Ennis, Texas website.

PRINCIPAL SEWER CUSTOMERS

TABLE 25

(October 1, 2022 to September 30, 2023)

| <u>Name of Customer</u> | <u>Average Annual Consumption (Gallons)</u> | <u>2023 % of Total Sewer Gallons Used</u> | <u>Average Monthly Bill</u> |
|------------------------------|---|---|-----------------------------|
| Elk Corporation of Texas | 80,804,000 | 9.76% | \$ 23,061.29 |
| Silverton Village Town Homes | 20,648,000 | 2.49% | 10,705.18 |
| Ennis Acquisitions, Inc. | 25,735,000 | 3.11% | 7,366.63 |
| Sterilite | 24,944,000 | 3.01% | 7,141.19 |
| Spyglass Apartments | 10,766,000 | 1.30% | 7,571.26 |
| Valek Rd Associates, LLC | 6,275,000 | 0.76% | 4,252.51 |
| Grace Townhomes | 6,811,000 | 0.82% | 4,675.64 |
| McWhorter Technologies | 7,886,000 | 0.95% | 2,279.66 |
| Creekside Terrace Apartments | 6,441,000 | 0.78% | 3,446.11 |
| Ennis MPH, LLC | 6,062,000 | 0.73% | 3,799.88 |
| Totals | 196,372,000 | 23.71% | \$ 74,299.35 |

Total Sewer Consumption for FY 2023 828,130,000 Gallons.

Source: Information from the Issuer

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APPENDIX B

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

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

General

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

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

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

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

Encompassing an area of 939.90 square miles, the central Texas county of Ellis (the "County") is a component of the Dallas-Fort Worth Consolidated Metropolitan Statistical Area (CMSA) and is traversed by Interstate Highways 35E and 45, United States Highways 77 and 287, State Highways 34 and 342 and 13 farm-to-market roads. The City of Waxahachie, with 2024 estimated population of 48,843 serves as the County seat. Additional cities within the County include Midlothian, Ferris, Italy, Palmer and Red Oak. Major industries within the County include warehousing, steel production, government, distribution center and cement production. Major minerals include sand, gravel, gas and cement, and agricultural products include nursery crops, corn, hay, cotton and cattle.



Population Trends

| <u>Year</u> | <u>City of Ennis</u> | <u>Ellis County</u> |
|---------------|----------------------|---------------------|
| 2024 Estimate | 25,544 | 222,829 |
| 2020 Census | 20,159 | 192,455 |
| 2010 Census | 18,513 | 149,610 |
| 2000 Census | 16,045 | 111,360 |
| 1990 Census | 13,883 | 85,167 |
| 1980 Census | 12,100 | 59,743 |
| 1970 Census | 11,046 | 46,638 |

Sources: North Central Texas Council of Governments.

Major Employers in the City of Ennis-2023

| <u>Employer</u> | <u>Principal Line of Business/Product</u> | <u>Estimated Number of Employees (2023)</u> |
|-----------------------------------|---|---|
| Ennis Independent School District | Public Education | 778 |
| Sterilite Corporation of Texas | Plastic Storage Containers | 650 |
| Leggett Partners LP | Furniture Components | 350 |
| GAF | Roofing Shingles Manufacturing | 290 |
| Wal-Mart | Retail Sales | 250 |
| CVS Texas Distribution LP | Retain Sales | 268 |
| Freshpet Inc. | Manufacturing | 300 |
| Schirm USA, Inc. | Packaging Company/Petro Chemicals | 212 |
| Ennis Extruded Products | Manufacturing | 150 |
| Advanced Drainage Systems Inc. | Manufacturing | 125 |

Source: *The Issuer*

Labor Force Statistics - Ellis County

| | <u>Ellis County</u> | | <u>Dallas-Fort Worth-Arlington MSA</u> | |
|----------------------|---------------------|-------------|--|-------------|
| | <u>May</u> | <u>May</u> | <u>May</u> | <u>May</u> |
| | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> |
| Civilian Labor Force | 107,440 | 105,657 | 4,424,819 | 4,351,681 |
| Total Employed | 103,673 | 101,885 | 4,266,276 | 4,193,492 |
| Total Unemployed | 3,767 | 3,772 | 158,543 | 158,189 |
| % Unemployed | 3.5% | 3.6% | 3.6% | 3.6% |
| % Unemployed (Texas) | 3.8% | 3.9% | 3.8% | 3.9% |
| % Unemployed (US) | 3.7% | 3.4% | 3.7% | 3.4% |

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

APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

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Proposed Form of Opinion of Bond Counsel

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

[ISSUE DATE]

**CITY OF ENNIS, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2024
DATED AUGUST 1, 2024
IN THE PRINCIPAL AMOUNT OF \$37,325,000**

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

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

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

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

of issuance of the Certificates.

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

WE 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.

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

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

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

Respectfully,

APPENDIX D

**EXCERPTS FROM THE CITY OF ENNIS AUDITED FINANCIAL STATEMENTS FOR THE
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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

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City of Ennis, Texas

Annual Comprehensive Financial Report

For the Fiscal Year Ended
September 30, 2023



City of Ennis, Texas
September 30, 2023

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September 30, 2023

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September 30, 2023

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www.ennistx.gov

March 27, 2024

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

State and Federal regulations require that local governments publish a complete set of audited financial statements within six months of each fiscal year's close. This Annual Comprehensive Financial Report (ACFR) for the City of Ennis (City) is published to fulfill those requirements for the fiscal year ended September 30, 2023. Management assumes full responsibility for the completeness and reliability of the information in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. FORVIS, LLP, Certified Public Accountants, has issued unmodified ("clean") opinions on the City of Ennis' financial statements for the year ended September 30, 2023. The independent auditors' report is located at the front of the financial section of this report. Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY OF ENNIS

The City, incorporated in 1872, is located 30 miles south of Dallas in Ellis County. The City has a land area of 28.06 square miles and a population of approximately 24,123, as estimated by the United States Census Bureau. The City has operated under the Commission-Manager form of government since 1956. Policy-making and legislative authority are vested in a governing body (City Commission) consisting of the mayor and six commission members, all elected through popular vote. Commission members serve three-year terms, with five of the commissioners elected by single-member ward and the mayor and mayor pro-tem elected at large. Terms of the commission members are staggered so that an election is held every year.

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



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

LOCAL ECONOMY

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

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

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

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



The bluebonnet spirit of Texas

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LONG-TERM FINANCIAL PLANNING

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

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

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

Respectfully submitted,

Marty Nelson
City Manager

Stephen Barnes
Director of Finance

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City of Ennis, Texas
GFOA Certificate of Achievement
September 30, 2023



Government Finance Officers Association

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

Presented to

**City of Ennis
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO

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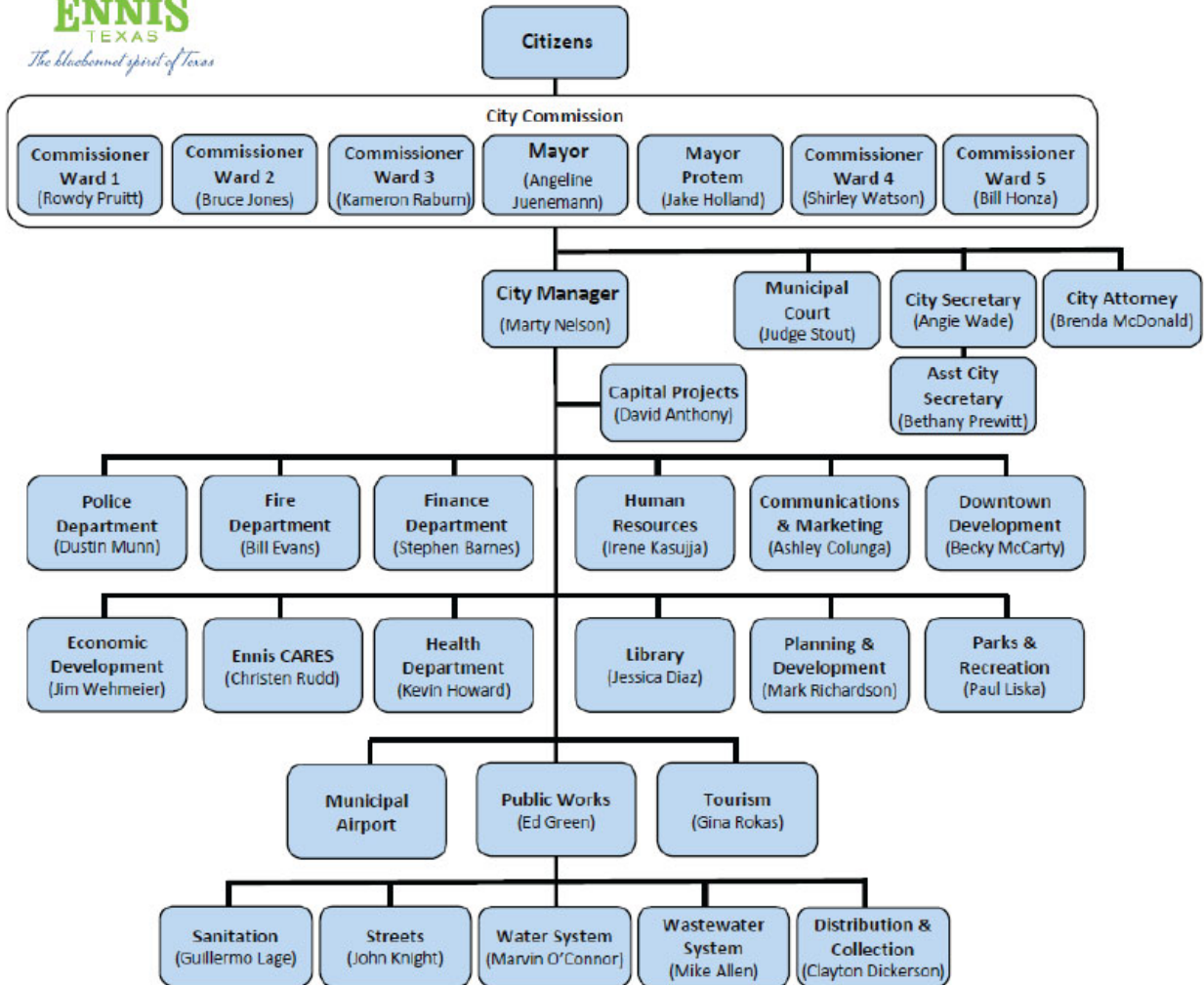
City of Ennis, Texas

Organizational Chart

September 30, 2023



Organizational Chart



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City of Ennis, Texas
List of Elected Officials, Administrators, and Consultants
September 30, 2023

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

ADMINISTRATION

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

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Financial Section

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forvis.com

Independent Auditor's Report

The Honorable Mayor and City Commissioners
City of Ennis, Texas
Ennis, Texas

Opinions

We have audited 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 Ennis, Texas (City) as of and for the year ended September 30, 2023, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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.

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 financial statements that are free from material misstatement, whether due to fraud or error.

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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 auditor's 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 GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks 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, pension and other postemployment information 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 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 fund financial statements and schedules 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 comprehensive financial report. The other information comprises the introductory section and the statistical section but does not include the basic financial statements and our auditor's 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 material misstatement of the other information exists, we are required to describe it in our report.

FORVIS, LLP

**Dallas, Texas
March 27, 2024**

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City of Ennis, Texas
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2023

As management of the City of Ennis, Texas (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$119,300,616 (*net position*). Of this amount, \$20,220,627 represents unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$15,472,844.
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$57,067,083, a decrease of \$3,192,658 in comparison with the prior year primarily a result of bond proceeds spent during the year on capital projects throughout the City. Approximately 18 percent of this amount \$10,371,821 is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$10,377,383, or approximately 33 percent of the total general fund expenditures.

Overview of the Financial Statements

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

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

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

City of Ennis, Texas
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2023

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

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

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

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

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

City of Ennis, Texas
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2023

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

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

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

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

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

City of Ennis, Texas
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2023

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

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

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

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-67 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligations to provide pension and supplemental death benefits to its employees. Required supplementary information can be found on pages 68-70 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 73-93 of this report.

City of Ennis, Texas
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2023

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$119,300,616, at the close of the most recent fiscal year.

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|----------------------------|---------------|-----------------------------|---------------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Current and other assets | \$ 72,116,806 | \$ 77,324,052 | \$ 25,144,242 | \$ 27,242,044 | \$ 97,261,048 | \$ 104,566,096 |
| Capital assets | 105,778,193 | 96,481,943 | 57,546,127 | 52,377,527 | 163,324,320 | 148,859,470 |
| Total assets | 177,894,999 | 173,805,995 | 82,690,369 | 79,619,571 | 260,585,368 | 253,425,566 |
| Total deferred outflows of resources | 8,348,447 | 3,014,312 | 2,043,168 | 712,305 | 10,391,615 | 3,726,617 |
| Long term liabilities | 102,879,112 | 97,795,051 | 32,638,604 | 31,615,732 | 135,517,716 | 129,410,783 |
| Other liabilities | 11,403,329 | 14,335,161 | 3,847,501 | 3,817,206 | 15,250,830 | 18,152,367 |
| Total liabilities | 114,282,441 | 112,130,212 | 36,486,105 | 35,432,938 | 150,768,546 | 147,563,150 |
| Total deferred inflows of resources | 765,255 | 4,629,578 | 142,566 | 1,131,683 | 907,821 | 5,761,261 |
| Net position | | | | | | |
| Net investment in capital assets | 39,784,516 | 29,775,266 | 41,649,621 | 40,714,128 | 81,434,137 | 70,489,394 |
| Restricted | 17,645,852 | 12,505,972 | - | - | 17,645,852 | 12,505,972 |
| Unrestricted | 13,765,382 | 17,779,279 | 6,455,245 | 3,053,127 | 20,220,627 | 20,832,406 |
| Total net position | \$ 71,195,750 | \$ 60,060,517 | \$ 48,104,866 | \$ 43,767,255 | \$ 119,300,616 | \$ 103,827,772 |

By far, the largest portion of the City's net position (68.26 percent) reflects its investment in capital assets (e.g., land, construction in progress, buildings, improvements, machinery and equipment, infrastructure, and water rights), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (14.79 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$20,220,627 is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.

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

City of Ennis, Texas
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2023

The City's overall net position increased \$15,472,844 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Changes in Net Position

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|------------------------------------|----------------------|-------------------------------------|----------------------|-----------------------|-----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenues | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 308,157,515 | \$ 223,506,754 | \$ 15,213,008 | \$ 13,878,836 | \$ 323,370,523 | \$ 237,385,590 |
| Operating grants and contributions | 1,468,417 | 2,861,286 | - | 53,989 | 1,468,417 | 2,915,275 |
| Capital grants and contributions | 5,532,214 | 3,462,565 | 1,959,294 | 2,052,038 | 7,491,508 | 5,514,603 |
| General revenues | | | | | | |
| Property taxes | 19,450,555 | 15,820,591 | - | - | 19,450,555 | 15,820,591 |
| Sales taxes | 10,360,250 | 10,771,085 | - | - | 10,360,250 | 10,771,085 |
| Franchise taxes | 2,037,382 | 1,933,079 | - | - | 2,037,382 | 1,933,079 |
| Hotel occupancy taxes | 533,543 | 490,768 | - | - | 533,543 | 490,768 |
| Alcoholic beverage taxes | 93,764 | 76,540 | - | - | 93,764 | 76,540 |
| Grants and contributions not restricted to specific programs | - | - | 2,276,597 | 2,772,566 | 2,276,597 | 2,772,566 |
| Investment earnings | 345,584 | 93,741 | 169,958 | 91,511 | 515,542 | 185,252 |
| Gain on sale of capital assets | 236,193 | - | - | 113,412 | 236,193 | 113,412 |
| Miscellaneous | 434,456 | 885,177 | - | - | 434,456 | 885,177 |
| Total revenues | <u>348,649,873</u> | <u>259,901,586</u> | <u>19,618,857</u> | <u>18,962,352</u> | <u>368,268,730</u> | <u>278,863,938</u> |
| Expenses | | | | | | |
| General government | 8,963,262 | 5,118,335 | - | - | 8,963,262 | 5,118,335 |
| Public safety | 16,648,611 | 13,714,222 | - | - | 16,648,611 | 13,714,222 |
| Streets | 6,902,210 | 3,930,028 | - | - | 6,902,210 | 3,930,028 |
| Health | 298,309,815 | 218,194,521 | - | - | 298,309,815 | 218,194,521 |
| Equipment services | 310,039 | 344,990 | - | - | 310,039 | 344,990 |
| Cultural and recreational | 2,632,593 | 2,103,452 | - | - | 2,632,593 | 2,103,452 |
| Airport | - | - | 252,448 | 218,031 | 252,448 | 218,031 |
| Hospital | 716,788 | 1,128,807 | - | - | 716,788 | 1,128,807 |
| Public works | 797,406 | 645,638 | - | - | 797,406 | 645,638 |
| Interest on long-term debt | 3,224,991 | 2,637,086 | - | - | 3,224,991 | 2,637,086 |
| Utility | - | - | 12,370,761 | 11,200,785 | 12,370,761 | 11,200,785 |
| Sanitation | - | - | 1,666,962 | 1,348,575 | 1,666,962 | 1,348,575 |
| Total expenses | <u>338,505,715</u> | <u>247,817,079</u> | <u>14,290,171</u> | <u>12,767,391</u> | <u>352,795,886</u> | <u>260,584,470</u> |
| Change in net position before transfers | 10,144,158 | 12,084,507 | 5,328,686 | 6,194,961 | 15,472,844 | 18,279,468 |
| Transfers | 991,075 | 2,569,984 | (991,075) | (2,569,984) | - | - |
| Change in net position | 11,135,233 | 14,654,491 | 4,337,611 | 3,624,977 | 15,472,844 | 18,279,468 |
| Net Position – Beginning | <u>60,060,517</u> | <u>45,406,026</u> | <u>43,767,255</u> | <u>40,142,278</u> | <u>103,827,772</u> | <u>85,548,304</u> |
| Net Position –Ending | <u>\$ 71,195,750</u> | <u>\$ 60,060,517</u> | <u>\$ 48,104,866</u> | <u>\$ 43,767,255</u> | <u>\$ 119,300,616</u> | <u>\$ 103,827,772</u> |

City of Ennis, Texas
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2023

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$11,135,233 from the prior fiscal year for an ending balance of \$71,195,750. Revenues and expenses rose 34 percent and 37 percent, respectively, primarily as a result of the City's Quality Improvement Payment Program (QIPP) continuing to expand and capital contributions received from developers during 2023.

Business-type Activities. For the City's business-type activities, the results for the current fiscal year resulted in an increase in net position to an ending balance of \$48,104,866. The total increase in net position for business-type activities (utility, sanitation, and airport operations) was \$4,337,611 or 10 percent from the prior fiscal year. Revenues from charges for services rose \$1,334,172, or 10 percent due to continued growth in residential and commercial development and a budgeted wastewater rate increase. Total expenses before transfers increased \$1,552,780 in fiscal year 2023 due to maintaining an aging infrastructure and inflation increasing critical supply costs.

Financial Analysis of Governmental Funds

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

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

At September 30, 2023, the City's governmental funds reported combined fund balances of \$57,067,083, a decrease of \$3,192,658 in comparison with the prior year. Approximately 18 percent of this amount (\$10,371,821) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either nonspendable or restricted to indicate that it is: 1) not in spendable form (\$5,270,402), 2) legally required to be maintained intact (\$28,966), or 3) restricted for particular purposes (\$41,395,894).

City of Ennis, Texas
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2023

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$10,377,383, while total fund balance decreased to \$10,438,560. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 33.47 percent of total general fund expenditures, while total fund balance represents approximately 33.67 percent of that same amount.

The fund balance of the City's general fund decreased by \$4,487,582 during the current fiscal year. Revenues increased by \$2,353,032 (9.7 percent) above the previous year due to an increase in property tax contributing \$1,656,816 to the increase. General fund expenditures increased \$8,221,847 due to the purchase of the City Hall building and other one-time capital expenditures as well as inflation increasing the cost of supplies and personnel costs associated with pay increases and new positions.

The QIPP fund, a major governmental fund, has a \$6,726,560 increase in fund balance during the current fiscal year which increased total fund balance to \$16,667,870. The increase in revenue and expenditures is primarily related to the City's continued expansion in the program during 2023.

The general capital projects fund, a major governmental fund, has a \$4,841,472 decrease in fund balance during the current fiscal year. The decrease is primarily a result of bond proceeds spent during the year on capital projects throughout the City.

The debt service fund, a major fund, had an increase in fund balance during the current year of \$55,620 to bring the year-end fund balance to \$161,217. The increase was primarily related to increased property tax collections during the year.

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

City of Ennis, Texas
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2023

Unrestricted net position of the Utility and Nonmajor Enterprise funds at the end of the year amounts to \$5,525,558 and \$251,819. Net position increased in 2023 by \$4,244,943 in the Utility fund and decreased by \$1,897 in the Nonmajor Enterprise funds. For the Utility fund, operating revenues increased in 2023 by \$1,215,864 (10.2 percent) due to continued growth in residential and commercial development and a budgeted wastewater rate increase. Operating expenses increased \$879,189 (8.4 percent) primarily due to the increased cost of personnel. For the Nonmajor Enterprise funds, operating revenues increased in 2023 by \$130,032 (6.8 percent). Operating expenses increased by \$352,804 (22.5 percent).

General Fund Budgetary Highlights

Final Budget Compared to Actual Results. General fund actual revenues of \$24,193,091 exceeded budgeted revenues of \$20,732,511 by \$3,461,390. Following are the main components that experienced an increase of actual revenue compared to budgeted revenue:

- Property and sales tax revenue exceeded budgeted revenue by a combined \$1,281,668 due to conservative budgeting, continued growth within the city, inflation spikes increasing the prices of goods and services, and continued economic growth in the commercial sector.
- Residential and commercial development has continued to increase beyond budgeted expectations resulting in an increase of \$151,071 over budgeted revenue for licenses and permits.

Actual general fund expenditures of \$31,002,074 exceeded budgeted expenditures of \$30,210,338. This \$791,736 negative variance in expenditures is due to onetime capital outlay to begin utilizing fund balance.

Capital and Lease Assets and Debt Administration

Capital and Lease Assets. The City's investment in capital and lease assets for its governmental and business-type activities as of September 30, 2023, amounts to \$163,324,320 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, infrastructure, and water rights. The total increase in capital assets for the current fiscal year was approximately 10 percent.

City of Ennis, Texas
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2023

Capital and Lease Assets
(Net of Depreciation)

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------|----------------------------|----------------------|-----------------------------|----------------------|-----------------------|-----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Land | \$ 6,444,748 | \$ 6,424,748 | \$ 1,088,290 | \$ 1,088,290 | \$ 7,533,038 | \$ 7,513,038 |
| Construction in progress | 6,562,867 | 4,693,690 | 6,768,692 | 4,400,883 | 13,331,559 | 9,094,573 |
| Buildings | 37,466,937 | 33,765,389 | 2,637,057 | 2,795,932 | 40,103,994 | 36,561,321 |
| Lease buildings | 18,580 | 27,547 | - | - | 18,580 | 27,547 |
| Improvements | 9,239,998 | 7,029,155 | 45,664,145 | 42,556,077 | 54,904,143 | 49,585,232 |
| Machinery and equipment | 3,092,920 | 3,366,246 | 1,051,044 | 1,131,182 | 4,143,964 | 4,497,428 |
| Infrastructure | 42,603,777 | 40,984,633 | - | - | 42,603,777 | 40,984,633 |
| Lease vehicles | 348,366 | 190,535 | 69,739 | 104,609 | 418,105 | 295,144 |
| Water rights | - | - | 267,160 | 300,554 | 267,160 | 300,554 |
| Total | <u>\$ 105,778,193</u> | <u>\$ 96,481,943</u> | <u>\$ 57,546,127</u> | <u>\$ 52,377,527</u> | <u>\$ 163,324,320</u> | <u>\$ 148,859,470</u> |

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

- The purchase of the City Hall building as a cost of \$3,169,461
- Improvement and infrastructure additions of approximately \$6,938,055 consisting of new development contributions and improvements to high demand and high need areas of the City's streets and parks.
- Business-type construction in progress increased by \$2,367,809 as major water/wastewater infrastructure projects are anticipated to complete construction during FY23.

Additional information on the City's capital assets can be found in *Note 2* on pages 42-43 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$98,299,000, which is backed by the full faith and credit of the government. The remainder of the City's long-term obligations comprises development agreement payable and capital leases.

City of Ennis, Texas
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2023

Outstanding Debt

| | Governmental Activities | | Business-Type Activities | | Total | |
|-------------------------------|------------------------------------|----------------------|-------------------------------------|----------------------|-----------------------|-----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Certificates of obligation | \$ 68,139,000 | \$ 71,959,000 | \$ 27,365,000 | \$ 28,740,000 | \$ 95,504,000 | \$ 100,699,000 |
| General obligations | 2,795,000 | 3,955,000 | - | - | 2,795,000 | 3,955,000 |
| Lease liability | 534,919 | 276,792 | 124,189 | 136,660 | 659,108 | 413,452 |
| Development agreement payable | 13,031,769 | 13,576,752 | - | - | 13,031,769 | 13,576,752 |
| Total | <u>\$ 84,500,688</u> | <u>\$ 89,767,544</u> | <u>\$ 27,489,189</u> | <u>\$ 28,876,660</u> | <u>\$ 111,989,877</u> | <u>\$ 118,644,204</u> |

The City's total debt decreased by \$6,654,327 (5.61 percent) during the current fiscal year due to the amortization of existing bonds.

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

Standard's & Poor's

| | |
|----------------------------|-----|
| General Obligation Bonds | AA- |
| Certificates of Obligation | AA |

Additional information on the City's long term-debt can be found in *Note 2* on pages 48-53 of this report.

Economic Factors and Next Year's Budget Rates

The City considers many factors in setting the budget. Growth is still a trending occurrence, with Building permits exceeding 1,000 in 2023 and expected to continue at this rate through 2024.

Increased development, new businesses gaining traction, and existing businesses expanding are providing more opportunities for the City. These factors and others have provided support to budget significant increases to property tax and sales tax revenues. Budgeted expenditures have also increased to provide more support to key departments as well as to provide the existing and growing population with capital investments that promote the wellbeing of the City and its citizens.

City of Ennis, Texas
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2023

Requests for Information

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

Basic Financial Statements

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City of Ennis, Texas
Statement of Net Position
September 30, 2023

| | Primary Government | | | Component Unit |
|--|---------------------------|----------------------|-----------------------|-----------------------|
| | Governmental | Business-type | Total | Ennis |
| | Activities | Activities | | Economic |
| Assets | | | | Development |
| | | | | Corporation |
| Cash and cash equivalents | \$ 57,150,322 | \$ 7,754,206 | \$ 64,904,528 | \$ 5,822,980 |
| Receivables (net of allowance for uncollectibles) | 3,327,892 | 1,755,516 | 5,083,408 | 571,474 |
| Lease receivable | 274,288 | 36,341 | 310,629 | - |
| Intergovernmental receivables | 5,905,625 | - | 5,905,625 | - |
| Internal balances | 188,277 | (188,277) | - | - |
| Inventories | 61,177 | 170,981 | 232,158 | - |
| Prepaid items | 5,209,225 | - | 5,209,225 | - |
| Restricted cash and cash equivalents | - | 15,615,475 | 15,615,475 | - |
| Capital and lease assets | | | | |
| Non-depreciable | 13,007,615 | 7,856,982 | 20,864,597 | 3,467,796 |
| Depreciable (net of accumulated depreciation/amortization) | 92,770,578 | 49,689,145 | 142,459,723 | 4,386,642 |
| Total assets | <u>177,894,999</u> | <u>82,690,369</u> | <u>260,585,368</u> | <u>14,248,892</u> |
| Deferred Outflows of Resources | | | | |
| Deferred charges on refunding | 126,370 | - | 126,370 | 49,733 |
| Deferred outflows of resources related to pension | 7,988,601 | 2,017,002 | 10,005,603 | - |
| Deferred outflows of resources related to OPEB | 233,476 | 26,166 | 259,642 | - |
| Total deferred outflows of resources | <u>8,348,447</u> | <u>2,043,168</u> | <u>10,391,615</u> | <u>49,733</u> |
| Liabilities | | | | |
| Accounts payable and other current liabilities | 3,730,754 | 2,730,226 | 6,460,980 | 65,959 |
| Accrued payroll payable | 822,489 | 212,109 | 1,034,598 | - |
| Accrued interest payable | 599,016 | 167,676 | 766,692 | 11,830 |
| Line of credit | 6,251,070 | - | 6,251,070 | - |
| Customer deposits payable | - | 737,490 | 737,490 | - |
| Noncurrent liabilities: | | | | |
| Due within one year | 5,918,292 | 1,359,393 | 7,277,685 | 643,486 |
| Due in more than one year | 96,960,820 | 31,279,211 | 128,240,031 | 4,514,889 |
| Total liabilities | <u>114,282,441</u> | <u>36,486,105</u> | <u>150,768,546</u> | <u>5,236,164</u> |
| Deferred Inflows of Resources | | | | |
| Deferred inflows of resources related to pension | 134,201 | 44,837 | 179,038 | - |
| Deferred inflows of resources related to OPEB | 379,091 | 62,196 | 441,287 | - |
| Deferred inflows of resources related to leases | 251,963 | 35,533 | 287,496 | - |
| Total deferred inflows of resources | <u>765,255</u> | <u>142,566</u> | <u>907,821</u> | <u>-</u> |
| Net Position | | | | |
| Net investment in capital assets | 39,784,516 | 41,649,621 | 81,434,137 | 2,745,796 |
| Restricted for: | | | | |
| Capital projects | 1,981,716 | - | 1,981,716 | - |
| Cultural and recreational | 1,262,006 | - | 1,262,006 | - |
| Debt service | 161,217 | - | 161,217 | - |
| Economic development | - | - | - | 6,316,665 |
| Public safety | 1,121,432 | - | 1,121,432 | - |
| Streets | 1,087,060 | - | 1,087,060 | - |
| Tourism | 573,776 | - | 573,776 | - |
| Health | 11,458,645 | - | 11,458,645 | - |
| Unrestricted | 13,765,382 | 6,455,245 | 20,220,627 | - |
| Total net position | <u>\$ 71,195,750</u> | <u>\$ 48,104,866</u> | <u>\$ 119,300,616</u> | <u>\$ 9,062,461</u> |

City of Ennis, Texas

Statement of Activities

For the Year Ended September 30, 2023

| Function/Programs | Program Revenues | | | | | | Net (Expense) Revenue and Changes in Net Position | | | Component Unit | |
|--|----------------------|----------------------|------------------------------------|------------------------------------|----------------------------------|----------------------------------|---|--------------------------|---|----------------|----------------------------------|
| | Charges for Services | | | Operating Grants and Contributions | | Capital Grants and Contributions | Governmental Activities | | Primary Government Business-type Activities | | Economic Development Corporation |
| | Expenses | Charges for Services | Operating Grants and Contributions | Operating Grants and Contributions | Capital Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total | Total | Total |
| Primary Government | | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | | |
| General government | \$ 8,963,262 | \$ 509,810 | \$ 1,468,417 | \$ 10,052 | \$ - | \$ (6,974,983) | \$ - | \$ - | \$ (6,974,983) | \$ - | |
| Public safety | 16,648,611 | 567,633 | - | 7,200 | - | (16,073,778) | - | - | (16,073,778) | - | |
| Streets | 6,902,210 | - | - | 5,411,330 | - | (1,490,880) | - | - | (1,490,880) | - | |
| Health | 298,309,815 | 306,457,836 | - | - | - | 8,148,021 | - | - | 8,148,021 | - | |
| Equipment services | 310,039 | - | - | - | - | (310,039) | - | - | (310,039) | - | |
| Cultural and recreational | 2,632,593 | 66,938 | - | 103,632 | - | (2,462,023) | - | - | (2,462,023) | - | |
| Hospital | 716,788 | 555,298 | - | - | - | (161,490) | - | - | (161,490) | - | |
| Public works | 797,406 | - | - | - | - | (797,406) | - | - | (797,406) | - | |
| Interest | 3,224,991 | - | - | - | - | (3,224,991) | - | - | (3,224,991) | - | |
| Total governmental activities | 338,505,715 | 308,157,515 | 1,468,417 | 5,532,214 | - | (23,347,569) | - | - | (23,347,569) | - | |
| Business-type activities: | | | | | | | | | | | |
| Utility | 12,370,761 | 13,181,315 | - | 1,959,294 | - | - | 2,769,848 | 2,769,848 | 2,769,848 | - | |
| Sanitation | 1,666,962 | 1,822,276 | - | - | - | - | 155,314 | 155,314 | 155,314 | - | |
| Airport | 252,448 | 209,417 | - | - | - | - | (43,031) | (43,031) | (43,031) | - | |
| Total business-type activities | 14,290,171 | 15,213,008 | - | 1,959,294 | - | - | 2,882,131 | 2,882,131 | 2,882,131 | - | |
| Total primary government | \$ 352,795,886 | \$ 323,370,523 | \$ 1,468,417 | \$ 7,491,508 | \$ - | \$ (23,347,569) | \$ 2,882,131 | \$ (20,465,438) | \$ - | \$ - | |
| Component Units | | | | | | | | | | | |
| Ennis Economic Development Corporation | \$ 5,069,580 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (5,069,580) | |
| Total component units | \$ 5,069,580 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (5,069,580) | |
| General Revenues and Transfers | | | | | | | | | | | |
| Property taxes | | | | | | 19,450,555 | - | - | 19,450,555 | - | |
| Sales taxes | | | | | | 10,360,250 | - | - | 10,360,250 | 3,450,083 | |
| Franchise taxes | | | | | | 2,037,382 | - | - | 2,037,382 | - | |
| Hotel occupancy taxes | | | | | | 533,543 | - | - | 533,543 | - | |
| Alcoholic beverage taxes | | | | | | 93,764 | - | - | 93,764 | - | |
| Grants not restricted to specific programs | | | | | | - | 2,276,597 | 2,276,597 | - | - | |
| Investment earnings | | | | | | 345,584 | 169,958 | 515,542 | 160,283 | - | |
| Gain on sale of capital asset | | | | | | 236,193 | - | 236,193 | - | - | |
| Miscellaneous | | | | | | 434,456 | - | 434,456 | 17,600 | - | |
| Transfers | | | | | | 991,075 | (991,075) | - | - | - | |
| Total general revenues and transfers | | | | | | 34,482,802 | 1,455,480 | 35,938,282 | 3,627,966 | - | |
| Change in net position | | | | | | 11,135,233 | 4,337,611 | 15,472,844 | (1,441,614) | - | |
| Net Position – Beginning | | | | | | 60,060,517 | 43,767,255 | 103,827,772 | 10,504,075 | - | |
| Net Position – Ending | | | | | | \$ 71,195,750 | \$ 48,104,866 | \$ 119,300,616 | \$ 9,062,461 | \$ - | |

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

City of Ennis, Texas
Balance Sheet
Governmental Funds
September 30, 2023

| Assets | General | QIPP | General Capital Projects | Debt Service | Total Nonmajor Funds | Total Governmental Funds |
|--|----------------------|----------------------|---|-------------------------|-------------------------------------|---|
| Cash and cash equivalents | \$ 9,757,124 | \$ 13,477,734 | \$ 24,923,692 | \$ 150,070 | \$ 5,566,461 | \$ 53,875,081 |
| Receivables (net of allowance for uncollectibles) | 2,535,555 | - | - | 124,240 | 668,097 | 3,327,892 |
| Lease receivable | 274,288 | - | - | - | - | 274,288 |
| Intergovernmental receivables | - | 5,905,625 | - | - | - | 5,905,625 |
| Due from other funds | 197,281 | - | - | - | - | 197,281 |
| Inventories | 61,177 | - | - | - | - | 61,177 |
| Prepaid items | - | 5,209,225 | - | - | - | 5,209,225 |
| Total assets | \$ 12,825,425 | \$ 24,592,584 | \$ 24,923,692 | \$ 274,310 | \$ 6,234,558 | \$ 68,850,569 |
| Liabilities | | | | | | |
| Accounts payable | \$ 844,336 | \$ 1,512,158 | \$ 1,173,650 | \$ - | \$ 160,932 | \$ 3,691,076 |
| Accrued payroll payable | 896,513 | - | - | - | 9,811 | 906,324 |
| Due to other funds | 17,211 | - | - | - | 5,562 | 22,773 |
| Accrued interest payable | - | 161,486 | - | - | - | 161,486 |
| Line of credit | - | 6,251,070 | - | - | - | 6,251,070 |
| Total liabilities | 1,758,060 | 7,924,714 | 1,173,650 | - | 176,305 | 11,032,729 |
| Deferred Inflows of Resources | | | | | | |
| Unavailable revenue – property taxes | 171,714 | - | - | 113,093 | 8,859 | 293,666 |
| Unavailable revenue – court | 138,426 | - | - | - | - | 138,426 |
| Unavailable revenue – other | 66,702 | - | - | - | - | 66,702 |
| Lease related | 251,963 | - | - | - | - | 251,963 |
| Total deferred inflows of resources | 628,805 | - | - | 113,093 | 8,859 | 750,757 |
| Fund Balances (Deficit) | | | | | | |
| Nonspendable | | | | | | |
| Endowment | - | - | - | - | 28,966 | 28,966 |
| Inventories | 61,177 | - | - | - | - | 61,177 |
| Prepaid items | - | 5,209,225 | - | - | - | 5,209,225 |
| Restricted | | | | | | |
| Capital projects | - | - | 23,750,042 | - | 1,981,716 | 25,731,758 |
| Cultural and recreational | - | - | - | - | 1,262,006 | 1,262,006 |
| Debt service | - | - | - | 161,217 | - | 161,217 |
| Public safety | - | - | - | - | 1,121,432 | 1,121,432 |
| Streets | - | - | - | - | 1,087,060 | 1,087,060 |
| Tourism | - | - | - | - | 573,776 | 573,776 |
| Health | - | 11,458,645 | - | - | - | 11,458,645 |
| Unassigned (deficit) | 10,377,383 | - | - | - | (5,562) | 10,371,821 |
| Total fund balances | 10,438,560 | 16,667,870 | 23,750,042 | 161,217 | 6,049,394 | 57,067,083 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 12,825,425 | \$ 24,592,584 | \$ 24,923,692 | \$ 274,310 | \$ 6,234,558 | \$ 68,850,569 |

City of Ennis, Texas
Reconciliation of the Balance Sheet - Governmental Funds to the
Government-wide Statement of Net Position
September 30, 2023

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

| | | |
|---|----|--------------------------|
| Total fund balances - governmental funds | \$ | 57,067,083 |
| Capital and lease assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | 105,778,193 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. | | 498,794 |
| Deferred outflows of resources related to deferred charges on refundings, pension and OPEB are not reported in the governmental funds: | | |
| Deferred charges on refunding | \$ | 126,370 |
| Deferred outflows of resources related to pension | | 7,988,601 |
| Deferred outflows of resources related to OPEB | | <u>233,476</u> |
| | | 8,348,447 |
| Internal service funds are used by management to charge the cost of self-insurance and fleet maintenance to individual funds. A portion of the assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. | | 2,713,992 |
| Interest payable on long-term debt does not require current financial resources. Therefore, interest payable on long-term debt is not reported as a liability in the governmental funds balance sheet. | | (437,530) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| Due within one year | | (5,918,292) |
| Due in more than one year | | <u>(96,341,645)</u> |
| | | (102,259,937) |
| Deferred inflows of resources related to pension and OPEB are not reported in the governmental funds: | | |
| Deferred inflows of resources related to pension | | (134,201) |
| Deferred inflows of resources related to OPEB | | <u>(379,091)</u> |
| | | (513,292) |
| Net position of governmental activities | \$ | <u><u>71,195,750</u></u> |

City of Ennis, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2023

| Revenues | General | QIPP | General Capital Projects | Debt Service | Total Nonmajor Funds | Total Governmental Funds |
|--|----------------------|----------------------|---|-------------------------|-------------------------------------|---|
| Property taxes | \$ 11,144,223 | \$ - | \$ - | \$ 7,055,174 | \$ 1,114,050 | \$ 19,313,447 |
| Sales taxes | 6,946,765 | - | - | - | 3,413,485 | 10,360,250 |
| Franchise taxes | 2,037,382 | - | - | - | - | 2,037,382 |
| Hotel occupancy taxes | - | - | - | - | 533,543 | 533,543 |
| Alcoholic beverage taxes | 93,764 | - | - | - | - | 93,764 |
| Licenses and permits | 1,453,090 | - | - | - | - | 1,453,090 |
| Fines and forfeitures | 245,640 | - | - | - | 15,636 | 261,276 |
| Charges for services | 249,416 | 306,208,420 | - | - | - | 306,457,836 |
| Investment earnings | 202,048 | 35,738 | 90,008 | 4,237 | 13,553 | 345,584 |
| Miscellaneous | 424,013 | - | - | - | 10,443 | 434,456 |
| Intergovernmental | 1,397,560 | 70,857 | - | - | - | 1,468,417 |
| Contributions and donations | - | - | - | - | 120,884 | 120,884 |
| Total revenues | 24,193,901 | 306,315,015 | 90,008 | 7,059,411 | 5,221,594 | 342,879,929 |
| Expenditures | | | | | | |
| Current | | | | | | |
| General government | 6,879,081 | - | - | - | 328,943 | 7,208,024 |
| Public safety | 14,155,040 | - | - | - | 1,201,851 | 15,356,891 |
| Streets | 1,108,461 | - | 1,469,198 | - | 2,038,376 | 4,616,035 |
| Health | 650,469 | 298,204,329 | - | - | - | 298,854,798 |
| Equipment services | 271,091 | - | - | - | - | 271,091 |
| Cultural and recreational | 2,030,967 | - | - | - | 7,812 | 2,038,779 |
| Public works | 666,705 | - | - | - | - | 666,705 |
| Capital outlay | 5,203,264 | - | 4,264,684 | - | 57,898 | 9,525,846 |
| Debt service: | | | | | | |
| Principal retirement | 36,996 | - | - | 4,980,000 | - | 5,016,996 |
| Interest and fiscal charges | - | 812,343 | - | 2,723,479 | - | 3,535,822 |
| Total expenditures | 31,002,074 | 299,016,672 | 5,733,882 | 7,703,479 | 3,634,880 | 347,090,987 |
| Excess (deficiency) of revenues over (under) expenditures | (6,808,173) | 7,298,343 | (5,643,874) | (644,068) | 1,586,714 | (4,211,058) |
| Other Financing Sources (Uses) | | | | | | |
| Transfers in | 2,649,434 | - | 850,000 | 699,688 | - | 4,199,122 |
| Transfers out | (629,478) | (571,783) | (47,598) | - | (2,236,188) | (3,485,047) |
| Leases issued | 295,123 | - | - | - | - | 295,123 |
| Sale of capital assets | 5,512 | - | - | - | 3,690 | 9,202 |
| Total other financing sources (uses) | 2,320,591 | (571,783) | 802,402 | 699,688 | (2,232,498) | 1,018,400 |
| Net change in fund balances | (4,487,582) | 6,726,560 | (4,841,472) | 55,620 | (645,784) | (3,192,658) |
| Fund Balances, Beginning | 14,926,142 | 9,941,310 | 28,591,514 | 105,597 | 6,695,178 | 60,259,741 |
| Fund Balances, Ending | \$ 10,438,560 | \$ 16,667,870 | \$ 23,750,042 | \$ 161,217 | \$ 6,049,394 | \$ 57,067,083 |

City of Ennis, Texas
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2023

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

| | | |
|--|-----------|-------------|
| Net Change in Fund Balances - total governmental funds | \$ | (3,192,658) |
| Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount of capital outlay recorded as capital and lease assets in the current period. | | 9,525,845 |
| Governmental funds do not recognize contributed capital assets. However, in the statement of activities the acquisition value of those assets are recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense. | | 5,411,330 |
| The net effect of various miscellaneous transactions involving capital assets (i.e., asset retirements/disposals) is a decrease net position. | | (97,391) |
| Depreciation/amortization expense on capital and lease assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation/amortization expense is not reported as an expenditure in governmental funds. | | (5,543,534) |
| The issuance of long-term debt (i.e. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | | |
| Leases issued | (295,123) | |
| Principal payments on leases | 36,996 | |
| Bond principal retirement | 4,980,000 | |
| Amortization of bond premiums/discounts | 343,257 | |
| Amortization of deferred charge on refunding | (55,641) | |
| Development agreement payable retirement | 544,983 | 5,554,472 |
| Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources; therefore, accrued interest expense on long-term debt is not reported as expenditures in governmental funds. This represents the change in accrued interest during the current period. | | 23,215 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the net change during the year for this revenue sources. | | (58,145) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. | | |
| Changes in pension liabilities and related deferred outflows and inflows of resources | (860,458) | |
| Changes in OPEB liabilities and related deferred outflows and inflows of resources | (5,704) | (866,162) |
| The internal service funds are used by management to charge the costs of self-insurance and fleet maintenance to individual funds. A portion of the net revenue or expense of the internal service funds is reported with governmental activities. | | 378,261 |
| Change in net position of governmental activities | \$ | 11,135,233 |

City of Ennis, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended September 30, 2023

| Revenues | Budgeted Amounts | | Actual | Variance with |
|---|----------------------|---------------------|----------------------|---------------------|
| | Original | Final | GAAP Basis | Final Budget |
| Property taxes | \$ 10,509,320 | \$ 10,509,320 | \$ 11,144,223 | \$ 634,903 |
| Sales taxes | 6,300,000 | 6,300,000 | 6,946,765 | 646,765 |
| Franchise taxes | 1,827,000 | 1,827,000 | 2,037,382 | 210,382 |
| Alcoholic beverage taxes | 80,000 | 80,000 | 93,764 | 13,764 |
| Licenses and permits | 1,302,019 | 1,302,019 | 1,453,090 | 151,071 |
| Fines and forfeitures | 237,607 | 237,607 | 245,640 | 8,033 |
| Charges for services | 221,474 | 221,474 | 249,416 | 27,942 |
| Investment earnings | 45,730 | 45,730 | 202,048 | 156,318 |
| Miscellaneous | 196,561 | 196,561 | 424,013 | 227,452 |
| Intergovernmental | 12,800 | 12,800 | 1,397,560 | 1,384,760 |
| Total revenues | 20,732,511 | 20,732,511 | 24,193,901 | 3,461,390 |
| Expenditures | | | | |
| Current: | | | | |
| General government: | | | | |
| City Secretary | 331,721 | 331,721 | 394,138 | (62,417) |
| Administration | 534,001 | 534,001 | 615,972 | (81,971) |
| Downtown Development | 621,822 | 739,462 | 662,626 | 76,836 |
| Communication and Marketing | 220,295 | 235,020 | 197,172 | 37,848 |
| Ennis Cares | 176,174 | 297,957 | 289,712 | 8,245 |
| Finance | 558,811 | 558,811 | 449,324 | 109,487 |
| Economic development | 312,606 | 353,045 | 385,919 | (32,874) |
| Information technology | 419,920 | 419,920 | 430,208 | (10,288) |
| Human resources | 410,619 | 410,619 | 403,370 | 7,249 |
| Nondepartmental | 6,568,408 | 6,941,012 | 3,050,640 | 3,890,372 |
| Total general government | 10,154,376 | 10,821,567 | 6,879,081 | 3,942,486 |
| Public safety: | | | | |
| Police protection | 6,517,165 | 6,814,078 | 6,769,478 | 44,600 |
| Judicial | 372,461 | 372,461 | 352,299 | 20,162 |
| Fire protection | 6,197,996 | 6,252,717 | 6,161,546 | 91,171 |
| Planning and inspection | 936,281 | 936,281 | 871,717 | 64,564 |
| Total public safety | 14,023,903 | 14,375,537 | 14,155,040 | 220,497 |
| Streets | 1,259,992 | 1,311,882 | 1,108,461 | 203,421 |
| Health | 665,037 | 685,037 | 650,469 | 34,568 |
| Equipment services | 335,005 | 552,537 | 271,091 | 281,446 |
| Cultural and recreational: | | | | |
| Parks and recreation | 1,346,330 | 1,421,330 | 1,376,036 | 45,294 |
| Library | 564,010 | 588,830 | 546,940 | 41,890 |
| Museum | 111,181 | 111,181 | 107,991 | 3,190 |
| Total cultural and recreational | 2,021,521 | 2,121,341 | 2,030,967 | 90,374 |
| Public works | 342,436 | 342,436 | 666,705 | (324,269) |
| Capital outlay | - | - | 5,203,264 | (5,203,264) |
| Debt service: | | | | |
| Principal retirement | - | - | 36,996 | (36,996) |
| Total debt service | - | - | 36,996 | (36,996) |
| Total expenditures | 28,802,270 | 30,210,338 | 31,002,074 | (791,736) |
| Excess (deficiency) of revenues over (under) expenditures | (8,069,759) | (9,477,827) | (6,808,173) | 4,253,126 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 3,701,351 | 3,989,873 | 2,649,434 | 1,340,439 |
| Transfers out | - | - | (629,478) | 629,478 |
| Leases issued | - | - | 295,123 | (295,123) |
| Sale of capital assets | - | - | 5,512 | 5,512 |
| Total other financing sources and uses | 3,701,351 | 3,989,873 | 2,320,591 | 1,680,306 |
| Net change in fund balance | (4,368,408) | (5,487,954) | (4,487,582) | 5,933,432 |
| Fund Balance, Beginning | 14,926,142 | 14,926,142 | 14,926,142 | - |
| Fund Balance, Ending | \$ 10,557,734 | \$ 9,438,188 | \$ 10,438,560 | \$ 5,933,432 |

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

City of Ennis, Texas
Statement of Net Position
Proprietary Funds
September 30, 2023

| Assets | Business-type Activities - Enterprise | | | Governmental |
|---|---------------------------------------|--------------|---------------|--------------|
| | | Nonmajor | Total | Activities |
| | Utility | Enterprise | Enterprise | Internal |
| | Funds | Funds | Service Fund | |
| Current Assets | | | | |
| Cash and cash equivalents | \$ 6,312,083 | \$ 623,313 | \$ 6,935,396 | \$ 4,094,051 |
| Restricted cash and cash equivalents - bond construction | 15,615,475 | - | 15,615,475 | - |
| Receivables (net of allowance for uncollectibles) | 1,541,634 | 213,882 | 1,755,516 | - |
| Lease receivable | - | 36,341 | 36,341 | - |
| Due from other funds | - | - | - | 17,211 |
| Inventories | 142,686 | 28,295 | 170,981 | - |
| Total current assets | 23,611,878 | 901,831 | 24,513,709 | 4,111,262 |
| Noncurrent Assets | | | | |
| Capital and lease assets (net of accumulated depreciation/amortization) | 55,383,315 | 2,162,812 | 57,546,127 | - |
| Total noncurrent assets | 55,383,315 | 2,162,812 | 57,546,127 | - |
| Total assets | 78,995,193 | 3,064,643 | 82,059,836 | 4,111,262 |
| Deferred Outflows of Resources | | | | |
| Deferred outflows of resources related to pension | 1,514,586 | 502,416 | 2,017,002 | - |
| Deferred outflows of resources related to OPEB | 19,888 | 6,278 | 26,166 | - |
| Total deferred outflows of resources | 1,534,474 | 508,694 | 2,043,168 | - |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Accounts payable | 2,543,792 | 42,680 | 2,586,472 | 49,597 |
| Accrued payroll payable | 163,717 | 48,392 | 212,109 | - |
| Claims payable | - | - | - | 669,175 |
| Due to other funds | - | 191,719 | 191,719 | - |
| Customer deposits payable | 737,490 | - | 737,490 | - |
| Bonds payable | 1,335,000 | - | 1,335,000 | - |
| Lease payable | 24,393 | - | 24,393 | - |
| Accrued interest payable | 167,676 | - | 167,676 | - |
| Total current liabilities | 4,972,068 | 282,791 | 5,254,859 | 718,772 |
| Noncurrent Liabilities | | | | |
| Bonds payable | 27,921,797 | - | 27,921,797 | - |
| Lease payable | 99,796 | - | 99,796 | - |
| Net pension liability | 2,353,903 | 784,018 | 3,137,921 | - |
| Total OPEB liability | 89,773 | 29,924 | 119,697 | - |
| Total noncurrent liabilities | 30,465,269 | 813,942 | 31,279,211 | - |
| Total liabilities | 35,437,337 | 1,096,733 | 36,534,070 | 718,772 |
| Deferred Inflows of Resources | | | | |
| Deferred inflows of resources related to pension | 33,310 | 11,527 | 44,837 | - |
| Deferred inflows of resources related to OPEB | 46,653 | 15,543 | 62,196 | - |
| Deferred inflows of resources related to leases | - | 35,533 | 35,533 | - |
| Total deferred inflows of resources | 79,963 | 62,603 | 142,566 | - |
| Net Position | | | | |
| Net investment in capital assets | 39,486,809 | 2,162,812 | 41,649,621 | - |
| Unrestricted | 5,525,558 | 251,189 | 5,776,747 | 3,392,490 |
| Total net position | \$ 45,012,367 | \$ 2,414,001 | 47,426,368 | \$ 3,392,490 |
| Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the enterprise funds over time. | | | 678,498 | |
| Net position of business-type activities | | | \$ 48,104,866 | |

City of Ennis, Texas
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2023

| | Business-type Activities – Enterprise | | | Governmental |
|---|--|--|---------------------------------------|--|
| | Utility | Nonmajor Enterprise Funds | Total Enterprise Funds | Activities Internal Service Funds |
| Operating Revenues | | | | |
| Water revenue | \$ 7,526,156 | \$ - | \$ 7,526,156 | \$ - |
| Sewer revenue | 5,392,415 | - | 5,392,415 | - |
| Sanitation revenue | - | 1,822,276 | 1,822,276 | - |
| Airport revenue | - | 209,417 | 209,417 | - |
| Other revenue | 237,429 | - | 237,429 | - |
| Charges for insurance and services | - | - | - | 4,689,680 |
| Total operating revenues | <u>13,156,000</u> | <u>2,031,693</u> | <u>15,187,693</u> | <u>4,689,680</u> |
| Operating Expenses | | | | |
| Personnel | 3,655,043 | 1,026,794 | 4,681,837 | - |
| Supplies | 1,498,716 | 271,359 | 1,770,075 | - |
| Maintenance and replacement | 1,095,764 | 188,966 | 1,284,730 | 504,609 |
| Miscellaneous services | 1,543,371 | 118,655 | 1,662,026 | - |
| Insurance claims and expenses | - | - | - | 4,463,972 |
| Depreciation and amortization | 3,571,165 | 313,636 | 3,884,801 | - |
| Total operating expenses | <u>11,364,059</u> | <u>1,919,410</u> | <u>13,283,469</u> | <u>4,968,581</u> |
| Operating income (loss) | <u>1,791,941</u> | <u>112,283</u> | <u>1,904,224</u> | <u>(278,901)</u> |
| Nonoperating Revenue (Expenses) | | | | |
| Investment earnings | 168,718 | - | 168,718 | - |
| Gain (loss) on disposal of property | (4,293) | - | (4,293) | 405,477 |
| Interest expense | (1,002,409) | - | (1,002,409) | - |
| Interest income | - | 1,240 | 1,240 | - |
| Intergovernmental revenue | 2,276,597 | - | 2,276,597 | - |
| Total nonoperating revenue (expenses) | <u>1,438,613</u> | <u>1,240</u> | <u>1,439,853</u> | <u>405,477</u> |
| Income before contributions and transfers | 3,230,554 | 113,523 | 3,344,077 | 126,576 |
| Capital contributions | 1,959,294 | - | 1,959,294 | - |
| Transfers in | - | 77,598 | 77,598 | 699,313 |
| Transfers out | (944,905) | (193,018) | (1,137,923) | (353,063) |
| Change in net position | 4,244,943 | (1,897) | 4,243,046 | 472,826 |
| Net position – beginning | <u>40,767,424</u> | <u>2,415,898</u> | <u>43,183,322</u> | <u>2,919,664</u> |
| Net position – ending | <u>\$ 45,012,367</u> | <u>\$ 2,414,001</u> | <u>47,426,368</u> | <u>\$ 3,392,490</u> |

Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the enterprise funds over time.

94,565

Change in net position of business-type activities

\$ 4,337,611

City of Ennis, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2023

| | Business-type Activities – Enterprise | | | Governmental |
|---|--|--|---------------------------------------|---|
| | Utility | Nonmajor Enterprise Funds | Total Enterprise Funds | Activities Internal Service Fund |
| Cash Flows From Operating Activities | | | | |
| Receipts from customers | \$ 12,894,697 | \$ 2,020,379 | \$ 14,915,076 | \$ - |
| Receipts from interfund charges for insurance and services | - | - | - | 4,689,680 |
| Payments to suppliers and service providers | (4,020,110) | (583,045) | (4,603,155) | (4,910,920) |
| Payments to employees for salaries and benefits | (3,468,482) | (955,619) | (4,424,101) | - |
| Net cash provided by (used for) operating activities | <u>5,406,105</u> | <u>481,715</u> | <u>5,887,820</u> | <u>(221,240)</u> |
| Cash Flows From Noncapital Financing Activities | | | | |
| Transfers from other funds | - | 86,743 | 86,743 | 699,313 |
| Transfers to other funds | (944,905) | (193,018) | (1,137,923) | (381,666) |
| Net cash provided by (used for) noncapital financing activities | <u>(944,905)</u> | <u>(106,275)</u> | <u>(1,051,180)</u> | <u>317,647</u> |
| Cash Flows From Capital And Related Financing Activities | | | | |
| Acquisition and construction of capital assets | (4,778,711) | (195,853) | (4,974,564) | - |
| Proceeds from disposal of capital assets | 7,159 | - | 7,159 | 405,477 |
| Principal paid on bond maturities | (1,375,000) | - | (1,375,000) | - |
| Principal paid on leases | (12,471) | - | (12,471) | - |
| Interest income | - | 1,240 | 1,240 | - |
| Interest and fiscal charges paid on bonds | (1,110,363) | - | (1,110,363) | - |
| Net cash provided by (used for) capital and related financing activities | <u>(7,269,386)</u> | <u>(194,613)</u> | <u>(7,463,999)</u> | <u>405,477</u> |
| Cash Flows From Investing Activities | | | | |
| Interest on investments | 168,718 | - | 168,718 | - |
| Net cash provided by investing activities | <u>168,718</u> | <u>-</u> | <u>168,718</u> | <u>-</u> |
| Net increase (decrease) in cash and cash equivalents | (2,639,468) | 180,827 | (2,458,641) | 501,884 |
| Cash and cash equivalents, October 1 (includes \$19,213,464 reported in restricted cash) | 24,567,026 | 442,486 | 25,009,512 | 3,592,167 |
| Cash and cash equivalents, September 30 (includes \$15,615,475 reported in restricted cash) | <u>\$ 21,927,558</u> | <u>\$ 623,313</u> | <u>\$ 22,550,871</u> | <u>\$ 4,094,051</u> |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | | | | |
| Operating income (loss) | \$ 1,791,941 | \$ 112,283 | \$ 1,904,224 | \$ (278,901) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 3,571,165 | 313,636 | 3,884,801 | - |
| (Increase) decrease in accounts receivable | (261,303) | (11,314) | (272,617) | - |
| (Increase) decrease in lease receivable | - | (36,341) | (36,341) | - |
| (Increase) decrease in inventory | (8,830) | - | (8,830) | - |
| (Increase) decrease in pension related deferred outflows of resources | (1,031,804) | (343,222) | (1,375,026) | - |
| (Increase) decrease in OPEB related deferred outflows of resources | 33,117 | 11,046 | 44,163 | - |
| Increase (decrease) in accounts payable | 59,291 | (3,257) | 56,034 | 49,597 |
| Increase (decrease) in accrued payroll payable | 24,158 | 16,441 | 40,599 | - |
| Increase (decrease) in claims payable | - | - | - | 8,064 |
| Increase (decrease) in customer deposits | 67,280 | - | 67,280 | - |
| Increase (decrease) in pension related deferred inflows of resources | (734,909) | (245,082) | (979,991) | - |
| Increase (decrease) in OPEB related deferred inflows of resources | 6,937 | 2,305 | 9,242 | - |
| Increase (decrease) in lease related deferred inflows of resources | - | 35,533 | 35,533 | - |
| Increase (decrease) in net pension liability | 1,928,048 | 642,683 | 2,570,731 | - |
| Increase (decrease) in OPEB liability | (38,986) | (12,996) | (51,982) | - |
| Total adjustments | <u>3,614,164</u> | <u>369,432</u> | <u>3,983,596</u> | <u>57,661</u> |
| Net cash provided by (used for) operating activities | <u>\$ 5,406,105</u> | <u>\$ 481,715</u> | <u>\$ 5,887,820</u> | <u>\$ (221,240)</u> |
| Schedule of Non-cash Transactions | | | | |
| Contributions of capital assets | \$ 1,959,294 | \$ - | \$ 1,959,294 | \$ - |
| Capital assets included in accounts payable | \$ 2,130,995 | \$ - | \$ 2,130,995 | \$ - |

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

City of Ennis, Texas
Notes to the Financial Statements
September 30, 2023

Note 1: Summary of Significant Accounting Policies

Description of Government-wide Financial Statements

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

Reporting Entity

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

Blended Component Unit. Blended component units, although legally separate entities, are included as part of the primary government because they meet the above criteria as well as serve or benefit the City exclusively. Blended component units of the City include the Ennis Tax Increment Reinvestment Zone #1, Ennis Tax Increment Reinvestment Zone #2, the Ennis Tax Increment Reinvestment Zone #3, and Crime Control and Prevention District (CCPD).

The purpose of each Zone is to capture increments of growth in real property values in the Zone from base values and use the ad valorem taxes derived from these increments to contribute to the zoned area. Tax funds derived from the increment can only be spent for public improvements in the Zone. The City has financial accountability because it has operational responsibility for each Zone. Each Zone is reported as a nonmajor special revenue fund and does not issue separate financial statements.

The (CCPD) was formed under Chapter 363 of the Texas Local Government Code, the *Crime Control and Prevention Act*. The CCPD is organized exclusively to act on behalf of the City to finance crime control within the City. The CCPD is governed by a seven member board appointed by the City Council. The CCPD provides services entirely, or almost entirely to the primary government. The CCPD is reported as a nonmajor special revenue fund and does not issue separate financial statements.

City of Ennis, Texas
Notes to the Financial Statements
September 30, 2023

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

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

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

City of Ennis
107 North Sherman Street
Ennis, Texas 75120

Basis of Presentation

Government-wide Financial Statements

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

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

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

City of Ennis, Texas
Notes to the Financial Statements
September 30, 2023

Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major enterprise fund:

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

Additionally, the City reports the following fund type:

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

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

City of Ennis, Texas
Notes to the Financial Statements
September 30, 2023

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

Measurement Focus and Basis of Accounting

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

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

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

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

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

City of Ennis, Texas
Notes to the Financial Statements
September 30, 2023

Budgetary Information

Budgetary Basis of Accounting

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

Excess of Expenditures Over Appropriations

For the year ended September 30, 2023, the General Fund's expenditures exceeded appropriations by \$791,736. The excess expenditures are due to additional personnel costs and related software and equipment.

Cash and Cash Equivalents

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

External Investment Pools

Investments for the City are reported at fair value (generally based on quoted market prices) except for the position in TexPool. In accordance with state law, TexPool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the *Investment Company Act of 1940*, as amended. Investments in TexPool are carried at amortized cost and are reported as cash equivalents in the accompanying financial statements. TexPool is subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

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

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

City of Ennis, Texas
Notes to the Financial Statements
September 30, 2023

Restricted Assets

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

Inventories and Prepaid Items

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

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

Lease Receivable

The City is a lessor for noncancellable leases related to cellular towers and parking lot space. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines: (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

City of Ennis, Texas
Notes to the Financial Statements
September 30, 2023

Capital and Lease Assets

Capital and lease assets, which include property, plant, equipment, vehicles, 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 and lease assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

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

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

| Capital and Lease Asset Classes | Lives |
|--|--------------|
| Buildings | 7-50 |
| Improvements | 7-50 |
| Machinery and equipment | 5-30 |
| Vehicles | 5-7 |
| Infrastructure | 10-50 |
| Water rights | 30 |

Deferred Outflows/Inflows of Resources

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

City of Ennis, Texas
Notes to the Financial Statements
September 30, 2023

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources reported in the City's various statements of net position include: (1) changes in actuarial assumptions of the City's OPEB plan; (2) the difference between expected and actual experience data used by the actuary for the pension plan; and (3) the initial value of the lease receivable under GASB 87 systematically reduced and recognized as lease revenue over the term of the lease. In its governmental funds, the City reports deferred inflow of resources for revenues that are not considered available and leases. The City will not recognize the related revenues until they are available (collected no later than 60 days after the end of the City's fiscal year) under the modified accrual basis of accounting. Accordingly, unavailable revenues from property taxes, court, and intergovernmental revenues are reported in the governmental funds balance sheet.

Long-term Obligations

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

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

Lease Liability

The City is a lessee for noncancellable leases of buildings and vehicles. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life for lease term, whichever is shorter.

City of Ennis, Texas
Notes to the Financial Statements
September 30, 2023

Key estimates and judgments related to leases include how the City determines: (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) 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 for leases.
- 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 purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital and lease assets and lease liabilities are reported with long-term liabilities on the statement of net position.

Pensions and Other Post-Employment Benefits (OPEB)

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

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

City of Ennis, Texas
Notes to the Financial Statements
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Net Position Flow Assumption

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

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

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

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

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

Fund Balance Flow Assumption

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

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

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

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

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

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

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

Library Endowment

Under terms of the endowment, and consistent with State statutes, the City is authorized on a total-return policy to spend the net appreciation for the benefit of the Ennis Public Library. All available net appreciation has been expended as of September 30, 2023.

Deficit Fund Equity

As of September 30, 2023, the Court Technology fund, a nonmajor governmental fund, has a deficit fund balance of \$5,562.

Revenues and Expenditures/Expenses

Program Revenues

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

City of Ennis, Texas
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Property Taxes

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

Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

Self-Insurance

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

City of Ennis, Texas
Notes to the Financial Statements
September 30, 2023

Adoption of New Accounting Standards

During fiscal year 2023, the City adopted the following GASB standards:

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This standard addresses the gap in current accounting guidance related to public-private and public-public partnerships (both referred to as PPPs) that do not meet the definition of a service concession arrangement. The adoption of this standard had no impact on the City.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The implementation of this standard establishes a single model for subscription-based information technology arrangements (SBITAs) accounting based on the principle that contracts are financings of the right to use an underlying information technology software asset. The standard requires recognition of certain right-to-use subscription assets and subscription liabilities. The adoption of this standard had no impact on the City.

Note 2: Detailed Notes on All Activities and Funds

Cash Deposits with Financial Institutions

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. The City's deposits were fully insured or collateralized as required by State statutes at September 30, 2023. At year-end, the bank balance of the primary government's deposits was \$81,323,456 with a carrying value of \$80,182,521). Of the bank balance, \$500,000 was covered by federal depository insurance and the remaining balance, \$80,020,003 was covered by collateral pledged in the City's name. The collateral was held in the City's name by the safekeeping department of the pledging bank's agent and had a fair value of approximately \$92,900,844.

Investments

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

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

City of Ennis, Texas
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The table below identifies the investment types that are authorized for the City by the *Public Funds Investment Act* (Government Code Chapter 2256), the “Act”. The table also identifies certain provisions of the City’s investment policy that address credit risk and concentration of credit risk. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

| Investment Type | Amortized Cost | Weighted Average Maturity |
|-----------------|-------------------|------------------------------|
| TexPool | <u>\$ 337,482</u> | 25 Days |

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of September 30, 2023, the City’s investment in TexPool was rated AAA by Standard & Poor’s and Aaa by Moody’s Investors Service.

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

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

Receivables

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

| Receivables | General | Debt Service | Nonmajor Governmental | Utility | Nonmajor Enterprise | Total |
|------------------------------------|---------------------|-------------------|--------------------------|---------------------|------------------------|---------------------|
| Taxes | \$ 2,312,219 | \$ 206,877 | \$ 592,948 | \$ - | \$ - | \$ 3,112,044 |
| Accounts | 104,636 | - | 81,622 | 1,722,217 | 283,165 | 2,191,640 |
| Other | <u>244,171</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>244,171</u> |
| Gross receivables | 2,661,026 | 206,877 | 674,570 | 1,722,217 | 283,165 | 5,547,855 |
| Less: allowance for uncollectibles | <u>(125,471)</u> | <u>(82,637)</u> | <u>(6,473)</u> | <u>(180,583)</u> | <u>(69,283)</u> | <u>(464,447)</u> |
| Net total receivables | <u>\$ 2,535,555</u> | <u>\$ 124,240</u> | <u>\$ 668,097</u> | <u>\$ 1,541,634</u> | <u>\$ 213,882</u> | <u>\$ 5,083,408</u> |

City of Ennis, Texas
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Lease Receivable

The City leases a portion of its property to various cell phone companies and businesses who use the space to conduct their operations, the terms of which expire 2025 through 2032. The measurement of the lease receivable is based on the present value of lease payments expected to be received during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee.

The City recognized \$63,029 in lease revenue and \$27,105 in interest revenue during the current fiscal year related to these leases. As of September 30, 2023, the City's receivable for lease payments was \$310,629. Also, the City has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of September 30, 2023, the balance of the deferred inflow of resources was \$287,496.

The following is a schedule by year of minimum payments to be received under the City's leases that are included in the measurement of the lease receivable as of September 30, 2023:

| Governmental Activities | | | |
|----------------------------------|------------------|-----------------|-----------------------|
| Year Ending September 30, | Principal | Interest | Total Receipts |
| 2024 | \$ 41,691 | \$ 24,584 | \$ 66,275 |
| 2025 | 43,306 | 22,696 | 66,002 |
| 2026 | 45,197 | 21,078 | 66,275 |
| 2027 | 47,453 | 18,822 | 66,275 |
| 2028 | 50,194 | 16,081 | 66,275 |
| 2029-2032 | 46,447 | 27,560 | 74,007 |
| Totals | \$ 274,288 | \$ 130,821 | \$ 405,109 |

| Business-Type Activities | | | |
|----------------------------------|------------------|-----------------|-----------------------|
| Year Ending September 30, | Principal | Interest | Total Receipts |
| 2024 | \$ 17,964 | \$ 836 | \$ 18,800 |
| 2025 | 18,377 | 423 | 18,800 |
| Totals | \$ 36,341 | \$ 1,259 | \$ 37,600 |

City of Ennis, Texas
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Regulated Leases

In accordance with GASB No. 87, the City does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g. the U.S. Department of Transportation and the Federal Aviation Administration, between airports and aeronautical users. Regulated leases include hangars used for aeronautical purposes. The revenue recognized for these leases during the year ended September 30, 2023 was \$556.

The future principal lease receipts for regulated leases as of September 30, 2023, are as follows:

| Year Ending September 30, | Amount |
|---------------------------|----------|
| 2024 | \$ 65 |
| 2025 | 65 |
| 2026 | 66 |
| 2027 | 66 |
| 2028 | 66 |
| 2029-2033 | 354 |
| 2034-2038 | 586 |
| 2039-2043 | 1,808 |
| 2044-2048 | 1,744 |
| 2049-2052 | 2,392 |
| Totals | \$ 7,212 |

City of Ennis, Texas
Notes to the Financial Statements
September 30, 2023

Capital and Lease Assets

Capital and lease asset activity for the year ended September 30, 2023, was as follows:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|----------------------|--------------|-------------|-------------|-------------------|
| Governmental Activities | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 6,424,748 | \$ 20,000 | \$ - | \$ - | \$ 6,444,748 |
| Construction in progress | 4,693,690 | 9,996,764 | - | (8,127,587) | 6,562,867 |
| Total capital assets not being depreciated | 11,118,438 | 10,016,764 | - | (8,127,587) | 13,007,615 |
| Capital and lease assets being depreciated/amortized: | | | | | |
| Buildings | 48,371,437 | 109,175 | - | 5,040,970 | 53,521,582 |
| Lease buildings | 36,514 | - | - | - | 36,514 |
| Improvements | 10,308,837 | 238,439 | - | 3,086,617 | 13,633,893 |
| Machinery and equipment | 17,141,562 | 918,785 | (158,489) | - | 17,901,858 |
| Infrastructure | 68,294,850 | 3,358,889 | - | - | 71,653,739 |
| Lease vehicles | 254,046 | 295,123 | - | - | 549,169 |
| Totals capital and lease assets being depreciated/amortized | 144,407,246 | 4,920,411 | (158,489) | 8,127,587 | 157,296,755 |
| Less accumulated depreciation/amortization for: | | | | | |
| Buildings | (14,606,049) | (1,448,596) | - | - | (16,054,645) |
| Lease buildings | (8,967) | (8,967) | - | - | (17,934) |
| Improvements | (3,279,683) | (1,114,212) | - | - | (4,393,895) |
| Machinery and equipment | (13,775,315) | (1,094,721) | 61,098 | - | (14,808,938) |
| Infrastructure | (27,310,216) | (1,739,746) | - | - | (29,049,962) |
| Lease vehicles | (63,511) | (137,292) | - | - | (200,803) |
| Total accumulated depreciation/amortization | (59,043,741) | (5,543,534) | 61,098 | - | (64,526,177) |
| Total capital and lease assets, being depreciated, net | 85,363,505 | (623,123) | (97,391) | 8,127,587 | 92,770,578 |
| Governmental activities capital and lease assets, net | \$ 96,481,943 | \$ 9,393,641 | \$ (97,391) | \$ - | \$ 105,778,193 |

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

| | |
|---|---------------------|
| Governmental Activities | |
| General government | \$ 485,388 |
| Public safety | 1,291,720 |
| Streets | 2,286,175 |
| Health | 3,490 |
| Equipment services | 38,948 |
| Cultural and recreational | 593,814 |
| Hospital | 713,298 |
| Public works | 130,701 |
| Total depreciation/amortization expense | <u>\$ 5,543,534</u> |

City of Ennis, Texas
Notes to the Financial Statements
September 30, 2023

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|----------------------|--------------|-------------|-------------|-------------------|
| Business-type Activities | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 1,088,290 | \$ - | \$ - | \$ - | \$ 1,088,290 |
| Construction in progress | 4,400,883 | 6,067,898 | - | (3,700,089) | 6,768,692 |
| Total capital assets not being depreciated | 5,489,173 | 6,067,898 | - | (3,700,089) | 7,856,982 |
| Capital and lease assets being depreciated/amortized: | | | | | |
| Buildings | 9,471,488 | 23,273 | - | - | 9,494,761 |
| Improvements | 79,773,001 | 2,576,216 | - | 3,700,089 | 86,049,306 |
| Machinery and equipment | 3,798,654 | 397,466 | (256,880) | - | 3,939,240 |
| Lease vehicles | 139,478 | - | - | - | 139,478 |
| Water rights | 1,001,831 | - | - | - | 1,001,831 |
| Total capital and lease assets being depreciated/amortization | 94,184,452 | 2,996,955 | (256,880) | 3,700,089 | 100,624,616 |
| Less accumulated depreciation/amortization for: | | | | | |
| Buildings | (6,675,556) | (182,148) | - | - | (6,857,704) |
| Improvements | (37,216,924) | (3,168,237) | - | - | (40,385,161) |
| Machinery and equipment | (2,667,472) | (466,152) | 245,428 | - | (2,888,196) |
| Lease vehicles | (34,869) | (34,870) | - | - | (69,739) |
| Water rights | (701,277) | (33,394) | - | - | (734,671) |
| Total accumulated depreciation/amortization | (47,296,098) | (3,884,801) | 245,428 | - | (50,935,471) |
| Total capital and lease assets being depreciated, net | 46,888,354 | (887,846) | (11,452) | 3,700,089 | 49,689,145 |
| Business-type capital and lease assets, net | \$ 52,377,527 | \$ 5,180,052 | \$ (11,452) | \$ - | \$ 57,546,127 |

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

| Business-type Activities | |
|---|---------------------|
| Utility | \$ 3,571,165 |
| Sanitation | 311,543 |
| Airport | 2,093 |
| Total depreciation/amortization expense | <u>\$ 3,884,801</u> |

Construction Commitments

Construction Commitments. The City has active construction projects as of September 30, 2023. The projects include buildings, park improvements, street improvements, infrastructure and water, and sewer improvements. At year-end the City's commitments with contractors are as follows:

| Project | Spent-to-Date | Commitment |
|---------------------------------------|----------------------|----------------------|
| General Construction Projects | \$ 6,562,868 | \$ 9,000,000 |
| Water and Sewer Construction Projects | 6,038,870 | 11,384,042 |
| Sanitation Construction Projects | 729,823 | 150,000 |
| | <u>\$ 13,331,561</u> | <u>\$ 20,534,042</u> |

City of Ennis, Texas
Notes to the Financial Statements
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The park improvements, street improvements, and infrastructure projects are commitments of the City's capital project fund. The projects are being funded by grant proceeds and bond proceeds.

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

Tax Abatements

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

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

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

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

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

| Tax Abatement Program | Amount Abated |
|--|----------------------|
| Chapter 380 Tax Rebates | \$ 770,318 |
| Historic Reinvestment Tax Abatement Refund Program | 54,038 |
| Historic Preservation Tax Reimbursement Program | 25,478 |

The City has also entered into Economic Development Agreements to promote local economic development and to stimulate business and commercial activity in the City. These agreements include provisions for repayment if the recipient fails to fully meet its commitments. The City's agreements were as follows at September 30, 2023:

An agreement to make annual grants in an amount not to exceed the equivalent of 75 percent of the ad valorem real property taxes paid for a period of five consecutive years for Spyglass Gen Par, LC to develop real property and construct thereon improvements for a multi-family residential development. The incentive period began November 2016. The abatement amounted to \$148,328 for the fiscal year ended September 30, 2023.

City of Ennis, Texas
Notes to the Financial Statements
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An agreement to make annual grants in the amount of \$30,000 per year, not to exceed the total amount of ad valorem real and personal property taxes paid for two consecutive five year terms for Kent Industries, Inc., Polyguard Products, Inc., and Muncaster Capital of Texas, Inc. for construction and improvements made to the corporate headquarters and training facility. The incentive period began March 2017. The abatement amounted to \$30,000 for the fiscal year ended September 30, 2023.

An agreement to make annual grants in the amount of \$35,000 per year, not to exceed the total amount of ad valorem real and personal property taxes paid for a period of ten consecutive years for Globe Products, Inc., Milglo, LLC., Minimilglo, LTD., Extreme Dead Nuts, LLC. and DNM Holding, LLC., for construction of improvements for new and expanded business development. The incentive period began October 2017. The abatement amounted to \$35,000 for the fiscal year ended September 30, 2023.

An agreement to make grant payments in an amount not to exceed a total of \$300,000 paid, in annual payments not to exceed 50 percent of the ad valorem property taxes paid by DA Ennis 45 Partner, LP., to develop approximately 6.7 acres of land and the construction and operation of multiple retail developments. The incentive period will begin upon the first tax year following the year after issuance of a certificate of occupancy. The abatement amounted to \$22,022 for the fiscal year ended September 30, 2023.

An agreement to make grant payments in an amount not to exceed 50 percent of the ad valorem property taxes paid by GAF, LP., Elk Verashield Building Solutions and Elk Roofing Products for a period of four years for construction of improvements for manufacturing and industrial development. The incentive period will begin upon the first tax year following the year after issuance of a certificate of occupancy. The abatement amounted to \$59,498 for the fiscal year ended September 30, 2023.

An agreement to make annual grant payments in an amount not to exceed 50 percent of the ad valorem property taxes paid by Buc-ee's Ennis, LLC., for a period of 15 years for construction of retail developments. The incentive period will begin upon the first tax year following the year after development opens for business. The abatement amounted to \$31,528 for the fiscal year ended September 30, 2023.

An agreement to make annual grant payments equal to one percent of the sales that are subject to sales tax collection, minus fees deducted by the Texas Comptroller paid by Buc-ee's Ennis, LLC., for a period of 20 years. The incentive period will begin upon the first tax year following the year after development opens for business. The abatement amounted to \$350,325 for the fiscal year ended September 30, 2023.

City of Ennis, Texas
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Other Significant Commitments

The City has entered into an agreement with Healthcare Quality Improvement Services, LLC (Consultant), as a consultant in relation to the QIPP. Under this agreement the Consultant provides certain financial, operations, and clinical review services for the City. The City pays a monthly base consulting fee in the amount of \$1,853 per facility. In addition to the base fee the City pays the Consultant \$600 per month of each quarter in the which the facility exceeds 90 percent of all QIPP component measures. Actual payments for the year ended September 30, 2023, were \$596,921.

Quality Improvement Payment Program

The City participates in the Quality Improvement Payment Program (QIPP). The program is designed to assist nursing facilities servicing indigent patients by providing funding to support increased access to healthcare within the community. It is also designed to allow participating providers to receive additional reimbursement if they either reach a national benchmark level or they make quarterly improvements in up to four predetermined quality measures. At September 30, 2023, the City recorded \$5,209,225 of prepaid intergovernmental transfers for the period of October 2023 – February 2024, which was paid by the City prior to fiscal year end in July 2023. The City is required to contribute to the state for their share of QIPP funding. Accounts receivable under this program was \$5,905,625 at September 30, 2023. The program described above is subject to review and scrutiny by both the Texas Legislature and Center for Medicare & Medicaid Services, and the program could be modified or terminated based on new legislation or regulation in future periods.

Risk Management

The City 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, other claims of various natures. The City purchases commercial liability insurance with the Texas Municipal League Intergovernmental Risk Pool to indemnify itself in event of loss. For the past three years, settlements have not exceeded scheduled and stated coverage(s).

The City self-insured for medical and prescription drug claims. The City uses an internal service fund to account for and finance both insured and uninsured risks of loss. At September 30, 2023, the internal service fund has a fund balance of \$2,792,309. Stop-loss insurance is purchased for claims in excess of \$100,000.

City of Ennis, Texas
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September 30, 2023

All operating funds of the City participate in the program and make payments to the fund based on estimates of the amounts needed to pay prior and current claims. The estimated insurance claims payable is \$669,175 at September 30, 2023. The liability also includes incurred but not reported claims (IBNR) developed by the third-party claims administrator. Changes in the balance of estimated insurance claims payable for the year ended September 30, 2023, are:

| | | |
|--|--------|--------------------|
| Claims liability at beginning of year | \$ | 661,111 |
| Current year claims and estimate changes | | 3,508,439 |
| Claims payments | | <u>(3,500,375)</u> |
| Claims liability at end of year | \$ | <u>669,175</u> |

Long-term Liabilities

Certificates of Obligation

The City issues certificates of obligation to provide funds for the acquisition, construction, and maintenance of major capital facilities. Certificates of obligation have been issued for both governmental and business-type activities. Certificates of obligation are direct obligations and pledge the full faith and credit of the government. Certificates of obligation outstanding at September 30, 2023, are as follows:

Governmental Activities

| Series | Issue Amount | Maturity Date | Interest Rate | Year End Balances |
|--------|--------------|---------------|---------------|----------------------|
| 2014 | \$ 6,000,000 | 2/1/2034 | 2.0-3.75 | \$ 3,840,000 |
| 2015 | 5,990,000 | 8/1/2035 | 2.0-3.375 | 3,280,000 |
| 2016 | 2,770,000 | 8/1/2031 | 2.0-2.10 | 1,470,000 |
| 2017 | 5,225,000 | 2/1/2037 | 3.0 | 3,945,000 |
| 2018 | 1,495,000 | 8/1/2037 | 3.0-5.0 | 1,210,000 |
| 2019 | 9,835,000 | 2/1/2039 | 3.0-5.0 | 8,480,000 |
| 2019A | 17,065,000 | 2/1/2039 | 3.0-5.0 | 14,570,000 |
| 2020 | 16,920,000 | 2/1/2040 | 3.0-5.0 | 14,965,000 |
| 2022 | 15,000,000 | 2/1/2042 | 3.0-5.0 | 13,215,000 |
| 2022 | 3,284,000 | 2/1/2049 | 3.0-5.0 | <u>3,164,000</u> |
| Total | | | | <u>\$ 68,139,000</u> |

City of Ennis, Texas
Notes to the Financial Statements
September 30, 2023

Business-type Activities

| Series | Issue Amount | Maturity Date | Interest Rate | Year End Balances |
|--------|--------------|---------------|---------------|----------------------|
| 2015 | \$ 4,005,000 | 8/1/2035 | 2.0-3.375 | \$ 3,315,000 |
| 2016 | 715,000 | 8/1/2026 | 2.0 | 365,000 |
| 2017 | 2,285,000 | 2/1/2037 | 3.0 | 1,710,000 |
| 2018 | 1,095,000 | 8/1/2037 | 3.0-5.0 | 885,000 |
| 2018A | 4,500,000 | 2/1/2038 | 0.14-1.54 | 3,455,000 |
| 2020 | 4,665,000 | 2/1/2040 | 3.0-5.0 | 4,045,000 |
| 2022 | 15,000,000 | 2/1/2042 | 3.00-5.00 | 13,590,000 |
| Total | | | | <u>\$ 27,365,000</u> |

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition, construction, and maintenance of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds outstanding at September 30, 2023, are as follows:

Governmental Activities

| Series | Issue Amount | Maturity Date | Interest Rate | Year End Balances |
|------------------|--------------|---------------|---------------|---------------------|
| 2014 – Refunding | 10,045,000 | 8/1/2025 | 2.00-3.75 | \$ 2,090,000 |
| 2016 – Refunding | 3,325,000 | 8/1/2027 | 1.79 | 705,000 |
| Total | | | | <u>\$ 2,795,000</u> |

Development Agreement Payable

The City entered into a development agreement with PRHC-Ennis GP, Inc. (subsequently LifePoint Hospitals, Inc.) (Company) for the purchase of an acute municipal hospital. Under the terms of the development agreement the City purchased the constructed hospital from the Company.

The development agreement payable currently outstanding and reported as a liability of the City's governmental activities at September 30, 2023, totaled \$13,031,769. The amount due within one year totals \$544,983.

City of Ennis, Texas
Notes to the Financial Statements
September 30, 2023

The future principal payments for Development Payable as of September 30, 2023, are as follows:

| Year Ending September 30 | Governmental Activities Development Agreement Required Payment |
|-----------------------------|--|
| 2024 | \$ 544,983 |
| 2025 | 544,983 |
| 2026 | 544,983 |
| 2027 | 544,983 |
| 2028 | 544,983 |
| 2029 - 2033 | 2,724,915 |
| 2034 - 2038 | 2,724,915 |
| 2039 - 2043 | 2,724,915 |
| 2044 - 2048 | 2,132,109 |
| | \$ 13,031,769 |

Lease Liability

The City leases vehicles from Enterprise Fleet Management and property from various third parties to conduct its operations, the terms of which expire 2024 through 2027. The measurement of the lease payables is based on the present value of lease payments expected to be paid during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee.

As of September 30, 2023, the value of the lease liability was \$659,108. Incremental borrowing rates of 3.80 percent to 5.80 percent were used to measure lease payables. The value of the right-to-use lease assets as of the end of the current fiscal year was \$725,161 and had accumulated amortization of \$288,476.

City of Ennis, Texas
Notes to the Financial Statements
September 30, 2023

The future principal and interest payments for lease liabilities as of September 30, 2023, are as follows:

| Governmental Activities | | | |
|----------------------------------|-------------------|-------------------|-----------------------|
| Year Ending September 30, | Principal | Interest | Total Payments |
| 2024 | \$ 78,309 | \$ 166,606 | \$ 244,915 |
| 2025 | 144,639 | 145,012 | 289,651 |
| 2026 | 195,746 | 165,921 | 361,667 |
| 2027 | <u>116,225</u> | <u>34,841</u> | <u>151,066</u> |
| Totals | <u>\$ 534,919</u> | <u>\$ 512,380</u> | <u>\$ 1,047,299</u> |

| Business-Type Activities | | | |
|----------------------------------|-------------------|-------------------|-----------------------|
| Year Ending September 30, | Principal | Interest | Total Payments |
| 2024 | \$ 24,393 | \$ 78,903 | \$ 103,296 |
| 2025 | 47,712 | 90,825 | 138,537 |
| 2026 | <u>52,084</u> | <u>15,124</u> | <u>67,208</u> |
| Totals | <u>\$ 124,189</u> | <u>\$ 184,852</u> | <u>\$ 309,041</u> |

Changes in Long-term Liabilities

Changes in the City's long-term liabilities for the year ended September 30, 2023, are as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|------------------------------|----------------------|-----------------------|---------------------------|--------------------------------|
| Governmental Activities: | | | | | |
| Bonds payable: | | | | | |
| Certificates of obligation | \$ 71,959,000 | \$ - | \$ (3,820,000) | \$ 68,139,000 | \$ 4,100,000 |
| General obligation bonds | 3,955,000 | - | (1,160,000) | 2,795,000 | 1,195,000 |
| For issuance premium | 5,712,658 | - | (343,257) | 5,369,401 | - |
| Lease liability | <u>276,792</u> | <u>295,123</u> | <u>(36,996)</u> | <u>534,919</u> | <u>78,309</u> |
| Total bonds payable | <u>81,903,450</u> | <u>295,123</u> | <u>(5,360,253)</u> | <u>76,838,320</u> | <u>5,373,309</u> |
| Development agreement | 13,576,752 | - | (544,983) | 13,031,769 | 544,983 |
| Claims liability | 611,111 | 3,508,439 | (3,500,375) | 619,175 | - |
| Net pension liability | 1,628,137 | 10,282,921 | - | 11,911,058 | - |
| Total OPEB liability | <u>686,712</u> | <u>-</u> | <u>(207,922)</u> | <u>478,790</u> | <u>-</u> |
| Governmental activity Long-term liabilities | <u>\$ 98,406,162</u> | <u>\$ 14,086,483</u> | <u>\$ (9,613,533)</u> | <u>\$ 102,879,112</u> | <u>\$ 5,918,292</u> |

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

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---------------------------------|------------------------------|---------------------|-----------------------|---------------------------|--------------------------------|
| Business-type Activities | | | | | |
| Bonds payable: | | | | | |
| Certificates of obligation | \$ 28,740,000 | \$ - | \$ (1,375,000) | \$ 27,365,000 | \$ 1,335,000 |
| For issuance premium | 2,000,201 | - | (108,404) | 1,891,797 | - |
| Lease liability | 136,660 | - | (12,471) | 124,189 | 24,393 |
| Total bonds payable | 30,876,861 | - | (1,495,875) | 29,380,986 | 1,359,393 |
| Net pension liability | 567,190 | 2,570,731 | - | 3,137,921 | - |
| Total OPEB liability | 171,679 | - | (51,982) | 119,697 | - |
| Business-type activity | | | | | |
| Long-term liabilities | <u>\$ 31,615,730</u> | <u>\$ 2,570,731</u> | <u>\$ (1,547,857)</u> | <u>\$ 32,638,604</u> | <u>\$ 1,359,393</u> |

Certificates of obligation, net pension liability, and OPEB liability issued for business-type activities are repaid from the utility and sanitation funds.

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

| Year Ending September 30 | Governmental Activities | | | |
|-------------------------------------|---------------------------------------|----------------------|-------------------------------------|-------------------|
| | Certificates of Obligation | | General Obligation Bonds | |
| | Principal | Interest | Principal | Interest |
| 2024 | \$ 4,100,000 | \$ 2,454,984 | \$ 1,195,000 | \$ 88,432 |
| 2025 | 3,290,000 | 2,300,332 | 1,240,000 | 49,514 |
| 2026 | 3,430,000 | 2,164,571 | 180,000 | 6,444 |
| 2027 | 3,630,000 | 2,022,769 | 180,000 | 3,222 |
| 2028 | 3,790,000 | 1,869,865 | - | - |
| 2029 - 2033 | 20,840,000 | 7,026,493 | - | - |
| 2034 - 2038 | 20,075,000 | 3,217,941 | - | - |
| 2039 - 2043 | 8,230,000 | 417,556 | - | - |
| 2044 - 2048 | 625,000 | - | - | - |
| 2049 | 129,000 | - | - | - |
| | <u>\$ 68,139,000</u> | <u>\$ 21,474,510</u> | <u>\$ 2,795,000</u> | <u>\$ 147,612</u> |

City of Ennis, Texas
Notes to the Financial Statements
September 30, 2023

| Year Ending September 30 | Business-Type Activities | |
|-------------------------------------|---------------------------------|-----------------|
| | Certificates | |
| | of Obligation | |
| | Principal | Interest |
| 2024 | \$ 1,335,000 | \$ 988,467 |
| 2025 | 1,385,000 | 942,372 |
| 2026 | 1,430,000 | 896,646 |
| 2027 | 1,350,000 | 850,709 |
| 2028 | 1,390,000 | 802,441 |
| 2029 - 2033 | 7,815,000 | 3,176,594 |
| 2034 - 2038 | 8,145,000 | 1,618,157 |
| 2039 - 2042 | 4,515,000 | 344,100 |
| | \$ 27,365,000 | \$ 9,619,484 |

Line of Credit

The City has a \$6,500,000 revolving line of credit maturing May 30, 2024, secured by gross revenues. Interest is payable semi-annually at a rate equal to the lesser of the Prime Rate plus 1.00 percent or 4.50 percent. The outstanding balance on the line of credit as of September 30, 2023, was \$6,251,070.

Fund Balance

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

Interfund Receivables and Payables

The composition of interfund balances as of September 30, 2023, is as follows:

| Receivable Fund | Payable Fund | Amount |
|------------------------|-----------------------|---------------|
| General Fund | Court Technology Fund | \$ 5,562 |
| General Fund | Airport Fund | 191,719 |
| Self Insurance Fund | General Fund | 17,211 |
| | | \$ 214,492 |

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

City of Ennis, Texas
Notes to the Financial Statements
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Interfund Transfers

The composition of interfund transfers as of September 30, 2023, is as follows:

| Interfund Transfers In | Interfund Transfers Out | | | | | | | Totals |
|---------------------------|-------------------------|-------------------|--------------------------|-----------------------------------|-------------------|---------------------|-----------------------|---------------------|
| | Governmental Funds | | | | Proprietary Funds | | | |
| | General | QIPP | General Capital Projects | Other Nonmajor Governmental Funds | Utility | Nonmajor Enterprise | Internal Service Fund | |
| Governmental Funds | | | | | | | | |
| General | \$ - | \$ 571,783 | \$ - | \$ 686,500 | \$ 845,070 | \$ 193,018 | \$ 353,063 | \$ 2,649,434 |
| General Capital Projects | - | - | - | 850,000 | - | - | - | 850,000 |
| Debt Service | - | - | - | 699,688 | - | - | - | 699,688 |
| Nonmajor Enterprise | 30,000 | - | 47,598 | - | - | - | - | 77,598 |
| Internal Service Fund | 599,478 | - | - | - | 99,835 | - | - | 699,313 |
| | <u>\$ 629,478</u> | <u>\$ 571,783</u> | <u>\$ 47,598</u> | <u>\$ 2,236,188</u> | <u>\$ 944,905</u> | <u>\$ 193,018</u> | <u>\$ 353,063</u> | <u>\$ 4,976,033</u> |

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

Ennis Economic Development Corporation, Inc. (Corporation)

Cash Deposits with Financial Institutions

At year-end, the Corporation's bank balance was \$5,965,524 and carrying amount was \$5,822,980. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining balance, \$5,715,524 was covered by collateral pledged in the Corporation's name. The collateral was held in the Corporation's name by the safekeeping departments of the pledging bank's agent and had a fair value of approximately \$5,950,358.

City of Ennis, Texas
Notes to the Financial Statements
September 30, 2023

Capital and Lease Assets

Capital and lease asset activity for the Corporation for the year ended September 30, 2023, was as follows:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|----------------------|--------------|----------------|-----------|-------------------|
| Governmental Activities | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 3,467,796 | \$ - | \$ - | \$ - | \$ 3,467,796 |
| Construction in progress | 1,837,461 | - | (1,837,461) | - | - |
| Total capital assets not being depreciated | 5,305,257 | - | (1,837,461) | - | 3,467,796 |
| Capital and lease assets being depreciated/amortized: | | | | | |
| Building | 5,001,733 | - | - | - | 5,001,733 |
| Lease buildings | 76,443 | - | - | - | 76,443 |
| Improvements | 343,429 | - | - | - | 343,429 |
| Machinery and equipment | 178,157 | - | - | - | 178,157 |
| Totals capital and lease assets being depreciated/amortized | 5,599,762 | - | - | - | 5,599,762 |
| Less accumulated depreciation/amortization for: | | | | | |
| Building | (560,113) | (166,724) | - | - | (726,837) |
| Lease buildings | (19,111) | (19,111) | - | - | (38,222) |
| Improvements | (343,429) | - | - | - | (343,429) |
| Machinery and equipment | (78,474) | (26,158) | - | - | (104,632) |
| Total accumulated depreciation/amortization | (1,001,127) | (211,993) | - | - | (1,213,120) |
| Total capital and lease assets being depreciated, net | 4,598,635 | (211,993) | - | - | 4,386,642 |
| Corporation capital and lease assets, net | \$ 9,903,892 | \$ (211,993) | \$ (1,837,461) | \$ - | \$ 7,854,438 |

Economic Development Agreements

On May 1, 2018, the Corporation entered into an economic development agreement with a DA Ennis 45 Partners, LP (DA Ennis). Under the agreement, the Corporation shall pay DA Ennis a grant of \$450,000 paid as four separate grants after specific project performance requirements are met by DA Ennis. The project includes the investment of approximately \$12,000,000 to develop approximately 6.7 acres of land and the construction and operation of multiple retail developments. As of September 30, 2023, the Corporation has made payments of \$325,000 under this agreement.

City of Ennis, Texas
Notes to the Financial Statements
September 30, 2023

Sales Tax Revenue Bonds

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

| Series | Issue Amount | Maturity Date | Interest Rate | Year End Balances |
|----------------|--------------|---------------|---------------|---------------------|
| 1999 | \$ 3,290,430 | 8/1/2034 | 3.50-8.45 | \$ 455,430 |
| 2014 Refunding | 2,745,000 | 8/1/2034 | 0.50-4.50 | 1,435,000 |
| 2019 Refunding | 2,240,000 | 8/1/2024 | 2.30 | 460,000 |
| Total | | | | <u>\$ 2,350,430</u> |

The following is a summary of pledged revenues for the Corporation for the year ended September 30, 2023:

| Revenue Pledged | Total Pledged Revenue | Current Year Debt Service Requirements | Percentage Portion of Pledged Revenue Stream | Remaining Principal and Interest | Period Revenue Will Not Be Available For Other Purposes |
|-----------------------|-----------------------|--|--|----------------------------------|---|
| .5% sales and use tax | \$ 3,450,083 | \$ 695,981 | 20.2% | \$ 7,192,229 | Until 2034 |

Lease Liability

The Corporation leases property from various third parties to conduct its operations, the terms of which expire 2024 through 2026. The measurement of the lease payables is based on the present value of lease payments expected to be paid during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee.

As of September 30, 2023, the value of the lease liability was \$54,293. Incremental borrowing rates of 5.75 percent to 5.80 percent were used to measure lease payables. The value of the right-to-use assets as of the end of the current fiscal year was \$76,443 and had accumulated amortization of \$38,222.

City of Ennis, Texas
Notes to the Financial Statements
September 30, 2023

The future principal and interest payments for lease liabilities as of September 30, 2023, are as follows:

| Economic Development Corporation | | | | |
|---|------------------|------------------|-----------------------|---------------|
| Year Ending September 30, | Principal | Interest | Total Payments | |
| 2024 | \$ 18,486 | \$ 16,440 | \$ | 34,926 |
| 2025 | 25,007 | 13,784 | | 38,791 |
| 2026 | <u>10,800</u> | <u>1,573</u> | | <u>12,373</u> |
| Totals | <u>\$ 54,293</u> | <u>\$ 31,797</u> | <u>\$</u> | <u>86,090</u> |

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

| Year Ending September 30 | Component Unit | |
|-------------------------------------|-----------------------|---------------------|
| | Sales Tax | |
| | Revenue Bonds | |
| | Principal | Interest |
| 2024 | \$ 625,000 | \$ 70,981 |
| 2025 | 169,410 | 70,981 |
| 2026 | 169,280 | 528,877 |
| 2027 | 169,435 | 528,092 |
| 2028 | 165,160 | 527,715 |
| 2029 - 2033 | 866,650 | 2,603,673 |
| 2034 | <u>185,495</u> | <u>511,480</u> |
| | <u>\$ 2,350,430</u> | <u>\$ 4,841,799</u> |

Changes in the Corporation's long-term liabilities for the year ended September 30, 2023, are as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|------------------------------|-------------------|---------------------|---------------------------|--------------------------------|
| Corporation | | | | | |
| Bonds payable: | | | | | |
| Sales tax revenue bonds | \$ 2,965,430 | \$ - | \$ (615,000) | \$ 2,350,430 | \$ 625,000 |
| Accretion on Capital Appreciation Bonds | 2,504,082 | 255,376 | - | 2,759,458 | - |
| Less deferred amounts: | | | | | |
| For issuance discount | (6,334) | - | 528 | (5,806) | - |
| Lease liability | <u>68,304</u> | <u>-</u> | <u>(14,011)</u> | <u>54,293</u> | <u>18,486</u> |
| Corporation long-term liabilities | <u>\$ 5,531,482</u> | <u>\$ 255,376</u> | <u>\$ (628,483)</u> | <u>\$ 5,158,375</u> | <u>\$ 643,486</u> |

City of Ennis, Texas
Notes to the Financial Statements
September 30, 2023

Note 3: Defined Benefit Pension Plan

Plan Description

The City participates as one of 920 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan 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 employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.com.

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

Benefits Provided

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

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

Employees Covered by Benefit Terms

At the December 31, 2022, valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|-----|
| Inactive employees or beneficiaries currently receiving benefits | 158 |
| Inactive employees entitled to but not yet receiving benefits | 78 |
| Active employees | 205 |
| | 441 |
| | 441 |

City of Ennis, Texas
Notes to the Financial Statements
September 30, 2023

Contributions

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

Employees for the City were required to contribute 7 percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.72 percent and 17.01 percent in calendar years 2023 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2023, were \$2,735,998, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, 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, 2022, actuarial valuation was determined using the following actuarial assumptions:

| | |
|---------------------------|--|
| Inflation | 2.50% per year |
| Overall payroll growth | 2.75% per year |
| Investment Rate of Return | 6.75%, net of pension plan investment expense, including inflation |

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same 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 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

City of Ennis, Texas
Notes to the Financial Statements
September 30, 2023

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. The assumptions were adopted in 2019 and first used in the December 31, 2109, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

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

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return (Arithmetic) |
|----------------------------------|--------------------------|--|
| Global Equity | 35.0% | 7.70% |
| Core Fixed Income | 6.0% | 4.90% |
| Non-Core Fixed Income | 20.0% | 8.70% |
| Other Public and Private Markets | 12.0% | 8.10% |
| Real Estate | 12.0% | 5.80% |
| Hedge Funds | 5.0% | 6.90% |
| Private Equity | 10.0% | 11.80% |
| Total | <u>100%</u> | |

City of Ennis, Texas
Notes to the Financial Statements
September 30, 2023

Discount Rate

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

Changes in the Net Pension Liability

| | Increase (Decrease) | | |
|---|--------------------------------------|--|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balance at January 1, 2022 | \$ 83,274,129 | \$ 81,078,802 | \$ 2,195,327 |
| Changes for the year: | | | |
| Service cost | 2,668,576 | - | 2,668,576 |
| Interest | 5,574,720 | - | 5,574,720 |
| Difference between expected and actual experience | 2,028,826 | - | 2,028,826 |
| Changes of assumptions | - | - | - |
| Contributions - employer | - | 2,346,324 | (2,346,324) |
| Contributions - employee | - | 979,385 | (979,385) |
| Net investment income | - | (5,917,138) | 5,917,138 |
| Benefit payments, including refunds of employee contributions | (4,039,932) | (4,039,932) | - |
| Administrative expense | - | (51,215) | 51,215 |
| Other changes | - | 61,114 | (61,114) |
| Net Changes | <u>6,232,190</u> | <u>(6,621,462)</u> | <u>12,853,652</u> |
| Balance at December 31, 2022 | <u>\$ 89,506,319</u> | <u>\$ 74,457,340</u> | <u>\$ 15,048,979</u> |

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

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

| | 1.0% Decrease in Discount Rate (5.75%) | Discount Rate (6.75%) | 1.0% Increase in Discount Rate (7.75%) |
|---------------------------------|--|--------------------------|--|
| City's net pension liability \$ | 27,285,306 | \$ 15,048,979 | \$ 4,964,608 |

City of Ennis, Texas
Notes to the Financial Statements
September 30, 2023

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

For the year ended September 30, 2023, the City recognized pension expense of \$3,813,570.

At September 30, 2023, 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 |
|---|---|--|
| Changes in assumptions | \$ 43,243 | \$ - |
| Difference between projected and actual investment earnings | 5,136,091 | - |
| Differences between expected and actual economic experience | 2,705,112 | 179,038 |
| Contributions subsequent to the measurement date | 2,121,157 | - |
| Total | \$ 10,005,603 | \$ 179,038 |

\$2,121,157 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended September 30 | Net Deferred Outflows/ (Inflows) of Resources |
|--------------------------------|--|
| 2024 | \$ 848,411 |
| 2025 | 1,960,510 |
| 2026 | 2,092,469 |
| 2027 | 2,776,007 |
| 2028 | 28,011 |
| Total | \$ 7,705,408 |

City of Ennis, Texas
Notes to the Financial Statements
September 30, 2023

Note 4: Other Postemployment Benefit (OPEB) Obligations

Plan Description

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

Benefits Provided

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

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

Employees Covered by Benefit Terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|---|-----|
| Inactive employees currently receiving benefits | 111 |
| Inactive employees entitled to but not yet receiving benefits | 16 |
| Active employees | 205 |
| | 332 |

City of Ennis, Texas
Notes to the Financial Statements
September 30, 2023

Total OPEB Liability

The City's total OPEB liability of \$598,847 was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|--|
| Inflation | 2.50% |
| Salary increases | 3.50% to 11.50%, including inflation |
| Discount rate* | 4.05% as of December 31, 2022 (1.84% as of December 31, 2021) |
| Retirees' share of benefit-related costs | \$0 |
| Administrative expenses | All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68. |
| Mortality rates - service retirees | 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. |
| Mortality rates - disabled retirees | 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor. |

* The discount rate was based on the Fidelity Index s "20-Year Municipal GO AA Index" rate as of December 31, 2022.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

City of Ennis, Texas
Notes to the Financial Statements
September 30, 2023

Changes in Total OPEB Liability

| | Total OPEB Liability |
|---|-----------------------------|
| Balance at January 1, 2022 | \$ 858,391 |
| Changes for the year: | |
| Service cost | 37,763 |
| Interest | 15,962 |
| Difference between expected and actual experience | (5,541) |
| Changes in assumptions or other inputs | (288,507) |
| Benefit payments | (19,581) |
| Net Changes | (259,904) |
| Balance at December 31, 2022 | \$ 598,487 |

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.05 percent) or 1-percentage-point higher (5.05 percent) than the current rate:

| | 1% Decrease (3.05%) | Current Discount Rate (4.05%) | 1% Increase (5.05%) |
|----------------------|--------------------------------|--|--------------------------------|
| Total OPEB liability | \$ 709,631 | \$ 598,487 | \$ 511,233 |

City of Ennis, Texas
Notes to the Financial Statements
September 30, 2023

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$31,265. At September 30, 2023, the City reported deferred outflows and deferred inflows of resources and related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Changes in assumptions | \$ 100,916 | \$ 183,332 |
| Differences between expected and actual economic experience | 129,418 | 257,955 |
| Contributions subsequent to the measurement date | 29,308 | - |
| Total | \$ 259,642 | \$ 441,287 |

\$29,308 reported as deferred inflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended September 30 | Net Deferred Outflows/ (Inflows) of Resources |
|--------------------------------|--|
| 2024 | \$ (22,460) |
| 2025 | (26,742) |
| 2026 | (54,607) |
| 2027 | (32,630) |
| 2028 | (42,240) |
| Thereafter | (32,274) |
| Total | \$ (210,953) |

City of Ennis, Texas
Notes to the Financial Statements
September 30, 2023

Note 5: Contingencies

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

Note 6: Litigation

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

Note 7: Related Party Transactions

The significant transactions between the component unit and primary government during the year ended September 30, 2023, consisted of a reimbursement for personnel costs in the amount of \$1,390,439 paid from the Economic Development Corporation to the City's General Fund.

Note 8: New Pronouncements

The GASB has issued the following new statements to be implemented in future years.

GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62 (GASB 100):

This statement improves the clarity and requirements for accounting changes and error corrections. This statement will be effective for the City in fiscal year 2024. The City will evaluate the potential impact on the City's net position.

GASB Statement No. 101, *Compensated Absences* (GASB 101):

This statement addresses the recognition and measurement of compensated absences. This statement will be effective for the City in fiscal year 2025. The City will evaluate the potential impact on the City's net position.

GASB Statement No. 102, *Certain Risk Disclosures* (GASB 102):

This statement requires governments to disclose information about certain concentrations or constraints that could affect services provided or the ability to meet obligations as they come due. This statement will be effective for the City in fiscal year 2025. The City will evaluate the potential impact on the City's net position.

Required Supplementary Information

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City of Ennis, Texas
Schedule of Changes in Net Pension Liability and Related Ratios
Last Nine Measurement Years
(Unaudited)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total Pension Liability | | | | | | | | | |
| Service Cost | \$ 1,491,053 | \$ 1,671,627 | \$ 1,840,901 | \$ 2,048,680 | \$ 2,160,079 | \$ 2,282,005 | \$ 2,275,864 | \$ 2,487,609 | \$ 2,668,576 |
| Interest (on the Total Pension Liability) | 3,884,019 | 4,045,832 | 4,058,860 | 4,283,551 | 4,513,388 | 4,705,505 | 4,933,807 | 5,187,388 | 5,574,720 |
| Difference between expected and actual experience | (695,656) | (749,875) | 57,172 | (44,355) | (488,779) | (246,203) | (92,382) | 1,728,845 | 2,028,826 |
| Changes of assumptions | - | (37) | - | - | - | 162,535 | - | - | - |
| Benefit payments, including refunds of employee contributions | (2,288,691) | (2,627,506) | (2,809,516) | (2,654,647) | (3,222,511) | (3,576,427) | (3,460,624) | (3,472,190) | (4,039,932) |
| Net Change in Total Pension Liability | 2,390,725 | 2,340,041 | 3,147,417 | 3,633,229 | 2,962,177 | 3,327,415 | 3,656,665 | 5,931,652 | 6,232,190 |
| Total Pension Liability - Beginning | 55,884,808 | 58,275,533 | 60,615,574 | 63,762,991 | 67,396,220 | 70,358,397 | 73,685,812 | 77,342,477 | 83,274,129 |
| Total Pension Liability - Ending (a) | \$ 58,275,533 | \$ 60,615,574 | \$ 63,762,991 | \$ 67,396,220 | \$ 70,358,397 | \$ 73,685,812 | \$ 77,342,477 | \$ 83,274,129 | \$ 89,506,319 |
| Plan Fiduciary Net Position | | | | | | | | | |
| Contributions - Employer | \$ 1,635,304 | \$ 1,686,270 | \$ 1,781,293 | \$ 1,898,840 | \$ 2,010,628 | \$ 2,054,555 | \$ 2,010,023 | \$ 2,188,099 | \$ 2,346,324 |
| Contributions - Employee | 608,568 | 636,329 | 695,429 | 765,657 | 804,713 | 851,041 | 842,021 | 915,524 | 979,385 |
| Net Investment Income | 2,775,570 | 75,581 | 3,443,016 | 7,486,574 | (1,841,480) | 9,147,353 | 5,130,608 | 9,397,117 | (5,917,138) |
| Benefit payments, including refunds of employee contributions | (2,288,691) | (2,627,506) | (2,809,516) | (2,654,647) | (3,222,511) | (3,576,427) | (3,460,624) | (3,472,190) | (4,039,932) |
| Administrative Expense | (28,980) | (46,036) | (38,883) | (38,796) | (35,586) | (51,699) | (33,206) | (43,486) | (51,215) |
| Other | (2,383) | (2,273) | (2,095) | (1,966) | (1,860) | (1,553) | (1,295) | 299 | 61,114 |
| Net Change in Plan Fiduciary Net Position | 2,699,388 | (277,635) | 3,069,244 | 7,455,662 | (2,286,096) | 8,423,270 | 4,487,527 | 8,985,363 | (6,621,462) |
| Plan Fiduciary Net Position - Beginning | 48,522,079 | 51,221,467 | 50,943,832 | 54,013,076 | 61,468,738 | 59,182,642 | 67,605,912 | 72,093,439 | 81,078,802 |
| Plan Fiduciary Net Position - Ending (b) | \$ 51,221,467 | \$ 50,943,832 | \$ 54,013,076 | \$ 61,468,738 | \$ 59,182,642 | \$ 67,605,912 | \$ 72,093,439 | \$ 81,078,802 | \$ 74,457,340 |
| Net Pension Liability - Ending (a) - (b) | \$ 7,054,066 | \$ 9,671,742 | \$ 9,749,915 | \$ 5,927,482 | \$ 11,175,755 | \$ 6,079,900 | \$ 5,249,038 | \$ 2,195,327 | \$ 15,048,979 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 87.90% | 84.04% | 84.71% | 91.21% | 84.12% | 91.75% | 93.21% | 97.36% | 83.19% |
| Covered Payroll | 8,682,504 | 9,070,142 | 9,934,705 | 10,937,960 | 11,495,895 | 12,157,727 | 12,028,878 | 13,078,913 | 13,986,249 |
| Net Pension Liability as a Percentage of Covered Payroll | 81.24% | 106.63% | 98.14% | 54.19% | 97.22% | 50.01% | 43.64% | 16.79% | 107.60% |

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

City of Ennis, Texas

Schedule of Contributions

Last Nine Fiscal Years

(Unaudited)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Actuarially Determined Contribution | \$ 1,673,240 | \$ 1,683,257 | \$ 1,827,529 | \$ 2,006,005 | \$ 1,987,824 | \$ 2,064,308 | \$ 2,071,820 | \$ 2,387,972 | \$ 2,735,998 |
| Contributions in relation to the actuarially determined contribution | 1,673,240 | 1,683,257 | 1,827,529 | 2,006,005 | 1,987,824 | 2,064,308 | 2,071,820 | 2,387,972 | 2,735,998 |
| Contribution deficiency (excess) | - | - | - | - | - | - | - | - | - |
| Covered payroll | 8,991,990 | 9,315,037 | 10,437,703 | 11,493,429 | 11,649,523 | 12,402,127 | 12,218,774 | 14,084,103 | 15,584,995 |
| Contributions as a percentage of covered payroll | 18.61% | 18.07% | 17.51% | 17.45% | 17.06% | 16.64% | 16.96% | 16.96% | 17.56% |

Schedule Notes:

Valuation Dates:

Notes

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method

Entry Age Normal

Amortization Method

Level Percentage of Payroll, Closed

Remaining Amortization Period

22 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 of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018

Mortality

Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.

Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes

There were no benefit changes during the year.

Notes to Schedule:

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

City of Ennis, Texas

Schedule of Changes in Total OPEB Liability and Related Ratios

Last Six Measurement Years

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total OPEB Liability | | | | | | |
| Service Cost | \$ 18,595 | \$ 22,992 | \$ 20,668 | \$ 26,464 | \$ 36,621 | \$ 37,763 |
| Interest (on the Total Pension Liability) | 19,447 | 19,591 | 33,778 | 19,577 | 16,466 | 15,962 |
| Difference between expected and actual experience | - | 322,231 | (356,825) | (29,501) | (14,824) | (5,541) |
| Changes of assumptions and other inputs | 43,318 | (39,134) | 106,935 | 103,301 | 25,579 | (288,507) |
| Benefit payments | (6,563) | (5,748) | (6,079) | (6,014) | (20,926) | (19,581) |
| Net Change in Total OPEB Liability | <u>74,797</u> | <u>319,932</u> | <u>(201,523)</u> | <u>113,827</u> | <u>42,916</u> | <u>(259,904)</u> |
| Total OPEB Liability – Beginning | <u>508,442</u> | <u>583,239</u> | <u>903,171</u> | <u>701,648</u> | <u>815,475</u> | <u>858,391</u> |
| Total OPEB Liability – Ending | <u>\$ 583,239</u> | <u>\$ 903,171</u> | <u>\$ 701,648</u> | <u>\$ 815,475</u> | <u>\$ 858,391</u> | <u>\$ 598,487</u> |
| Covered-Employee Payroll | 10,937,960 | 11,495,895 | 12,157,727 | 12,028,878 | 13,078,913 | 13,986,249 |
| Total OPEB Liability as a Percentage of Covered-Employee Payroll | 5.33% | 7.86% | 5.77% | 6.78% | 6.56% | 4.28% |

Notes to Schedule:

Plan Information:

Single-employer unfunded OPEB plan

There are no assets accumulated in a trust that meets the criteria in GASB Statement No.75 paragraph 4 to pay related benefits.

Changes of assumptions:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

| | |
|------|-------|
| 2018 | 3.71% |
| 2019 | 2.75% |
| 2020 | 2.00% |
| 2021 | 1.84% |
| 2022 | 4.05% |

Actuarial Valuation and Measurement Date:

December 31

Significant actuarial assumptions used to measure the total OPEB liability:

| | |
|--|--|
| Inflation | 2.50% |
| Salary Increases | 3.50% to 11.50%, including inflation |
| Discount Rate | 4.05% (1.84% in prior year) |
| Retiree's Share of Benefit-related Costs | \$0 |
| Administrative expenses | All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No.68 |
| Mortality – Service Retirees | 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. |
| Mortality – Disabled Retirees | 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor. |

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

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

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

Nonmajor Special Revenue Funds (Continued)

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

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

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

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

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

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

Nonmajor Capital Projects Fund

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

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

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

Tax Increment Reinvestment Zone #3 Fund – This fund is used to account for the taxes collected in a designated reinvestment zone to be used for public improvements.

Prairie View Public Improvement District Fund – This fund is used to account for the taxes collected in a designated reinvestment zone to be used for public improvements.

Hollow Public Improvement District Fund – This fund is used to account for the taxes collected in a designated reinvestment zone to be used for public improvements.

Nonmajor Permanent Fund

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

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

City of Ennis, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2023

| Assets | Nonmajor Special Revenue | Nonmajor Capital Projects | Nonmajor Permanent | Total Nonmajor Governmental Funds |
|--------------------------------------|---|--|-------------------------------|--|
| Cash and cash equivalents | \$ 3,363,017 | \$ 1,969,927 | \$ 233,517 | \$ 5,566,461 |
| Other receivables | 643,364 | 24,733 | - | 668,097 |
| Intergovernmental receivables | - | - | - | - |
| Due from other funds | - | - | - | - |
| Total assets | <u>\$ 4,006,381</u> | <u>\$ 1,994,660</u> | <u>\$ 233,517</u> | <u>\$ 6,234,558</u> |
| Liabilities | | | | |
| Accounts payable | \$ 156,847 | \$ 4,085 | \$ - | \$ 160,932 |
| Unearned revenue | - | - | - | - |
| Accrued payroll | 9,811 | - | - | 9,811 |
| Due to other funds | 5,562 | - | - | 5,562 |
| Total liabilities | <u>172,220</u> | <u>4,085</u> | <u>-</u> | <u>176,305</u> |
| Deferred Inflows of Resources | | | | |
| Unavailable revenue – property taxes | - | 8,859 | - | 8,859 |
| Total deferred inflows of resources | <u>-</u> | <u>8,859</u> | <u>-</u> | <u>8,859</u> |
| Fund Balances | | | | |
| Nonspendable: | | | | |
| Endowment | - | - | 28,966 | 28,966 |
| Restricted: | | | | |
| Capital projects | - | 1,981,716 | - | 1,981,716 |
| Cultural and recreational | 1,057,455 | - | 204,551 | 1,262,006 |
| Public safety | 1,121,432 | - | - | 1,121,432 |
| Streets | 1,087,060 | - | - | 1,087,060 |
| Tourism | 573,776 | - | - | 573,776 |
| Unassigned (Deficit) | <u>(5,562)</u> | <u>-</u> | <u>-</u> | <u>(5,562)</u> |
| Total fund balances | <u>3,834,161</u> | <u>1,981,716</u> | <u>233,517</u> | <u>6,049,394</u> |
| Total liabilities and fund balances | <u>\$ 4,006,381</u> | <u>\$ 1,994,660</u> | <u>\$ 233,517</u> | <u>\$ 6,234,558</u> |

City of Ennis, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2023

| | Nonmajor Special Revenue | Nonmajor Capital Projects | Nonmajor Permanent | Total Nonmajor Governmental Funds |
|--|---|--|-------------------------------|--|
| Revenues | | | | |
| Property taxes | \$ - | \$ 1,114,050 | \$ - | \$ 1,114,050 |
| Sales taxes | 3,413,485 | - | - | 3,413,485 |
| Hotel occupancy taxes | 533,543 | - | - | 533,543 |
| Fines and forfeitures | 15,636 | - | - | 15,636 |
| Investment earnings | 8,938 | 4,605 | 10 | 13,553 |
| Miscellaneous | 203 | - | 10,240 | 10,443 |
| Intergovernmental | - | - | - | - |
| Contributions and donations | 120,884 | - | - | 120,884 |
| | <u>4,092,689</u> | <u>1,118,655</u> | <u>10,250</u> | <u>5,221,594</u> |
| Total revenues | | | | |
| Expenditures | | | | |
| Current: | | | | |
| General government | 328,943 | - | - | 328,943 |
| Public safety | 1,201,851 | - | - | 1,201,851 |
| Streets | 2,038,376 | - | - | 2,038,376 |
| Cultural and recreational | 7,812 | - | - | 7,812 |
| Capital outlay: | - | 57,898 | - | 57,898 |
| | <u>3,576,982</u> | <u>57,898</u> | <u>-</u> | <u>3,634,880</u> |
| Total expenditures | | | | |
| Excess (deficiency) of revenues over (under) expenditures | <u>515,707</u> | <u>1,060,757</u> | <u>10,250</u> | <u>1,586,714</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers out | (2,236,188) | - | - | (2,236,188) |
| Sale of capital assets | 3,690 | - | - | 3,690 |
| | <u>(2,232,498)</u> | <u>-</u> | <u>-</u> | <u>(2,232,498)</u> |
| Total other financing sources (uses) | | | | |
| Net Change in Fund Balances | (1,716,791) | 1,060,757 | 10,250 | (645,784) |
| Fund Balances, Beginning | <u>5,550,952</u> | <u>920,959</u> | <u>223,267</u> | <u>6,695,178</u> |
| Fund Balances, Ending | <u>\$ 3,834,161</u> | <u>\$ 1,981,716</u> | <u>\$ 233,517</u> | <u>\$ 6,049,394</u> |

City of Ennis, Texas

Combining Balance Sheet (Continued)

Nonmajor Special Revenue Funds

September 30, 2023

| | Crime Control and Prevention District | Street Maintenance | Police Donation | Fire Donation | Parks Donation | Cardinals Park Land Development | Bluebonnet Estates Park Land Development | Creechville Zone Park Land Development | Employee Appreciation | Totals |
|-------------------------------------|---------------------------------------|---------------------|-----------------|------------------|-----------------|---------------------------------|--|--|-----------------------|---------------------|
| | | | | | | | | | | |
| Cash and cash equivalents | \$ 808,422 | \$ 873,515 | \$ 8,060 | \$ 14,713 | \$ 3,709 | \$ 119,000 | \$ 210,527 | \$ 221,664 | \$ - | \$ 3,363,017 |
| Other receivables | 276,005 | 285,737 | - | - | - | - | - | - | - | 643,364 |
| Total assets | <u>\$ 1,084,427</u> | <u>\$ 1,159,252</u> | <u>\$ 8,060</u> | <u>\$ 14,713</u> | <u>\$ 3,709</u> | <u>\$ 119,000</u> | <u>\$ 210,527</u> | <u>\$ 221,664</u> | <u>\$ -</u> | <u>\$ 4,006,381</u> |
| Liabilities | | | | | | | | | | |
| Accounts payable | \$ 50,691 | \$ 72,192 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 156,847 |
| Accrued payroll | - | - | - | - | - | - | - | - | - | 9,811 |
| Due to other funds | - | - | - | - | - | - | - | - | - | 5,562 |
| Total liabilities | <u>\$ 50,691</u> | <u>\$ 72,192</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 172,220</u> |
| Fund Balances (Deficit) | | | | | | | | | | |
| Restricted: | | | | | | | | | | |
| Cultural and recreation | - | - | - | - | 3,709 | 119,000 | 210,527 | 221,664 | - | 1,057,455 |
| Public safety | 1,033,736 | - | 8,060 | 14,713 | - | - | - | - | - | 1,121,432 |
| Streets | - | 1,087,060 | - | - | - | - | - | - | - | 1,087,060 |
| Tourism | - | - | - | - | - | - | - | - | - | 573,776 |
| Unassigned (Deficit) | - | - | - | - | - | - | - | - | - | (5,562) |
| Total fund balances (deficit) | <u>\$ 1,033,736</u> | <u>\$ 1,087,060</u> | <u>\$ 8,060</u> | <u>\$ 14,713</u> | <u>\$ 3,709</u> | <u>\$ 119,000</u> | <u>\$ 210,527</u> | <u>\$ 221,664</u> | <u>\$ -</u> | <u>\$ 3,834,161</u> |
| Total liabilities and fund balances | <u>\$ 1,084,427</u> | <u>\$ 1,159,252</u> | <u>\$ 8,060</u> | <u>\$ 14,713</u> | <u>\$ 3,709</u> | <u>\$ 119,000</u> | <u>\$ 210,527</u> | <u>\$ 221,664</u> | <u>\$ -</u> | <u>\$ 4,006,381</u> |

City of Ennis, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For Year Ended September 30, 2023

| | Museum | Forfeited Contra band | Law Enforcement Education | COPS More Grant | COE 2010 Trust Library | Tourism | Court Technology | Court Security |
|--|----------|--------------------------|---------------------------------|-----------------------|---------------------------------|------------|---------------------|-------------------|
| Revenues | | | | | | | | |
| Sales taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Hotel occupancy taxes | - | - | - | - | - | 533,543 | - | - |
| Fines and forfeitures | - | - | - | - | - | - | 9,717 | 5,919 |
| Investment earnings | 33 | 152 | 21 | - | 1,865 | 1,602 | - | 111 |
| Miscellaneous | 180 | - | - | - | - | 23 | - | - |
| Intergovernmental | - | - | - | - | - | - | - | - |
| Contributions and donations | - | - | - | - | 10,052 | - | - | - |
| Total revenues | 213 | 152 | 21 | - | 11,917 | 535,168 | 9,717 | 6,030 |
| Expenditures | | | | | | | | |
| Current: | | | | | | | | |
| General government | - | - | - | - | - | 327,168 | - | 195 |
| Public safety | - | 21,397 | 5,178 | - | - | - | - | - |
| Streets | - | - | - | - | - | - | - | - |
| Cultural and recreation | 142 | - | - | - | 5,185 | - | - | - |
| Total expenditures | 142 | 21,397 | 5,178 | - | 5,185 | 327,168 | - | 195 |
| Excess (deficiency) of revenues over (under) expenditures | 71 | (21,245) | (5,157) | - | 6,732 | 208,000 | 9,717 | 5,835 |
| Other Financing Sources (Uses) | | | | | | | | |
| Transfers out | - | - | - | - | - | (126,300) | - | - |
| Sale of capital assets | - | 3,690 | - | - | - | - | - | - |
| Total other financing sources (uses) | - | 3,690 | - | - | - | (126,300) | - | - |
| Net Change in Fund Balances | 71 | (17,555) | (5,157) | - | 6,732 | 81,700 | 9,717 | 5,835 |
| Fund Balances, Beginning | 8,614 | 46,530 | 8,748 | 2 | 487,138 | 492,076 | (15,279) | 26,520 |
| Fund Balances, Ending | \$ 8,685 | \$ 28,975 | \$ 3,591 | \$ 2 | \$ 493,870 | \$ 573,776 | \$ (5,562) | \$ 32,355 |

City of Ennis, Texas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Special Revenue Funds (Continued) For Year Ended September 30, 2023

| Revenues | Crime Control and Prevention District | Street Maintenance | Police Donation | Fire Donation | Parks Donation | Cardinals Park Land Development | Bluebonnet Estates Park Land Development | Creechville Zone Park Land Development | Employee Appreciation | Totals |
|---|---------------------------------------|--------------------|-----------------|---------------|----------------|---------------------------------|--|--|-----------------------|--------------|
| | | | | | | | | | | |
| Sales taxes | \$ 1,688,443 | \$ 1,725,042 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,413,485 |
| Hotel occupancy taxes | - | - | - | - | - | - | - | - | - | 533,543 |
| Fines and forfeitures | - | - | - | - | - | - | - | - | - | 15,636 |
| Investment earnings | 5,059 | - | 30 | 53 | 10 | - | - | - | 2 | 8,938 |
| Miscellaneous | - | - | - | - | - | - | - | - | - | 203 |
| Intergovernmental | - | - | - | - | - | - | - | - | - | - |
| Contributions and donations | - | - | - | 7,200 | 5,500 | - | 98,132 | - | - | 120,884 |
| Total revenues | 1,693,502 | 1,725,042 | 30 | 7,253 | 5,510 | - | 98,132 | - | 2 | 4,092,689 |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | - | - | - | - | - | - | - | - | 1,580 | 328,943 |
| Public safety | 1,169,479 | - | - | 5,797 | - | - | - | - | - | 1,201,851 |
| Streets | - | 2,038,376 | - | - | - | - | - | - | - | 2,038,376 |
| Cultural and recreation | - | - | - | - | 2,485 | - | - | - | - | 7,812 |
| Total expenditures | 1,169,479 | 2,038,376 | - | 5,797 | 2,485 | - | - | - | 1,580 | 3,576,982 |
| Excess (deficiency) of revenues over (under) expenditures | 524,023 | (313,334) | 30 | 1,456 | 3,025 | - | 98,132 | - | (1,578) | 515,707 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers out | (1,259,888) | (850,000) | - | - | - | - | - | - | - | (2,236,188) |
| Sale of capital assets | - | - | - | - | - | - | - | - | - | 3,690 |
| Total other financing sources (uses) | (1,259,888) | (850,000) | - | - | - | - | - | - | - | (2,232,498) |
| Net Change in Fund Balances | (735,865) | (1,163,334) | 30 | 1,456 | 3,025 | - | 98,132 | - | (1,578) | (1,716,791) |
| Fund Balances, Beginning | 1,769,601 | 2,250,394 | 8,030 | 13,257 | 684 | 119,000 | 112,395 | 221,664 | 1,578 | 5,550,952 |
| Fund Balances, Ending | \$ 1,033,736 | \$ 1,087,060 | \$ 8,060 | \$ 14,713 | \$ 3,709 | \$ 119,000 | \$ 210,527 | \$ 221,664 | \$ - | \$ 3,834,161 |

City of Ennis, Texas
Combining Balance Sheet
Nonmajor Capital Projects Funds
September 30, 2023

| | Tax Increment Reinvestment | | Tax Increment Reinvestment | | Prairie View | | Hollow PID | | Total |
|--------------------------------------|----------------------------|------------|----------------------------|-----------|--------------|-----------|------------|--------------|-------|
| | Zone #1 | Zone #2 | Zone #3 | Zone #3 | View PID | View PID | PID | PID | |
| Assets | | | | | | | | | |
| Cash and cash equivalents | \$ 1,153,889 | \$ 514,926 | \$ 271,112 | \$ - | \$ - | \$ 30,000 | \$ - | \$ 1,969,927 | |
| Other receivables | 4,732 | 3,169 | 1,832 | 15,000 | - | - | - | 24,733 | |
| Total assets | 1,158,621 | 518,095 | 272,944 | 15,000 | 30,000 | - | - | 1,994,660 | |
| Liabilities | | | | | | | | | |
| Accounts payable | - | - | - | 2,508 | 1,577 | - | - | 4,085 | |
| Total liabilities | - | - | - | 2,508 | 1,577 | - | - | 4,085 | |
| Deferred Inflows of Resources | | | | | | | | | |
| Unavailable revenue – property taxes | 4,307 | 2,885 | 1,667 | - | - | - | - | 8,859 | |
| Total deferred in flows of resources | 4,307 | 2,885 | 1,667 | - | - | - | - | 8,859 | |
| Fund Balances | | | | | | | | | |
| Restricted: | | | | | | | | | |
| Capital projects | 1,154,314 | 515,210 | 271,277 | 12,492 | 28,423 | - | - | 1,981,716 | |
| Total fund balances | 1,154,314 | 515,210 | 271,277 | 12,492 | 28,423 | - | - | 1,981,716 | |
| Total liabilities and fund balances | \$ 1,154,314 | \$ 515,210 | \$ 271,277 | \$ 15,000 | \$ 30,000 | \$ - | \$ - | \$ 1,985,801 | |

City of Ennis, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended September 30, 2023

| | Tax Increment Reinvestment | | Tax Increment Reinvestment | | Prairie View | | Hollow | | Total |
|---|----------------------------|------------|----------------------------|------------|--------------|-----------|-----------|-----------|--------------|
| | Zone #1 | Zone #2 | Zone #3 | Zone #3 | PID | PID | PID | PID | |
| Property taxes | \$ 523,835 | \$ 342,095 | \$ 203,120 | \$ 203,120 | \$ 15,000 | \$ 15,000 | \$ 30,000 | \$ 30,000 | \$ 1,114,050 |
| Investment earnings | 3,034 | 1,167 | 404 | 404 | - | - | - | - | 4,605 |
| Total revenues | 526,869 | 343,262 | 203,524 | 203,524 | 15,000 | 15,000 | 30,000 | 30,000 | 1,118,655 |
| Expenditures | | | | | | | | | |
| Capital outlay | 76 | 53,629 | 108 | 108 | 2,508 | 2,508 | 1,577 | 1,577 | 57,898 |
| Total expenditures | 76 | 53,629 | 108 | 108 | 2,508 | 2,508 | 1,577 | 1,577 | 57,898 |
| Excess (deficiency) of revenues over (under) expenditures | 526,793 | 289,633 | 203,416 | 203,416 | 12,492 | 12,492 | 28,423 | 28,423 | 1,060,757 |
| Net Change in Fund Balances | 526,793 | 289,633 | 203,416 | 203,416 | 12,492 | 12,492 | 28,423 | 28,423 | 1,060,757 |
| Fund Balances, Beginning | 627,521 | 225,577 | 67,861 | 67,861 | - | - | - | - | 920,959 |
| Fund Balances, Ending | \$ 1,154,314 | \$ 515,210 | \$ 271,277 | \$ 271,277 | \$ 12,492 | \$ 12,492 | \$ 28,423 | \$ 28,423 | \$ 1,981,716 |

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Debt Service Fund

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

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City of Ennis, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Debt Service Fund
For the Year Ended September 30, 2023

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|------------------|--------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Property taxes | \$ 6,922,356 | \$ 6,922,356 | \$ 7,055,174 | \$ 132,818 |
| Investment earnings | 2,000 | 2,000 | 4,237 | 2,237 |
| Total revenues | 6,924,356 | 6,924,356 | 7,059,411 | 135,055 |
| Expenditures | | | | |
| Principal retirement | 4,830,000 | 4,980,000 | 4,980,000 | - |
| Interest and fiscal charges | 2,724,004 | 2,724,004 | 2,723,479 | 525 |
| Total expenditures | 7,554,004 | 7,704,004 | 7,703,479 | 525 |
| Excess (deficiency) of revenues over (under) expenditures | (629,648) | (779,648) | (644,068) | 134,530 |
| Other Financing Sources | | | | |
| Transfers in | 699,688 | 699,688 | 699,688 | - |
| Total other financing sources | 699,688 | 699,688 | 699,688 | - |
| Net Change in Fund Balance | 70,040 | (79,960) | 55,620 | 134,530 |
| Fund Balance, Beginning | 105,597 | 105,597 | 105,597 | - |
| Fund Balance, Ending | \$ 175,637 | \$ 25,637 | \$ 161,217 | \$ 134,530 |

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Proprietary Funds

Nonmajor Enterprise Funds

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

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

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City of Ennis, Texas
Statement of Net Position
Nonmajor Proprietary Funds
September 30, 2023

| | Business-type Activities - Enterprise | | |
|---|--|-------------------|--|
| | Sanitation | Airport | Total Nonmajor Enterprise Funds |
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | \$ 623,313 | \$ - | \$ 623,313 |
| Receivables (net of allowance for uncollectibles) | 213,869 | 13 | 213,882 |
| Lease receivable | 36,341 | - | 36,341 |
| Inventories | - | 28,295 | 28,295 |
| Total current assets | <u>873,523</u> | <u>28,308</u> | <u>901,831</u> |
| Noncurrent Assets | | | |
| Capital and lease assets (net, where applicable of accumulated depreciation/amortization) | <u>1,323,405</u> | <u>839,407</u> | <u>2,162,812</u> |
| Total noncurrent assets | <u>1,323,405</u> | <u>839,407</u> | <u>2,162,812</u> |
| Total assets | <u>2,196,928</u> | <u>867,715</u> | <u>3,064,643</u> |
| Deferred Outflows of Resources | | | |
| Deferred outflows of resources related to pension | 502,416 | - | 502,416 |
| Deferred outflows of resources related to OPEB | <u>6,278</u> | <u>-</u> | <u>6,278</u> |
| Total deferred outflows of resources | <u>508,694</u> | <u>-</u> | <u>508,694</u> |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts payable | 39,621 | 3,059 | 42,680 |
| Accrued payroll payable | 48,392 | - | 48,392 |
| Due to other funds | <u>-</u> | <u>191,719</u> | <u>191,719</u> |
| Total current liabilities | <u>88,013</u> | <u>194,778</u> | <u>282,791</u> |
| Noncurrent Liabilities | | | |
| Net pension liability | 784,018 | - | 784,018 |
| Total OPEB liability | <u>29,924</u> | <u>-</u> | <u>29,924</u> |
| Total noncurrent liabilities | <u>813,942</u> | <u>-</u> | <u>813,942</u> |
| Total liabilities | <u>901,955</u> | <u>194,778</u> | <u>1,096,733</u> |
| Deferred Inflows of Resources | | | |
| Deferred inflows of resources related to pension | 11,527 | - | 11,527 |
| Deferred inflows of resources related to OPEB | 15,543 | - | 15,543 |
| Deferred inflows of resources related to leases | <u>35,533</u> | <u>-</u> | <u>35,533</u> |
| Total deferred inflows of resources | <u>62,603</u> | <u>-</u> | <u>62,603</u> |
| Net Position | | | |
| Net investment in capital assets | 1,323,405 | 839,407 | 2,162,812 |
| Unrestricted (Deficit) | <u>417,659</u> | <u>(166,470)</u> | <u>251,189</u> |
| Total net position | <u>\$ 1,741,064</u> | <u>\$ 672,937</u> | <u>\$ 2,414,001</u> |

City of Ennis, Texas
Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Proprietary Funds
For the Year Ended September 30, 2023

| | Business-type Activities – Enterprise | | |
|--|--|-------------------|--|
| | Sanitation | Airport | Total Nonmajor Enterprise Funds |
| Operating Revenues | | | |
| Sanitation revenue | \$ 1,822,276 | \$ - | \$ 1,822,276 |
| Airport revenue | - | 209,417 | 209,417 |
| Total operating revenues | <u>1,822,276</u> | <u>209,417</u> | <u>2,031,693</u> |
| Operating Expenses | | | |
| Personnel | 1,026,794 | - | 1,026,794 |
| Supplies | 103,361 | 167,998 | 271,359 |
| Maintenance and replacement | 125,944 | 63,022 | 188,966 |
| Miscellaneous services | 99,320 | 19,335 | 118,655 |
| Depreciation and amortization | 311,543 | 2,093 | 313,636 |
| Total operating expenses | <u>1,666,962</u> | <u>252,448</u> | <u>1,919,410</u> |
| Operating income (loss) | <u>155,314</u> | <u>(43,031)</u> | <u>112,283</u> |
| Nonoperating Revenue (Expenses) | | | |
| Interest income | 1,240 | - | 1,240 |
| Total nonoperating revenue (expenses) | <u>1,240</u> | <u>-</u> | <u>1,240</u> |
| Income before transfers | 156,554 | (43,031) | 113,523 |
| Transfers in | 47,598 | 30,000 | 77,598 |
| Transfers out | (193,018) | - | (193,018) |
| Change in net position | 11,134 | (13,031) | (1,897) |
| Net Position, Beginning | <u>1,729,930</u> | <u>685,968</u> | <u>2,415,898</u> |
| Net Position, Ending | <u>\$ 1,741,064</u> | <u>\$ 672,937</u> | <u>\$ 2,414,001</u> |

City of Ennis, Texas
Statement of Cash Flows
Nonmajor Proprietary Funds
For Year Ended September 30, 2023

| | Business-type Activities – Enterprise | | |
|--|--|--------------------|--|
| | Sanitation | Airport | Total Nonmajor Enterprise Funds |
| Cash Flows From Operating Activities | | | |
| Receipts from customers | \$ 1,810,975 | \$ 209,404 | \$ 2,020,379 |
| Payments to suppliers and service providers | (334,496) | (248,549) | (583,045) |
| Payments to employees for salaries and benefits | (955,619) | - | (955,619) |
| | <u>520,860</u> | <u>(39,145)</u> | <u>481,715</u> |
| Net cash provided by (used for) operating activities | | | |
| Cash Flows From Noncapital Financing Activities | | | |
| Transfers to other funds | (193,018) | - | (193,018) |
| Transfers from other funds | 47,598 | 39,145 | 86,743 |
| | <u>(145,420)</u> | <u>39,145</u> | <u>(106,275)</u> |
| Net cash provided by (used for) noncapital financing activities | | | |
| Cash Flows From Capital And Related Financing Activities | | | |
| Acquisition and construction of capital assets | (195,853) | - | (195,853) |
| Interest income | 1,240 | - | 1,240 |
| | <u>(194,613)</u> | <u>-</u> | <u>(194,613)</u> |
| Net cash used for capital and related financing activities | | | |
| Net increase in cash and cash equivalents | 180,827 | - | 180,827 |
| Cash and cash equivalents, October 1 | 442,486 | - | 442,486 |
| Cash and cash equivalents, September 30 | <u>\$ 623,313</u> | <u>\$ -</u> | <u>\$ 623,313</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities | | | |
| Operating income (loss) | \$ 155,314 | \$ (43,031) | \$ 112,283 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | |
| Depreciation and amortization | 311,543 | 2,093 | 313,636 |
| (Increase) decrease in accounts receivable | (11,301) | (13) | (11,314) |
| (Increase) decrease in lease receivable | (36,341) | - | (36,341) |
| (Increase) decrease in pension related deferred outflows | (343,222) | - | (343,222) |
| (Increase) decrease in OPEB related deferred outflows | 11,046 | - | 11,046 |
| Increase (decrease) in accounts payable | (5,063) | 1,806 | (3,257) |
| Increase (decrease) in accrued payroll payable | 16,441 | - | 16,441 |
| Increase (decrease) in pension related deferred inflows | (245,082) | - | (245,082) |
| Increase (decrease) in OPEB related deferred inflows | 2,305 | - | 2,305 |
| Increase (decrease) in lease related deferred inflows | 35,533 | - | 35,533 |
| Increase (decrease) in net pension liability | 642,683 | - | 642,683 |
| Increase (decrease) in Total OPEB liability | (12,996) | - | (12,996) |
| | <u>365,546</u> | <u>3,886</u> | <u>369,432</u> |
| Total adjustments | | | |
| Net cash provided by (used for) operating activities | <u>\$ 520,860</u> | <u>\$ (39,145)</u> | <u>\$ 481,715</u> |

City of Ennis, Texas
Schedule of Operating Revenues and Operating Expenses
Budget and Actual
Enterprise Fund - Utility
For the Fiscal Year Ended September 30, 2023

| | <u>Budgeted Amounts</u> | | Actual | Variance with Final Budget |
|---|-------------------------|----------------------|-----------------------------|---|
| | Original | Final | GAAP Basis | |
| Water Operating Revenues | | | | |
| Water sales | \$ 6,274,842 | \$ 6,274,842 | \$ 6,647,705 | \$ 372,863 |
| Water taps and connections | 203,662 | 203,662 | 227,277 | 23,615 |
| Penalties | 135,466 | 135,466 | 178,553 | 43,087 |
| Reconnection charges | 35,000 | 35,000 | 41,165 | 6,165 |
| Miscellaneous | 159,160 | 159,160 | 668,885 | 509,725 |
| | <u>6,808,130</u> | <u>6,808,130</u> | <u>7,763,585</u> | <u>955,455</u> |
| Sewer Operating Revenues | | | | |
| Sewer service charge | 4,947,672 | 4,947,672 | 5,328,193 | 380,521 |
| Sewer taps and connection | 12,756 | 12,756 | 14,510 | 1,754 |
| EPA fees | 70,000 | 70,000 | 49,712 | (20,288) |
| | <u>5,030,428</u> | <u>5,030,428</u> | <u>5,392,415</u> | <u>361,987</u> |
| Total operating revenues | <u>\$ 11,838,558</u> | <u>\$ 11,838,558</u> | <u>\$ 13,156,000</u> | <u>\$ 1,317,442</u> |
| Operating Expenses | | | | |
| Administration: | | | | |
| Personnel | \$ 548,370 | \$ 471,083 | \$ 477,615 | \$ (6,532) |
| Supplies | 15,800 | 15,800 | 16,548 | (748) |
| Maintenance and replacement | 1,600 | 1,600 | 2,444 | (844) |
| Miscellaneous services | 134,100 | 134,100 | 204,345 | (70,245) |
| Capital Outlay | - | - | - | - |
| | <u>699,870</u> | <u>622,583</u> | <u>700,952</u> | <u>(78,369)</u> |
| Water operations: | | | | |
| Personnel | 1,654,778 | 1,732,065 | 1,869,538 | (137,473) |
| Supplies | 964,200 | 1,214,200 | 1,417,014 | (202,814) |
| Maintenance and replacement | 505,000 | 438,610 | 673,207 | (234,597) |
| Miscellaneous services | 303,050 | 327,550 | 503,201 | (175,651) |
| Capital outlay | - | - | - | - |
| | <u>3,427,028</u> | <u>3,712,425</u> | <u>4,462,960</u> | <u>(750,535)</u> |
| Sewer operations: | | | | |
| Personnel | 1,328,758 | 1,328,758 | 1,307,890 | 20,868 |
| Supplies | 308,200 | 358,200 | 349,996 | 8,204 |
| Maintenance and replacement | 310,000 | 330,000 | 419,769 | (89,769) |
| Miscellaneous services | 472,900 | 487,900 | 551,327 | (63,427) |
| Capital outlay | - | - | - | - |
| | <u>2,419,858</u> | <u>2,504,858</u> | <u>2,628,982</u> | <u>(124,124)</u> |
| Total operating expenses before depreciation and amortization | 6,546,756 | 6,839,866 | 7,792,894 | (953,028) |
| Depreciation and amortization | - | - | 3,571,165 | (3,571,165) |
| Total operating expenses | <u>\$ 6,546,756</u> | <u>\$ 6,839,866</u> | <u>\$ 11,364,059</u> | <u>\$ (4,524,193)</u> |

City of Ennis, Texas
Schedule of Operating Revenues and Operating Expenses
Budget and Actual
Enterprise Fund - Sanitation
For the Fiscal Year Ended September 30, 2023

| | <u>Budgeted Amounts</u> | | Actual GAAP Basis | Variance with Final Budget |
|---|-------------------------|---------------------|----------------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Operating Revenues | | | | |
| Sanitation revenues | \$ 1,602,629 | \$ 1,602,629 | \$ 1,822,276 | \$ 219,647 |
| Miscellaneous | 26,052 | 26,052 | - | (26,052) |
| | <u>\$ 1,628,681</u> | <u>\$ 1,628,681</u> | <u>\$ 1,822,276</u> | <u>\$ 193,595</u> |
| Operating Expenses | | | | |
| Sanitation | | | | |
| Personnel | \$ 1,040,638 | \$ 1,040,638 | \$ 1,026,794 | \$ 13,844 |
| Supplies | 87,100 | 90,052 | 103,361 | (13,309) |
| Maintenance and replacement | 63,000 | 133,886 | 125,944 | 7,942 |
| Miscellaneous services | 206,471 | 779,603 | 99,320 | 680,283 |
| | <u>1,397,209</u> | <u>2,044,179</u> | <u>1,355,419</u> | <u>688,760</u> |
| Total operating expenses before depreciation and amortization | | | | |
| Depreciation and amortization | - | - | 311,543 | (311,543) |
| | <u>\$ 1,397,209</u> | <u>\$ 2,044,179</u> | <u>\$ 1,666,962</u> | <u>\$ 377,217</u> |

City of Ennis, Texas
Schedule of Operating Revenues and Operating Expenses
Budget and Actual
Enterprise Fund - Airport
For the Fiscal Year Ended September 30, 2023

| | Budgeted Amounts | | Actual GAAP Basis | Variance with Final Budget |
|--|-------------------------|-------------------|----------------------------------|---------------------------------------|
| | Original | Final | | |
| Operating Revenues | | | | |
| Airport revenues | \$ 152,702 | \$ 152,702 | \$ 209,417 | \$ 56,715 |
| Miscellaneous | 60,000 | 60,000 | - | (60,000) |
| Total operating revenues | <u>\$ 212,702</u> | <u>\$ 212,702</u> | <u>\$ 209,417</u> | <u>\$ (3,285)</u> |
| Operating Expenses | | | | |
| Airport: | | | | |
| Supplies | \$ 147,600 | \$ 147,600 | \$ 167,998 | \$ (20,398) |
| Maintenance and replacement | 37,000 | 86,969 | 63,022 | 23,947 |
| Miscellaneous services | 14,891 | 44,891 | 19,335 | 25,556 |
| Total operating expenses before depreciation and amortization | 199,491 | 279,460 | 250,355 | 29,105 |
| Depreciation and amortization | - | - | 2,093 | (2,093) |
| Total operating expenses | <u>\$ 199,491</u> | <u>\$ 279,460</u> | <u>\$ 252,448</u> | <u>\$ 27,012</u> |

Internal Service Funds

Self-Insurance Fund - This fund is used to account for self-insurance services provided to other departments of the City on a cost-reimbursement basis for medical claims and prescription drugs.

Fleet Replacement Fund - This fund is used to account for fleet maintenance services provided to other departments of the City on a cost-reimbursement basis.

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City of Ennis, Texas
Statement of Net Position
Internal Service Funds
September 30, 2023

| | Internal Service Funds | | |
|---------------------------|--------------------------------|---------------------------------------|---|
| | Self Insurance Fund | Fleet Replacement Fund | Total Internal Service Funds |
| Assets | | | |
| Cash and cash equivalents | \$ 3,444,273 | 649,778 | \$ 4,094,051 |
| Due from other funds | 17,211 | - | 17,211 |
| Total assets | <u>3,461,484</u> | <u>649,778</u> | <u>4,111,262</u> |
| Liabilities | | | |
| Accounts payable | - | 49,597 | 49,597 |
| Claims payable | 669,175 | - | 669,175 |
| Total liabilities | <u>669,175</u> | <u>49,597</u> | <u>718,772</u> |
| Net Position | | | |
| Unrestricted | <u>2,792,309</u> | <u>600,181</u> | <u>3,392,490</u> |
| Total net position | <u>\$ 2,792,309</u> | <u>\$ 600,181</u> | <u>\$ 3,392,490</u> |

City of Ennis, Texas
Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended September 30, 2023

| | Internal Service Funds | | |
|--|--------------------------------|---------------------------------------|---|
| | Self Insurance Fund | Fleet Replacement Fund | Total Internal Service Funds |
| Operating Revenues | | | |
| Charges for services | \$ 4,689,680 | \$ - | \$ 4,689,680 |
| Total operating revenues | <u>4,689,680</u> | <u>-</u> | <u>4,689,680</u> |
| Operating Expenses | | | |
| Insurance claims and expenses | 4,463,972 | - | 4,463,972 |
| Maintenance and replacement | - | 504,609 | 504,609 |
| Total operating expenses | <u>4,463,972</u> | <u>504,609</u> | <u>4,968,581</u> |
| Operating income (loss) | <u>225,708</u> | <u>(504,609)</u> | <u>(278,901)</u> |
| Nonoperating Revenue (Expenses) | | | |
| Gain on disposal of property | - | 405,477 | 405,477 |
| Total nonoperating revenue (expenses) | <u>-</u> | <u>405,477</u> | <u>405,477</u> |
| Income before transfers | 225,708 | (99,132) | 126,576 |
| Transfers in | - | 699,313 | 699,313 |
| Transfers out | <u>(353,063)</u> | <u>-</u> | <u>(353,063)</u> |
| Change in net position | (127,355) | 600,181 | 472,826 |
| Net Position, Beginning | <u>2,919,664</u> | <u>-</u> | <u>2,919,664</u> |
| Net Position, Ending | <u>\$ 2,792,309</u> | <u>\$ 600,181</u> | <u>\$ 3,392,490</u> |

City of Ennis, Texas
Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2023

| | Internal Service Funds | | |
|--|--------------------------------|---------------------------------------|---|
| | Self Insurance Fund | Fleet Replacement Fund | Total Internal Service Funds |
| Cash Flows From Operating Activities | | | |
| Receipts from interfund charges for self-insurance | \$ 4,689,680 | \$ - | \$ 4,689,680 |
| Payments to suppliers and service providers | (4,455,908) | (455,012) | (4,910,920) |
| Net cash provided by (used for) operating activities | <u>233,772</u> | <u>(455,012)</u> | <u>(221,240)</u> |
| Cash Flows From Noncapital Financing Activities | | | |
| Transfers to other funds | (381,666) | - | (381,666) |
| Transfers from other funds | - | 699,313 | 699,313 |
| Net cash provided by (used for) noncapital financing activities | <u>(381,666)</u> | <u>699,313</u> | <u>317,647</u> |
| Cash Flows From Capital And Related Financing Activities | | | |
| Proceeds from the sale of capital assets | - | 405,477 | 405,477 |
| Net cash provided by capital and related financing activities | <u>-</u> | <u>405,477</u> | <u>405,477</u> |
| Net increase (decrease) in cash and cash equivalents | (147,894) | 649,778 | 501,884 |
| Cash and cash equivalents, October 1 | <u>3,592,167</u> | <u>-</u> | <u>3,592,167</u> |
| Cash and cash equivalents, September 30 | <u>\$ 3,444,273</u> | <u>\$ 649,778</u> | <u>\$ 4,094,051</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities | | | |
| Operating income (loss) | \$ 225,708 | \$ (504,609) | \$ (278,901) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | |
| (Increase) decrease in accounts payable | 8,064 | 49,597 | 57,661 |
| Total adjustments | <u>8,064</u> | <u>49,597</u> | <u>57,661</u> |
| Net cash provided by (used for) operating activities | <u>\$ 233,772</u> | <u>\$ (455,012)</u> | <u>\$ (221,240)</u> |

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Statistical Section

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City of Ennis, Texas

Table Descriptions

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

Contents Pages

| | |
|--|----------------|
| Financial Trends | 95-99 |
| These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | |
| Revenue Capacity | 99-103 |
| These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes. | |
| Debt Capacity | 104-107 |
| These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. | |
| Demographic and Economic Information | 108-110 |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments. | |
| Operating Information | 111-113 |
| These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. | |

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

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

| | Fiscal Year | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 2014 | 2015 | 2016 | 2017 |
| Governmental Activities | | | | |
| Net investment in capital assets | \$ 27,768,206 | \$ 27,488,955 | \$ 28,345,988 | \$ 30,870,870 |
| Restricted | 1,378,049 | 2,392,432 | 3,470,822 | 4,423,202 |
| Unrestricted | 2,883,184 | 451,345 | (38,762) | (3,109,063) |
| Total governmental activities net position | <u>\$ 32,029,439</u> | <u>\$ 30,332,732</u> | <u>\$ 31,778,048</u> | <u>\$ 32,185,009</u> |
| Business-type Activities | | | | |
| Net investment in capital assets | \$ 22,632,356 | \$ 22,776,396 | \$ 23,387,335 | \$ 23,918,285 |
| Restricted | 600,548 | - | - | - |
| Unrestricted | 2,946,577 | 2,213,968 | 2,328,080 | 2,215,764 |
| Total business-type activities net position | <u>\$ 26,179,481</u> | <u>\$ 24,990,364</u> | <u>\$ 25,715,415</u> | <u>\$ 26,134,049</u> |
| Primary Government | | | | |
| Net investment in capital assets | \$ 50,400,562 | \$ 50,265,351 | \$ 51,733,323 | \$ 54,789,155 |
| Restricted | 1,978,597 | 2,392,432 | 3,470,822 | 4,423,202 |
| Unrestricted | 5,829,761 | 2,665,313 | 2,289,318 | (893,299) |
| Total primary government net position | <u>\$ 58,208,920</u> | <u>\$ 55,323,096</u> | <u>\$ 57,493,463</u> | <u>\$ 58,319,058</u> |

Source: Annual Comprehensive Financial Report

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

| Fiscal Year | | | | | | |
|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|--|
| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | |
| \$ 29,095,218 | \$ 28,875,948 | \$ 25,918,970 | \$ 28,463,890 | \$ 29,775,266 | \$ 39,784,516 | |
| 4,037,124 | 2,136,186 | 4,311,693 | 4,209,037 | 12,505,972 | 17,645,852 | |
| (675,895) | 105,591 | 76,134 | 12,733,099 | 17,779,279 | 13,765,382 | |
| <u>\$ 32,456,447</u> | <u>\$ 31,117,725</u> | <u>\$ 30,306,797</u> | <u>\$ 45,406,026</u> | <u>\$ 60,060,517</u> | <u>\$ 71,195,750</u> | |
| \$ 25,043,255 | \$ 29,033,174 | \$ 32,807,774 | \$ 38,282,575 | \$ 40,714,128 | \$ 41,649,621 | |
| - | - | - | - | - | - | |
| 2,930,528 | 2,568,272 | 1,553,060 | 1,859,703 | 3,053,127 | 6,455,245 | |
| <u>\$ 27,973,783</u> | <u>\$ 31,601,446</u> | <u>\$ 34,360,834</u> | <u>\$ 40,142,278</u> | <u>\$ 43,767,255</u> | <u>\$ 48,104,866</u> | |
| \$ 54,138,473 | \$ 57,909,122 | \$ 58,726,744 | \$ 66,746,465 | \$ 70,489,394 | \$ 81,434,137 | |
| 4,037,124 | 2,136,186 | 4,311,693 | 4,209,037 | 12,505,972 | 17,645,852 | |
| 2,254,633 | 2,673,863 | 1,629,194 | 14,592,802 | 20,832,406 | 20,220,627 | |
| <u>\$ 60,430,230</u> | <u>\$ 62,719,171</u> | <u>\$ 64,667,631</u> | <u>\$ 85,548,304</u> | <u>\$ 103,827,772</u> | <u>\$ 119,300,616</u> | |

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

| | Fiscal Year | | | |
|---------------------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2014 | 2015 | 2016 | 2017 |
| Expenses | | | | |
| Governmental activities: | | | | |
| General government | \$ 1,103,543 | \$ 2,009,993 | \$ 2,493,478 | \$ 3,484,434 |
| Public Safety | 7,980,862 | 8,355,627 | 9,328,294 | 11,271,841 |
| Streets | 2,253,495 | 2,210,989 | 2,703,513 | 3,259,684 |
| Health | 375,297 | 384,148 | 334,096 | 449,742 |
| Equipment services | 140,749 | 253,835 | 330,555 | 343,313 |
| Cultural and recreational | 1,222,311 | 1,270,123 | 1,278,502 | 1,710,782 |
| Airport | 194,828 | 169,804 | 148,531 | 288,471 |
| Hospital | 1,229,356 | 1,229,356 | 1,229,321 | 1,223,582 |
| Public works | 90,114 | 179,270 | 363,013 | 372,854 |
| Sanitation services | 1,011,691 | - | - | - |
| Interest on long-term debt | 1,051,856 | 832,587 | 965,000 | 930,610 |
| Total governmental activities | 16,654,102 | 16,895,732 | 19,174,303 | 23,335,313 |
| Business-type activities: | | | | |
| Utility | 8,177,866 | 7,375,025 | 7,840,074 | 8,061,956 |
| Sanitation | - | 1,060,622 | 1,153,513 | 1,122,815 |
| Airport | - | - | - | - |
| Total business-type activities | 8,177,866 | 8,435,647 | 8,993,587 | 9,184,771 |
| Total expenses | \$ 24,831,968 | \$ 25,331,379 | \$ 28,167,890 | \$ 32,520,084 |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | \$ 144,941 | \$ 222,213 | \$ 308,178 | \$ 367,645 |
| Public safety | 744,872 | 611,883 | 763,986 | 700,651 |
| Airport | 149,848 | 77,164 | 35,236 | 46,633 |
| Health | - | - | - | - |
| Cultural and recreational | 19,385 | 20,603 | 19,920 | 15,151 |
| Hospital | 544,893 | 544,893 | 544,893 | 544,893 |
| Public Works | 21,917 | 8,958 | 3,677 | 5,327 |
| Sanitation services | 897,447 | - | - | - |
| Operating grants and contributions | 12,013 | 247,955 | 458,596 | 472,921 |
| Capital grants and contributions | - | 12,037 | 270,773 | 1,345,067 |
| Total governmental activities | 2,535,316 | 1,745,706 | 2,405,259 | 3,498,288 |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Utility | 7,684,522 | 8,154,106 | 8,617,166 | 9,364,187 |
| Sanitation | - | 970,323 | 1,112,661 | 1,509,792 |
| Airport | - | - | - | - |
| Operating grants and contributions | - | - | - | - |
| Capital grants and contributions | - | - | 702,809 | 129,639 |
| Total business-type activities | 7,684,522 | 9,124,429 | 10,432,636 | 11,003,618 |
| Total program revenues | \$ 10,219,838 | \$ 10,870,135 | \$ 12,837,895 | \$ 14,501,906 |
| Net (expense)/revenue | | | | |
| Government activities | \$ (14,118,786) | \$ (15,150,026) | \$ (16,769,044) | \$ (19,837,025) |
| Business-type activities | (493,344) | 688,782 | 1,439,049 | 1,818,847 |
| Total net expense | \$ (14,612,130) | \$ (14,461,244) | \$ (15,329,995) | \$ (18,018,178) |

Fiscal Year

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|----|---------------------|------------------------|------------------------|-----------------------|------------------------|------------------------|
| \$ | 3,052,597 | \$ 3,323,582 | \$ 9,654,303 | \$ 4,377,857 | \$ 5,118,335 | \$ 8,963,262 |
| | 10,408,224 | 10,731,634 | 12,703,761 | 13,037,988 | 13,714,222 | 16,648,611 |
| | 4,793,071 | 3,805,200 | 2,990,759 | 3,491,357 | 3,930,028 | 6,902,210 |
| | 502,639 | 14,151,551 | 103,997,142 | 145,722,694 | 218,194,521 | 298,309,815 |
| | 318,197 | 405,495 | 401,137 | 315,210 | 344,900 | 310,039 |
| | 1,540,188 | 1,696,613 | 1,908,687 | 1,823,078 | 2,103,452 | 2,632,593 |
| | 359,718 | - | - | - | - | - |
| | 1,160,052 | 1,160,052 | - | - | 1,128,807 | 716,788 |
| | 362,099 | 869,278 | 557,302 | 585,827 | 645,638 | 797,406 |
| | - | - | - | - | - | - |
| | 897,132 | 1,818,008 | 2,381,383 | 2,503,864 | 2,637,086 | 3,224,991 |
| | <u>23,393,917</u> | <u>37,961,413</u> | <u>134,594,474</u> | <u>171,857,875</u> | <u>247,816,989</u> | <u>338,505,715</u> |
| | 8,831,650 | 8,199,645 | 9,259,784 | 10,040,237 | 11,200,785 | 12,370,761 |
| | 1,182,579 | 1,180,725 | 1,299,928 | 1,479,244 | 1,348,575 | 1,666,962 |
| | - | 165,814 | 108,390 | 178,865 | 218,031 | 252,448 |
| | <u>10,014,229</u> | <u>9,546,184</u> | <u>10,668,102</u> | <u>11,698,347</u> | <u>12,767,391</u> | <u>14,290,171</u> |
| \$ | <u>33,408,146</u> | <u>\$ 47,507,597</u> | <u>\$ 145,262,576</u> | <u>\$ 183,556,222</u> | <u>\$ 260,584,380</u> | <u>\$ 352,795,886</u> |
| \$ | 692,179 | \$ 500,257 | \$ 797,022 | \$ 632,746 | \$ 603,801 | \$ 509,810 |
| | 721,657 | 556,997 | 887,422 | 704,513 | 672,285 | 567,633 |
| | 101,059 | - | - | - | - | - |
| | - | 11,915,091 | 98,995,577 | 146,088,938 | 221,493,714 | 306,457,836 |
| | 25,080 | 65,684 | 104,649 | 83,080 | 79,279 | 66,938 |
| | 544,893 | 544,893 | 868,138 | 689,203 | 657,675 | 555,298 |
| | 3,870 | 450 | - | - | - | - |
| | - | - | - | - | - | - |
| | 2,070,536 | 1,180,486 | 3,395,699 | 5,034,089 | 2,861,286 | 1,468,417 |
| | 11,596 | 466,874 | 3,562,566 | 3,070,891 | 3,462,565 | 5,532,214 |
| | <u>4,170,870</u> | <u>15,230,732</u> | <u>108,611,073</u> | <u>156,303,460</u> | <u>229,830,605</u> | <u>315,158,146</u> |
| | 10,364,129 | 10,263,373 | 10,944,643 | 11,214,672 | 11,977,175 | 13,181,315 |
| | 1,511,592 | 1,481,012 | 1,555,371 | 1,582,003 | 1,696,214 | 1,822,276 |
| | - | 141,230 | 98,014 | 161,851 | 205,447 | 209,417 |
| | - | 19,970 | - | - | 53,989 | - |
| | - | 52,824 | 3,261,807 | 4,648,631 | 2,052,038 | 1,959,294 |
| | <u>11,875,721</u> | <u>11,958,409</u> | <u>15,859,835</u> | <u>17,607,157</u> | <u>15,984,863</u> | <u>17,172,302</u> |
| \$ | <u>16,046,591</u> | <u>\$ 27,189,141</u> | <u>\$ 124,470,908</u> | <u>\$ 173,910,617</u> | <u>\$ 245,815,468</u> | <u>\$ 332,330,448</u> |
| \$ | (19,223,047) | \$ (22,730,681) | \$ (25,983,401) | \$ (15,554,415) | \$ (17,986,384) | \$ (23,347,569) |
| | 1,861,492 | 2,412,225 | 5,191,733 | 5,908,810 | 3,217,472 | 2,882,131 |
| \$ | <u>(17,361,555)</u> | <u>\$ (20,318,456)</u> | <u>\$ (20,791,668)</u> | <u>\$ (9,645,605)</u> | <u>\$ (14,768,912)</u> | <u>\$ (20,465,438)</u> |

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

| | Fiscal Year | | | |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2014 | 2015 | 2016 | 2017 |
| General Revenues | | | | |
| Governmental activities: | | | | |
| Property taxes | \$ 9,909,883 | \$ 9,893,516 | \$ 10,005,334 | \$ 10,957,007 |
| Sales taxes | 2,979,576 | 3,782,774 | 5,018,180 | 5,332,377 |
| Franchise taxes | 1,622,886 | 1,606,673 | 1,550,923 | 1,629,324 |
| Hotel occupancy taxes | 270,869 | 309,009 | 344,126 | 346,010 |
| Alcoholic beverage taxes | 34,385 | 38,206 | 43,442 | 42,885 |
| Unrestricted grants and contributions | 120,200 | 118,200 | 116,000 | 118,550 |
| Investment earnings | 330,224 | 273,786 | 283,228 | 131,188 |
| Gain on sale of capital assets | - | - | - | 16,400 |
| Miscellaneous | 237,699 | 163,812 | 107,252 | 211,749 |
| Transfers | - | 1,191,451 | 745,875 | 1,458,496 |
| Total governmental activities | <u>15,505,722</u> | <u>17,377,427</u> | <u>18,214,360</u> | <u>20,243,986</u> |
| Business-type activities: | | | | |
| Unrestricted grants and contributions | - | - | - | - |
| Investment on earnings | 34,367 | 23,463 | 31,877 | 7,324 |
| Gain on sale of capital assets | - | - | - | 50,959 |
| Miscellaneous | - | - | - | - |
| Transfers | - | (1,191,451) | (745,875) | (1,458,496) |
| Total business-type activities | <u>34,367</u> | <u>(1,167,988)</u> | <u>(713,998)</u> | <u>(1,400,213)</u> |
| Total primary government | <u>\$ 15,540,089</u> | <u>\$ 16,209,439</u> | <u>\$ 17,500,362</u> | <u>\$ 18,843,773</u> |
| Change in Net Position | | | | |
| Governmental activities | \$ 1,386,936 | \$ 2,227,401 | \$ 1,445,316 | \$ 406,961 |
| Business-type activities | (458,977) | (479,206) | 725,051 | 418,634 |
| Total change in net position | <u>\$ 927,959</u> | <u>\$ 1,748,195</u> | <u>\$ 2,170,367</u> | <u>\$ 825,595</u> |

Source: Annual Comprehensive Financial Report

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

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

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

| Fiscal Year | | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--|
| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | |
| \$ 11,290,108 | \$ 11,865,422 | \$ 14,185,118 | \$ 15,124,636 | \$ 15,820,591 | \$ 19,450,555 | |
| 5,404,232 | 5,324,306 | 6,280,797 | 7,585,464 | 10,771,085 | 10,360,250 | |
| 1,647,872 | 1,494,793 | 1,640,222 | 1,694,133 | 1,933,079 | 2,037,382 | |
| 389,228 | 391,787 | 231,856 | 516,155 | 490,768 | 533,543 | |
| 46,153 | 52,512 | 49,051 | 77,564 | 76,540 | 93,764 | |
| 121,200 | - | - | - | - | - | |
| 146,149 | 391,289 | 257,103 | 153,933 | 93,741 | 345,584 | |
| 112,907 | 14,800 | - | - | - | 236,193 | |
| 507,296 | 403,138 | 11,767 | 605,402 | 885,177 | 434,456 | |
| (97,570) | 203,424 | 2,516,559 | 170,161 | 2,569,984 | 991,075 | |
| <u>19,567,575</u> | <u>20,141,471</u> | <u>25,172,473</u> | <u>25,927,448</u> | <u>32,640,965</u> | <u>34,482,802</u> | |
| - | - | - | - | 2,772,566 | 2,276,597 | |
| 30,040 | 169,245 | 79,097 | 38,460 | 91,511 | 169,958 | |
| (47,914) | - | 5,117 | 4,334 | 113,412 | - | |
| - | - | - | - | - | - | |
| 97,570 | (203,424) | (2,516,559) | (170,161) | (2,569,984) | (991,075) | |
| <u>79,696</u> | <u>(34,179)</u> | <u>(2,432,345)</u> | <u>(127,367)</u> | <u>407,505</u> | <u>1,455,480</u> | |
| <u>\$ 19,647,271</u> | <u>\$ 20,107,292</u> | <u>\$ 22,740,128</u> | <u>\$ 25,800,081</u> | <u>\$ 33,048,470</u> | <u>\$ 35,938,282</u> | |
| \$ 344,528 | \$ (2,589,210) | \$ (810,928) | \$ 10,373,033 | \$ 14,654,581 | \$ 11,135,233 | |
| 1,941,188 | 2,378,046 | 2,759,388 | 5,781,443 | 3,624,977 | 4,337,611 | |
| <u>\$ 2,285,716</u> | <u>\$ (211,164)</u> | <u>\$ 1,948,460</u> | <u>\$ 16,154,476</u> | <u>\$ 18,279,558</u> | <u>\$ 15,472,844</u> | |

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

| | Fiscal Year | | | |
|------------------------------------|---------------------|---------------------|----------------------|----------------------|
| | 2014 | 2015 | 2016 | 2017 |
| General fund | | | | |
| Nonspendable | \$ 261,936 | \$ 311,358 | \$ 69,308 | \$ 84,625 |
| Restricted | 35,950 | 3,096 | 3,096 | 4,650 |
| Assigned | - | - | 203,464 | - |
| Unassigned | 8,079,732 | 7,801,393 | 7,712,536 | 5,779,072 |
| Total general fund | <u>\$ 8,377,618</u> | <u>\$ 8,115,847</u> | <u>\$ 7,988,404</u> | <u>\$ 5,868,347</u> |
| All other governmental funds | | | | |
| Nonspendable | \$ 28,966 | \$ 28,966 | \$ 32,554 | \$ 36,961 |
| Restricted | 6,307,671 | 3,640,617 | 13,255,506 | 18,812,318 |
| Unassigned | - | - | - | - |
| Total all other governmental funds | <u>\$ 6,336,637</u> | <u>\$ 3,669,583</u> | <u>\$ 13,288,060</u> | <u>\$ 18,849,279</u> |

Source: Annual Comprehensive Financial Report

| Fiscal Year | | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--|
| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | |
| \$ 84,454 | \$ 53,213 | \$ 33,482 | \$ 21,414 | \$ 48,140 | \$ 61,177 | |
| 4,652 | 4,708 | - | - | - | - | |
| - | - | - | - | - | - | |
| 6,769,432 | 8,017,606 | 8,833,812 | 11,503,614 | 14,878,002 | 10,377,383 | |
| <u>\$ 6,858,538</u> | <u>\$ 8,075,527</u> | <u>\$ 8,867,294</u> | <u>\$ 11,525,028</u> | <u>\$ 14,926,142</u> | <u>\$ 10,438,560</u> | |
| \$ 36,961 | \$ 28,966 | \$ 28,966 | \$ 6,676,150 | \$ 4,251,392 | \$ 5,238,191 | |
| 11,427,256 | 23,347,316 | 30,209,343 | 22,768,960 | 41,097,486 | 41,395,894 | |
| - | (1,706,059) | (500,174) | (2,787,000) | (15,279) | (5,562) | |
| <u>\$ 11,464,217</u> | <u>\$ 21,670,223</u> | <u>\$ 29,738,135</u> | <u>\$ 26,658,110</u> | <u>\$ 45,333,599</u> | <u>\$ 46,628,523</u> | |

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

| | Fiscal Year | | | |
|---|---------------------|-----------------------|---------------------|---------------------|
| | 2014 | 2015 | 2016 | 2017 |
| Revenues | | | | |
| Property taxes | \$ 9,903,070 | \$ 9,899,156 | \$ 10,014,934 | \$ 10,953,855 |
| Sales taxes | 2,979,576 | 3,782,774 | 5,018,180 | 5,332,377 |
| Franchise taxes | 1,622,886 | 1,606,673 | 1,550,923 | 1,629,324 |
| Hotel occupancy taxes | 270,869 | 309,009 | 344,126 | 346,010 |
| Alcoholic beverage taxes | 34,385 | 38,206 | 43,442 | 42,885 |
| Licenses and permits | 144,941 | 200,916 | 292,635 | 367,628 |
| Fines and forfeitures | 605,176 | 470,713 | 625,830 | 569,395 |
| Charges for current services | 1,163,283 | 233,969 | 243,145 | 198,384 |
| Investment earnings | 330,224 | 273,786 | 283,228 | 131,188 |
| Miscellaneous | 303,910 | 227,546 | 76,641 | 211,749 |
| Intergovernmental | 124,010 | 486,000 | 722,471 | 1,397,186 |
| Contributions and donations | 8,203 | 22,255 | 40,532 | 19,304 |
| Total revenues | 17,490,533 | 17,551,003 | 19,256,087 | 21,199,285 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 1,124,725 | 2,000,927 | 2,934,110 | 4,975,332 |
| Public Safety | 7,850,808 | 8,304,576 | 8,875,792 | 9,698,196 |
| Streets | 1,246,624 | 1,092,572 | 1,474,034 | 2,122,396 |
| Health | 370,085 | 375,606 | 317,168 | 389,665 |
| Equipment services | 138,956 | 254,287 | 322,871 | 303,858 |
| Cultural and recreational | 1,060,585 | 1,137,874 | 1,105,233 | 1,472,159 |
| Airport | 165,174 | 54,601 | 14,570 | - |
| Public works | 89,434 | 179,385 | 297,208 | 306,571 |
| Sanitation services | 958,107 | - | - | - |
| Capital outlay | 1,369,145 | 3,798,531 | 362,581 | 847,885 |
| Debt service: | | | | |
| Principal retirement | 2,956,333 | 3,178,482 | 3,041,326 | 3,202,663 |
| Interest and fiscal charges | 946,141 | 837,011 | 804,256 | 818,200 |
| Bond issuance costs | 141,483 | - | 146,343 | 88,114 |
| Total expenditures | 18,417,600 | 21,213,852 | 19,695,492 | 24,225,039 |
| Excess (deficiency) of revenues over (under) expenditures | (927,067) | (3,662,849) | (439,405) | (3,025,754) |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 3,531,473 | 984,866 | 763,408 | 1,548,526 |
| Transfers out | (3,531,473) | (250,842) | (17,533) | (246,536) |
| Refunding bonds issued | 10,045,000 | - | 3,325,000 | 2,080,000 |
| Certificates of obligation issued | 6,000,000 | - | 8,760,000 | 5,225,000 |
| Premium on bonds issued | 276,162 | - | 127,405 | 185,596 |
| Payment to refunded bond escrow agent | (10,194,056) | - | (3,299,300) | (2,085,009) |
| Leases (as lessee) | 95,953 | - | - | - |
| Capital contribution | - | - | - | - |
| Sale of capital assets | - | - | - | 30,798 |
| Total other financing sources | 6,223,059 | 734,024 | 9,658,980 | 6,738,375 |
| Net change in fund balances | \$ 5,295,992 | \$ (2,928,825) | \$ 9,219,575 | \$ 3,712,621 |
| Debt service as a percentage of noncapital expenditures | 22.89% | 23.06% | 19.89% | 17.20% |

| Fiscal Year | | | | | | |
|-------------|--------------------|----------------------|---------------------|---------------------|----------------------|-----------------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| \$ | 11,337,170 | \$ 11,838,643 | \$ 14,184,459 | \$ 15,117,110 | \$ 15,799,299 | \$ 19,313,447 |
| | 5,404,232 | 5,324,306 | 6,280,797 | 7,585,464 | 10,771,085 | 10,360,250 |
| | 1,647,872 | 1,494,793 | 1,640,222 | 1,694,133 | 1,933,079 | 2,037,382 |
| | 389,228 | 391,787 | 231,856 | 516,155 | 490,768 | 533,543 |
| | 46,153 | 52,512 | 49,051 | 77,564 | 76,540 | 93,764 |
| | 692,179 | 457,282 | 700,874 | 1,328,324 | 1,339,129 | 1,453,090 |
| | 592,443 | 426,638 | 332,410 | 250,972 | 245,954 | 261,276 |
| | 259,223 | 12,154,558 | 99,211,261 | 146,308,493 | 221,777,048 | 306,457,836 |
| | 146,149 | 391,289 | 257,103 | 153,933 | 93,741 | 345,584 |
| | 405,276 | 415,548 | 531,049 | 707,367 | 888,677 | 434,456 |
| | 2,213,233 | 1,093,469 | 3,663,633 | 5,034,089 | 2,861,285 | 1,468,417 |
| | 24,092 | 227,691 | 53,589 | 9,163 | 360,837 | 120,884 |
| | <u>23,157,250</u> | <u>34,268,516</u> | <u>127,136,304</u> | <u>178,782,767</u> | <u>256,637,442</u> | <u>342,879,929</u> |
| | 3,758,434 | 3,370,826 | 5,467,394 | 4,671,333 | 5,210,744 | 7,208,024 |
| | 11,268,840 | 10,977,766 | 11,899,996 | 11,902,107 | 12,756,836 | 15,356,891 |
| | 2,631,639 | 2,296,706 | 1,457,560 | 1,722,077 | 1,558,432 | 4,616,035 |
| | 519,089 | 14,247,239 | 103,361,741 | 145,087,384 | 218,194,521 | 298,854,798 |
| | 335,479 | 900,753 | 322,337 | 299,006 | 333,397 | 271,091 |
| | 1,454,924 | 1,541,631 | 1,679,559 | 1,526,782 | 1,795,397 | 2,038,779 |
| | - | - | - | - | - | - |
| | 339,063 | 324,467 | 510,564 | 545,770 | 624,213 | 666,705 |
| | - | - | - | - | - | - |
| | 6,733,013 | 13,889,614 | 14,631,755 | 6,848,019 | 8,645,719 | 9,525,846 |
| | 3,314,075 | 3,257,300 | 3,980,000 | 4,070,000 | 4,355,000 | 5,016,996 |
| | 841,789 | 1,129,696 | 2,201,711 | 2,747,984 | 2,513,451 | 3,535,822 |
| | 57,753 | 499,015 | 208,671 | - | 272,748 | - |
| | <u>31,254,098</u> | <u>52,435,013</u> | <u>145,721,288</u> | <u>179,420,462</u> | <u>256,260,458</u> | <u>347,090,987</u> |
| | (8,096,848) | (18,166,497) | (18,584,984) | (637,695) | 376,984 | (4,211,058) |
| | 2,057,056 | 16,769,899 | 8,593,209 | 5,589,700 | 4,959,115 | 4,199,122 |
| | (2,154,626) | (15,699,434) | (6,076,650) | (5,419,539) | (2,140,331) | (3,485,047) |
| | - | - | - | - | - | - |
| | 1,495,000 | 26,900,000 | 16,920,000 | - | 17,439,000 | - |
| | 63,325 | 1,604,227 | 3,278,833 | - | 1,056,362 | - |
| | - | - | - | - | - | - |
| | - | - | - | - | 254,046 | 295,123 |
| | - | - | - | - | 40,000 | - |
| | 151,593 | 14,800 | 48,318 | - | 91,427 | 9,202 |
| | <u>1,612,348</u> | <u>29,589,492</u> | <u>22,763,710</u> | <u>170,161</u> | <u>21,699,619</u> | <u>1,018,400</u> |
| \$ | <u>(6,484,500)</u> | <u>\$ 11,422,995</u> | <u>\$ 4,178,726</u> | <u>\$ (467,534)</u> | <u>\$ 22,076,603</u> | <u>\$ (3,192,658)</u> |
| | 16.95% | 11.38% | 4.72% | 3.95% | 2.77% | 2.53% |

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

| Fiscal Year Ended September 30 | Estimated Actual Value | | Less: Tax-Exempt Real Property | Total Taxable Assessed Value | Total Direct Rate |
|---|-------------------------------|------------------------------|---|---|----------------------------------|
| | Real Property | Personal Property | | | |
| 2014 | 1,143,218,632 | 563,332,312 | 294,789,804 | 1,411,761,140 | 0.69500 |
| 2015 | 1,147,947,475 | 544,574,734 | 282,434,339 | 1,410,087,870 | 0.69500 |
| 2016 | 1,175,090,290 | 598,711,617 | 288,761,727 | 1,485,040,180 | 0.66917 |
| 2017 | 1,197,278,670 | 636,795,500 | 279,113,745 | 1,554,960,425 | 0.69900 |
| 2018 | 1,273,620,820 | 603,809,367 | 296,237,653 | 1,581,192,534 | 0.71000 |
| 2019 | 1,355,650,141 | 617,022,962 | 317,159,911 | 1,655,513,192 | 0.71000 |
| 2020 | 1,620,978,908 | 682,277,579 | 350,565,657 | 1,952,690,830 | 0.72447 |
| 2021 | 1,866,473,853 | 643,308,452 | 450,110,193 | 2,059,672,112 | 0.72447 |
| 2022 | 2,010,414,674 | 625,763,056 | 454,789,026 | 2,181,388,704 | 0.72447 |
| 2023 | 2,653,310,300 | 739,057,842 | 639,075,888 | 2,753,292,254 | 0.69447 |

Source: City Administration Office

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

| Fiscal Year | City of Ennis | | | Overlapping Rates | | Total Direct and Overlapping Rates |
|-------------|--------------------------|---------------------------------|--------------|-----------------------------------|--------------|------------------------------------|
| | Operating / General Rate | General Obligation Debt Service | Total Direct | Ennis Independent School District | Ellis County | |
| 2014 | 0.44871 | 0.24629 | 0.69500 | 1.54000 | 0.41360 | 2.64860 |
| 2015 | 0.42918 | 0.26582 | 0.69500 | 1.54000 | 0.41360 | 2.64860 |
| 2016 | 0.43989 | 0.22928 | 0.66917 | 1.54000 | 0.41360 | 2.62277 |
| 2017 | 0.45900 | 0.24000 | 0.69900 | 1.54000 | 0.41360 | 2.65260 |
| 2018 | 0.47000 | 0.24000 | 0.71000 | 1.53580 | 0.35971 | 2.60551 |
| 2019 | 0.47000 | 0.24000 | 0.71000 | 1.54000 | 0.33898 | 2.58898 |
| 2020 | 0.44987 | 0.27461 | 0.72447 | 1.48835 | 0.32956 | 2.54238 |
| 2021 | 0.44547 | 0.27900 | 0.72447 | 1.46990 | 0.35028 | 2.54465 |
| 2022 | 0.44547 | 0.27900 | 0.72447 | 1.46990 | 0.32019 | 2.51456 |
| 2023 | 0.42547 | 0.26900 | 0.69447 | 1.40290 | 0.27300 | 2.37037 |

Source: City Administration Office

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

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

| Tax Payer | 2023 | | | 2014 | | |
|---|-------------------------|------|--|-------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| CVS Texas Distribution LP | \$ 82,682,313 | 1 | 3.00% | \$ 61,777,180 | 2 | 4.38% |
| Ennis Power Company, LLC | 69,566,400 | 2 | 2.53% | 88,744,235 | 1 | 6.29% |
| Freshpet Inc | 67,141,598 | 3 | 2.44% | - | - | - |
| Elk Corporation of Texas | 59,114,426 | 4 | 2.15% | 50,164,790 | 5 | 3.55% |
| Sterilite Corporation of Texas | 57,716,199 | 5 | 2.10% | 53,977,910 | 4 | 3.82% |
| Valent USA Corporation | 55,333,656 | 6 | 2.01% | - | - | - |
| Ennis-Flint, Inc | 46,127,846 | 7 | 1.68% | - | - | - |
| Legget Partners LP | 38,914,076 | 8 | 1.41% | - | - | - |
| Spyglass Apartments of Ennis LP | 33,329,003 | 9 | 1.21% | - | - | - |
| Atlas Sound LLC | 30,026,702 | 10 | 1.09% | - | - | - |
| Ergon Asphalt & Emulsions | - | - | - | 14,793,890 | 9 | 1.05% |
| JTEKT Automotive Texas LP | - | - | - | 54,021,749 | 3 | 3.83% |
| Sterilite Industrial Realty LLC | - | - | - | 20,735,920 | 6 | 1.47% |
| Leggett Partners LP #0003 | - | - | - | 19,855,650 | 7 | 1.41% |
| Walmart Rea Estate | - | - | - | 17,274,550 | 8 | 1.22% |
| Dow Agrosiences LLC | - | - | - | 14,574,300 | 10 | 1.03% |
| Total | \$ 539,952,219 | | 19.61% | \$ 395,920,174 | | 28.04% |
| Total valuation of City net of exempt property | \$ 2,753,292,254 | | | \$ 1,411,761,140 | | |

City of Ennis, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years

| Fiscal Year Ended September 30 | Total Tax Levy for Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|--------------------------------|--------------------------------|--|--------------------|---------------------------------|---------------------------|--------------------|
| | | Amount Collected | Percentage of Levy | | Amount Collected | Percentage of Levy |
| 2014 | \$ 9,827,953 | \$ 9,705,917 | 98.76% | \$ 117,743 | \$ 9,823,660 | 99.96% |
| 2015 | 9,809,002 | 9,693,244 | 98.82% | 109,355 | 9,802,599 | 99.93% |
| 2016 | 9,931,494 | 9,817,879 | 98.86% | 101,624 | 9,919,503 | 99.88% |
| 2017 | 10,881,653 | 10,779,321 | 99.06% | 91,420 | 10,870,741 | 99.90% |
| 2018 | 11,215,175 | 11,118,724 | 99.14% | 84,810 | 11,203,535 | 99.90% |
| 2019 | 11,754,144 | 11,637,327 | 99.01% | 95,796 | 11,733,124 | 99.82% |
| 2020 | 14,146,718 | 13,927,146 | 98.45% | 84,827 | 14,011,973 | 99.05% |
| 2021 | 14,956,587 | 14,744,645 | 98.58% | 53,585 | 14,798,230 | 98.94% |
| 2022 | 15,731,881 | 15,565,895 | 98.94% | 80,598 | 15,646,493 | 99.46% |
| 2023 | 19,518,413 | 18,993,343 | 97.31% | - | 18,993,343 | 97.31% |

Source: City Administration Office

City of Ennis, Texas

Legal Debt Margin Information

Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|--------------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Tax rate limit | \$ 2.5000 | \$ 2.5000 | \$ 2.5000 | \$ 2.5000 | \$ 2.5000 | \$ 2.5000 | \$ 2.5000 | \$ 2.5000 | \$ 2.5000 | \$ 2.5000 |
| Current tax rate | 0.6950 | 0.6950 | 0.6692 | 0.6990 | 0.7100 | 0.7100 | 0.7245 | 0.7245 | 0.7245 | 0.6945 |
| Available tax rate | \$ 1.8050 | \$ 1.8050 | \$ 1.8308 | \$ 1.8010 | \$ 1.7900 | \$ 1.7900 | \$ 1.7755 | \$ 1.7755 | \$ 1.7755 | \$ 1.8055 |

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

City of Ennis, Texas

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

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

| Fiscal Year | Government Activities | | | Business-Type Activities | | | Total Outstanding Debt | Percentage of Personal Income ¹ | Debt Per Capital ¹ |
|-------------|--------------------------|----------------------------|---------------|-------------------------------|--------------------------|----------------------------|------------------------|--|-------------------------------|
| | General Obligation Bonds | Certificates of Obligation | Notes Payable | Development Agreement Payable | General Obligation Bonds | Certificates of Obligation | | | |
| 2014 | \$ 17,271,780 | \$ 9,930,000 | \$ 159,549 | \$ 17,936,076 | \$ 11,015,017 | \$ - | \$ 57,147,937 | 14.73% | \$ 3,036 |
| 2015 | 15,429,447 | 8,665,000 | 136,755 | 17,391,183 | 9,498,448 | 46,999 | 51,814,220 | 13.07% | 2,605 |
| 2016 | 15,610,885 | 14,705,000 | - | 16,846,290 | 8,094,837 | 9,482 | 60,446,402 | 13.46% | 2,974 |
| 2017 | 13,749,514 | 18,825,000 | - | 16,301,397 | 6,604,737 | - | 62,837,239 | 13.97% | 3,092 |
| 2018 | 11,678,166 | 19,170,000 | - | 15,756,504 | 5,083,677 | - | 64,390,864 | 13.07% | 3,163 |
| 2019 | 11,259,922 | 44,810,000 | - | 15,211,611 | 3,494,606 | - | 87,076,356 | 17.38% | 4,264 |
| 2020 | 12,428,437 | 59,720,000 | - | 14,666,718 | 2,774,541 | - | 106,064,696 | 21.00% | 5,108 |
| 2021 | 10,505,432 | 57,275,000 | - | 14,171,735 | 1,815,271 | - | 99,382,438 | 16.97% | 4,746 |
| 2022 | 5,994,991 | 75,631,667 | - | 13,576,752 | - | 136,660 | 126,357,065 | 21.58% | 5,957 |
| 2023 | 2,795,000 | 73,508,401 | - | 13,031,769 | - | 124,189 | 119,251,073 | 16.56% | 5,210 |

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

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

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

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable¹ | Amounts Applicable to Primary Government |
|--|-------------------------|--|---|
| Debt repaid with property taxes: Ellis County | \$ 26,380,000 | 10.06% | \$ 2,653,828 |
| Debt repaid with property taxes: School District | \$ 85,782,345 | 74.38% | <u>63,809,003</u> |
| Subtotal, overlapping debt | | | 66,462,831 |
| City of Ennis, Texas direct debt | | | <u>89,870,089</u> |
| Total direct and overlapping debt | | | <u><u>\$ 156,332,920</u></u> |

Source: Texas Municipal Reports

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

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

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

| Fiscal Year Ended September 30, | General Obligation Bonds | Certificates of Obligation | Less: Amounts Available in Debt Service Fund | Total | Percentage of Estimated Actual Taxable Value ¹ of Property | Per Capita ² |
|--|--------------------------------|----------------------------------|--|---------------|---|----------------------------|
| 2014 | \$ 17,271,780 | \$ 9,930,000 | \$ 417,928 | \$ 26,783,852 | 2.68% | \$ 1,423 |
| 2015 | 15,429,447 | 8,665,000 | 636,046 | 23,458,401 | 2.34% | 1,180 |
| 2016 | 15,610,885 | 14,705,000 | 834,307 | 29,481,578 | 2.53% | 1,451 |
| 2017 | 13,749,514 | 18,825,000 | 966,622 | 31,607,892 | 2.46% | 1,555 |
| 2018 | 11,678,166 | 19,170,000 | 694,244 | 30,153,922 | 2.23% | 1,481 |
| 2019 | 11,259,922 | 44,810,000 | 723,532 | 55,346,390 | 3.55% | 2,710 |
| 2020 | 12,428,437 | 59,720,000 | 803,308 | 71,345,129 | 4.64% | 3,436 |
| 2021 | 10,505,432 | 57,275,000 | 36,182 | 67,744,250 | 4.14% | 3,235 |
| 2022 | 5,994,991 | 75,631,667 | 105,597 | 81,521,061 | 3.74% | 3,844 |
| 2023 | 2,795,000 | 73,508,401 | 161,217 | 76,142,184 | 2.77% | 3,326 |

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

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

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

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

| Fiscal Year | Waterworks and Sewer System Revenue Bonds | | | | | |
|----------------|---|--|-----------------------------|--------------|------------|----------|
| | Total Revenues ¹ | Less Operating Expenses ² | Net Available Revenue | Debt Service | | Coverage |
| | | | | Principal | Interest | |
| 2014 | \$ 7,718,889 | \$ 5,911,133 | \$ 1,807,756 | \$ 1,767,052 | \$ 511,392 | 0.79 |
| 2015 | 8,177,569 | 5,245,884 | 2,931,685 | 1,504,573 | 399,667 | 1.54 |
| 2016 | 8,649,043 | 5,649,392 | 2,999,651 | 1,536,855 | 276,869 | 1.65 |
| 2017 | 9,371,511 | 5,528,336 | 3,843,175 | 1,545,654 | 301,801 | 2.08 |
| 2018 | 10,394,169 | 6,411,152 | 3,983,017 | 1,695,969 | 300,614 | 1.99 |
| 2019 | 10,432,409 | 5,980,676 | 4,451,733 | 1,885,000 | 371,705 | 1.97 |
| 2020 | 10,672,175 | 6,632,093 | 4,040,082 | 1,920,000 | 328,885 | 1.80 |
| 2021 | 11,263,892 | 6,305,142 | 4,958,750 | 1,750,000 | 489,530 | 2.21 |
| 2022 | 14,892,365 | 7,089,328 | 7,803,037 | 1,375,000 | 1,009,149 | 3.27 |
| 2023 | 15,601,315 | 7,792,894 | 7,808,421 | 1,335,000 | 988,467 | 3.36 |

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

¹ Includes operating and nonoperating revenues

² Includes operating expenses minus depreciation.

City of Ennis, Texas

Demographic and Economic Statistics

Last Ten Calendar Years

| Fiscal Year | Estimated Population ¹ | Personal Income | Per Capita Personal Income ² | Median Age ² | Public School Enrollment ³ | Unemployment Rate ⁴ |
|-------------|-----------------------------------|-----------------|---|-------------------------|---------------------------------------|--------------------------------|
| 2014 | 18,823 | \$ 379,603,441 | \$ 20,167 | 34.5 | 5,675 | 5.6 % |
| 2015 | 19,887 | 387,895,935 | 19,505 | 34.5 | 5,784 | 3.6 |
| 2016 | 20,324 | 396,419,620 | 19,505 | 34.4 | 5,829 | 3.6 |
| 2017 | 20,324 | 449,099,428 | 22,097 | 34.5 | 5,773 | 3.0 |
| 2018 | 20,357 | 449,828,629 | 22,097 | 33.1 | 5,797 | 3.3 |
| 2019 | 20,422 | 492,639,906 | 24,123 | 33.8 | 5,818 | 3.1 |
| 2020 | 20,764 | 500,893,349 | 24,123 | 33.7 | 5,939 | 7.3 |
| 2021 | 20,940 | 505,135,620 | 24,123 | 33.8 | 5,694 | 5.8 |
| 2022 | 21,210 | 585,502,050 | 27,605 | 34.0 | 6,012 | 2.3 |
| 2023 | 22,890 | 719,994,545 | 29,305 | 33.9 | 6,013 | 3.1 |

Sources:

¹ North Central Texas Council of Governments, 2010 Census, 2013 Census Bureau

² U.S. Census Bureau

³ Ennis Independent School District

⁴ DOL, Department of Commerce

* Median age only available when released in census years.

City of Ennis, Texas
Principal Employers
Current Year and Nine Years Ago

| Employer | 2023 | | | 2014 | | |
|-----------------------------------|--------------|------|-------------------------------------|--------------|------|-------------------------------------|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Ennis Independent School District | 778 | 1 | 6.44% | 750 | 1 | 9.18% |
| Sterilite Corporation of Texas | 650 | 2 | 5.38% | 650 | 2 | 7.95% |
| Leggett Partners LP | 350 | 3 | 2.90% | 189 | 8 | 2.31% |
| GAF | 290 | 4 | 2.40% | 220 | 7 | 0.00% |
| Walmart | 250 | 5 | 2.07% | 250 | 4 | 3.06% |
| CVS Texas Distribution LP | 268 | 6 | 2.22% | 222 | 6 | 2.72% |
| Freshpet Inc. | 300 | 7 | 2.48% | - | | 0.00% |
| Schirm USA, Inc. | 212 | 8 | 1.75% | - | | 0.00% |
| Ennis Extruded Products | 150 | 9 | 1.24% | 125 | 10 | 0.00% |
| Advanced Drainage Systems Inc. | 125 | 10 | 1.03% | - | | 0.00% |
| National Envelope Corporation | - | | 0.00% | 325 | 3 | 3.98% |
| JTEKT of Texas, Inc. | - | | 0.00% | 233 | 5 | 2.85% |
| Ennis Paint, Inc. | 80 | | 0.00% | 184 | 9 | 2.25% |
| Total | 3,453 | | 38.86% | 3,148 | | 38.51% |

Source: City Administration Office

City of Ennis, Texas
Full-time Equivalents City Government Employees
By Function/Program
Last Ten Fiscal Years

| Function | Fiscal Year | | | | | | | | | |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| General Government | | | | | | | | | | |
| Administration | 12.5 | 12.2 | 12.2 | 17.2 | 16.7 | 16.9 | 14.4 | 16.3 | 18.0 | 29.5 |
| Tourism | 2.5 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 3.0 |
| Public Safety | | | | | | | | | | |
| Police | 43.5 | 43.5 | 44.2 | 46.2 | 47.3 | 49.1 | 50.1 | 44.9 | 51.0 | 58.0 |
| Judicial | 2.0 | 2.0 | 2.0 | 4.5 | 3.8 | 3.8 | 3.8 | 3.8 | 3.0 | 4.0 |
| Fire | 30.0 | 30.0 | 30.0 | 30.0 | 41.5 | 43.5 | 41.1 | 42.8 | 41.0 | 43.0 |
| Inspection | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.1 | 6.5 | 8.0 |
| Streets | 13.0 | 13.0 | 11.0 | 8.0 | 10.3 | 10.0 | 8.4 | 8.2 | 9.0 | 11.0 |
| Health | 3.0 | 3.0 | 3.0 | 4.0 | 5.1 | 5.1 | 5.1 | 4.8 | 5.0 | 6.0 |
| Equipment Services | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Cultural and Recreational | | | | | | | | | | |
| Parks and Recreation | 8.0 | 8.0 | 8.0 | 6.4 | 6.8 | 7.1 | 8.5 | 9.4 | 9.0 | 11.0 |
| Library | 6.0 | 5.6 | 5.6 | 5.6 | 5.6 | 5.6 | 5.4 | 5.5 | 5.5 | 5.5 |
| Museum | 1.0 | 1.0 | 1.0 | 1.1 | 0.7 | 0.8 | 0.7 | 0.7 | 1.0 | 1.0 |
| Public Works | 2.0 | 2.0 | 2.0 | 2.0 | 2.1 | 2.1 | 2.1 | 2.5 | 2.0 | 2.0 |
| Sanitation Services | 15.0 | 15.0 | 15.0 | 15.0 | 15.3 | 14.7 | 12.1 | 11.0 | 11.0 | 14.0 |
| Water and Wastewater | | | | | | | | | | |
| Administration | 5.0 | 5.0 | 5.0 | 5.0 | 4.9 | 5.1 | 4.0 | 4.2 | 4.0 | 6.0 |
| Water | 18.0 | 18.0 | 18.0 | 19.0 | 17.6 | 16.7 | 16.1 | 15.3 | 15.0 | 16.0 |
| Wastewater | 15.0 | 15.0 | 15.0 | 15.0 | 16.3 | 16.8 | 17.8 | 16.8 | 19.0 | 16.0 |
| Total | <u>184.5</u> | <u>183.3</u> | <u>182.0</u> | <u>189.0</u> | <u>204.0</u> | <u>207.3</u> | <u>199.4</u> | <u>196.3</u> | <u>205.0</u> | <u>237.0</u> |

Source: City Administration Office

City of Ennis, Texas
Operating Indicators by Function/Program
Last Ten Fiscal Years

| Function | Fiscal Year | | | |
|---|--------------|--------------|---------------|---------------|
| | 2014 | 2015 | 2016 | 2017 |
| Police | | | | |
| UCR – Reported Crimes | 860 | 868 | 770 | 687 |
| Number of Violations (Citations) | 9,083 | 7,539 | 6,670 | 5,192 |
| Judicial | | | | |
| Municipal Court Fines | \$ 500,672 | \$ 451,022 | \$ 566,512 | \$ 496,376 |
| Fire | | | | |
| Fire Calls | 14 | 994 | 114 | 108 |
| First Response (Ambulance Assist.) | - | 1,587 | 1,842 | 1,679 |
| Fire Loss | \$ 20,500 | \$ 39,500 | \$ 280,000 | \$ 590,735 |
| Inspection | | | | |
| Permits Issued (Units) | 35 | 36 | 52 | 79 |
| Permit Value | \$ 9,260,747 | \$ 9,582,310 | \$ 14,940,779 | \$ 42,960,978 |
| Streets | | | | |
| Miles of Streets Maintained | 103.67 | 103.67 | 103.67 | 103.67 |
| Health | | | | |
| Food Establishment Inspections | 377 | 213 | 235 | 290 |
| Animals Impounded | 979 | 783 | 713 | 723 |
| Equipment Services | | | | |
| Equipment Maintained | 276 | 582 | 565 | 278 |
| Cultural and Recreational | | | | |
| Parks | | | | |
| Parks Maintained | 12 | 12 | 12 | 17 |
| Library | | | | |
| Patrons | 80,160 | 78,079 | 71,360 | 60,566 |
| Circulation | 73,482 | 74,621 | 73,612 | 65,767 |
| Museum | | | | |
| Paid Attendance | 826 | 638 | 595 | 481 |
| Sanitation Service | | | | |
| Refuse Customers | 5,156 | 5,208 | 5,271 | 5,165 |
| Estimated Refuse Collected (in tons) | 8,398 | 8,356 | 8,418 | 8,249 |
| Water | | | | |
| Number of Water Customers | 5,754 | 5,868 | 5,944 | 5,919 |
| Estimated Gallons Billed (in thousands) | 943,507 | 881,881 | 1,008,824 | 889,840 |
| Sewer | | | | |
| Number of Wastewater Customers | 5,488 | 5,548 | 5,613 | 5,500 |

Source: Various City Departments

| Fiscal Year | | | | | |
|----------------|---------------|----------------|----------------|------------------|----------------|
| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| 775 | 701 | 736 | 893 | 984 | 767 |
| 3,570 | 3,166 | 2,929 | 1,236 | 1,771 | 1,397 |
| \$ 527,036 | \$ 378,279 | \$ 275,906 | \$ 250,972 | \$ 241,603 | \$ 236,174 |
| 981 | 1,256 | 1,197 | 784 | 1,284 | 1,380 |
| 1,182 | 1,565 | 1,614 | 2,054 | 2,053 | 2,118 |
| \$ 196,000 | \$ 72,200 | \$ 350,000 | \$ 520,300 | \$ 195,000 | \$ 85,000 |
| 889 | 743 | 714 | 903 | 1,540 | 1,034 |
| \$ 106,407,201 | \$ 79,312,350 | \$ 189,043,510 | \$ 105,898,603 | \$ 1,293,823,384 | \$ 289,924,499 |
| 119.05 | 120.54 | 120.93 | 124.01 | 124.01 | 125.69 |
| 137 | 144 | 159 | 143 | 153 | 158 |
| 524 | 806 | 272 | 253 | 350 | 328 |
| 170 | 171 | 176 | 190 | 195 | 240 |
| 19 | 19 | 19 | 19 | 19 | 22 |
| 61,906 | 60,546 | 36,049 | 38,020 | 42,432 | 35,302 |
| 68,106 | 65,623 | 54,925 | 57,939 | 43,209 | 41,275 |
| 635 | 785 | 294 | 538 | 554 | 590 |
| 5,330 | 5,384 | 5,762 | 6,250 | 6,486 | 7,076 |
| 8,754 | 8,985 | 9,735 | 10,148 | 10,771 | 11,015 |
| 6,108 | 6,245 | 6,564 | 7,044 | 7,134 | 7,307 |
| 951,188 | 914,218 | 947,640 | 972,904 | 1,048,653 | 1,071,698 |
| 5,547 | 5,641 | 6,045 | 6,228 | 6,432 | 6,709 |

City of Ennis, Texas
Capital Asset Statistics
By Function/Program
Last Ten Fiscal Years

| Function | Fiscal Year | | | |
|--|-------------|--------|--------|--------|
| | 2014 | 2015 | 2016 | 2017 |
| Police | | | | |
| Number of Stations | 1 | 1 | 1 | 1 |
| Fire | | | | |
| Number of Stations | 2 | 2 | 2 | 2 |
| Fire Hydrants | 1,048 | 1,048 | 1,048 | 1,050 |
| Streets | | | | |
| Miles of Streets | 103.67 | 103.67 | 103.67 | 103.67 |
| Equipment Services | | | | |
| Equipment Maintained | 276 | 582 | 565 | 278 |
| Cultural and Recreational | | | | |
| Parks Maintained | 12 | 12 | 12 | 17 |
| Library | | | | |
| Number of Libraries | 1 | 1 | 1 | 1 |
| Museum | | | | |
| Number of Museums | 1 | 1 | 1 | 1 |
| Water | | | | |
| Water Plant Capacity (million gallons per day) | 12.00 | 12.00 | 12.00 | 12.00 |
| TCEQ Worst-Case Capacity (million gallons per day) | 9.10 | 9.10 | 9.10 | 9.10 |
| Water Storage Capacity (million gallons) | 3.50 | 3.50 | 3.50 | 3.50 |
| Sewer | | | | |
| Sewer Plant Capacity (million gallons per day) | 3.10 | 3.10 | 3.10 | 3.10 |

Sources: Various city departments

| Fiscal Year | | | | | |
|-------------|--------|--------|--------|--------|--------|
| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 3 | 3 | 3 | 3 | 3 | 3 |
| 1,055 | 1,064 | 1,064 | 1,184 | 1,184 | 1,198 |
| 119.05 | 120.54 | 120.93 | 124.01 | 124.01 | 125.69 |
| 170 | 171 | 176 | 190 | 195 | 240 |
| 19 | 19 | 19 | 19 | 19 | 22 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| 9.10 | 9.10 | 9.10 | 9.10 | 9.10 | 9.10 |
| 3.50 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 |
| 3.10 | 3.10 | 3.10 | 3.10 | 3.10 | 3.10 |

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APPENDIX E

SPECIMEN MUNICIPAL BOND INSURANCE POLICY



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY INC. ("AG"), 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 AG, 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 AG shall have received Notice of Nonpayment, AG 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 AG, 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 AG. 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 AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG 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, AG 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 AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG 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 AG 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 AG 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.

AG 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 AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG 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 AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG 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 AG 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 AG, 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 INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)

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