

OFFICIAL STATEMENT
Dated: June 23, 2025

In the opinion of Bond Counsel to the City, interest on the Notes will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions on the date thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.

The Issuer has designated the Notes as "Qualified Tax-Exempt Obligations" for financial institutions.

\$3,995,000
CITY OF PARIS, TEXAS
(Lamar County)
TAX NOTES, SERIES 2025

Dated Date: July 1, 2025**Due: June 15, as shown on page ii**

The City of Paris, Texas (the "City" or the "Issuer") \$3,995,000 Tax Notes, Series 2025 (the "Notes") are being issued pursuant to the Constitution and laws of the State of Texas (the "State"), including particularly Chapter 1431, Texas Government Code, as amended, and an ordinance (the "Ordinance") adopted by the City Council of the City on June 23, 2025. (See "THE NOTES – Authority for Issuance" herein.)

The Notes constitute direct and general obligations of the Issuer payable from the levy and collection of a direct ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the Ordinance. (See "THE NOTES - Security for Payment" and "Tax Rate Limitations" herein.)

Interest on the Notes will accrue from July 1, 2025 (the "Dated Date") as shown above, will be payable on December 15, 2025, and on each June 15 and December 15 thereafter until maturity, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Notes 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 Notes will be made available for purchase in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of the Notes ("Beneficial Owners") will not receive physical delivery of notes representing their interest in the Notes purchased. So long as DTC or its nominee is the registered owner of the Notes, the principal of and interest on the Notes 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 Notes. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

The Notes are **not** subject to redemption prior to stated maturity.

Proceeds from the sale of the Notes will be used for (i) the purchase and equipment of an Aerial Apparatus, Pumper Truck, Brush Truck and Command Vehicle; (ii) the purchase and equipment of a Rescue Dive Boat; (iii) the purchase of materials, supplies and equipment including Breathing Apparatus Equipment; (iv) the purchase of a tractor and mower for the Code Enforcement department; (v) the purchase of vehicles and equipment for the police department; (vi) the purchase of vehicles and equipment for the Emergency Medical Services department; (vii) paying fees for legal, fiscal, engineering, architectural and other professional services in connection with such projects (collectively, the "Projects"); and (viii) paying the costs incurred in connection with the issuance of the Notes. (See "THE NOTES – Use of Note Proceeds" herein.)

STATED MATURITY SCHEDULE
(On Page ii)

The Notes are offered for delivery, when, as and if issued and received by the initial purchaser of the Notes shown below (the "Underwriter") and subject to the approving opinion of the Attorney General of the State and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel. (See Appendix C – Form of Legal Opinion of Bond Counsel.) Certain legal matters will be passed upon for the Underwriter by its counsel, Jackson Walker LLP, San Antonio, Texas. (See "OTHER PERTINENT INFORMATION - Legal Opinion" herein). It is expected that the Notes will be available for delivery through DTC on or about July 23, 2025.

ESTRADA HINOJOSA

STATED MATURITY SCHEDULE
(Due June 15)
Base CUSIP – 699891 ^(a)

Stated Maturity June 15	Principal Amount	Interest Rate (%)	Initial Yield (%)	CUSIP Suffix ^(a)
2026	\$ 405,000	5.000%	3.030%	TG2
2027	530,000	5.000%	3.040%	TH0
2028	555,000	5.000%	3.060%	TJ6
2029	580,000	5.000%	3.090%	TK3
2030	610,000	5.000%	3.170%	TL1
2031	640,000	5.000%	3.310%	TM9
2032	675,000	5.000%	3.400%	TN7

(Interest to accrue from the Dated Date)

The Notes are **not** subject to redemption prior to stated maturity.

^(a) CUSIP numbers are included solely for the convenience of the owner of the Notes. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2025 CUSIP Global Services. All rights reserved. CUSIP data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers are provided for convenience of reference only. None of the City, the Financial Advisor or the Underwriter is responsible for the selection or the correctness of the CUSIP numbers set forth herein.

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

ELECTED OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mihir "Mark" Pankaj	Mayor	May 2027
Gary Savage	Mayor Pro Tem, District 3	2026
Shatara Moore	Council Member, District 1	2026
Mickey Ellis	Council Member, District 2	2026
Rebecca Norment	Council Member, District 5	2027
Alix Putnam	Council Member, District 6	2026
Tracy Attebury	Council Member, District 7	2027

ADMINISTRATION

<u>Name</u>	<u>Position</u>	<u>Length of Service With the City</u>	<u>Years in Municipal Government</u>
Rose Beverly	City Manager	1 year	10 years
Bruce Ballard*	Director of Finance	1 year	4 years
Gene Anderson**	Finance Consultant	40 years	49 years
Janice Ellis	City Clerk	21 years	31 years
Stephanie Harris	City Attorney	16 years	16 years

**Bruce Ballard start date was May 12, 2025.*

***Gene Anderson worked for the City of Paris for 40 years before retiring.*

CONSULTANTS AND ADVISORS

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

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USE OF INFORMATION IN THE OFFICIAL STATEMENT

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

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

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

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

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

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

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

SELECTED DATA FROM THE OFFICIAL STATEMENT

The selected data is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Notes 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 City	The City of Paris, Texas (the “City” or “Issuer”) is located in Lamar County (the “County”) and is the County seat and principal commercial center of the County. The City operates under a Council/Manager form of government, with the City Council comprised of seven members including the Mayor. All seven Council members are elected by district for two-year staggered terms. The City’s current estimated population is 24,969. (See Appendix B - “General Information Regarding the City of Paris and Lamar County, Texas” herein.)
The Notes	The City of Paris, Texas \$3,995,000 Tax Notes, Series 2025 (the “Notes”) are being issued pursuant to the Constitution and general laws of the State of Texas (the “State”), including particularly Chapter 1431, Texas Government Code, as amended, and an ordinance (the “Ordinance”) adopted by the City Council of the City on June 23, 2025. (See “THE NOTES - Authority for Issuance” herein.)
Paying Agent/Registrar	The initial Paying Agent/Registrar for the Notes is BOKF, NA, Dallas, Texas.
Security	The Notes constitute direct obligations of the City, payable from the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, upon all taxable property within the City, as provided in the Ordinance. (see “THE NOTES – Security for Payment”).
No Optional Redemption	The Notes are not subject to redemption prior to stated maturity.
Tax Matters	In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel to the City, the interest on the Notes 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 Notes, 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.)
Qualified Tax-Exempt Obligations	The Issuer has designated the Notes as “Qualified Tax-Exempt Obligations” for financial institutions. (See “TAX MATTERS – Qualified Tax-Exempt Obligations” herein.)
Use of Note Proceeds	Proceeds from the sale of the Notes will be used for (i) the purchase and equipment of an Aerial Apparatus, Pumper Truck, Brush Truck and Command Vehicle; (ii) the purchase and equipment of a Rescue Dive Boat; (iii) the purchase of materials, supplies and equipment including Breathing Apparatus Equipment; (iv) the purchase of a tractor and mower for the Code Enforcement department; (v) the purchase of vehicles and equipment for the police department; (vi) the purchase of vehicles and equipment for the Emergency Medical Services department; (vii) paying fees for legal, fiscal, engineering, architectural and other professional services in connection with such projects (collectively, the “Projects”); and (viii) paying the costs incurred in connection with the issuance of the Notes. (See “THE NOTES – Use of Note Proceeds” herein.)
Book-Entry-Only System	The Issuer intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York described herein. No physical delivery of the Notes will be made to the beneficial owners of the Notes. Such Book-Entry-Only System may affect the method and timing of payments on the Notes and the manner in which the Notes may be transferred. (See “BOOK-ENTRY-ONLY SYSTEM” herein.)
Rating	Moody’s Investors Service, Inc. (“Moody’s”) has assigned an underlying, unenhanced rating of “Aa3” to the Notes. An explanation of the significance of such rating may be obtained from Moody’s. (See “OTHER PERTINENT INFORMATION - Rating” herein.)
Issuance of Additional Debt	The City does not anticipate the issuance of additional tax supported debt within the next twelve months.
Payment Record	The City has never defaulted on the payment of either its tax-supported or revenue debt.
Delivery	When issued, anticipated on or about July 23, 2025.
Legality	Delivery of the Notes is subject to the approval by the Attorney General of the State of Texas and the rendering of an opinion as to legality by McCall, Parkhurst & Horton L.L.P., Bond Counsel, Dallas, Texas.

INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by the City of Paris, Texas (the "City" or the "Issuer") of its \$3,995,000 Tax Notes, Series 2025 (the "Notes") identified on the cover page hereof.

The Issuer is a political subdivision of the State of Texas (the "State") and operates as a home-rule municipality under the statutes and the Constitution of the State. The Notes are being issued pursuant to the Constitution and general laws of the State and an ordinance (the "Ordinance") adopted by the City Council of the City (the "City Council") on June 23, 2025 authorizing the issuance of the Notes. (See "THE NOTES – 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 Notes 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 NOTES

General

The Notes will be dated July 1, 2025 (the "Dated Date"). The Notes are stated to mature on June 15 in the years and in the principal amounts set forth on page ii hereof. The Notes shall bear interest from the Dated Date on the unpaid principal amounts, and the amount of interest to be paid with respect to each payment period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Notes will be payable on December 15, 2025, and on each June 15 and December 15 thereafter (each, an "Interest Payment Date") until maturity. The principal of the Notes at maturity will be payable only upon presentation of such Notes at the designated office of the Paying Agent/Registrar, initially BOKF, NA, Dallas, Texas, provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Notes, all payments will be made as described under "BOOK-ENTRY-ONLY SYSTEM" herein. Interest on the Notes shall be paid to the registered owners whose names appear on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (as hereinafter defined) and shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk of, the registered owner. If the date for the payment of the principal or interest on the Notes 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 Notes 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 Notes will be made to the Beneficial Owners. Principal of, premium, if any, and interest on the Notes 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 Notes. Such Book-Entry-Only System may change the method and timing of payment for the Notes and the method of transfer. See "BOOK-ENTRY-ONLY SYSTEM" below for a more complete description of such System.

Sources and Uses of Funds

Sources of Funds

Par Amount	\$3,995,000.00
Accrued Interest on the Notes	12,206.94
Reoffering Premium	269,397.65
Total Sources	<u>\$4,276,604.59</u>

Uses of Funds

Deposit to Project Fund	\$4,150,000.00
Cost of Issuance	83,295.56
Underwriter's Discount	31,102.09
Deposit to Interest & Sinking Fund	12,206.94
Total Uses	<u>\$4,276,604.59</u>

Authority for Issuance

The Notes are being issued pursuant to the Constitution and general laws of the State, particularly Texas Government Code, Chapter 1431, as amended, and the Ordinance.

Security for Payment

The Notes constitute direct obligations of the City, payable from the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, upon all taxable property within the City. (See "CITY APPLICATION OF THE PROPERTY TAX CODE" herein.)

Tax Rate Limitations

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

Use of Note Proceeds

Proceeds from the sale of the Notes will be used for (i) the purchase and equipment of an Aerial Apparatus, Pumper Truck, Brush Truck and Command Vehicle; (ii) the purchase and equipment of a Rescue Dive Boat; (iii) the purchase of materials, supplies and equipment including Breathing Apparatus Equipment; (iv) the purchase of a tractor and mower for the Code Enforcement department; (v) the purchase of vehicles and equipment for the police department; (vi) the purchase of vehicles and equipment for the Emergency Medical Services department; (vii) paying fees for legal, fiscal, engineering, architectural and other professional services in connection with such projects (collectively, the "Projects"); and (viii) paying the costs incurred in connection with the issuance of the Notes.

Redemption Provisions

The Notes are **not** subject to redemption prior to stated maturity.

Payment Record

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

Legality

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

Defeasance

The Ordinance provides for the defeasance of the Notes when the payment on the Notes to the due date thereof (whether such due date be by reason of maturity or otherwise) is provided by irrevocably depositing with the Paying Agent/Registrar or authorized escrow agent, in trust (1) money sufficient to make such payment and/or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times to ensure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Notes, 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 Notes, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. The Ordinance provides that "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Notes. 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 Notes, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the City authorizes the defeasance of the Notes, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent. There is no assurance that current State law will not be changed

in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Notes. Because the Ordinance does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or those for any other Defeasance Security will be maintained at any particular rating category.

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

Amendments

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

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

Default and Remedies

The Ordinance specifies events of default as the failure of the City to make payment of the principal of or interest on any of the Notes when the same becomes due and payable or default in the performance or observance of any other covenant, agreement or obligation of the City, which failure materially, adversely affects the rights of the registered owners, including, but not limited to, their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any registered owner to the City. Upon an event of default, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Notes, if there is no other available remedy at law to compel performance of the Notes or the Ordinance covenants and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Notes in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the bondholders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court (the "Court") ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) ("Tooke") that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language.

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

In *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("Wasson") the Court addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that "a city's proprietary functions are not done pursuant to the 'will of the people'" and protecting such municipalities "via the [S]tate's immunity is not an efficient way to ensure efficient allocation of [S]tate resources". While the Court recognized that the distinction between government and proprietary functions is not clear, the Wasson opinion held that Proprietary-Governmental Dichotomy applies in contract-claims context. The Court reviewed Wasson again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the

municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance and definitions found in the Texas Civil Practice and Remedies Code.

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

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

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

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

The Notes will be issued in fully registered form in multiples of \$5,000 for any one stated maturity, and principal and semiannual interest will be paid by the Paying Agent/Registrar. Interest will be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar on the Record Date (as defined below) by check or draft mailed on December 15, 2025, and on each June 15 and December 15 thereafter until maturity, by the Paying Agent/Registrar to the last known address of the registered owner as it appears on the Paying Agent/Registrar's books or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner. The principal of the Notes at maturity will be payable only upon presentation of such Notes at the designated office of the Paying Agent/Registrar upon maturity; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Notes, all payments will be made as described under "BOOK-ENTRY-ONLY SYSTEM" herein. If the date for the payment of the principal of or interest on the Notes shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

Record Date

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

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

Future Registration

The Notes are initially to be issued utilizing DTC's Book-Entry-Only System. In the event such Book-Entry-Only System should be discontinued, printed Notes will be issued to the owners of the Notes and thereafter, the Notes may be transferred, registered, and assigned on the registration books of the Paying Agent/Registrar only upon presentation and surrender of such printed Notes 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 Note may be assigned by the execution of an assignment form on the Note or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Note or Notes will be delivered by the Paying Agent/Registrar in lieu of the Notes 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 Notes issued in an exchange or transfer of Notes 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 Notes 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 Notes 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 Note or Notes 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 Notes.)

Limitation on Transfer or Exchange of Notes

The Paying Agent/Registrar shall not be required to transfer or exchange any Notes 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.

Replacement Notes

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

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Notes is to be transferred and how the principal of, premium, if any, and interest on the Notes are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Notes are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City, the Financial Advisor, and the Underwriter 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 Notes, 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 Notes), or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

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

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

To facilitate subsequent transfers, all Notes 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 Notes 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 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes 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.

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

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

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

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

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

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Notes 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 Notes, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Effect of Termination of Book-Entry-Only System

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

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE ISSUER

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

Under Texas law, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is unconditionally guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the "FDIC") or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund, or their respective successors; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this state that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in this state that the investing entity selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3; (9) certificates of deposit and share certificates meeting the requirements of PFIA (i) that are issued by or through an institution that has its main office or a branch office in Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and amount provided by law for City deposits; or (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the United States Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or

with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the value of the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less; (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (13) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (14) no-load money market mutual funds registered with and regulated by the United States Securities and Exchange Commission that comply with federal Securities and Exchange Commission Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.) and that provide the investing entity with a prospectus and other information required by the Securities Exchange Act of 1934; (15) no-load mutual funds registered with the United States Securities and Exchange Commission that have an average weighted maturity of less than two years, and either: (i) have a duration of one year or more and are invested exclusively in obligations described in this paragraph or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; and (16) aggregate repurchase agreement transactions entered into by an investing entity in conformity with the provisions of subsections (a-1), (f) and (g) of Section 2256.011 of the PFIA. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the City and deposited with the City or with a third party selected and approved by the City.

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

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

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

Under Texas law, the City is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution, (3)

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

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CURRENT INVESTMENTS

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

As of April 30, 2025, the Issuer's investable funds were invested as shown below.

<u>FUND AND INVESTMENT TYPE</u>	<u>Amount</u>	<u>Percentage (%) of Portfolio</u>
<u>Depository Bank Consolidated Cash Account</u>	\$ 79,259,773	63.51%
<u>General Fund Account</u>		
US T-Bill	13,000,000	10.42%
<u>CO 2024 Construction Fund</u>		
US T-Note	15,045,000	12.06%
<u>US T-Bill</u>	5,000,000	4.01%
Raymond James Money Market	38	0.00%
<u>Water Contract Fund</u>		
Federal National Mortgage Association	388,330	0.31%
Freddie Mac	17,592	0.01%
T-Note	600,000	0.48%
Raymond James Money Market	3,376	0.00%
<u>Water and Sewer Contingency Fund</u>		
Federal National Mortgage Association	335,588	0.27%
T-Note	1,000,000	0.80%
Federal Home Loan Mtg Corp.	577,007	0.46%
Raymond James Money Market	5	0.00%
<u>Water and Sewer Revenue Bonds Reserve Fund</u>		
FFCB	200,000	0.16%
Freddie Mac	2,078,337	1.67%
Federal National Mortgage Association	894,019	0.72%
Federal Home Loan Bank	1,500,000	1.20%
US T-Note	4,250,000	3.41%
Raymond James Money Market	1,905	0.00%
<u>PEG Fund</u>		
Federal National Mortgage Association	26,508	0.02%
Freddie Mac	116,985	0.09%
Raymond James Money Market	750	0.00%
US T-Note	400,000	0.32%
<u>Library Trust Funds</u>		
Bank Certificate of Deposit	99,897	0.08%
Total	\$ 124,795,110	100.00%

As of such date, the market value of such investments (as determined by the City by reference to published quotations, dealer bids, and comparable information) was approximately 100% of their book value. Of the amounts listed above for each Fund and Investment Type, only those funds maintained in the General Fund Account are unrestricted as to use and available to the City for its spending needs. No funds of the City are invested in derivative securities, i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

EMPLOYEE BENEFITS

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

Texas Municipal Retirement System

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

All eligible employees of the City are required to participate in TMRS. For more information see 2023 Annual Comprehensive Financial Report.

AD VALOREM PROPERTY TAXATION

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

Valuation of Taxable Property

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

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

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

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

State Mandated Homestead Exemptions

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

Local Option Homestead Exemptions

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

body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

Local Option Freeze for the Elderly and Disabled

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

Personal Property

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

Freeport and Goods-In-Transit Exemptions

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

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

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

Other Exempt Property

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

Tax Increment Reinvestment Zones

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

Tax Abatement Agreements

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

City and Taxpayer Remedies

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

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

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

Levy and Collection of Taxes

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

City’s Rights in the Event of Tax Delinquencies

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

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

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

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

Public Hearing and Maintenance and Operations Tax Rate Limitations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Debt Tax Rate Limitations

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax-supported debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 of taxable assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance and based on a 90% collection rate. (See “Tax Rate Limitations”).

CITY APPLICATION OF THE PROPERTY TAX CODE

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

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

The City taxes only business personal property.

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

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

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

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

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

The City has entered into sixteen Chapter 380 agreements.

The City has entered into abatement agreements with the following companies and has adopted criteria therefor, which is a prerequisite to the execution of abatement agreements. For the 2024 Tax Year, the total aggregate amount of the City’s assessed valuation loss due to abatement agreements equals \$172,062,851 and the expiration dates are shown below. Additional information concerning the City’s abatement policy and agreements may be obtained from the City.

Industrial Tax Abatements:

	<u>Expires</u>
American Spiralweld Pipe Company, Inc.	10/01/2028
Lionshead Paris, LLC	12/31/2030
Ametsa Packaging, LLC	12/31/2030
Huhtamaki, Inc.	12/31/2035
Potters Industries, LLC	12/31/2026
Kimberly-Clark Corporation	12/31/2028
Turner Industries Group, LLC	12/31/2025

Residential Tax Abatements:

	<u>Expires</u>
We’re Going to Paris, LLC	05/08/2029

380 Agreements w/Residential Tax Abatements (5 in 5):

	<u>Expires</u>
Sky-Mar Ventures, LLC	04/10/2027
Enns Ventures, LLC	05/08/2027
Distinguished Property & Investments, LLC	06/24/2027
Essential Housing, LLC	07/27/2027
Highland Heritage Investments, LLC	10/10/2027
Paris/Lamar County Habitat for Humanity	04/09/2028
Cultiv8Community	06/11/2028
P-Town Property Holdings	06/11/2028
Invest Fannin, LLC	2/11/2029
PW Investments	2/25/2029
Tower Guard Construction & Development	11/11/2029
Todd Stephens	4/27/2029

380 Agreements with Sales Tax Rebates:

	<u>Expires</u>
Alpha Lake, Ltd.	06/01/2029
Emerald Hospitality, LLC	06/01/2029
Paris Hotel, LP	06/01/2029
Audax Enterprises, LLC	6/1/2029

ADDITIONAL TAX COLLECTIONS

Municipal Sales Tax Collections

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

Optional Sales Tax

The Tax Code provides certain cities and counties the option of assessing a maximum one-half percent ($\frac{1}{2}\%$) sales tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional tax is approved and levied, the ad valorem property tax levy must be reduced by the amount of the estimated sales tax revenues to be generated in the current year. Further, the Tax Code provides certain cities the option of assessing a maximum one-half percent ($\frac{1}{2}\%$) sales tax on retail sales of taxable items for economic development purposes, if approved by a majority of the voters in a local option election.

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

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

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

TAX MATTERS

Opinion

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

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

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes 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 Notes to be included in gross income retroactively to the date of issuance of the Notes. The opinion of Bond Counsel to the City is conditioned on compliance by the City with the covenants and the requirements described in the preceding paragraph, and Bond Counsel to the City has not been retained to monitor compliance with these requirements subsequent to the issuance of the Notes.

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

A ruling was not sought from the Internal Revenue Service by the City with respect to the Notes or the facilities financed or refinanced with the proceeds of the Notes. Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the representations of the City that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Notes, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the Noteholders 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 Notes may be less than the principal amount thereof or one or more periods for the payment of interest on the Notes may not be equal to the accrual period or be in excess of one year (the “Original Issue Discount Notes”). In such event, the difference between (i) the “stated redemption price at maturity” of each Original Issue Discount Note, and (ii) the initial offering price to the public of such Original Issue Discount Note would constitute original issue discount. The “stated redemption price at maturity” means the sum of all payments to be made on the Notes less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Note 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 Note 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 Note prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Note 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 Note was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Note is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Notes 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 Note 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 Note.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Notes 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 Notes 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 Notes 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 Notes.

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 Notes. 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 NOTES.

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

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Notes, 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 Notes, 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 Notes; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Notes 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 Notes will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of foreign investors, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law and could affect the market price or marketability of the Notes. 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 Notes should consult their own tax advisors regarding the foregoing matters.

Qualified Tax-Exempt Obligations for Financial Institutions

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than \$10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by section 265(b) of the Code, section 291 of the Code provides that the allowable deduction to a "bank," as defined in section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

The Notes have been designated, or deemed designated, as "qualified tax-exempt obligations" within the meaning of section 265(b) of the Code. In furtherance of that designation, the City has covenanted to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Notes as "qualified tax-exempt obligations." **Potential purchasers should be aware that if the issue price to the public exceeds \$10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of \$10,000,000 is disregarded; however the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the \$10,000,000 limitation and the Notes would not be "qualified tax-exempt obligations."**

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 Notes. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Notes. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board ("MSRB"). The information provided to the MSRB will be available to the public free of charge via the electronic EMMA system at www.emma.msrb.org.

Annual Reports

The City will provide certain updated financial information and operating data annually to the MSRB. The information to be updated includes financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1, 2, 10, 11, 12, 15, 20 and 21 in Appendix A (such information being the "Annual Operating Report"). The City will additionally provide financial statements of the City (the "Financial Statements"), that will be (i) prepared in accordance with the accounting principles described in Appendix D or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation and shall be in substantially the form included in Appendix D and (ii) audited, if the City commissions an audit of such Financial Statements and the audit is completed within the period during which they must be provided. The City will update and provide the Annual Operating Report within six months after the end of each fiscal year and the Financial Statements within 12 months of the end of each fiscal year, in each case beginning with the fiscal year ending in and after 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 City's current fiscal year end is September 30. Accordingly, the City must provide the Annual Operating Report by the last day of March in each year, and audited Financial Statements for the preceding fiscal year (or unaudited Financial Statements if the audited Financial Statements are not yet available) must be provided by September 30 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the City otherwise would be required to provide financial information and operating data as set forth above.

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

Notice of Certain Events

The City will also provide notice of any of the following events with respect to the Notes 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 Notes, or other material events affecting the tax status of the Notes; (7) modifications to rights of holders of the Notes, if material; (8) Note calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Notes, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under "Annual Reports". The City will provide each notice described in this paragraph to the MSRB. Neither the Notes nor the Ordinance make provision for a bond trustee, credit enhancement, liquidity enhancement, or debt service reserves.

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

Availability of Information from MSRB

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

Limitations and Amendments

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

The City may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if, but only if, (1) the agreement, as so amended, would have permitted an underwriter to purchase or sell Notes in the initial primary offering in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Notes consent or (b) any qualified person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Notes. The City may also amend or repeal the provisions of its continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling the Notes in the primary offering of the Notes. If the City amends its agreement, it has agreed to include with the financial information and operating data next provided, in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and operating data so provided.

Compliance with Prior Agreements

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

OTHER PERTINENT INFORMATION

Registration and Qualification of Notes for Sale

The sale of the Notes 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 Notes have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Notes been qualified under the securities acts of any other jurisdiction. The Issuer assumes no responsibility for qualification of the Notes under the securities laws of any jurisdiction in which the Notes may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Notes shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

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

Litigation

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

Future Debt Issuance

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

Legal Investments and Eligibility to Secure Public Funds in Texas

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

No representation is made that the Notes 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 Notes for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Notes for such purposes.

Legal Opinions and No-Litigation Certificate

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

The various legal opinions to be delivered concurrently with the delivery of the Notes 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

Moody's Investors Services, Inc. ("Moody's") has assigned an underlying, unenhanced rating of "Aa3" to the Bonds. An explanation of the significance of such rating may be obtained from the rating agency. A rating by a rating agency reflects only the view of such company at the time the rating is given, and the Issuer makes no representations as to the appropriateness of the rating. There is no assurance that such a rating will continue for any given period of time, or that it will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

Financial Advisor

SAMCO Capital Markets, Inc. is employed as the Financial Advisor to the Issuer in connection with the issuance of the Notes. In this capacity, the Financial Advisor has compiled certain data relating to the Notes 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 Notes.

Underwriting

The Underwriter has agreed, subject to certain conditions, to purchase the Notes from the City, at a price equal to the initial offering prices to the public, as shown on page ii of this Official Statement, less an underwriting discount of \$31,102.09, plus accrued interest from the Dated Date to the date of initial delivery. The Underwriter will be obligated to purchase all of the Notes, if any Notes are purchased. The Notes to be offered to the public may be offered and sold to certain dealers (including the Underwriter and other dealers depositing Notes into investment trusts) at prices lower than the public offering prices of such Notes, and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

Forward-Looking Statements Disclaimer

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

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

Concluding Statement

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

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

CITY OF PARIS, TEXAS

Mihir "Mark" Pankaj

Mayor
City of Paris, Texas

ATTEST:

Janice Ellis

City Clerk
City of Paris, Texas

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APPENDIX A

FINANCIAL INFORMATION OF THE ISSUER

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

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FINANCIAL INFORMATION OF THE ISSUER

ASSESSED VALUATION ⁽¹⁾

TABLE 1

2024-2025 Actual Market Value of Taxable Property (100% of Actual)	\$ 4,019,358,804
Less Exemptions:	
Productivity Loss	31,320,340
Cap Loss (10%)	191,221,622
Local, Optional Over-65 and/or Disabled Homestead Exemptions	43,805,145
Disabled and Deceased Veterans' Exemptions	21,663,406
Totally Exempt Property	527,871,978
Freeport	98,576,566
Pollution Control / Solar	59,914,278
Abatement Loss	172,062,851
Personal Use of Business Vehicle	206,150
Historical / Other	<u>29,827,712</u>
Total	1,176,470,048
2024-2025 Net Taxable Assessed Valuation	\$ 2,842,888,756
Frozen Taxable Value and Transfer Adjustment	<u>(249,139,781)</u>
Freeze Adjusted Net Taxable Assessed Valuation	<u>\$ 2,593,748,975</u>
2025 Preliminary Net Taxable Value as of May, 2025	<u>\$ 2,926,069,297</u>
<i>Source: Lamar County Appraisal District and the Issuer.</i>	

GENERAL OBLIGATION BONDED DEBT PRINCIPAL

TABLE 2

General Obligation Debt Principal Outstanding: (As of June 15, 2025)	
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2013	\$ 1,110,000
General Obligation Bonds, Series 2016	5,465,000
General Obligation Bonds, Series 2017	6,510,000
General Obligation Bonds, Series 2018	390,000
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2020	785,000
General Obligation Refunding Bonds, Series 2020	1,015,000
Tax Notes, Series 2020	195,000
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2021	38,775,000
General Obligation Pension Bonds, Taxable Series 2022	10,390,000
General Obligation Refunding Bonds, Series 2023	20,120,000
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2024	<u>42,790,000</u>
	127,545,000
Tax Notes, Series 2025 (the "Notes")	3,995,000
Total Gross General Obligation Debt Principal Outstanding:	\$ 131,540,000
Less: Self-Supporting General Obligation Debt Principal	
Combination Tax and Revenue Certificates of Obligation, Series 2013 (TWDB) (100% WS)	\$ 1,110,000
General Obligation Bonds, Series 2016 (100% WS)	5,465,000
General Obligation Bonds, Series 2018 (100% WS)	390,000
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2020 (100% Hotel Occupancy Tax)	785,000
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2021 (70.5% WS)	27,350,000
General Obligation Pension Bonds, Taxable Series 2022	10,390,000
General Obligation Refunding Bonds, Series 2023 (100% WS)	20,120,000
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2024 (100% WS)	<u>42,790,000</u>
Total Self-Supporting General Obligation Debt Outstanding Following the Issuance of the Notes:	\$ 108,400,000
Total Net General Obligation Debt Principal Outstanding Following the Issuance of the Notes:	\$ 23,140,000
Ratio of Gross General Obligation Debt Principal to 2024-25 Freeze Adjusted Net Taxable Assessed Valuation	5.07%
Ratio of Net General Obligation Debt Principal to 2024-25 Freeze Adjusted Net Taxable Assessed Valuation	0.89%
2024-25 <u>Freeze Adjusted</u> Net Taxable Assessed Valuation	\$ 2,593,748,975
Population: 1990 - 24,699; 2000 - 25,898; 2010 - 25,171; 2020 - 24,476	Current (Estimate) - 24,969
Per Capita 2024-25 Freeze Adjusted Net Taxable Assessed Valuation -	\$103,879
Per Capita Gross General Obligation Debt Principal -	\$5,268
Per Capita Net General Obligation Debt Principal -	\$927

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

TABLE 3

Fiscal Year Ending 30-Sep	Current Total Debt Service ^(a)	The Notes			Combined Debt Service ^(a)	Less: Self-Supporting Debt Service	Net General Obligation Debt Service ^(b)
		Principal	Interest	Total			
2025	\$ 10,301,293				\$ 10,301,293	\$ 6,489,267	\$ 3,812,026
2026	9,128,857	\$ 405,000	\$ 190,872	\$ 595,872	9,724,729	5,307,496	4,417,233
2027	9,130,960	530,000	179,500	709,500	9,840,460	5,309,496	4,530,964
2028	9,122,890	555,000	153,000	708,000	9,830,890	5,303,536	4,527,354
2029	8,595,739	580,000	125,250	705,250	9,300,989	5,305,484	3,995,505
2030	8,590,327	610,000	96,250	706,250	9,296,577	5,304,907	3,991,670
2031	8,215,822	640,000	65,750	705,750	8,921,572	5,140,524	3,781,048
2032	8,212,498	675,000	33,750	708,750	8,921,248	5,139,948	3,781,300
2033	8,212,963	-	-	-	8,212,963	5,138,713	3,074,250
2034	8,215,415	-	-	-	8,215,415	5,139,868	3,075,547
2035	8,205,370	-	-	-	8,205,370	5,138,470	3,066,900
2036	8,204,264	-	-	-	8,204,264	5,135,839	3,068,425
2037	8,210,028	-	-	-	8,210,028	5,138,755	3,071,273
2038	7,347,163	-	-	-	7,347,163	4,927,813	2,419,350
2039	7,344,800	-	-	-	7,344,800	4,928,375	2,416,425
2040	7,348,113	-	-	-	7,348,113	4,932,788	2,415,325
2041	7,352,438	-	-	-	7,352,438	4,926,738	2,425,700
2042	7,347,413	-	-	-	7,347,413	4,929,938	2,417,475
2043	6,451,775	-	-	-	6,451,775	4,927,150	1,524,625
2044	6,451,200	-	-	-	6,451,200	4,929,075	1,522,125
2045	4,932,169	-	-	-	4,932,169	4,932,169	-
2046	4,929,231	-	-	-	4,929,231	4,929,231	-
2047	4,927,244	-	-	-	4,927,244	4,927,244	-
2048	4,931,150	-	-	-	4,931,150	4,931,150	-
2049	4,929,250	-	-	-	4,929,250	4,929,250	-
2050	4,926,456	-	-	-	4,926,456	4,926,456	-
2051	4,926,188	-	-	-	4,926,188	4,926,188	-
2052	2,741,938	-	-	-	2,741,938	2,741,938	-
2053	2,744,088	-	-	-	2,744,088	2,744,088	-
2054	2,741,775	-	-	-	2,741,775	2,741,775	-
	<u>\$ 204,718,810</u>	<u>\$ 3,995,000</u>	<u>\$ 844,372</u>	<u>\$ 4,839,372</u>	<u>\$ 209,558,183</u>	<u>\$ 146,223,669</u>	<u>63,334,515</u>

^(a) Includes all self-supporting debt. As of June 15, 2025, the City's debt service for fiscal year ended September 30, 2025 has been paid in full.

^(b) Excludes all self-supporting debt.

TAX ADEQUACY (Includes General Obligation Self-Supporting Debt)

TABLE 4

2024-25 Freeze Adjusted Net Taxable Assessed Valuation	\$ 2,593,748,975
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-27)	\$ 9,840,460
Indicated Maximum Interest and Sinking Fund Tax Rate at 98% Collections	\$ 0.38713

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

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

TAX ADEQUACY (Excludes General Obligation Self-Supporting Debt)

TABLE 5

2024-25 Freeze Adjusted Net Taxable Assessed Valuation	\$ 2,593,748,975
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-27)	\$ 4,530,964
Indicated Maximum Interest and Sinking Fund Tax Rate at 98% Collections	\$ 0.17825

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

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

(As of September 30, 2023)

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

Financed Purchase - Equipment, at Cost	\$ 617,114
Less: Accumulated Amortization	<u>478,739</u>
Financed Purchase - Equipment, Net	\$ 138,375

The future minimum lease payments required under the financing purchase and the present value of the net minimum payments as of September 30, 2023, are as follows:

Year Ending	
<u>September 30</u>	
2024	\$ 72,353
2025	<u>72,353</u>
Total Minimum Payments	\$ 144,706
Less Amount Representing Interest	<u>(6,331)</u>
Present Value of Net Minimum payments	\$ 138,374
Less: Current Maturities of Financing Purchase Obligation	<u>(68,200)</u>
Long-Term Portion of Financing Purchase Obligation	\$ 70,174

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

Financed Purchase - Equipment, at Cost	\$ 975,185
Less: Accumulated Amortization	<u>651,823</u>
Financed Purchase - Equipment, Net	\$ 323,362

The future minimum payments required under the financing purchase and the present value of the net minimum payments as of September 30, 2023, are as follows:

Year Ending	
<u>September 30</u>	
2024	\$ 114,337
2025	114,337
2026	<u>114,337</u>
Total Minimum Payments	\$ 343,011
Less: Amount Representing Interest	<u>(19,649)</u>
Present Value of Net Minimum payments	\$ 323,362
Less: Current Maturities of Financing Purchase Obligation	<u>(104,635)</u>
Long-Term Portion of Financing Purchase Obligation	\$ 218,727

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

Net System Revenues Available, Fiscal Year End September 30, 2024 (Unaudited)	\$ 9,043,675
Less: 2024 Utility System Revenue Bond Debt Service	<u>\$ 1,711,238</u>
Net System Revenues Available for Utility Supported CO's	\$ 7,332,437
2024 Annual Debt Service Requirements on Outstanding Utility System Certificates of Obligation	4,933,952
Percentage of System General Obligation Debt Self-Supporting	100%

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

Interest and Sinking Fund Balance, Fiscal Year Ended September 30, 2024 (unaudited)	2,279,847
2024 Interest and Sinking Fund Tax Levy of \$0.14830 at 98% Collections Produces	<u>\$ 3,966,849</u>
Total Available for Debt Service	<u>\$ 6,246,696</u>
Less: Net General Obligation Debt Service Requirements, Fiscal Year Ending 9-30-25 ^(a)	<u>\$ 3,814,101</u>
Estimated Interest and Sinking Fund at Fiscal Year Ending 9-30-25 ^(b)	<u>\$ 2,432,595</u>

^(a) Excludes self-supporting general obligation debt. Includes \$2,075 of City's portion of regional transportation debt with final payment fiscal year ending September 30, 2025.

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

GENERAL OBLIGATION PRINCIPAL REPAYMENT SCHEDULE**TABLE 9**

Fiscal Year Ending 9-30	Principal Repayment Schedule			Obligations Unpaid at End of Year	Percent of Principal Retired (%)
	Currently Outstanding ^(a)	The Notes	Total		
2026	\$ 4,270,000	\$ 405,000	\$ 4,675,000	\$ 126,865,000	4%
2027	4,440,000	530,000	4,970,000	121,895,000	7%
2028	4,620,000	555,000	5,175,000	116,720,000	11%
2029	4,270,000	580,000	4,850,000	111,870,000	15%
2030	4,440,000	610,000	5,050,000	106,820,000	19%
2031	4,245,000	640,000	4,885,000	101,935,000	23%
2032	4,425,000	675,000	5,100,000	96,835,000	26%
2033	4,625,000	-	4,625,000	92,210,000	30%
2034	4,820,000	-	4,820,000	87,390,000	34%
2035	5,005,000	-	5,005,000	82,385,000	37%
2036	5,200,000	-	5,200,000	77,185,000	41%
2037	5,410,000	-	5,410,000	71,775,000	45%
2038	4,745,000	-	4,745,000	67,030,000	49%
2039	4,930,000	-	4,930,000	62,100,000	53%
2040	5,130,000	-	5,130,000	56,970,000	57%
2041	5,340,000	-	5,340,000	51,630,000	61%
2042	5,550,000	-	5,550,000	46,080,000	65%
2043	4,880,000	-	4,880,000	41,200,000	69%
2044	5,075,000	-	5,075,000	36,125,000	73%
2045	3,705,000	-	3,705,000	32,420,000	75%
2046	3,820,000	-	3,820,000	28,600,000	78%
2047	3,940,000	-	3,940,000	24,660,000	81%
2048	4,070,000	-	4,070,000	20,590,000	84%
2049	4,200,000	-	4,200,000	16,390,000	88%
2050	4,335,000	-	4,335,000	12,055,000	91%
2051	4,480,000	-	4,480,000	7,575,000	94%
2052	2,420,000	-	2,420,000	5,155,000	96%
2053	2,525,000	-	2,525,000	2,630,000	98%
2054	<u>2,630,000</u>	<u>-</u>	<u>2,630,000</u>	-	100%
	\$ 127,545,000	\$ 3,995,000	\$ 131,540,000		

^(a) As of June 15, 2025.

CLASSIFICATION OF ASSESSED VALUATION^(a)

TABLE 10

Category	2024-2025	% of Total	2023-2024	% of Total	2022-2023	% of Total	2021-2022	% of Total	2020-2021	% of Total
Real, Residential, Single-Family	\$ 1,138,029,116	28.31%	\$ 1,094,894,695	28.85%	\$ 943,179,877	26.69%	\$ 758,658,443	23.85%	\$ 763,215,654	25.83%
Real, Residential, Multi-Family	137,963,247	3.43%	133,997,170	3.53%	121,204,107	3.43%	112,201,519	3.53%	103,101,945	3.49%
Real, Vacant Lots/Tracts	28,700,241	0.71%	30,971,101	0.82%	31,534,732	0.89%	31,470,634	0.99%	33,987,935	1.15%
Real, Acreage (Land Only)	32,652,990	0.81%	30,134,565	0.79%	20,958,160	0.59%	20,972,380	0.66%	20,907,780	0.71%
Farm & Ranch Improvements	40,997,785	1.02%	35,719,408	0.94%	30,038,194	0.85%	25,293,068	0.80%	24,603,618	0.83%
Real, Commercial	505,741,399	12.58%	444,783,905	11.72%	431,656,699	12.22%	409,844,864	12.89%	336,543,447	11.39%
Real Industrial	697,606,120	17.36%	686,988,380	18.10%	667,764,200	18.90%	687,876,550	21.63%	594,799,020	20.13%
Real & Tangible, Personal Utilities	67,749,210	1.69%	65,999,990	1.74%	60,626,630	1.72%	57,691,980	1.81%	55,398,730	1.87%
Tangible Personal, Commercial	194,529,320	4.84%	183,956,050	4.85%	164,277,840	4.65%	151,679,870	4.77%	150,764,480	5.10%
Tangible Personal, Industrial	581,880,940	14.48%	589,051,200	15.52%	611,674,330	17.31%	519,985,340	16.35%	495,136,440	16.76%
Tangible Personal, Mobile Homes	2,638,550	0.07%	2,423,150	0.06%	1,823,340	0.05%	890,630	0.03%	782,530	0.03%
Residential / Special, Inventory	24,781,570	0.62%	23,606,440	0.62%	25,135,220	0.71%	20,948,400	0.66%	19,937,470	0.67%
Totally Exempt Property	566,088,316	14.08%	473,230,545	12.47%	423,675,741	11.99%	382,866,616	12.04%	355,779,371	12.04%
Total Market Value	\$ 4,019,358,804	100.00%	\$ 3,795,756,599	100.00%	\$ 3,533,549,070	100.00%	\$ 3,180,380,294	100.00%	\$ 2,954,958,420	100.00%
Less Exemptions:										
Productivity Loss	\$ 31,320,340		\$ 29,015,305		\$ 19,856,605		\$ 19,992,060		\$ 19,886,610	
Cap Loss (10%)	191,221,622		177,668,113		150,758,853		79,061,864		111,866,158	
Local, Optional Over-65/Disabled	43,805,145		43,787,072		57,737,043		45,303,916		45,989,123	
Disabled and Deceased Veterans'	21,663,406		16,239,732		1,732,110		12,132,564		10,897,692	
Exempt Property	527,871,978		444,609,999		396,184,061		361,607,606		338,347,363	
Freeport	98,576,566		119,291,230		111,908,964		91,612,816		85,763,349	
Pollution Control / Solar	59,914,278		59,391,206		62,479,174		62,080,048		65,128,932	
Tax Abatement Loss	172,062,851		204,517,377		281,560,424		259,158,157		187,457,093	
Personal Use of Business Vehicle	206,150		306,980		319,140		303,980		382,630	
Other / Historical	29,827,712		27,504,617		27,546,091		21,125,710		17,342,738	
Total Exemptions	\$ 1,176,470,048		\$ 1,122,331,631		\$ 1,110,082,465		\$ 952,378,721		\$ 883,061,688	
Net Taxable Assessed Valuation	\$ 2,842,888,756		\$ 2,673,424,968		\$ 2,423,466,605		\$ 2,228,001,573		\$ 2,071,896,732	
Freeze Taxable & Adjustment	(249,139,781)		(224,447,011)		(190,151,876)		(178,970,749)		(159,171,273)	
Freeze Adjusted Net Taxable Assessed Valuation	\$ 2,593,748,975		\$ 2,448,977,957		\$ 2,233,314,729		\$ 2,049,030,824		\$ 1,912,725,459	

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

Source: Lamar County Appraisal District and the Issuer.

PRINCIPAL TAXPAYERS 2024
TABLE 11

<u>Name</u>	<u>Type of Property</u>	<u>% of Total 2024</u>	
		<u>2024 Net Taxable Assessed Valuation</u>	<u>Assessed Valuation</u>
La Frontera Holdings LLC	Electric Utility	\$ 360,663,800	13.91%
Campbell Soup	Food Manufacturing	168,734,582	6.51%
Kimberly Clark Corporation	Paper Products	152,988,826	5.90%
American Spiral Weld III Inc.	Industrial Manufacturing	62,649,957	2.42%
Essent PRMC LP	Health Care Services / Hospital	48,488,870	1.87%
ONCOR Electric Delivery Company	Electric Utility	35,357,285	1.36%
Potter Industries LLC	Manufacturing	22,209,231	0.86%
Atmos Energy	Gas Utility	20,251,990	0.78%
Huhtamaki Inc	Packaging Manufacturing	19,392,104	0.75%
Paris Town Center LLC	Shopping Center	14,705,180	0.57%
Total		\$ 905,441,825	34.91%

Based on 2024 Freeze Adjusted Net Taxable Assessed Valuation of \$ 2,593,748,975

Source: Lamar County Appraisal District

As shown in the table above, the top ten taxpayers in the City account for approximately 35% of the City's tax base. Adverse developments in economic conditions, especially in a particular industry in which any one of these large taxpayers participates, could adversely impact these businesses and, consequently, the tax values in the City, resulting in less local tax revenue. If any major taxpayer, or a combination of top taxpayers, were to default in the payment of taxes, the ability of the City to make timely payment of debt service on the Notes may be dependent on its ability to enforce and liquidate its tax lien, which is a time consuming process that may only occur annually. See "THE NOTES – Default and Remedies" and "AD VALOREM PROPERTY TAXATION – City's Rights in the Event of Tax Delinquencies" in this Official Statement.

PROPERTY TAX RATES AND COLLECTIONS
TABLE 12

<u>Tax Year</u>	<u>Net Taxable Assessed Valuation</u> ^(a)	<u>Tax Rate</u>	<u>Tax Levy</u>	<u>% Collections</u>		<u>Year Ended</u>
				<u>Current</u>	<u>Total</u>	
2015	\$ 1,607,003,070	0.50195	\$ 7,627,731	97.10%	97.81%	9/30/2016
2016	1,510,271,195	0.50195	8,093,094	98.11%	99.93%	9/30/2017
2017	1,556,621,932	0.55195	9,145,965	98.11%	99.54%	9/30/2018
2018	1,607,003,070	0.55195	9,381,829	98.15%	98.79%	9/30/2019
2019	1,654,553,439	0.51608	9,332,621	96.95%	99.61%	9/30/2020
2020	2,071,896,732	0.45373	9,592,756	97.17%	98.13%	9/30/2021
2021	2,228,001,573	0.44278	9,888,259	97.83%	99.26%	9/30/2022
2022	2,423,466,605	0.44278	10,441,096	97.73%	99.22%	9/30/2023
2023	2,673,424,968	0.47782	12,178,254	97.65%	98.99%	9/30/2024
2024	2,842,888,756	0.46122	12,572,509	95.57%	100.00%	9/30/2025 ^(b)

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

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

^(b) Current Fiscal Year collections are as of April 30, 2025.

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

TAX RATE DISTRIBUTION
TABLE 13

	<u>2024-2025</u>	<u>2023-2024</u>	<u>2022-2023</u>	<u>2021-2022</u>	<u>2020-2021</u>
General Fund	\$0.31292	\$0.32176	\$0.34377	\$0.37357	\$0.38442
I & S Fund	<u>0.14830</u>	<u>0.15606</u>	<u>0.09901</u>	<u>0.08016</u>	<u>0.08291</u>
TOTAL	\$0.46122	\$0.47782	\$0.44278	\$0.45373	\$0.48078

Sources: Lamar County Appraisal District and the Issuer.

Tax Year	Net Taxable Assessed Valuation ^(a)	Change From Preceding Year	
		Amount (\$)	Percent
2015	\$ 1,534,016,839	\$ 3,649,751	0.24%
2016	1,627,397,467	93,380,628	6.09%
2017	1,681,747,299	54,349,832	3.34%
2018	1,732,236,641	50,489,342	3.00%
2019	1,794,161,289	61,924,648	3.57%
2020	2,071,896,732	277,735,443	15.48%
2021	2,228,001,573	156,104,841	7.53%
2022	2,423,466,605	195,465,032	8.77%
2023	2,673,424,968	249,958,363	10.31%
2024	2,842,888,756	169,463,788	6.34%

^(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. The above figures are not freeze adjusted.

Sources: Lamar County Appraisal District.

MUNICIPAL SALES TAX

TABLE 15

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

Calendar Year	Total Collected	1.00% City	0.25% Property Tax Reduction	City Collections as % of Ad Valorem Tax Levy	(\$) Equivalent of Ad Valorem Tax Rate	0.25% EDC
2015	\$ 8,173,696	\$ 5,449,131	\$ 1,362,283	89.31%	0.45	\$ 1,362,283
2016	8,472,642	5,648,428	1,412,107	92.56%	0.46	1,412,107
2017	8,689,014	5,792,676	1,448,169	89.47%	0.45	1,448,169
2018	8,827,668	5,885,112	1,471,278	80.43%	0.44	1,471,278
2019	8,921,837	5,947,891	1,486,973	79.25%	0.44	1,486,973
2020	9,950,289	6,633,526	1,658,381	88.85%	0.46	1,658,381
2021	11,048,084	7,365,389	1,841,347	95.98%	0.46	1,841,347
2022	11,326,086	7,550,724	1,887,681	95.45%	0.43	1,887,681
2023	12,591,056	8,394,038	2,098,509	100.49%	0.44	2,098,509
2024	13,079,032	8,719,354	2,179,839	89.50%	0.43	2,179,839
2025*	6,495,813	4,330,542	1,082,636			1,082,636

Source: State Comptroller of Public Accounts.

*Through June, 2025.

OVERLAPPING DEBT DATA AND INFORMATION
TABLE 16
(As of June 15, 2025)

<u>Taxing Entity</u>	<u>Gross Debt Principal</u>	<u>% Overlapping</u>	<u>Amount Overlapping</u>
Chisum Independent School District	\$ 49,796,760	38.06%	\$ 18,952,647
Lamar County	4,780,000	44.86%	2,144,308
North Lamar Independent School District	45,609,000	29.17%	13,304,145
Paris Independent School District	43,920,000	97.67%	42,896,664
Total Gross Overlapping Debt Principal	<u>144,105,760</u>		<u>\$ 77,297,764</u>
Paris, City of	<u>131,540,000</u>	100.00%	<u>131,540,000</u> *
Total Direct and Overlapping Debt Principal	\$ 275,645,760		<u>\$ 208,837,764</u> *

Ratio of Direct and Overlapping Debt Principal to 2024 Freeze Adjusted Net Taxable Assessed Valuation 8.05%

Ratio of Direct and Overlapping Debt Principal to 2024 Actual Assessed Value 5.20%

Per Capita Direct and Overlapping Debt Principal \$8,364

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

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

\$ 23,140,000 *

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

Total Net Direct and Overlapping Debt

\$ 100,437,764 *

Ratio of Net Direct and Overlapping Debt Principal to 2024 Freeze Adjusted Net Taxable Assessed Valuation 3.87%

Ratio of Net Direct and Overlapping Debt Principal to 2024 Actual Assessed Value 2.50%

Per Capita Net Direct and Overlapping Debt Principal 2024 \$4,022

* Includes the Notes.

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

ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ENTITIES
TABLE 17

<u>Governmental Entity</u>	<u>2024 Net Taxable Assessed Valuation</u>	<u>% of Actual</u>	<u>2024 Tax Rate</u>
Chisum Independent School District	\$1,495,323,450	100%	\$1.1580
Lamar County	5,916,567,606	100%	0.3045
North Lamar Independent School District	1,744,851,055	100%	0.9566
Paris Independent School District	1,371,398,093	100%	0.9637
Paris JCD	7,145,462,287	100%	0.0715

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

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

TABLE 18

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

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

FUND BALANCES (UNAUDITED)

TABLE 19

	<u>As of 9-30-2024</u>	<u>As of 4-30-25</u>
<u>Governmental Funds</u>		
General Operating Fund	\$ 31,463,976	\$ 31,289,762
Special Revenue fund	1,546,794	1,536,570
General Obligation Interest and Sinking Fund (Debt Service)	2,279,847	1,682,431
Grant Fund	593,552	67,730
Capital Projects Funds (General Fund Purposes)	601,685	601,447
Equipment Replacement Fund	166,096	170,493
Construction Fund	2,359,458	2,389,373
Landfill Fund	-	-
Civic Center Construction Fund	-	-
Airport Fund	66,890	(17,401)
Civic Center I&S Fund	592,170	597,824
<u>Proprietary Funds</u>		
Waterworks and Sewer System Operating Fund	\$ 4,106,097	\$ 1,482,518
Revenue Bond Interest and Sinking Fund (Debt Service)	3,547,684	7,898,978
Revenue Bond Reserve Fund	885,271	720,961
(Revenue debt outstanding and Rate Maintenance Policy requires a reserve be kept)		
Water Contract Fund	150,174	255,795
Water and Sewer Contingency Fund	954,966	169,538
Construction Funds	27,491,324	48,542,592
<u>Library Trust Funds</u>		
Permanent & Expendable	\$ 72,409	\$ 74,244
Total Fund Balances	\$ 76,878,393	\$ 97,462,855

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

TABLE 20

	Fiscal Year Ended September 30				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Revenues:</u>	(Unaudited)				
Ad Valorem Taxes	\$ 8,297,163	\$ 8,207,911	\$ 8,287,694	\$ 7,971,838	\$ 7,380,958
Sales Taxes	10,820,405	10,496,451	9,650,605	9,196,157	8,245,939
Franchise Tax	3,488,950	4,725,373	4,827,601	4,253,182	4,714,021
Hotel Occupancy Taxes	1,109,125	949,983	848,508	881,259	643,417
Licenses and Permits	600,193	484,807	532,557	211,668	259,117
Fines and Fees	211,516	426,856	432,115	615,721	724,259
Leases	79,907	81,361	65,617		-
Use of Money and Property	1,299,925	950,902	201,997	198,965	304,755
Sanitation	213,853	1,461,058	1,462,220	1,470,237	1,462,452
Health	4,977,581	8,733,472	5,933,986	4,806,996	5,117,649
Intergovernmental Revenue	2,354,280	2,051,423	1,574,428	706,574	713,570
Other Revenues	946,798	710,472	629,747	442,020	381,355
Total Revenues	\$ 34,399,696	\$ 39,280,069	\$ 34,447,075	\$ 30,754,617	\$ 29,947,492
<u>Expenditures:</u>					
Current					
General Government	\$ 1,896,683	\$ 2,412,942	\$ 1,917,259	\$ 1,613,946	\$ 1,779,229
Public Safety	13,611,934	12,479,429	23,917,194	11,367,228	12,005,945
Public Works	4,293,098	6,817,178	6,050,354	4,991,668	5,065,867
Health	4,289,081	8,717,240	5,595,417	5,199,358	4,022,732
Culture and Recreation	2,368,908	804,955	715,243	677,612	723,046
Cox Field Airport	966,155	-	1,224	242,809	179,631
Other	991,720	1,936,078	1,829,866	1,838,073	1,922,363
Capital Outlay					
General Government	570,965	1,386,613	561,165	252,387	109,280
Public Safety	362,885	689,772	1,060,330	870,874	403,654
Public Works	381,845	1,060,768	1,199,200	941,371	626,741
Health	269,801	323,283	486,604	216,631	287,256
Cox Field Airport	72,600	-	-	65,000	-
Debt Service	205,000	195,155	187,670	186,690	186,690
Other	-	-	-	-	-
Total Expenditures	\$ 30,280,675	\$ 36,823,413	\$ 43,521,526	\$ 28,463,647	\$ 27,312,434
Excess (Deficit) of Revenues Over Expenditures	\$ 4,119,021	\$ 2,456,656	\$ (9,074,451)	\$ 2,290,970	\$ 2,635,058
Other Financing Sources (Uses):					
Leases	\$ 15,000	\$ 13,421	\$ 278,821	\$ -	\$ -
Inception of Subscription-Bases 1Y Arg.	-	218,091	-	-	-
Operating Transfers In	1,198,199	1,183,110	12,272,188	2,751,240	539,986
Operating Transfers Out	(1,198,199)	(1,822,765)	(193,259)	(802,211)	(29,319)
Sale of Capital Assets	-	210,000	155,367	151,266	28,000
Insurance Recoveries	-	-	-	-	-
Total Other Financing Sources (Uses):	\$ 15,000	\$ (198,143)	\$ 12,513,117	\$ 2,100,295	\$ 538,667
Excess of Revenues and Other Sources Over Expenditures and Other Uses	\$ 4,134,021	\$ 2,258,513	\$ 3,438,666	\$ 4,391,265	\$ 3,173,725
Fund Balance - Beginning of Year	\$ 27,329,955	\$ 25,071,442	\$ 21,420,072 *	\$ 17,150,077	\$ 13,451,478
Increase (Decrease) in Reserve for Inventory	-	-	-	-	-
Prior Period Adjustment	-	-	212,704	(52,060)	524,874
Fund Balance - End of Year	\$ 31,463,976	\$ 27,329,955	\$ 25,071,442	\$ 21,489,282	\$ 17,150,077

For fiscal year ended September 30, 2022, the City's auditors booked the funding of the firefighters' pension as an operating expense which was offset by non-operational bond proceeds from the Series 2022.

The City anticipates a fund balance of \$31,289,762 for fiscal year ending September 30, 2025.

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

* Beginning of Year Fund Balance adjusted.

CONDENSED WATERWORKS AND SEWER SYSTEM OPERATING STATEMENT

TABLE 21

	Fiscal Year Ended September 30				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating Revenues ^(a)	Unaudited				
Total Revenues	\$ 21,235,214	\$ 19,633,034	\$ 18,397,839	\$ 16,567,528	\$ 15,043,788
Expenses ^(b)	<u>12,191,539</u>	<u>11,736,249</u>	<u>10,218,591</u>	<u>10,308,035</u>	<u>9,566,990</u>
Net Revenue Available for Debt Service	<u>\$ 9,043,675</u>	<u>\$ 7,896,785</u>	<u>\$ 8,179,248</u>	<u>\$ 6,259,493</u>	<u>\$ 5,476,798</u>
Annual Revenue Bond Debt Service Requirements	\$ 1,711,238	\$ 831,437	\$ -	\$ -	\$ -
Coverage of Annual Revenue Bond Requirements	5.28X	9.50X	N/A	N/A	N/A
Annual Debt Service Requirements on all Obligations paid from System Revenues	\$ 6,645,190	\$ 6,549,365	\$ 5,289,797	\$ 3,842,897	\$ 3,845,397
Coverage of Annual Debt Service Requirements on all Obligations paid from System Revenues	1.36X	1.21X	1.55X	1.63X	1.42X
Customer Count:					
Water	9,755	9,778	9,786	9,762	9,810
Sewer	9,324	9,362	9,198	9,175	9,221

^(a) Revenues include operating revenues, interest income and other revenues of the Waterworks and Sewer System.

^(b) Expenses include total expenses less depreciation and amortization of the Waterworks and Sewer System.

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

Current Rates
(Rates Effective July 1, 2022)

Residential Class

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

Commercial Industrial Class

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

Commercial Industrial Class (Meters Greater Than Three Inches)

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

Source: Information from the Issuer

PRINCIPAL WATER CUSTOMERS 2023-24

(October 1, 2023 to September 30, 2024)

<u>Name of Customer</u>	<u>Average Monthly Consumption (Gals.)</u>	<u>Average Monthly Bill</u>
Lamar Power Partners*	18,053,080	\$ 50,596
Campbell Soup Company	13,850,187	81,413
Lamar County Water Supply	13,568,872	80,465
American Spiral Weld	8,339,575	8,395
Daisy Farms*	3,253,671	21,476
Paris Generation	2,177,204	30,743
Kimberly Clark	706,540	28,483
Paris Housing Authority	235,263	8,163
Lamar County Human Resources	103,585	4,199
Paris Junior College	90,019	4,233
Total	60,377,996	\$ 318,166 ^(a)
Total Annual Water Sales as of September 30, 2024	\$ 9,038,642	

^(a) Principal Water Customers represent approximately 42.24% of total annual water sales.

* Includes raw water rates

Current Rates*(Residential Rates Effective April 1, 2024)***Residential Class**

Meter Size (Inches)	Base Cost (Per Cubic Foot)	Service in Excess of Base (For Each Additional 100 Cubic Feet)
3/4" or Less	\$25.92 for first 200 Cubic Feet	\$12.80 / 100 Cubic Feet
1" and Larger	\$127.99 for first 1,000 Cubic Feet	\$12.80 / 100 Cubic Feet

Commercial Industrial Class*(Commercial Rates Effective April 1, 2024)*

Meter Size (Inches)	Base Cost (Per Cubic Foot)	Service in Excess of Base (For Each Additional 100 Cubic Feet)
3/4" or Less	\$34.49 for first 200 Cubic Feet	\$13.28 / 100 Cubic Feet
1" - 2"	\$132.81 for first 1,000 Cubic Feet	\$13.28 / 100 Cubic Feet
Larger than 2"	\$265.66 for first 2,000 Cubic Feet	\$13.28 / 100 Cubic Feet

PRINCIPAL SEWER CUSTOMERS - 2023-24*(October 1, 2023 to September 30, 2024)*

<u>Name of Customer</u>	<u>Average Monthly Consumption (Gals.)</u>	<u>Average Monthly Bill</u>
Kimberly Clark	341,303	\$ 43,328
Paris Housing Authority	185,427	23,533
Lamar County Human Resources	103,585	13,185
Campbell Soup Supply	71,580	9,062
Paris Junior College	79,490	10,796
Spanish Oaks	65,744	8,276
Lamar County	54,666	7,063
North Lamar ISD	52,808	6,725
Potters Industries	51,321	6,523
Paris ISD	49,984	6,662
Total	1,055,908	\$ 135,153 ^(a)
Total Sewer Charges as of September 30, 2024	\$ 11,335,300	

^(a) Principal Sewer Customers represent approximately 14.30% of total annual sewer charges.

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APPENDIX B

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

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

Location

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



Government

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

Population

Census Report	City of Paris	Lamar County
Current Estimate	24,969	51,249
2020	24,476	50,088
2010	25,171	49,793
2000	25,898	48,499
1990	24,699	43,949
1980	25,498	42,156

Sources: World Population Review and the City.

Labor Force Statistics

	City of Paris		Lamar County	
	March 2025	March 2024	March 2025	March 2024
Civilian Labor Force	11,249	11,234	23,918	23,944
Total Employed	10,722	10,747	22,962	23,017
Total Unemployed	512	502	956	927
% Unemployed	4.6%	4.5%	4.0%	3.9%
% Unemployed (Texas)	4.0%	3.9%		
% Unemployed (US)	4.2%	3.9%		

Source: Texas Workforce Commission, Labor Market Information.

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APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

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Proposed Form of Opinion of Bond Counsel

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

**CITY OF PARIS, TEXAS
TAX NOTES, SERIES 2025**

IN THE AGGREGATE PRINCIPAL AMOUNT OF \$3,995,000

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

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

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Notes have been authorized and issued and the Notes delivered concurrently with this opinion have been duly delivered and that, assuming due authentication, Notes issued in exchange therefore will have been duly delivered, in accordance with law, and that the Notes, except as may be limited by laws applicable to the City relating to governmental immunity and bankruptcy, reorganization and other similar matters affecting creditors' rights generally, and by general principles of equity which permit the exercise of judicial discretion, constitute valid and legally binding special obligations of the City, and that ad valorem taxes sufficient to provide for the payment of the interest, if any, on and principal of the Notes have been levied and pledged for such purpose, within the limits prescribed by law, as provided in the ordinance adopted by the City Council of the City, pursuant to which the Notes have been issued.

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



"Code"). In expressing the aforementioned opinions, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants regarding the use and investment of the proceeds of the Notes 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 City fails to comply with such covenants, interest on the Notes may become includable in gross income retroactively to the date of issuance of the Notes.

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 Notes, including the amount, accrual or receipt of interest on, the Notes. Owners of the Notes should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Notes.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Notes, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

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

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

OUR SOLE ENGAGEMENT in connection with the issuance of the Notes is as Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering our opinions with respect to the legality and validity of the Notes under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Notes 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 City, or the disclosure thereof in connection with the sale of the Notes, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Notes and have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of, and assessed valuation of taxable property within the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Notes has been limited as described therein.

THE FOREGOING OPINIONS represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,

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APPENDIX D

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

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

Fiscal Year Ended September 30, 2023

**ANNUAL COMPREHENSIVE FINANCIAL
REPORT
FOR**

CITY OF PARIS, TEXAS

Fiscal Year Ended September 30, 2023



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

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INTRODUCTORY SECTION



December 19, 2024

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

Dear Mayor and Council Members:

I am pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Paris, Texas, for the fiscal year ended September 30, 2023.

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

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

THE ANNUAL COMPREHENSIVE FINANCIAL REPORT

The Annual Comprehensive Financial Report of the City of Paris, Texas, for the fiscal year ended September 30, 2023, which follows, was prepared by the Finance Department. The financial statements have been audited by McClanahan and Holmes, LLP, CPAs, whose report is included herein. This audit satisfies Article III, Section 33 of the City Charter which requires that an annual audit of all accounts of the City be made by an independent certified public accountant.

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

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

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

General Information Regarding the City and Surrounding County

The City of Paris is the county seat and principal commercial center of Lamar County and is located at the intersection of United States Highways 271 and 82, approximately 100 miles northeast of Dallas near the Red River. The City is served by 6 banks. The City's 2020 census is 24,476, a decrease of 2.76% from the 2010 census of 25,171. The current population estimate is 24,930.

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

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

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

Educational facilities of the City are provided by 3 independent school districts. Each of the districts is accredited by the Texas Education Agency. Higher education needs in the County are provided at Paris Junior College located in the City. Total enrollment of these entities is 11,811.

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

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

Government Organization

The City was founded in 1839 with the current charter adopted in November of 1948 and last revised in 2022. The City operates under the Council/Manager form of government with 7 council members elected from single member districts. The

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

Economic Condition and Outlook

Taxable values, as originally certified by the Lamar County Appraisal District, for fiscal year 2023-24 reflect an 8.21% increase over the 2022-23 values. Building permits for new residential and commercial construction were valued at \$15,332,245 for fiscal year 2022-23. This activity will be reflected in next year's taxable values.

Sales taxes for 2022-23 increased from the prior year by 8.76%. Sales taxes for 2023-24 on a cash basis were 3.77% above the 2022-23 level.

Hotel occupancy taxes were up 11.95% compared to 2021-22.

Franchise fees for 2022-23 were down 2.11% compared to the previous year. The biggest portion of the decrease came from Solid Waste Street Use Fees.

The City of Paris, Paris Economic Development Corporation, and the Lamar County Chamber of Commerce have been actively recruiting new business to the area as well as supporting already existing businesses. PEDC has several active incentive commitments in regard to its recruitment of new industry and support of existing industry. There are currently incentives totaling \$2,151,720 involving Metro Gate, Lions Head, Universal Fabricating, Rodgers Wade, and Ametsa.

General Fund receipts equaled 124.24% of the budget. General Fund expenditures were 111.03% of the budget. For the 2023-24 fiscal year, the City Council adopted a tax rate of .47782 cents per \$100 of value. This rate is \$0.03504 cents lower than the previous year but does allow maintaining all services at their current levels and funds all required interest and sinking funds. Taxable property value increased 8.21%.

Long-term Financial Planning and Relevant Financial Policies

The City continues to exercise its long-range financial plan. The City formalized a key financial policy in 2010 that had been informally followed previously: a utility rate maintenance policy. The utility rate maintenance policy will help assure the financial integrity of the enterprise fund along with its related interest and sinking funds. Another policy was formalized in 2013 in the form of a reserve level guideline for both the general fund and utility fund. Adequate reserve levels provide the City with the ability to deal with extraordinary events and maintain its credit worthiness. This credit worthiness, as reflected in the current financial statements, allowed the City to obtain very favorable interest rates on debt issued from 2016 through 2024.

Major Initiatives

The City continues to work on its long-range plan to maintain its infrastructure. The City called for a general obligation bond election in May 2013 in the amount of \$45,000,000 which passed overwhelmingly. Proceeds from these bonds were used for water and sewer infrastructure improvements. At the same time a small low interest \$2,900,000 Certificates of Obligation

issue was made through the Texas Water Development Board. Both bonds will be paid for out of utility system revenues. With the payoff of earlier debt issues, it was not necessary to raise utility rates to fund this new debt. Likewise a \$9,750,000 bond election for street construction and repair was approved in 2017 and those projects have been completed. In May of 2021, the City issued \$43,855,000 in Combination Tax and Surplus Revenue Certificates of Obligation to fund Phase One construction of a new wastewater treatment plant. These bonds will be paid for out of utility system revenue and tax revenue. Additional bonds were issued in 2024 in the amount of \$42,720,000 for Phase Two of the new wastewater treatment plant project. Also, the City used the Federal American Rescue Plan funding to install water transmission lines around Loop 286 to aid in industrial recruitment as well as providing a second water line connection to certain areas of town.

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

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

Other Financial Information

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

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

Between 30 days and 90 days prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget, which represents the financial plan for the ensuing fiscal year, includes proposed expenditures and the means of financing them. Public hearings are conducted at which all interested persons' comments concerning the budget for the next fiscal year are heard. The budget is legally enacted by the City Council through passage of an ordinance not later than the 27th day of the last month prior to the beginning of the fiscal year. Generally, appropriations are legally adopted at the department level. Budgetary controls are

maintained at the major category of expenditure level within each operating division. All anticipated expenditures are budgeted for control purposes. Capital project funds are appropriated on a project by project basis. Expenditures and/or expenses are directly monitored by the City Council through financial reports provided to them.

Internal Controls

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

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

Debt

The following schedule outlines the outstanding City debt as of 09-30-23:

Issue	Tax Supported	Revenue Supported	Fund Maturity	Moody's Investors Rating Insured
2013 C.O. (TWDB)	\$ -	\$ 1,410,000	12-15-32	N/A
2013 G.O. Bonds	-	23,520,000	12-15-32	Aa3
2016 G.O. Bonds	-	6,205,000	12-15-36	Aa3
2017 G.O. Bonds	7,380,000	-	06-15-37	Aa3
2018 G.O. Bonds	-	650,000	06-15-38	Aa3
2020 Tax and Rev. C.O. (Civic Center)	1,080,000	-	06-15-30	N/A
2020 G.O. Refunding Bonds	1,400,000	-	12-15-29	Aa3
2020 Tax Notes	580,000	-	06-15-26	N/A
2021 Tax and Rev. C.O.	-	42,645,000	12-15-50	Aa3
2022 GO Pension Bonds	-	11,780,000	06-15-42	Aa3
2022 Water & Sewer System Rev. Bds.		26,795,000	06-15-51	A3
Financed Purchases-Firetrucks	461,737	-	01-28-26	N/A
SuRRMA Loan	99,178	-	06-29-25	N/A
Total	<u>\$ 11,000,915</u>	<u>\$ 113,005,000</u>		

Independent Audit

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

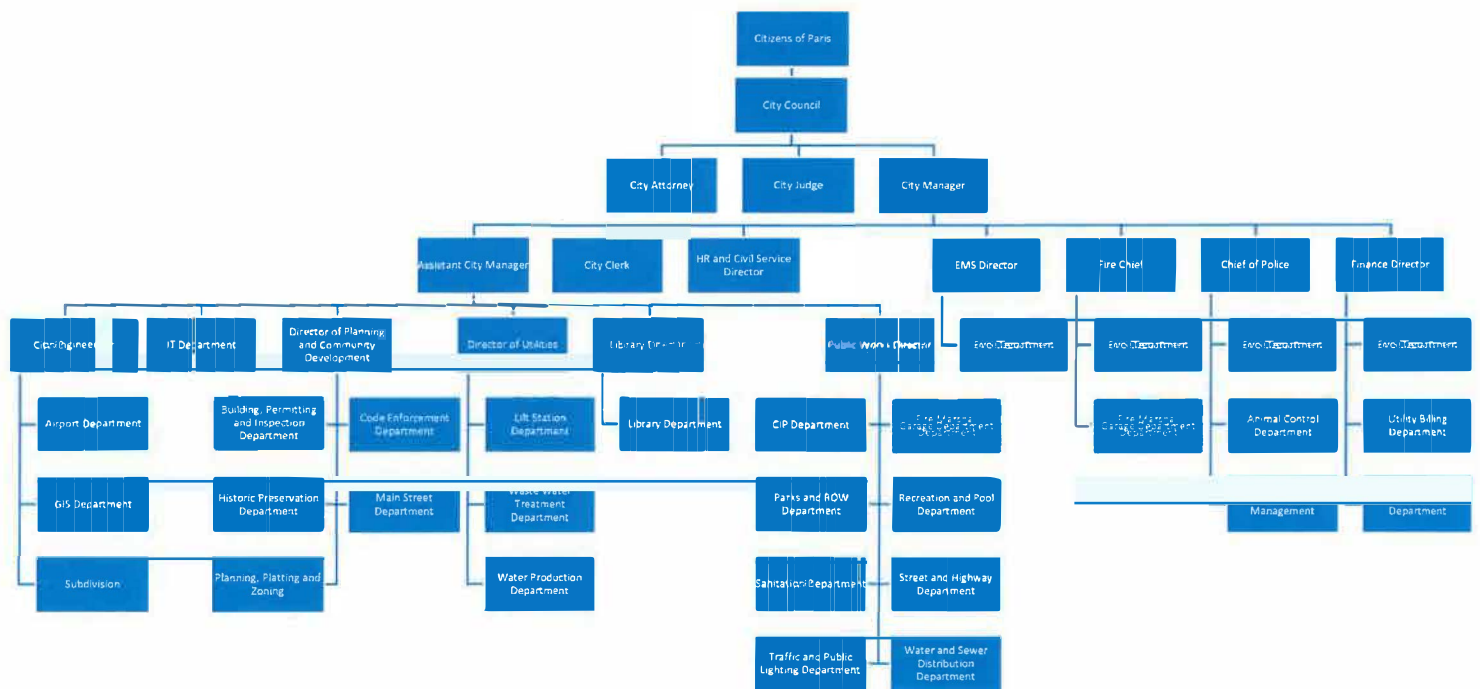
Acknowledgments

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

Respectfully submitted,

W. E. Anderson
Director of Finance

CITY OF PARIS ORGANIZATIONAL CHART



List of Elected and Appointed Officials

Elected Officials

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

Appointed Officials

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

FINANCIAL SECTION

McClanahan and Holmes, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor,
Members of the City Council,
and City Manager
City of Paris, Texas

Report on the Audit of the Financial Statements

Opinions

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

Emphasis of Matter

As discussed in Note I to the financial statements, in 2023 the City adopted new accounting guidance, *GASBS No. 96, Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Honorable Mayor,
Members of the City Council,
and City Manager
City of Paris, Texas

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, 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, the schedules of changes in net pension liability and related ratios, the schedules of changes in total OPEB liability and related ratios, and the schedules of City contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information

Honorable Mayor,
Members of the City Council,
and City Manager
City of Paris, Texas

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 nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 schedule of expenditures of federal awards and the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

McClanahan and Holmes, LLP
Certified Public Accountants

Paris, Texas
December 19, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Paris (the City), we offer readers of the City of Paris, Texas' financial statements this narrative overview and analysis of the financial activities of the City of Paris for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal as well as the City's financial statements.

Financial Highlights of the Primary Government

- The City dropped its tax rate from 0.45373 to 0.44278 per \$100 of valuation for fiscal year 2022-23.
- For the 2023-24 fiscal year, the City increased its tax rate to 0.47782 per \$100 of valuation. The increase will go toward debt service.
- City-wide revenues this year exceeded City-wide expenses by \$10,339,649 whereas in the previous year revenues exceeded expenses by \$6,900,085. The underlying causes of the higher surplus were an increase in almost all types of revenue. These increases more than offset the increase in expenses.
- At the end of the fiscal year, the unassigned fund balance for the general fund was \$26,253,936 or 71.30% of total general fund expenditures. The prior year unassigned fund balance was \$24,072,369 or 55.31% of general fund expenditures.
- At the end of the fiscal year, the net position of the proprietary funds was \$42,501,397 compared to \$36,177,466 the prior year.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

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

Proprietary Funds

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

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

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

Fiduciary Funds

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

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

Notes to the Financial Statements

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

Other Information

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Paris, assets exceeded liabilities by \$103,407,459 at the close of the most recent fiscal year. This compares to \$93,067,810 for the previous year. This was an 11.10% increase in net position.

By far, the largest portion of the City of Paris' net position (\$57,789,177 or 55.88%) reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). The City of Paris uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Paris' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Paris Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2022	2023	2022	2023	2022	2023
Assets						
Current and Other Assets	\$ 35,493,063	\$ 39,469,331	\$ 67,030,765	\$ 87,538,931	\$ 102,523,828	\$127,008,262
Capital Assets	40,589,238	40,044,939	70,544,343	77,979,255	111,133,581	118,024,194
Total Assets	76,082,301	79,514,270	137,575,108	165,518,186	213,657,409	245,032,456
Deferred Outflows Related to Asset Retirement	-	-	2,707,600	5,140,506	2,707,600	5,140,506
Related to Pension	13,873,084	6,725,001	178,764	929,305	14,051,848	7,654,306
Related to OPEB	485,320	430,480	38,529	29,693	523,849	460,173
Total Deferred Outflows	14,358,404	7,155,481	2,924,893	6,099,504	17,283,297	13,254,985
Long-Term Liabilities						
Outstanding	24,336,260	19,678,153	96,587,781	121,895,899	120,924,041	141,574,052
Other Liabilities	1,849,162	2,168,602	6,851,388	7,092,505	8,700,550	9,261,107
Total Liabilities	26,185,422	21,846,755	103,439,169	128,988,404	129,624,591	150,835,159
Deferred Inflows						
Related to Pensions	5,168,101	944,110	871,469	58,033	6,039,570	1,002,143
Related to OPEB	361,020	861,431	11,897	69,856	372,917	931,287
Related to Leases	1,835,818	2,111,393	-	-	1,835,818	2,111,393
Total Deferred Inflows	7,364,939	3,916,934	883,366	127,889	8,248,305	4,044,823

Net Position						
Net Investment in						
Capital Assets	28,267,799	31,070,770	20,720,075	26,718,407	48,987,874	57,789,177
Restricted	6,528,631	7,540,275	-	-	6,528,631	7,540,275
Unrestricted	<u>22,093,914</u>	<u>22,295,017</u>	<u>15,457,391</u>	<u>15,782,990</u>	<u>37,551,305</u>	<u>38,078,007</u>
Total Net Position	\$ 56,890,344	\$ 60,906,062	\$ 36,177,466	\$ 42,501,397	\$ 93,067,810	\$ 103,407,459

An additional portion of the City of Paris' net position (\$7,540,275 or 7.29%) represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position (\$38,078,007 or 36.82%) may be used to meet the government's ongoing obligations to citizens and creditors.

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

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

Governmental Activities

Governmental activities increased the City of Paris' net position by \$4,015,718 or 7.05% during the current fiscal year. The bulk of this increase was caused by Total general and program revenues were up \$5,383,135 (16.38%). The largest contributors to this increase were program revenues, sales tax, and unrestricted investment earnings.

	General Revenues & Program Revenues		
	2022	2023	Increase (Decrease)
Property Taxes	\$ 9,863,420	\$ 9,207,529	\$ (655,891)
Sales Taxes	9,650,605	10,496,451	845,846
Franchise Taxes	4,827,601	4,725,373	(102,228)
Hotel Occupancy Tax	1,151,124	1,284,639	133,515
Unrestricted Investment Earnings	279,262	1,369,937	1,090,675
Miscellaneous	1,548,315	1,012,657	(535,658)
Gain (Loss) on Sale of Capital Asset	111,727	170,071	58,344
Program Revenues	<u>10,808,246</u>	<u>14,599,606</u>	<u>3,791,360</u>
	<u>\$ 38,240,300</u>	<u>\$ 42,866,263</u>	<u>\$ 4,625,963</u>

The following table provides a summary of the City's operations for the years ending 2022 and 2023 for both governmental and business-type activities.

City of Paris Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2022	2023	2022	2023	2022	2023
Revenues						
Program Revenues						
Charges for Services	\$ 9,189,299	\$ 11,972,295	\$ 18,397,839	\$ 19,633,034	\$27,587,138	\$ 31,605,329
Operating Grants and Contributions	522,574	1,536,446	1,371,533	998,533	1,894,107	2,534,979
Capital Grants and Contributions	1,096,373	1,090,865	-	62,500	1,096,373	1,153,365
General Revenues						
Property Taxes	9,863,420	9,207,529	-	1,228,894	9,863,420	10,436,423
Sales Taxes	9,650,605	10,496,451	-	-	9,650,605	10,496,451
Franchise Taxes	4,827,601	4,725,373	-	-	4,827,601	4,725,373
Hotel Occupancy Tax	1,151,124	1,284,639	-	-	1,151,124	1,284,639
Unrestricted Investment Earnings	279,262	1,369,937	(1,376,170)	3,248,285	(1,096,908)	4,618,222
Other	1,660,042	1,182,728	66,138	38,800	1,726,180	1,221,528
Total Revenues	38,240,300	42,866,263	18,459,340	25,210,046	56,699,640	68,076,309
Expenses						
General Government	7,891,210	5,275,865	-	-	7,891,210	5,275,865
Public Safety	12,265,360	13,157,874	-	-	12,265,360	13,157,874
Public Works	8,186,910	9,148,859	-	-	8,186,910	9,148,859
Health	3,781,493	9,029,457	-	-	3,781,493	9,029,457
Culture and Recreation	774,910	932,113	-	-	774,910	932,113
Other	-	-	-	-	-	-
Cox Field	1,099,517	1,109,416	-	-	1,099,517	1,109,416
Interest on Long-Term Debt	52,281	39,542	-	-	52,281	39,542
Water and Sewer	-	-	15,747,874	19,043,534	15,747,874	19,043,534
Total Expenses	34,051,681	38,693,126	15,747,874	19,043,534	49,799,555	57,736,660
Increase (Decrease) in Net Position Before Transfers	4,188,619	4,173,137	2,711,466	6,166,512	6,900,085	10,339,649
Transfers/Special Items	11,746,203	(157,419)	(11,746,203)	157,419	-	-
Increase (Decrease) in Net Position	15,934,822	4,015,718	(9,034,737)	6,323,931	6,900,085	10,339,649
Net Position, Beginning	40,667,652	56,890,344	45,212,203	36,177,466	85,879,855	93,067,810
Prior Period Adjustment	287,870	-	-	-	287,870	-
Net Position, Ending	\$56,890,344	\$ 60,906,062	\$ 36,177,466	\$ 42,501,397	\$ 93,087,810	\$ 103,407,459

Business-Type Activities

Business-type activities increased the City of Paris' net position by \$6,323,931. This increase was interest earnings on investments and property taxes used to pay some business-type debt.

Financial Analysis of the Government's Funds

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

Governmental Funds

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

	Governmental Funds	
	2022	2023
Total Assets	\$ 35,565,019	\$ 39,340,134
Total Liabilities	1,833,188	2,175,610
Deferred Inflows of Resources	2,579,793	2,775,770
Fund Balances		
Nonspendable:		
Inventory	248,423	275,122
Prepaid Items	145,724	-
Permanent Fund Principal	98,883	100,530
Restricted For:		
Debt Service	1,799,656	2,002,722
Capital Projects	2,436,202	2,942,370
Notes	-	-
Law Enforcement	1,316,348	1,408,798
Public Education	746,789	798,716
Community Development	130,753	287,139
Assigned:		
Library	79,148	81,211
Community Development	223,467	238,210
Unassigned:		
General Fund	23,926,645	26,253,936
Total Fund Balances	31,152,038	34,388,754
Total Liabilities, Deferred Inflows and Fund Balances	\$ 35,565,019	\$ 39,340,134

As of the end of the current fiscal year, the City of Paris' governmental funds reported combined ending fund balances of \$34,388,754. Approximately 76.34% of this total amount (\$26,253,936) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is non-spendable, restricted, or assigned to 1) Permanent Fund Principal (\$100,530), 2) pay debt service (\$2,002,722), 3) inventories (\$275,122), 4) law enforcement (\$1,408,798), 5) library (\$81,211), 6) Public Education (\$798,716), 7) capital projects (\$2,942,370); and 8) Community Development (\$525,349).

	Governmental Funds Revenues, Expenditures, and Changes in Fund Balances	
	2022	2023
Revenues	\$ 38,100,335	\$ 42,785,984
Expenditures	47,638,067	39,833,361
Deficiency of Revenues Over (Under) Expenses	(9,537,732)	2,952,623
Total Other Financing Sources (Uses)	12,180,391	284,093
Net Change in Fund Balances	2,642,659	3,236,716
Increase (Decrease) in Inventory	-	-
Fund Balances – Beginning	28,221,509	31,152,038
Prior Period Adjustment	287,870	-
Fund Balances – Ending	\$ 31,152,038	\$ 34,388,754

General Fund

The General Fund is the chief operating fund of the City of Paris. At the end of the current fiscal year, unassigned fund balance of the general fund was \$26,253,936 (\$24,072,369 the previous year), while total fund balance reached \$27,329,955 (\$25,071,442 the previous year). The increase in the fund balance of the general fund was primarily due to an improved cash position. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 71.30% of total general fund expenditures, while total fund balance represents 74.22% of that same amount.

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

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

Budget Analysis

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

The final appropriation of the general fund types in total was overspent by \$3,659,375 (\$11,635,719 overspent the previous year). This 11.03% variance was due to a large EMS bad debt expense. General fund type revenues were over budget by 24.24% or \$7,663,988 (\$6,065,087 last year). Higher than expected sales tax collections and grossing up EMS billings from a cash basis to an accrual basis account for the variance.

Capital Projects Fund

The Capital Projects Fund is funded by the General Fund and/or the Proprietary Fund on an as needed basis or by debt issue authorized by the City Council. As Proprietary Fund projects are completed in the Capital Projects Fund, they are transferred back to the Proprietary Fund. The fund balance in the Capital Projects Fund was \$2,938,214 (\$2,432,341 last year). This increase was due mainly to a positive revenue vs. expense comparison and a one-time transfer in of funds. Variances from year to year are common in this fund as projects are approved on a year-to-year basis by the City Council.

Debt Service Fund

The Debt Service Fund has a total fund balance of \$2,002,722 (\$1,799,656 the previous year), all of which is reserved for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$203,066 (\$192,987 increase the previous year). The government enacted a dedicated property tax for debt service at the beginning of the current fiscal year. This tax produced revenues of \$1,079,215 in the current fiscal year (\$1,644,776 the previous year).

Proprietary Fund

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

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$15,782,990 (\$15,457,391 the previous year). Factors concerning the finances of this fund have already been addressed in the discussion of the City of Paris' business-type activities.

Capital Asset and Debt Administration

Capital Assets

The City of Paris' investment in capital assets for its governmental and business-type activities as of September 30, 2023 amounts to \$117,454,141 (\$110,906,788 the previous year). Both amounts are net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

	Governmental Activities		Net Capital Assets Business-Type Activities		Total	
	2022	2023	2022	2023	2022	2023
Land	\$ 6,101,909	\$ 6,142,418	\$ 339,620	\$ 339,620	\$ 6,441,529	\$ 6,482,038
Buildings and System Improvements Other than Buildings	9,652,918	11,057,889	23,609,694	56,826,303	33,262,612	67,884,192
Machinery, Furniture, and Equipment	2,130,906	1,902,078	-	-	2,130,906	1,902,078
Infrastructure Construction in Progress	4,819,859	4,978,358	1,771,306	2,608,174	6,591,165	7,586,532
Water Rights – Net	16,172,728	15,273,977	-	-	16,172,728	15,273,977
	1,484,125	311,377	41,652,434	14,878,290	43,136,559	15,189,667
	-	-	3,171,289	3,135,657	3,171,289	3,135,657
Total	<u>\$40,362,445</u>	<u>\$39,666,097</u>	<u>\$70,544,343</u>	<u>\$77,788,044</u>	<u>\$110,906,788</u>	<u>\$117,454,141</u>

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

Long-Term Debt

The City of Paris has total debt outstanding in the amount of \$124,005,915 (includes two financed purchases). Of this amount, \$11,000,915 comprises debt being paid for by property tax or hotel tax revenues, and \$113,005,000 represents bonds being paid for by water and sewer revenues.

Issue	Tax Supported	Revenue Supported	Final Maturity	Moody's Investors Rating
2013 C.O.s (TWDB)	\$ -	\$ 1,410,000	06-15-2032	N/A
2013 G.O. Bonds	-	23,520,000	12-15-2032	Aa3
2016 G.O. Bonds	-	6,205,000	12-15-2036	Aa3
2017 G.O. Bonds	7,380,000	-	06-15-2037	Aa3
2018 G.O. Bonds	-	650,000	09-30-2028	Aa3
2020 Tax and Rev C.O.s	1,080,000	-	06-15-2030	N/A
2020 G.O. Refunding Bonds	1,400,000	-	12-15-2029	Aa3
2020 Tax Notes	580,000	-	06-15-2026	N/A
2021 Tax & Rev. C.O.s	-	42,645,000	12-15-2050	Aa3
2022 GO Pension Bonds	-	11,780,000	06-15-2042	Aa3
2022 Water & Sewer Rev. Bds	-	26,795,000	06-15-2051	A3
SuRRMA Loan	99,178	-	06-29-2025	N/A
Financed Purchases – Firetrucks	461,737	-	01-28-2026	N/A
	<u>\$ 11,000,915</u>	<u>\$113,005,000</u>		

Paris' bond debt increased by \$21,368,370 during the fiscal year. This was due to the \$26,795,000 W&S Revenue Bonds issued for the purpose of constructing a new wastewater treatment plant. This new debt was offset somewhat by principal payments made on the previously issued debt. The City's underlying bond rating from Moody's is Aa3. The maximum tax rate permitted by Article XI, Section 5 of the State of Texas constitution is \$2.50 per \$100 of assessed valuation. Consequently, no legal debt margin can be calculated. The state attorney general has traditionally allowed up to \$1.50 per \$100 valuation to be applied to debt service. The City levied a tax rate of \$0.44278 per \$100 valuation for the 2022-23 fiscal year. This rate was broken down into \$0.34377 per \$100 valuation for operations and \$0.09901 per \$100 valuation for debt service. Using the traditional allowance of the state attorney general as a guide, the City of Paris is utilizing only 6.60% of its debt capacity. Additional information on the City of Paris' long-term debt can be found in note IV. K. of the Notes to the Financial Statements.

Economic Factors and Next Year's Budgets and Rates

- Sales tax revenues are projected to grow 3.5% in the coming year.
- New construction amounted to 15 residential units and 4 commercial units.
- Local population growth is expected to be minimal.
- The debt tax rate is expected to increase \$0.05 per \$100 of value for debt services while the O&M rate is expected to decrease \$0.02 per \$100 of value for operations.
- Franchise fees are expected to remain stable.

All of these factors were considered in preparing the City of Paris' budget for 2023-24.

Requests for Information

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

CITY OF PARIS, TEXAS
Statement of Net Position
September 30, 2023

Statement 1

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development
Assets				
Cash and Cash Equivalents	\$ 12,386,680	\$ 24,475,834	\$ 36,862,514	\$ 1,349,857
Investments	10,722,523	569,256	11,291,779	2,235,925
Receivables (Net of Allowance for Uncollectibles)	6,617,068	3,193,640	9,810,708	367,186
Internal Balances	70,000	(70,000)	-	-
Note Receivable	2,247,922	-	2,247,922	-
Leases Receivable	2,174,181	-	2,174,181	-
Inventories	275,122	810,998	1,086,120	-
Prepaid Assets	440,407	64,828	505,235	8,737
Net Pension Asset	214,546	-	214,546	-
Restricted Assets				
Cash and Cash Equivalents	830,352	5,959,024	6,789,376	-
Investments	2,711,540	52,535,351	55,246,891	-
Due from Other Governments	778,990	-	778,990	-
Land Development Costs	-	-	-	5,032,692
Water Rights (Net of Accumulated Amortization)	-	3,135,657	3,135,657	-
Capital Assets Not Being Depreciated				
Land	6,142,418	339,620	6,482,038	-
Construction in Progress	311,377	14,878,290	15,189,667	92,410
Capital Assets (Net of Accumulated Depreciation)				
Buildings and System Improvements Other Than Buildings	11,057,889	56,826,303	67,884,192	-
Machinery and Equipment	1,902,078	-	1,902,078	-
Infrastructure	4,978,358	2,608,174	7,586,532	-
Infrastructure	15,273,977	-	15,273,977	-
Right-to-Use Assets, Net of Amortization	378,842	191,211	570,053	-
Total Assets	79,514,270	165,518,186	245,032,456	9,086,807
Deferred Outflows of Resources				
Deferred Outflows Related to Asset Retirement Obligation	-	5,140,506	5,140,506	-
Deferred Outflows Related to Pensions	6,725,001	929,305	7,654,306	-
Deferred Outflows Related to OPEB	430,480	29,693	460,173	-
Total Deferred Outflows of Resources	7,155,481	6,099,504	13,254,985	-

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

CITY OF PARIS, TEXAS
Statement of Net Position
September 30, 2023

Statement 1
(Continued)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development
Liabilities				
Accounts Payable and				
Accrued Liabilities	2,089,561	2,672,912	4,762,473	10,927
Accrued Interest Payable	78,341	1,297,036	1,375,377	10,917
Due to Custodial Fund	700	-	700	-
Unearned Revenue	-	2,037,933	2,037,933	-
Customers' Deposits	-	1,084,624	1,084,624	-
Intergovernmental Payable	-	-	-	20,206
Noncurrent Liabilities				
Due Within One Year				
Compensated Absences	135,637	22,277	157,914	-
Bonds and Notes Payable	1,127,835	5,415,000	6,542,835	148,337
Right-to-Use Liability	78,167	36,772	114,939	-
Due in More Than One Year				
Compensated Absences	1,162,078	200,496	1,362,574	-
Bonds and Notes Payable	10,010,464	109,841,698	119,852,162	2,099,585
Right-to-Use Liability	267,798	130,752	398,550	-
Asset Retirement Obligation	-	5,517,834	5,517,834	-
Net Pension Liability	2,884,195	566,443	3,450,638	-
Total OPEB Liability	4,011,979	164,627	4,176,606	-
Total Liabilities	<u>21,846,755</u>	<u>128,988,404</u>	<u>150,835,159</u>	<u>2,289,972</u>
Deferred Inflows of Resources				
Deferred Inflows Related to Pensions	944,110	58,033	1,002,143	-
Deferred Inflows Related to OPEB	861,431	69,856	931,287	-
Deferred Inflows Related to Leases	<u>2,111,393</u>	<u>-</u>	<u>2,111,393</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>3,916,934</u>	<u>127,889</u>	<u>4,044,823</u>	<u>-</u>
Net Position				
Net Investment in Capital Assets	31,070,770	26,718,407	57,789,177	92,410
Restricted for				
Capital Projects	2,942,370	-	2,942,370	-
Debt Service	2,002,722	-	2,002,722	2,247,922
Law Enforcement	1,408,798	-	1,408,798	-
Public Education	798,716	-	798,716	-
Community Development	287,139	-	287,139	-
Industrial Incentives	-	-	-	2,642,320
Land Development Costs	-	-	-	5,032,692
Permanent Library Funds				
Nonexpendable	100,530	-	100,530	-
Unrestricted	<u>22,295,017</u>	<u>15,782,990</u>	<u>38,078,007</u>	<u>(3,218,509)</u>
Total Net Position	<u>\$ 60,906,062</u>	<u>\$ 42,501,397</u>	<u>\$ 103,407,459</u>	<u>\$ 6,796,835</u>

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

CITY OF PARIS, TEXAS
Statement of Activities
Year Ended September 30, 2023

Statement 2

Functions/Programs	Expenses	Premium Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit Economic Development
					Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities								
General Government	\$ 5,275,865	\$ 513,883	\$ 1,093,790	\$ 234,770	\$ (3,433,422)	\$ -	\$ (3,433,422)	\$ -
Public Safety	13,157,874	317,331	165,308	83,199	(12,592,036)	-	(12,592,036)	-
Public Works	9,148,859	1,479,235	-	723,974	(6,945,650)	-	(6,945,650)	-
Health	9,029,457	8,745,253	-	-	(284,204)	-	(284,204)	-
Culture and Recreation	932,113	75,814	2,348	-	(853,951)	-	(853,951)	-
Cox Field Airport	1,109,416	840,779	275,000	48,922	55,285	-	55,285	-
Interest on Long-Term Debt	39,542	-	-	-	(39,542)	-	(39,542)	-
Total Governmental Activities	38,693,126	11,972,295	1,536,446	1,090,865	(24,093,520)	-	(24,093,520)	-
Business-Type Activities								
Water and Sewer	19,043,534	19,633,034	998,533	62,500	-	1,650,533	1,650,533	-
Total Business-Type Activities	19,043,534	19,633,034	998,533	62,500	-	1,650,533	1,650,533	-
Total Primary Government	\$ 57,736,660	\$ 31,605,329	\$ 2,534,979	\$ 1,153,365	(24,093,520)	1,650,533	(22,442,987)	-
Component Unit								
Economic Development	\$ 2,295,797	\$ -	\$ -	\$ -	-	-	-	(2,295,797)
General Revenues								
Property Taxes					9,207,529	1,228,894	10,436,423	-
Sales Taxes					10,496,451	-	10,496,451	2,099,294
Franchise Taxes					4,725,373	-	4,725,373	-
Hotel Occupancy Taxes					1,284,639	-	1,284,639	-
Unrestricted Investment Earnings					1,369,937	3,248,285	4,618,222	181,473
Miscellaneous					1,012,657	-	1,012,657	25,000
Gain on Disposal of Assets					170,071	38,800	208,871	-
Transfers					(157,419)	157,419	-	-
Total General Revenues and Transfers					28,109,238	4,673,398	32,782,636	2,305,767
Changes in Net Position					4,015,718	6,323,931	10,339,649	9,970
Net Position - Beginning					56,890,344	36,177,466	93,067,810	6,786,865
Net Position - Ending					\$ 60,906,062	\$ 42,501,397	\$ 103,407,459	\$ 6,796,835

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

CITY OF PARIS, TEXAS
Balance Sheet - Governmental Funds
September 30, 2023

Statement 3

	General	Debt Service	Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 8,645,219	\$ 1,913,962	\$ 968,134	\$ 1,689,717	\$ 13,217,032
Investments	11,167,078	-	1,970,080	296,905	13,434,063
Receivables (Net)					
Accounts	3,797,046	-	-	9,977	3,807,023
Taxes	2,750,805	59,240	-	-	2,810,045
Leases	1,349,811	-	-	824,370	2,174,181
Notes	2,247,922	-	-	-	2,247,922
Inventories	273,147	-	-	1,975	275,122
Prepaid Items	439,024	-	-	1,383	440,407
Due from Other Funds	-	72,637	-	82,712	155,349
Due from Other Governments	730,068	-	-	48,922	778,990
Total Assets	<u>\$ 31,400,120</u>	<u>\$ 2,045,839</u>	<u>\$ 2,938,214</u>	<u>\$ 2,955,961</u>	<u>\$ 39,340,134</u>
Liabilities, Deferred Inflows, and Fund Balances					
Liabilities					
Accounts Payable and Accrued Liabilities	\$ 2,053,734	\$ -	\$ -	\$ 35,827	\$ 2,089,561
Due to Other Funds	86,049	-	-	-	86,049
Total Liabilities	<u>2,139,783</u>	<u>-</u>	<u>-</u>	<u>35,827</u>	<u>2,175,610</u>
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	621,260	43,117	-	-	664,377
Unavailable Revenue - Leases	1,309,122	-	-	802,271	2,111,393
Total Deferred Inflows of Resources	<u>1,930,382</u>	<u>43,117</u>	<u>-</u>	<u>802,271</u>	<u>2,775,770</u>
Fund Balances					
Nonspendable					
Inventory	273,147	-	-	1,975	275,122
Permanent Library Funds	-	-	-	100,530	100,530
Restricted for					
Debt Service	-	2,002,722	-	-	2,002,722
Capital Projects	4,156	-	2,938,214	-	2,942,370
Law Enforcement	-	-	-	1,408,798	1,408,798
Public Education	798,716	-	-	-	798,716
Community Development	-	-	-	287,139	287,139
Assigned					
Library	-	-	-	81,211	81,211
Community Development	-	-	-	238,210	238,210
Unassigned: General Fund	26,253,936	-	-	-	26,253,936
Total Fund Balances	<u>27,329,955</u>	<u>2,002,722</u>	<u>2,938,214</u>	<u>2,117,863</u>	<u>34,388,754</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 31,400,120</u>	<u>\$ 2,045,839</u>	<u>\$ 2,938,214</u>	<u>\$ 2,955,961</u>	<u>\$ 39,340,134</u>

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

CITY OF PARIS, TEXAS
Balance Sheet - Governmental Funds
September 30, 2023

Statement 3
(Continued)

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

Fund Balances - Total Governmental Funds	\$ 34,388,754
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Amounts reported for governmental activities in the statement of net position are different because:

Capital and right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. (Net of Accumulated Depreciation/Amortization)	40,044,939
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Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred or not reflected in the funds.	664,377
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(12,860,320)
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Included in noncurrent liabilities is the recognition of the City's proportionate share of the net pension liability required by GASB 68 in the amount of \$2,884,195, a net pension asset in the amount of \$214,546, a Deferred Outflow of Resources in the amount of \$6,725,001, and a Deferred Inflow of Resources in the amount of \$944,110. This amounted to an increase in Net Position of \$3,111,242.	3,111,242
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Included in noncurrent liabilities is the recognition of the City's proportionate share of the net OPEB liability required by GASB 75 in the amount of \$4,011,979, a Deferred Outflow of Resources in the amount of \$430,480, and a Deferred Inflow of Resources in the amount of \$861,431. This amounted to a decrease in Net Position of \$4,442,930.	(4,442,930)
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Net Position of Governmental Activities	<u>\$ 60,906,062</u>
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The accompanying notes to the financial statements are an integral part of this statement.

CITY OF PARIS, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2023

Statement 4

	General	Debt Service	Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes					
Property	\$ 8,207,911	\$ 1,079,215	\$ -	\$ -	\$ 9,287,126
Sales	10,496,451	-	-	-	10,496,451
Franchise	4,725,373	-	-	-	4,725,373
Hotel Occupancy	949,983	284,814	-	49,842	1,284,639
Licenses and Permits	484,807	-	-	-	484,807
Fines and Fees	426,856	-	-	28,373	455,229
Leases	81,361	-	-	99,258	180,619
Charges for Services	-	-	-	848,777	848,777
Use of Money and Property	950,902	144,595	161,912	112,528	1,369,937
Sanitation	1,461,058	-	-	-	1,461,058
Health	8,733,472	-	-	-	8,733,472
Intergovernmental	2,051,423	-	-	341,118	2,392,541
Other	710,472	-	234,770	120,713	1,065,955
Total Revenues	39,280,069	1,508,624	396,682	1,600,609	42,785,984
Expenditures					
Current					
General Government	2,412,943	-	-	40,798	2,453,741
Public Safety	12,479,429	-	-	2,968	12,482,397
Public Works	6,817,178	-	-	-	6,817,178
Health	8,717,240	-	-	-	8,717,240
Culture and Recreation	804,955	-	-	8,193	813,148
Cox Field Airport	-	-	-	975,641	975,641
Other	1,936,078	-	-	-	1,936,078
Debt Service					
Principal	167,801	1,028,728	-	-	1,196,529
Interest	27,354	276,830	-	-	304,184
Capital Outlay					
General Government	1,386,613	-	299,809	-	1,686,422
Public Safety	689,772	-	-	-	689,772
Public Works	1,060,768	-	1,000	85,180	1,146,948
Health	323,283	-	-	-	323,283
Cox Field Airport	-	-	-	290,800	290,800
Total Expenditures	36,823,414	1,305,558	300,809	1,403,580	39,833,361
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,456,655	203,066	95,873	197,029	2,952,623

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

CITY OF PARIS, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2023

Statement 4
(Continued)

	General	Debt Service	Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)					
Inception of Lease	13,421	-	-	-	13,421
Inception of Subscription-Based IT Arrangement	218,091	-	-	-	218,091
Proceeds from Sale of Capital Assets	210,000	-	-	-	210,000
Transfers In	1,183,111	-	410,000	105,915	1,699,026
Transfers Out	(1,822,765)	-	-	(33,680)	(1,856,445)
Total Other Financing Sources (Uses)	(198,142)	-	410,000	72,235	284,093
Net Changes in Fund Balances	2,258,513	203,066	505,873	269,264	3,236,716
Fund Balances - Beginning	25,071,442	1,799,656	2,432,341	1,848,599	31,152,038
Fund Balances - Ending	\$ 27,329,955	\$ 2,002,722	\$ 2,938,214	\$ 2,117,863	\$ 34,388,754

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

CITY OF PARIS, TEXAS
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2023

Statement 5

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

Net Change in Fund Balances - Total Governmental Funds (Statement 4)	\$ 3,236,716
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(694,333)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.	150,034
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.	(79,598)
Accrued interest expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	9,589
Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(46,857)
Pension expenses are not reported as expenditures in governmental funds and contributions after the measurement date are deferred.	302,693
OPEB expenses are not reported as expenditures in governmental funds and contributions after the measurement date are deferred.	150,298
The issuance of long-term debt 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.	987,176
Change in net position of governmental activities (Statement 2).	<u>\$ 4,015,718</u>

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

CITY OF PARIS, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended September 30, 2023

Statement 6

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ 8,280,000	\$ 8,280,000	\$ 8,207,911	\$ (72,089)
Sales Taxes	9,000,000	9,000,000	10,496,451	1,496,451
Franchise Taxes	4,524,150	4,524,150	4,725,373	201,223
Hotel Occupancy Taxes	900,000	900,000	949,983	49,983
Licenses and Permits	215,800	215,800	484,807	269,007
Fines and Fees	360,800	360,800	426,856	66,056
Leases	-	-	81,361	81,361
Investment Earnings	82,800	82,800	950,902	868,102
Sanitation	1,460,450	1,460,450	1,461,058	608
Health	3,425,000	3,425,000	8,733,472	5,308,472
Intergovernmental Revenues	3,062,281	3,062,281	2,051,423	(1,010,858)
Other	304,800	304,800	710,472	405,672
Total Revenues	31,616,081	31,616,081	39,280,069	7,663,988
EXPENDITURES				
General Government				
Council	2,014,900	2,079,900	1,260,462	819,438
Manager	590,406	618,106	618,372	(266)
Attorney	378,097	402,097	384,958	17,139
Municipal Court	248,497	251,997	276,164	(24,167)
Clerk	205,321	205,321	207,965	(2,644)
Finance	522,119	772,719	1,051,634	(278,915)
Total General Government	3,959,340	4,330,140	3,799,555	530,585
Public Safety				
Police	7,454,264	7,464,264	7,766,463	(302,199)
Fire	5,352,674	5,594,674	5,597,893	(3,219)
Total Public Safety	12,806,938	13,058,938	13,364,356	(305,418)
Public Works				
Community Development	2,632,228	2,656,628	2,399,829	256,799
Engineering	299,328	396,933	394,368	2,565
Public Works	262,470	232,470	234,685	(2,215)
Parks and Recreation	1,424,128	1,486,128	1,487,027	(899)
Sanitation	1,426,550	1,426,550	1,351,982	74,568
Streets and Highways	1,700,173	1,276,173	1,181,075	95,098
Traffic and Public Lighting	484,902	474,902	460,511	14,391
Garage	400,001	370,001	368,469	1,532
Total Public Works	8,629,780	8,319,785	7,877,946	441,839

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

CITY OF PARIS, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended September 30, 2023

Statement 6
(Continued)

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
EXPENDITURES (Continued)				
Health	4,040,676	4,422,181	9,040,523	(4,618,342)
Culture and Recreation				
Paris Band	23,050	23,050	21,432	1,618
Library Services	767,205	948,710	783,523	165,187
Total Culture and Recreation	790,255	971,760	804,955	166,805
Other	1,861,234	2,061,234	1,936,078	125,156
Total Expenditures	32,088,223	33,164,038	36,823,413	(3,659,375)
Excess (Deficiency) of Revenues Over Expenditures	(472,142)	(1,547,957)	2,456,656	4,004,613
Other Financing Sources (Uses)				
Inception of Lease	-	-	13,421	13,421
Inception of Subscription-Based IT Arrangement	-	-	218,091	218,091
Transfers In	60,000	60,000	1,183,111	1,123,111
Transfers Out	-	-	(1,822,765)	(1,822,765)
Proceeds from Sale of Assets	-	-	210,000	210,000
Total Other Financing Sources (Uses)	60,000	60,000	(198,142)	(258,142)
Net Changes in Fund Balance	(412,142)	(1,487,957)	2,258,514	3,746,471
Fund Balance - Beginning	25,071,442	25,071,442	25,071,442	-
Fund Balance - Ending	\$ 24,659,300	\$ 23,583,485	\$ 27,329,956	\$ 3,746,471

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

CITY OF PARIS, TEXAS
Statement of Net Position
Proprietary Funds
September 30, 2023

Statement 7

	<u>Water and Sewer Enterprise Fund</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 24,475,834
Restricted Cash and Cash Equivalents	5,959,024
Total Cash and Cash Equivalents	<u>30,434,858</u>
Accounts Receivable, Net	2,930,093
Accrued Interest Receivable	263,547
Inventories	810,998
Prepaid Items	64,828
Total Current Assets	<u>34,504,324</u>
Noncurrent Assets	
Investments	
Construction	45,061,020
Reserve and Contingency	7,474,331
Unrestricted	569,256
Total Investments	<u>53,104,607</u>
Water Rights (Net of Accumulated Amortization)	<u>3,135,657</u>
Capital Assets	
Land	339,620
Construction in Progress	14,878,290
Plant, Pumps, and Motors	32,991,325
Distribution System	82,033,482
Collection System	28,300,115
Maintenance Equipment and Vehicles	6,218,660
Furniture and Equipment	2,092,872
Subscription-Based IT Asset	207,587
Less Accumulated Depreciation/Amortization	<u>(92,218,353)</u>
Total Capital Assets (Net of Accumulated Depreciation/Amortization)	<u>74,843,598</u>
Total Noncurrent Assets	<u>131,083,862</u>
Total Assets	<u>165,588,186</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources - Asset Retirement Obligation	5,140,506
Deferred Outflows of Resources - Pensions	929,305
Deferred Outflows of Resources - OPEB	29,693
Total Deferred Outflows	<u>6,099,504</u>

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

CITY OF PARIS, TEXAS
Statement of Net Position
Proprietary Funds
September 30, 2023

Statement 7
(Continued)

	<u>Water and Sewer Enterprise Fund</u>
LIABILITIES	
Current Liabilities	
Accounts Payable and Accrued Liabilities	2,672,912
Accrued Interest Payable	1,297,036
Due to Other Funds	70,000
Customers' Deposits	1,084,624
Notes Payable - Current Portion	1,885,000
Bonds Payable - Current Portion	3,530,000
Right to Use Liability - Current Portion	36,772
Accrued Compensated Absences - Current Portion	22,277
Unearned Revenue	2,037,933
Total Current Liabilities	<u>12,636,554</u>
Noncurrent Liabilities	
Bonds Payable - Noncurrent Portion	69,081,698
Notes Payable - Noncurrent Portion	40,760,000
Right-to-Use Liability - Noncurrent Portion	130,752
Accrued Compensated Absences - Noncurrent Portion	200,496
Asset Retirement Obligation	5,517,834
Net Pension Liabilities	566,443
Net OPEB Liabilities	164,627
Total Noncurrent Liabilities	<u>116,421,850</u>
Total Liabilities	<u>129,058,404</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pensions	58,033
Deferred Inflows Related to OPEB	69,856
Total Deferred Inflows	<u>127,889</u>
NET POSITION	
Net Investment in Capital Assets	26,718,407
Unrestricted	15,782,990
Total Net Position	<u>\$ 42,501,397</u>

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

CITY OF PARIS, TEXAS
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended September 30, 2023

Statement 8

	<u>Water and Sewer Enterprise Fund</u>
Operating Revenues	
Charges for Sales and Services	
Water Sales and Taps	\$ 9,123,961
Sewer Charges and Taps	9,983,741
Sanitation Billing Fees	76,490
Service Charges	174,954
Industrial Surcharges	11,415
Miscellaneous	262,473
Total Operating Revenues	<u>19,633,034</u>
Operating Expenses	
Personnel	3,673,039
Supplies	1,559,712
Contractual	4,047,125
Maintenance	1,042,052
Sundry Charges	923,444
Bad Debt Expense	56,644
Other	434,233
Depreciation/Amortization	2,672,591
Amortization of Water Rights	35,632
Amortization of Asset Retirement Obligation	183,928
Total Operating Expenses	<u>14,628,400</u>
Operating Income	<u>5,004,634</u>
Nonoperating Revenues (Expenses)	
Investment Earnings	2,410,750
Property Taxes	1,228,894
Net Increase (Decrease) in the Fair Value of Investments	837,535
Intergovernmental	998,533
Gain/(Loss) on Sale of Capital Assets	38,800
Interest Expense	(4,112,263)
Bond Issue Costs	(302,871)
Net Nonoperating Revenues (Expenses)	<u>1,099,378</u>
Income Before Contributions, Other Revenue, and Transfers	<u>6,104,012</u>
Capital Contributions, Other Revenue, and Transfers	
Capital Contributions	62,500
Transfers In	1,306,850
Transfers Out	(1,149,431)
Total Capital Contributions, Other Revenue, and Transfers	<u>219,919</u>
Changes in Net Position	6,323,931
Total Net Position - Beginning	<u>36,177,466</u>
Total Net Position - Ending	<u>\$ 42,501,397</u>

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

CITY OF PARIS, TEXAS
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2023

Statement 9

	<u>Water and Sewer Enterprise Fund</u>
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 16,751,307
Other Receipts	262,473
Payments to Suppliers, Contractors, and Service Providers	(6,196,830)
Payments to Employees for Salaries and Benefits	<u>(3,645,937)</u>
Net Cash Provided by Operating Activities	<u>7,171,013</u>
Cash Flows from Noncapital Financing Activities	
Transfers In	1,306,850
Transfers Out	<u>(1,079,431)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>227,419</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds Received from Sale of Capital Assets	38,800
Acquisition and Construction of Capital Assets	(9,935,548)
Proceeds from Long-Term Debt	26,795,000
Principal Paid on Capital Debt	(4,270,063)
Capital Grants	1,061,033
Contributions from Other Governments	-
Bond Issue Costs	(302,871)
Interest Paid on Capital Debt	(4,269,418)
Property Taxes	<u>1,228,894</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>10,345,827</u>
Cash Flows from Investing Activities	
Interest on Investments	2,179,912
Purchases of Investment Securities	(48,989,391)
Maturities of Investments	<u>37,738,669</u>
Net Cash Provided (Used) by Investing Activities	<u>(9,070,810)</u>
Net Increase in Cash and Cash Equivalents	8,673,449
Cash and Cash Equivalents - Beginning	<u>21,761,409</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 30,434,858</u></u>

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

CITY OF PARIS, TEXAS
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2023

Statement 9
(Continued)

	<u>Water and Sewer Enterprise Fund</u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities	
Operating Income	<u>\$ 5,004,634</u>
Adjustments to Reconcile Operating Income to Net Cash	
Provided by (Used in) Operating Activities	
Depreciation and Amortization	2,672,591
Amortization of Water Rights	35,632
Amortization of Asset Retirement Obligation	183,928
Decrease (Increase) in Accounts Receivable	(230,533)
Decrease (Increase) in Prepaid Items	(64,828)
Decrease (Increase) in Inventory	(311,375)
Decrease (Increase) in Net Pension Asset	1,021,114
Decrease (Increase) in Deferred Outflows of Resources	(741,705)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	2,198,127
Increase (Decrease) in Customers' Deposits	17,012
Increase (Decrease) in Unearned Revenue	(2,349,089)
Increase (Decrease) in Net Pension Liabilities	566,443
Increase (Decrease) in Net OPEB Liabilities	(75,461)
Increase (Decrease) in Deferred Inflows of Resources	<u>(755,477)</u>
Total Adjustments	<u>2,166,379</u>
Net Cash Provided by Operating Activities	<u><u>\$ 7,171,013</u></u>
Noncash Investing, Capital, and Financing Activities	
Right-of-Use Assets Acquired through SBITA Liabilities	\$ 207,587
SBITA Liabilities Incurred as a Result of Acquiring Right-of-Use Assets	(207,587)

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

CITY OF PARIS, TEXAS
Statement of Net Position
Fiduciary Funds
September 30, 2023

Statement 10

	<u>Custodial Fund</u>
	<u>Court Costs and Fees</u>
ASSETS	
Cash and Cash Equivalents	\$ 15,208
Due from Other Funds	<u>700</u>
Total Assets	<u>15,908</u>
LIABILITIES	
Accounts Payable to State	<u>15,908</u>
Total Liabilities	<u>15,908</u>
NET POSITION	
Total Net Position	<u><u>\$ -</u></u>

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

CITY OF PARIS, TEXAS
Statement of Changes in Net Position
Fiduciary Funds
Year Ended September 30, 2023

Statement 11

	<u>Custodial Fund</u>
	<u>Court Costs and Fees</u>
ADDITIONS	
Contributions	
State Court Fees Collected	\$ 97,118
Total Additions	<u>97,118</u>
DEDUCTIONS	
Payments of Court Fees to State	<u>97,118</u>
Total Deductions	<u>97,118</u>
Change in Net Position	-
Net Position - Beginning	<u>-</u>
Net Position - Ending	<u>\$ -</u>

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

CITY OF PARIS, TEXAS
Notes to Financial Statements
September 30, 2023

I. Summary of Significant Accounting Policies

A. Description of Government-Wide Financial Statements

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

B. Reporting Entity

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

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

C. Basis of Presentation - Government-Wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

I. Summary of Significant Accounting Policies (Continued)

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

The City reports the following major governmental funds:

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

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

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

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

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

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

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

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

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

The City reports the following fiduciary fund:

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

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

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

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

I. Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

F. Budgetary Information

1. Budgetary Basis of Accounting

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

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

I. Summary of Significant Accounting Policies (Continued)

F. Budgetary Information (Continued)

1. Budgetary Basis of Accounting (Continued)

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

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

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

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

2. Excess of Expenditures Over Appropriations

For the year ended September 30, 2023, expenditures may not legally exceed appropriations at the department level for each legally adopted annual operating budget. The City Manager may, without Council approval, transfer appropriation balances from one expenditure account to another within a department or agency of the City. The City Council, however, must approve any transfer or unencumbered appropriation balances or portions thereof from one department or agency to another. During the year ended September 30, 2023, the City Council approved a transfer of \$1,808,740 from various departments to other departmental line items. Expenditures exceeded appropriations in the following departments: Manager \$266, Municipal Court \$24,167, Clerk \$2,644, Finance \$278,915, Police \$302,199, Fire \$3,219, Public Works \$2,215, Parks and Recreation \$899, Health \$4,618,342, Transfers Out \$1,822,765.

G. Assets, Liabilities, and Equity

1. Cash and Cash Equivalents

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

2. Investments

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

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

I. Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities, and Equity (Continued)

2. Investments (Continued)

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

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

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

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

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

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

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

3. Inventories

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

4. Restricted Assets

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

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

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

I. Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities, and Equity (Continued)

5. Capital Assets

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

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

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

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

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

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

6. Leases

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

City as Lessor

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

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

I. Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities, and Equity (Continued)

6. Leases (Continued)

City as Lessor (Continued)

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

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

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

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

City as Lessee

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

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

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

I. Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities, and Equity (Continued)

6. Leases (Continued)

City as Lessee (Continued)

periodic percentage rent increases or flat rate increases that are specified in the lease terms are included in the measurement of the lease liability.

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

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

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

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

7. Subscription-Based Information Technology Arrangements (SBITAs)

The City has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The City recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide financial statements.

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

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

I. Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities, and Equity (Continued)

7. Subscription-Based Information Technology Arrangements (SBITAs) (Continued)

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the City is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

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

8. Deferred Outflows/Inflows of Resources

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

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

9. Net Position Flow Assumption

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

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

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

I. Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities, and Equity (Continued)

10. Fund Balance Flow Assumption

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

11. Fund Balance Policies

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

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

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

H. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

I. Summary of Significant Accounting Policies (Continued)

H. Revenues and Expenditures/Expenses (Continued)

3. Compensated Absences

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

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

I. Use of Estimates

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

J. Recent Accounting Pronouncements Adopted

During fiscal year 2023, the City adopted the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing these relationships and availability payment arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The requirements of this Statement have no impact on the City's financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96), provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments; and (4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for reporting periods beginning after June 15, 2022, with earlier application encouraged. The City has implemented this Statement in fiscal year 2023. Beginning balances of SBITAs is immaterial to the financial statements and therefore, required to restatement of prior periods.

GASB Statement No. 99, Omnibus 2022, enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues related to clarification provision in Statement No. 87, Leases and clarification provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, and all other applicable requirements of this Statement were implemented in fiscal year ended September 30, 2023.

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

I. Summary of Significant Accounting Policies (Continued)

K. Future Adoption of Accounting Pronouncements

The GASB has issued the following potentially significant statements which the City has not yet adopted, and which require adoption subsequent to September 30, 2023.

Statement No.		Adoption Required
100	<i>Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62</i>	September 30, 2024
101	<i>Compensated Absences</i>	September 30, 2025
102	<i>Certain Risk Disclosures</i>	September 30, 2025

II. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital and right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$40,044,939 are as follows:

Land	\$ 6,142,418
Construction in Progress	311,377
Buildings	22,523,529
Less: Accumulated Depreciation – Buildings	(11,465,640)
Improvements Other Than Buildings	6,695,332
Less: Accumulated Depreciation – Improvements Other Than Buildings	(4,793,254)
Machinery and Equipment	24,646,150
Less: Accumulated Depreciation – Machinery and Equipment	(19,667,792)
Infrastructure	52,818,522
Less: Accumulated Depreciation – Infrastructure	(37,544,545)
Right-To-Use Assets - Leases	280,928
Less: Accumulated Amortization – Right-To-Use Assets - Leases	(101,545)
Right-To-Use Assets - SBITAs	218,090
Less: Accumulated Amortization – Right-To-Use Assets - SBITAs	<u>(18,631)</u>
Net Adjustment to Increase Fund Balance – Total Governmental Funds	
to Arrive at Net Position – Governmental Activities	<u>\$ 40,044,939</u>

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

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

Another element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$12,860,320 difference are as follows:

Bonds Payable	\$ 9,860,000
Plus: Premiums on Bonds Payable (to be Amortized Over the Life of the Debt)	86,562
Tax Notes Payable	580,000
Financed Purchases	461,737
Leases	178,441
SBITAs	167,524
Accrued Interest	78,341
Compensated Absences	1,297,715
Landfill Post-Closure Care Costs	<u>150,000</u>
Net Adjustment to Reduce Fund Balance – Total Governmental Funds to Arrive at Net Position – Governmental Activities	<u>\$ 12,860,320</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$649,333 difference are as follows:

Capital Outlay	\$ 2,250,937
Depreciation Expense	<u>(2,934,270)</u>
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position Of Governmental Activities	<u>\$ (694,333)</u>

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

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

Another element of that reconciliation states that “the net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position.” The details of this \$150,034 difference are as follows:

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

\$ (39,929)

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

189,963

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

\$ 150,034

III. Stewardship, Compliance, and Accountability

Violations of Legal or Contractual Provisions

Note I.F.2, on the Excess of Expenditures Over Appropriations, describes budgetary violations that occurred for the year ended September 30, 2023.

IV. Detailed Notes on All Activities and Funds

A. Cash and Cash Equivalents

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

At September 30, 2023, the City maintained deposits at a bank with a carrying amount of \$43,766,995, and the bank’s balances were \$43,878,779. As of September 30, 2023, \$599,897 was insured by FDIC and \$43,307,239 was collateralized with securities held by the pledging financial institution’s agent in the name of the City. The City’s certificate of deposit totaling \$99,897 is considered a deposit for this footnote, but is classified as an investment on the face of the financial statements.

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

B. Investments

As of September 30, 2023, the City had the following investments:

Type of Security	Fair Value	Credit Rating	Weighted Average Maturity (Years)	Weighted Average Maturity (Days)
Primary Government				
Federal Home Loan Mortgage Corporation	\$ 3,689,098	AA+	7.93	
Federal National Mortgage Association	2,425,405	AA+	6.70	
Federal Home Loan Banks Debenture	584,431	AA+	2.61	
Federal Farm Credit Banks Debenture	248,648	AA+	0.82	
Certificates of Deposit	99,897	Not Rated	0.58	
U.S. Treasury Bills OID	12,595,625		0.19	
U.S. Treasury Notes	46,895,566		0.60	
Paris Economic Development Corporation				
Texas Class Investment Pool	2,235,925	AAAm		72
Totals	<u>\$ 68,774,595</u>			

The City invested in the Texas Local Government Investment Cooperative (LOGIC) Liquid Asset Portfolio. LOGIC is a public funds investment pool managed by Southwest Securities Group, Inc. LOGIC uses amortized cost rather than market value to report net position to compute share prices. Accordingly, fair value of the position of LOGIC is the same as the net asset value of LOGIC shares. LOGIC issues an annual report that can be obtained upon request. The accounts remain open at September 30, 2023. However, the City had a zero balance at year end.

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

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

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

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

B. Investments (Continued)

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

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

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce in value as a result of changes in currency exchange rates. At September 30, 2023, the City was not exposed to foreign currency risk.

C. Accounts Receivable and Payable

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

	General	Debt Service	Nonmajor Governmental Funds	Enterprise
Receivables:				
Accrued Interest	\$ 22,901	\$ -	\$ -	\$ 263,547
Property Taxes	1,035,601	78,987	-	28,116
Sales Tax	1,835,488	-	-	-
Hotel Occupancy Tax	293,956	-	-	-
Franchise	523,179	-	-	-
Accounts	285,013	-	9,977	2,969,700
Street Assessments	26,473	-	-	-
Fines	2,464,849	-	-	-
EMS	5,945,680	-	-	-
Leases	1,349,811	-	824,370	-
Notes	2,247,922	-	-	-
Gross Receivables	16,030,873	78,987	834,347	3,261,363
Less: Allowance for Uncollectibles	(5,885,289)	(19,747)	-	(67,723)
Net Total Receivables	<u>\$10,145,584</u>	<u>\$ 59,240</u>	<u>\$ 834,347</u>	<u>\$ 3,193,640</u>

Net receivable balances not expected to be collected within one year are Property Taxes - \$581,688, Fines - \$31,332, EMS - \$743,210, Street Assessments - \$26,473, and Leases - \$2,020,375.

Governmental funds report deferred inflows of resources in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. At September 30, 2023, the deferred inflows of resources were \$2,775,770.

At year end, PEDC had a receivable for sales tax of \$367,186. The balance is expected to be collected within one year.

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

C. Accounts Receivable and Payable (Continued)

Accounts payable at September 30, 2023, were as follows:

	<u>Accounts</u>	<u>Wages</u>	<u>Totals</u>
Governmental Activities			
General Fund	\$ 1,285,043	\$ 768,691	\$ 2,053,734
Special Revenues	<u>30,320</u>	<u>5,507</u>	<u>35,827</u>
Total – Governmental Activities	<u>\$ 1,315,363</u>	<u>\$ 774,198</u>	<u>\$ 2,089,561</u>
Business-Type Activities			
Water and Sewer Fund	\$ 2,531,509	\$ 141,403	\$ 2,672,912
Total – Business Type Activities	<u>\$ 2,531,509</u>	<u>\$ 141,403</u>	<u>\$ 2,672,912</u>
Fiduciary Activities			
Custodial Fund	\$ 15,908	\$ -	\$ 15,908
Total – Fiduciary Activities	<u>\$ 15,908</u>	<u>\$ -</u>	<u>\$ 15,908</u>

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CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

D. Capital Assets

Capital assets activity for the year ended September 30, 2023, follows:

	Balance 9/30/22	Additions	Retirements	Balance 9/30/23
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 6,101,909	\$ 40,509	\$ -	\$ 6,142,418
Construction in Progress	1,484,125	580,240	1,752,988	311,377
Total Capital Assets, Not Being Depreciated	<u>7,586,034</u>	<u>620,749</u>	<u>1,752,988</u>	<u>6,453,795</u>
Capital Assets, Being Depreciated/Amortized				
Buildings	20,640,470	1,883,059	-	22,523,529
Improvements Other Than Buildings	6,664,963	30,369	-	6,695,332
Machinery and Equipment	23,985,850	1,343,020	682,720	24,646,150
Infrastructure	52,733,342	85,180	-	52,818,522
Right-to-Use Lease – Equipment	278,821	13,421	11,314	280,928
Subscription-Based IT Asset	-	218,090	-	218,090
Total Capital Assets, Being Depreciated/Amortized	<u>104,303,446</u>	<u>3,573,139</u>	<u>694,034</u>	<u>107,182,551</u>
Less Accumulated Depreciation/Amortization for				
Buildings	10,987,552	478,088	-	11,465,640
Improvements Other Than Buildings	4,534,057	259,197	-	4,793,254
Machinery and Equipment	19,165,991	1,144,592	642,791	19,667,792
Infrastructure	36,560,614	983,931	-	37,544,545
Right-to-Use Lease – Equipment	52,028	60,831	11,314	101,545
Subscription-Based IT Asset	-	18,631	-	18,631
Total Accumulated Depreciation/Amortization	<u>71,300,242</u>	<u>2,945,270</u>	<u>654,105</u>	<u>73,591,407</u>
Total Capital Assets, Being Depreciated/Amortized, Net	<u>33,003,204</u>	<u>627,869</u>	<u>39,929</u>	<u>33,591,144</u>
Governmental Activities, Capital Assets, Net	<u>\$40,589,238</u>	<u>\$ 1,248,618</u>	<u>\$ 1,792,917</u>	<u>\$40,044,939</u>

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

D. Capital Assets (Continued)

	Balance 9/30/22	Additions	Retirements	Balance 9/30/23
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 339,620	\$ -	\$ -	\$ 339,620
Construction in Progress	41,652,434	8,618,755	35,392,899	14,878,290
Total Capital Assets, Not Being Depreciated	41,992,054	8,618,755	35,392,899	15,217,910
Capital Assets, Being Depreciated/Amortized				
Plant, Pumps, and Motors	32,502,752	488,573	-	32,991,325
Distribution System	46,963,935	35,069,547	-	82,033,482
Collection System	28,300,115	-	-	28,300,115
Maintenance Equipment and Vehicles	5,111,936	1,151,572	44,848	6,218,660
Furniture and Equipment	2,092,872	-	-	2,092,872
Subscription-Based IT Asset	-	207,587	-	207,587
Total Capital Assets, Being Depreciated/Amortized	114,971,610	36,917,279	44,848	151,844,041
Less Accumulated Depreciation/Amortization for				
Plant, Pumps, and Motors	27,692,635	660,011	-	28,352,646
Distribution System	34,182,183	1,198,014	-	35,380,197
Collection System	22,282,290	483,486	-	22,765,776
Maintenance Equipment and Vehicles	3,703,894	261,480	44,848	3,920,526
Furniture and Equipment	1,729,608	53,224	-	1,782,832
Subscription-Based IT Asset	-	16,376	-	16,376
Total Accumulated Depreciation	89,590,610	2,672,591	44,848	92,218,353
Total Capital Assets, Being Depreciated/Amortization, Net	25,381,000	34,244,688	-	59,625,688
Business-Type Activities, Capital Assets, Net	67,373,054	42,863,443	35,392,899	74,843,598
Intangible Asset – Water Rights	4,113,119	-	-	4,113,119
Less Accumulated Amortization	941,830	35,632	-	977,462
Total Intangible Asset - Water Rights, Net	3,171,289	(35,632)	-	3,135,657
Business-Type Activities, Capital and Intangible Assets, Net	\$70,544,343	\$42,827,811	\$ 35,392,899	\$77,979,255

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

D. Capital Assets (Continued)

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

Governmental Activities	
General Government	\$ 203,595
Public Safety	769,908
Public Works, Including Depreciation of General Infrastructure Assets	1,445,355
Health	282,051
Culture and Recreation	116,839
Cox Field Airport	<u>127,522</u>
Total Depreciation/Amortization Expense – Governmental Activities	<u>\$ 2,945,270</u>
Business-Type Activities	
Water and Sewer	<u>\$ 2,708,223</u>
Total Depreciation/Amortization Expense – Business-Type Activities	<u>\$ 2,708,223</u>

E. Deferred Compensation Plan

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

F. Employee Retirement Systems and Plans

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

1. Texas Municipal Retirement System

Plan Description

The City of Paris participates as one of 919 plans in the defined benefit cash-balance pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. The plan financial statements are prepared using the accrual basis of accounting. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

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

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

F. Employee Retirement Systems and Plans (Continued)

1. Texas Municipal Retirement System (Continued)

Benefits Provided

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

At retirement, the member's benefits are calculated based on the sum of the member's contributions with interest, and the City-financed monetary credits with interest, their age at retirement and other actuarial factors. When a member applies for retirement, they have three options to determine how their lifetime monthly benefit will be paid. After a member selects one of the three benefit payment options, they can choose to receive a partial lump-sum distribution to 12, 24, or 36 times the Retiree Life Only monthly benefit, however this partial lump-sum cannot exceed 75% of the total member contributions and interest.

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

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

	<u>Plan Year 2022</u>
Employee Deposit Rate	7%
Matching Ratio (City to Employee)	2 to 1
Years required for vesting	5 Years
Retirement Eligibility (Age/Service)	60/5, 0/20
Updated Service Credit	0%
Annuity Increase (to retirees)	0% of CPI

Employees Covered by Benefit Terms

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	248
Inactive Employees Entitled to but not yet Receiving Benefits	178
Active employees	290
Total	<u>716</u>

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

F. Employee Retirement Systems and Plans (Continued)

1. Texas Municipal Retirement System (Continued)

Contributions

Active member contribution rates are adopted by the City and may be either 5%, 6%, or 7% of an employee's total compensation. The City's contribution rate is determined annually by TMRS using the Entry Age Normal actuarial cost method based on the liabilities created from the City's benefit options and any changes in benefits or actual experience over time. The City's contribution rate consists of the normal cost contribution rate and the prior service contribution rate, which is calculated as a level percent of the City's reported payroll.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 6.45% and 4.59% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023, were \$947,941 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability 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	2.5% per year
Overall Payroll Growth	3.5% to 11.5%, including inflation
Investment Rate of Return	6.75%

Salary increases were based on a service-related table. For calculating the actuarial liability and the retirement contribution rates, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements. Based on the size of the city, rates are multiplied by an additional factor of 100%. For disabled annuitants, the mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 valuation.

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

F. Employee Retirement Systems and Plans (Continued)

1. Texas Municipal Retirement System (Continued)

Actuarial Assumptions (Continued)

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

The long-term expected rate of return on pension plan investments was determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
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	100.0%	

Discount Rate

A single discount rate of 6.75% was used to measure the Total Pension Liability as of December 31, 2022. This single discount rate was based on the expected rate of return on pension plan investments of 6.75%. Based on the stated assumptions and the projection of cash flows the City's fiduciary net position and future contributions were sufficient to finance the future benefit payments of current plan members for all projection years. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. The projection of cash flows used to determine the single discount rate for the City assumed that the funding policy adopted by the TMRS Board will remain in effect for all future years. Under this funding policy, the city will finance the unfunded actuarial accrued liability over the years remaining for the closed period existing for each base in addition to the employer portion of all future benefit accruals.

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

F. Employee Retirement Systems and Plans (Continued)

1. Texas Municipal Retirement System (Continued)

Net Pension Liability and Changes in the Pension Liability

		Increase (Decrease)	
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balance at 12/31/2021	\$ 68,928,543	\$ 75,148,934	\$ (6,220,391)
Changes for the year:			
Service Cost	1,660,689	-	1,660,689
Interest	4,595,080	-	4,595,080
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(18,490)	-	(18,490)
Changes of Assumptions	-	-	-
Contributions – Employer	-	1,049,532	(1,049,532)
Contributions – Employee	-	999,555	(999,555)
Net Investment Income	-	(5,492,045)	5,492,045
Benefit Payments, Including Refunds of Employee			
Contributions	(3,907,254)	(3,907,254)	-
Administrative Expense	-	(47,640)	47,640
Other Changes	-	56,848	(56,848)
Net Changes	2,330,025	(7,341,004)	9,671,029
Balance at 12/31/2022	\$ 71,258,568	\$ 67,807,930	\$ 3,450,638

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

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

	1% Decrease in Discount Rate 5.75%	Discount Rate 6.75%	1% Increase in Discount Rate 7.75%
City's Net Pension Liability (Asset)	\$ 11,927,931	\$ 3,450,638	\$ (3,653,380)

Pension Plan Fiduciary Net Position

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

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

F. Employee Retirement Systems and Plans (Continued)

1. Texas Municipal Retirement System (Continued)

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

For the year ended September 30, 2023, the City recognized pension expense of \$1,098,139.

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
Difference Between Expected and Actual Economic Experience (Net of Current Year Amortization)	\$ -	\$ 319,205
Changes in Actuarial Assumptions	-	-
Differences Between Projected and Actual Investment Earnings (Net of Current Year Amortization)	4,667,155	-
Contributions Subsequent to the Measurement Date	598,874	-
Total	<u>\$ 5,266,029</u>	<u>\$ 319,205</u>

\$598,874 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:

Fiscal Year Ended September 30,	
2024	\$ (147,592)
2025	1,118,961
2026	1,260,018
2027	2,116,563
2028	-
Thereafter	-
	<u>\$ 4,347,950</u>

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

F. Employee Retirement Systems and Plans (Continued)

2. Firefighters' Relief and Retirement Fund

Plan Description

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

Eligibility

The plan covers current and former firefighters of the City of Paris, Texas, as well as certain beneficiaries. The plan had a freeze date of September 30, 2022. Effective October 1, 2022, firefighters no longer make contributions to the plan. The City is responsible for the existing unfunded actuarial liability. As of September 30, 2022, the plan was closed to new entrants.

Contributions

The City's liability was fully funded as of September 30, 2023. The City's contributions for the year ended September 30, 2023, were \$12,521,952 and were equal to the required contributions.

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	47
Inactive employees entitled to but not yet receiving benefits	8
Active employees	46
Total	<u>101</u>

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

F. Employee Retirement Systems and Plans (Continued)

2. Firefighters' Relief and Retirement Fund (Continued)

Service Retirement Disability and Death Benefits

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

Actuarial Methods and Assumptions

The actuarial valuation date used to determine the total pension liability for the year ended September 30, 2023, and the most current available information required for disclosure under GASB Statement No. 67 is based on an actuarial valuation as of December 31, 2022. The actuarial cost method used in the December 31, 2022, valuation is the Normal to Pure Unit Credit Actuarial Cost Method.

The long-term expected real rate of return was developed using the annual money-weighted internal rate of return, net of pension plan investment expense. Inputs to the money-weighted internal rate of return calculation are determined at least monthly.

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

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

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

F. Employee Retirement Systems and Plans (Continued)

2. Firefighters' Relief and Retirement Fund (Continued)

Net Pension Liability and Changes in the Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) – (b)
Balance at 12/31/2021	\$ 16,127,851	\$ 5,032,140	\$ 11,095,711
Changes for the year:			
Service Cost	185,002	-	185,002
Interest	1,139,106	-	1,139,106
Experience	-	-	-
Change of Benefit Terms	(1,165,161)	-	(1,165,161)
Difference Between Expected and Actual Experience	(344,787)	-	(344,787)
Changes of Assumptions	733,322	-	733,322
Contributions – Employer	-	12,521,952	(12,521,952)
Contributions – Employee	-	425,088	(425,088)
Net Investment Income	-	(1,048,039)	1,048,039
Benefit Payments, Including Refunds of Employee Contributions	(1,202,081)	(1,202,081)	-
Administrative Expense	-	(41,262)	41,262
Other Changes	-	-	-
Net Changes	(654,599)	10,655,658	(11,310,257)
Balance at 12/31/2022	\$ 15,473,252	\$ 15,687,798	\$ (214,546)

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

	1% Decrease in Discount Rate 6.25%	Discount Rate 7.25%	1% Increase in Discount Rate 8.25%
Net Pension Liability	\$1,534,593	\$(214,546)	\$(1,655,153)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2023, the City recognized pension expense of \$(192,146).

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

F. Employee Retirement Systems and Plans (Continued)

2. Firefighters' Relief and Retirement Fund (Continued)

The aggregate pension expense for Texas Municipal Retirement System and Firefighters' Relief and Retirement Fund for the year ended September 30, 2023 was \$905,993.

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

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
Difference Between Expected and Actual Economic Experience	\$ 74,361	\$ 682,938
Changes in Actuarial Assumptions	1,231,086	-
Difference Between Projected and Actual Investment Earnings	1,082,830	-
Contributions Subsequent to the Measurement Date	-	-
Total	<u>\$ 2,388,277</u>	<u>\$ 682,938</u>

Amounts reported as deferred outflows and inflows of resources related to pensions, will be recognized in pension expense as follows:

Fiscal Year Ended September 30,	
2024	\$ 277,836
2025	340,880
2026	418,175
2027	550,827
2028	62,114
Thereafter	55,507
Total	<u>\$ 1,705,339</u>

G. Other Post Employment Benefit (OPEB) Obligations

1. Supplemental Death Benefits Fund

Plan Description

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

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

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

1. Supplemental Death Benefits Fund (Continued)

Benefits

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

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	184
Inactive employees entitled to but not yet receiving benefits	47
Active employees	<u>290</u>
Total	<u><u>521</u></u>

Contributions

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

Employees of the City were not required to contribute to the OPEB plan during the fiscal year. The contribution rates for the City were 0.37% and 0.51% of gross earnings in calendar year 2022 and 2023, respectively. The City's contributions to TMRS SDBF for the year ended September 30, 2023 were \$91,233 and were equal to the required contributions.

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

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

1. Supplemental Death Benefits Fund (Continued)

Changes in the OPEB Liability

	Increase (Decrease)
	Total OPEB Liability
Balance at 12/31/21	\$ 1,462,684
Changes for the year:	
Service Cost	71,397
Interest	27,229
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	(44,459)
Changes of Assumptions	(476,731)
Contributions – Employer	-
Contributions – Employees	-
Net Investment Income	-
Benefit Payments, Including Refunds of Employee Contributions	(37,126)
Administrative Expense	-
Other Changes	-
Net Changes	(459,690)
Balance at 12/31/22	\$ 1,002,994

The following presents the total SDBF OPEB liability of the City, calculated using the discount rate of 4.05%, as well as what the City's total SDBF OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.05%) or 1-percentage-point higher (5.05%) than the current rate:

	1% Decrease in Discount Rate 3.05%	Discount Rate 4.05%	1% Increase in Discount Rate 5.05%
Total OPEB Liability	\$1,186,354	\$1,002,994	\$858,981

Supplemental Death Benefits Fund Net Position

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

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

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

1. Supplemental Death Benefits Fund (Continued)

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

For the year ended September 30, 2023, the City recognized OPEB expense in the amount of \$15,944.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Economic Experience (Net of Current Year Amortization)	\$ -	\$ 67,431
Changes in Actuarial Assumptions	114,375	358,141
Differences Between Projected and Actual Investment Earnings (Net of Current Year Amortization)	-	-
Contributions Subsequent to the Measurement Date	66,542	-
Total	<u>\$ 180,917</u>	<u>\$ 425,572</u>

\$66,542 reported as deferred outflows of resources related to SDBF OPEB resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB, will be recognized in pension expense as follows:

Fiscal Year Ended September 30,	
2024	\$ (73,842)
2025	(106,059)
2026	(128,702)
2027	(2,594)
2028	-
Thereafter	-
Total	<u>\$ (311,197)</u>

2. City of Paris Retiree Health Care Plan

Plan Description

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

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

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

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

Benefits

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

Employees Covered by Benefit Terms

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

Inactive Retirees or Beneficiaries Currently Receiving Benefits	6
Inactive, Nonretired Members	-
Active employees	54
Total	<u>60</u>

Contributions

The City's contributions are financed on a pay-as-you-go basis. For the year ended September 30, 2023, the contributions were approximately \$60,725.

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

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

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

Changes in the OPEB Liability

	Increase (Decrease)
	Total OPEB Liability
Balance at 12/31/2021	\$ 3,494,904
Changes for the year:	
Service Cost	107,089
Interest	64,353
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	(5,342)
Changes of Assumptions	(385,395)
Contributions – Employer	-
Contributions – Employees	-
Net Investment Income	-
Benefit Payments, Including Refunds of Employee Contributions	(102,025)
Administrative Expense	-
Other Changes	28
Net Changes	(321,292)
Balance at 12/31/2022	\$ 3,173,612

The following presents the total Plan OPEB liability of the City, calculated using the discount rate of 4.05%, as well as what the City's total Plan OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.05%) or 1-percentage-point higher (5.05%) than the current rate:

	1% Decrease in Discount Rate 3.05%	Discount Rate 4.05%	1% Increase in Discount Rate 5.05%
Total OPEB Liability	\$3,344,052	\$3,173,612	\$3,030,759

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

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Total OPEB Liability	\$2,956,216	\$3,173,612	\$3,410,868

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

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

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

OPEB Plan Net Position

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

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

For the year ended September 30, 2023, the City recognized OPEB expense in the amount of \$(31,690).

The aggregate OPEB expense for the Supplemental Death Benefits Fund and the City of Paris Retiree Health Care Plan for the year ended September 30, 2023 was \$(15,746).

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Economic Experience (Net of Current Year Amortization)	\$ -	\$ 201,242
Changes in Actuarial Assumptions	118,082	304,473
Contributions Subsequent to the Measurement Date	<u>161,174</u>	<u>-</u>
Total	<u>\$ 279,256</u>	<u>\$ 505,715</u>

\$161,174 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the OPEB liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB, will be recognized in pension expense as follows:

Fiscal Year Ended September 30,	
2024	\$ (129,030)
2025	(122,004)
2026	(103,122)
2027	(33,477)
2028	-
Thereafter	-
Total	<u>\$ (387,633)</u>

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

H. Water Sales and Commitments

1. Water Sales

The City has contracts extending for several years to sell treated and untreated water to six entities. Total water sales under these contracts to these entities during the year ended September 30, 2023, were approximately \$3,060,704.

2. Construction Commitments

The City has active construction projects as of September 30, 2023. At year-end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>To Date</u>	<u>Commitment</u>
Sewer and Water System Replacement and Related Street Reconstruction	\$ 22,040,820	\$ 1,158,181
Waste Water Treatment Plant Improvements – Phase 1	<u>5,102,962</u>	<u>57,749,680</u>
Total	<u>\$ 27,143,782</u>	<u>\$ 58,907,861</u>

3. Water Storage Commitment

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

4. Civic Center Contract Commitment

The City is a party to a contract with the Chamber of Commerce of Lamar County, Inc. whereby three-sevenths of the hotel/motel tax is to be dedicated to a fund to be used for improving, enlarging, equipping, repairing, operating, or maintaining a civic center. The contract provides that the Chamber of Commerce of Lamar County, Inc. will operate the civic center through September 30, 2023, and may be reviewed for four additional one-year terms upon written agreement of the parties. Either party may terminate this contract at the end of the current term by giving thirty days notice.

5. Interlocal Cooperative Agreement

During the year, the City participated in an interlocal cooperative agreement with the Sulphur River Regional Mobility Authority. The City's payments are to assist in funding completion of approximately 10.4 miles of four-lane divided highway in Delta County, Texas. The City considers this a cost sharing arrangement; accordingly, debt payments are not included in long-term liabilities. Annual payments of \$100,827 include principal and interest at 3.68% beginning March 29, 2013, through March 29, 2024. The City is required to establish a sinking fund and to levy and collect property tax. The balance outstanding at September 30, 2023 is \$99,178.

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

H. Water Sales and Commitments (Continued)

6. Other Commitments - PEDC

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

Lionshead Specialty Tire and Wheel – On June 21, 2022, the Board of Directors reached a performance agreement with Lionshead Paris, LLC. PEDC will invest up to \$807,526 in cash, land, and improvements in connection with a new assembly and warehousing plant, job creation, and employment retention. The remaining balance is estimated to be \$583,320.

Universal Fabricating USA, Inc. – On February 21, 2023, the Board of Directors reached a performance agreement with Universal Fabricating USA, Inc. PEDC will provide up to \$600,000 for the creation of 100 full-time employees paid out in installments over 5 years and \$75,000 as an employee relocation grant. The remaining balance is estimated to be \$600,000.

Ametsa Packaging, LLC – On July 12, 2023, the Board of Directors reached a performance agreement with Ametsa Packaging, LLC. PEDC will provide up to \$665,000 for the creation of 95 full-time employees paid out in installments over 5 years and \$100,000 as an equipment relocation grant. The remaining balance is estimated to be \$765,000.

Huhtamaki, LLC – On June 15, 2023, the Board of Directors reached an incentive agreement with Huhtamaki, LLC. PEDC will provide land, with a fair value of approximately \$376,000, and a rail road infrastructure grant in the amount of \$625,000. The remaining balance is estimated to be \$625,000.

I. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases insurance coverage from commercial insurers and participates in risk pools to limit risk of loss in these areas. The risk pools maintain adequate protection from catastrophic losses to protect their financial integrity. Aggregate protection is also maintained to ensure that the City shall at no time be assessed. The City's contributions are limited to the rates calculated under the agreement. There has been no significant reduction in insurance coverage during the year ended September 30, 2023. There have been no settlements in excess of insurance coverage in any of the prior three fiscal years.

J. Financed Purchases

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

Financed Purchase – Equipment, at Cost	\$ 617,114
Less: Accumulated Amortization	478,739
Financed Purchase – Equipment, Net	<u>\$ 138,375</u>

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

J. Financed Purchases (Continued)

The future minimum payments required under the financing purchase and the present value of the net minimum payments as of September 30, 2023, are as follows:

Year Ending September 30,	Amount
2024	\$ 72,353
2025	72,353
Total Minimum Payments	144,706
Less: Amount Representing Interest	(6,331)
Present Value of Net Minimum Payments	138,374
Less: Current Maturities of Financing Purchase Obligation	(68,200)
Long-Term Portion of Financing Purchase Obligation	\$ 70,174

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

Financed Purchase – Equipment, at Cost	\$ 975,185
Less: Accumulated Amortization	651,823
Financed Purchase – Equipment, Net	\$ 323,362

The future minimum payments required under the financing purchase and the present value of the net minimum payments as of September 30, 2023, are as follows:

Year Ending September 30,	Amount
2024	\$ 114,337
2025	114,337
2026	114,337
Total Minimum Payments	343,011
Less: Amount Representing Interest	(19,649)
Present Value of Net Minimum Payments	323,362
Less: Current Maturities of Financing Purchase Obligation	(104,635)
Long-Term Portion of Financing Purchase Obligation	\$ 218,727

K. Long-Term Liabilities

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

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

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

K. Long-Term Liabilities (Continued)

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

General Obligation Certificates of Obligation and Other Long-Term Obligations

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

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

\$33,925,000 General Obligation Bonds, Series 2013, due in annual installments varying from \$2,010,000 to \$2,850,000 with final payment due December 15, 2032. Interest is payable semi-annually at rates ranging from 4.0% to 5.0%. On December 15, 2023, or any date thereafter, the outstanding bonds may be redeemed prior to their scheduled maturities at the City's option. These bonds were issued August 15, 2014, at a premium for the purpose of replacing and extending water distribution lines and sewer collection lines and making repairs necessitated by the replacement. Voters of the issuer approved the issuance of \$45,000,000 in tax bonds. The bonds are reported as obligations of the Enterprise Fund.

\$8,780,000 General Obligation Bonds, Series 2016, due in annual installments varying from \$375,000 to \$535,000 with final payment due December 15, 2036. Interest is payable semi-annually at rates ranging from 3.0% to 4.0%. On December 15, 2026, or any date thereafter, the outstanding bonds may be redeemed prior to their scheduled maturities at the City's option. These bonds were issued December 1, 2016, at a premium for the purpose of constructing and acquiring improvements and equipping the City's waterworks and sewer system and for replacing and extending water distribution lines and sewer collection lines and construction repairs to streets and drainage infrastructure necessitated by such water and sewer line construction. Voters approved the issuance of \$45,000,000 in tax bonds. The bonds are reported as obligations of the Enterprise Fund.

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

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

K. Long-Term Liabilities (Continued)

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

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

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

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

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

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

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

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

K. Long-Term Liabilities (Continued)

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

\$26,795,000 Waterworks and Sewer System Revenue Bonds, Series 2022, due in annual installments varying from \$375,000 to \$1,725,000 with final payment due on June 15, 2051. Interest is payable semi-annually at rates ranging from 4.0% to 5.25%. On June 15, 2031, or any date thereafter, the bonds may be redeemed prior to their scheduled maturities at the City's option. The bonds were issued on November 9, 2022, at a discount for the purpose of acquiring, constructing, installing and equipping additions, improvements and extensions to the City's waterworks and sewer system. The bonds are reported as obligations of the Enterprise Fund.

The ordinances require that property taxes be levied and collected at a rate sufficient to pay principal and interest as they come due. They also require that these funds be placed in special interest and sinking funds created solely for the benefit of the obligations. At September 30, 2023, the fund balances in the Interest and Sinking Funds are \$2,002,722.

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

A summary of long-term liability transactions for the year ended September 30, 2023, follows:

	Balance September 30, 2022	Additions	Reductions	Balance September 30, 2023	Due Within One Year
Governmental Activities					
Debt Payable					
Bonds Payable	\$ 10,605,000	\$ -	\$ 745,000	\$ 9,860,000	\$ 765,000
Tax Notes Payable	770,000	-	190,000	580,000	190,000
Premium	98,032	-	11,470	86,562	-
Financed Purchases	629,538	-	167,801	461,737	172,835
Total Debt Payable	12,102,570	-	1,114,271	10,988,299	1,127,835
Compensated Absences	1,250,858	918,816	871,959	1,297,715	135,637
Right-to-use Lease Liability	218,870	13,421	53,850	178,441	41,395
Right-to-use SBITA Liability	-	218,091	50,567	167,524	36,772
Landfill Post-Closure Care Costs	150,000	-	-	150,000	-
Governmental Activities					
Long-Term Liabilities	<u>\$ 13,722,298</u>	<u>\$ 1,150,328</u>	<u>\$ 2,090,647</u>	<u>\$ 12,781,979</u>	<u>\$ 1,341,639</u>

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

K. Long-Term Liabilities (Continued)

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

	Balance September 30, 2022	Additions	Reductions	Balance September 30, 2023	Due Within One Year
Business-Type Activities					
Debt Payable					
Bonds Payable	\$ 46,585,000	\$ 26,795,000	\$ 3,020,000	\$ 70,360,000	\$ 3,530,000
Tax Notes Payable	43,855,000	-	1,210,000	42,645,000	1,885,000
Premium	2,828,000	-	253,467	2,574,533	-
Discount	(44,080)	(292,129)	13,374	(322,835)	-
Total Debt Payable	93,223,920	26,502,871	4,470,093	115,256,698	5,415,000
Compensated Absences	222,773	180,262	180,262	222,773	22,277
Right-to-use SBITA Liability	-	207,587	40,063	167,524	36,772
Business-Type Activities					
Long-Term Liabilities	\$ 93,446,693	\$ 26,890,720	\$ 4,690,418	\$ 115,646,995	\$ 5,474,049
Component Unit					
Notes Payable	\$ 2,393,121	\$ -	\$ 145,199	\$ 2,247,922	\$ 148,337
Component Unit					
Long-Term Liabilities	\$ 2,393,121	\$ -	\$ 145,199	\$ 2,247,922	\$ 148,337

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

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

Year Ending September 30,	General Obligation		Water and Sewer		PEDC	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 955,000	\$ 249,868	\$ 5,415,000	\$ 4,350,215	\$ 148,337	\$ 46,656
2025	980,000	229,759	5,840,000	4,091,213	151,542	43,451
2026	995,000	208,568	4,310,000	3,854,901	154,817	40,176
2027	825,000	188,097	4,495,000	3,528,276	158,163	36,830
2028	845,000	168,463	4,675,000	3,488,892	161,581	33,412
2029-2033	3,405,000	591,453	26,290,000	14,177,254	1,473,482	84,078
2034-2038	2,435,000	175,846	17,175,000	9,536,640	-	-
2039-2043	-	-	17,150,000	6,467,289	-	-
2044-2048	-	-	16,400,000	3,582,444	-	-
2049-2051	-	-	11,255,000	728,631	-	-
Totals	\$10,440,000	\$1,812,054	\$113,005,000	\$53,805,755	\$2,247,922	\$284,603

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

K. Long-Term Liabilities (Continued)

PEDC has an outstanding \$2,500,000 Note Payable to the City issued December 27, 2021, due in monthly installments of \$16,249 through November 27, 2031 and a final payment of \$940,083 on December 27, 2031, bearing an interest rate of 3.14%. At September 30, 2023, the balance of the Note Payable was \$2,247,922.

L. Leases

Lease Receivable

The City, as a lessor, leases City-owned properties such as land, tower space, and airport hangars. The related receivables are presented in the Statement of Net Position for the amounts equal to the present value of lease payments expected to be received during the lease term. Revenue recognized under GASB 87 lease contracts during the year ended September 30, 2023 was \$213,387, which includes both lease revenue and interest.

As of September 30, 2023, the City had fifty-five active leases. The leases have receipts that range from \$335 to \$25,673 and interest rates that range from 0.2480% to 3.3600%. As of September 30, 2023, the total combined value of the lease receivable is \$2,174,181, the total combined value of the short-term lease receivable is \$153,808, and the combined value of the deferred inflow of resources is \$2,111,393. The leases had no variable receipts or other receipts not included in the lease receivable with in the fiscal year.

The City expects to receive the following lease receivable amounts for Governmental Activities in subsequent years as follows:

Year Ending September 30,	General Activities	
	Principal	Interest
2024	\$ 153,808	\$ 39,666
2025	160,572	37,254
2026	167,641	34,719
2027	174,922	32,058
2028	174,322	29,367
2029-2033	593,847	112,165
2034-2038	465,327	63,187
2039-2043	193,333	23,596
2044-2048	17,958	7,843
2049-2053	17,634	6,166
2054-2058	19,357	4,443
2059-2063	21,248	2,552
2064-2068	13,772	638
2069-2070	440	8
Totals	<u>\$ 2,174,181</u>	<u>\$ 393,662</u>

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

L. Leases (Continued)

Lease Liability

The City, as a lessee, has entered into lease agreements involving equipment. The related obligations are presented in the amounts equal to the present value of lease payments, payable during the remaining lease term. As the lessee, a lease liability and the associated lease asset is recognized on the government-wide Statement of Net Position. The City did not incur expenses related to its leasing activities related to residual value guarantees, lease termination penalties or losses due to impairment. As a lessee, there are currently no agreements that include sale-leaseback and lease-leaseback transactions.

As of September 30, 2023, the City had twelve active leases. The leases have payments that range from \$647 to \$32,734 and interest rates that range from 0.2480% to 4.8860%. As of September 30, 2023, the total combined value of the lease liability is \$178,441, the total combined value of the short-term lease liability is \$41,395. The combined value of the right to use asset, as of September 30, 2023 of \$280,928 with accumulated amortization of \$101,545 is included with the lease class activities table found below. The leases had no variable payments or other payments not included in the lease liability with in the fiscal year.

Asset Class	As of Fiscal Year-End	
	Lease Asset Value	Accumulated Amortization
Equipment	\$ 280,928	\$ 101,545
Total Subscriptions	\$ 280,928	\$ 101,545

As of September 30, 2023, the City had a minimum principal and interest payment requirements for its leasing activities, with a remaining term more than one year, as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2024	\$ 41,395	\$ 7,378
2025	37,371	5,975
2026	34,903	4,524
2027	32,285	3,056
2028	32,487	1,541
Totals	\$ 178,441	\$ 22,474

M. Subscription-Based Information Technology Arrangements (SBITA)

For the year ended September 30, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset.

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

M. Subscription-Based Information Technology Arrangements (SBITA) (Continued)

As of September 30, 2023, the City has three active subscriptions. The subscriptions have payments that range from \$4,168 to \$80,125 and interest rates that range from 3.1200% to 3.1600%. As of September 30, 2023, the total combined value of the subscription liability is \$335,048, and the total combined value of the short-term subscription liability is \$73,544. The combined value of the right to use asset, as of September 30, 2023 of \$425,677 with accumulated amortization of \$35,007 is included within the subscription class activities table found below. The subscriptions had no variable payments or other payments not included in the subscription liability within the fiscal year. Beginning balances of subscription liabilities is immaterial to the financial statements and therefore, required to restatement of prior periods.

Asset Class	As of Fiscal Year-End	
	Subscription Asset Value	Accumulated Amortization
Software	\$ 425,677	\$ 35,007
Total Subscriptions	\$ 425,677	\$ 35,007

As of September 30, 2023, the City had a minimum principal and interest payment requirements for its SBITA activities, with a remaining term more than one year, as follows:

Year Ending September 30,	General Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 36,772	\$ 5,294	\$ 36,772	\$ 5,294
2025	40,037	4,132	40,037	4,132
2026	43,511	2,867	43,511	2,867
2027	47,204	1,492	47,204	1,492
Totals	\$ 167,524	\$ 13,785	\$ 167,524	\$ 13,785

N. Interfund Transactions and Balances

During the year ended September 30, 2023, the City made transfers from the Water and Sewer fund to the General fund of \$1,108,349 to reclassify grant revenue. Other minor transfers were made between funds making up transfers of:

	General	Capital Projects	Other Governmental	Water and Sewer	Transfers Out
General	\$ -	\$ 410,000	\$ 105,915	\$ 1,306,850	\$ 1,822,765
Other Governmental	33,680	-	-	-	33,680
Water and Sewer	1,149,431	-	-	-	1,149,431
Transfers In	\$ 1,183,111	\$ 410,000	\$ 105,915	\$ 1,306,850	\$ 3,005,876

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

N. Interfund Transactions and Balances (Continued)

Due To/Due Froms for the year ended September 30, 2023 consisted of the following:

Due to Debt Service Fund From:	
Water Sewer Fund	\$ 70,000
General Fund	2,637
Total Due to Debt Service Fund	<u>\$ 72,637</u>
Due to Special Revenue Fund From:	
General Fund	\$ 82,712
Total Due to Special Revenue Fund	<u>\$ 82,712</u>
Due to Fiduciary Fund From:	
General Fund	\$ 700
Total Due to Fiduciary Fund	<u>\$ 700</u>

The amounts payable to the Funds above relate to operating activities. These balances are scheduled to be collected in the subsequent year.

O. Restricted Net Position and Restricted Asset Accounts

In order to safeguard the financial integrity of the water and sewer system, the City Council approved a resolution establishing and maintaining funds comparable to those required by the revenue bonds refunded in 2010. At September 30, 2023, these accounts, shown as cash and investments on the Statement of Net Position – Proprietary Funds, are as follows:

Reserve Fund	\$ 10,453,172
Contingency Fund	678,097

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

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

	Cash and Cash Equivalents	Certificates of Deposit and Other Investments	Other Receivables
Grants Receivable	\$ -	\$ -	\$ 778,990
Lake Crook	4,156	-	-
Contingency	616,760	61,337	-
Loan	40,553	-	-
Bond Reserves and Sinking Funds	3,040,178	7,412,994	-
Construction	2,854,876	47,772,560	-
Other	232,853	-	-
Total Restricted Assets	<u>\$ 6,789,376</u>	<u>\$ 55,246,891</u>	<u>\$ 778,990</u>

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

P. Related Party

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

Q. Contingent Liabilities

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

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

The City has incurred certain asset retirement obligations related to the operation of its wastewater utility system. The U.S. Environmental Protection Agency and the Texas Commission on Environmental Quality regulates wastewater utility system closure and post closure requirements. Environmental engineers calculated the asset retirement obligation based on the estimated current cost of remediation and removal of the contamination and contaminated sludge and dirt in the wastewater treatment facilities. The estimated liability of the legally required closure costs for the waste water utility system was estimated as of September 30, 2023 to be \$5,517,834. The estimated remaining wastewater utility system life is 30 years. The actual cost of closure and post closure may be higher due to inflation, changes in technology, or changes in waste water utility system laws and regulations. At September 30, 2023, there were no assets restricted to pay this liability.

R. Tax Abatements

As of September 30, 2023, the City provides tax abatements through two programs-Industrial and Residential:

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

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

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated 2022-23</u>
Industrial Incentives	\$ 1,235,526
Residential	13,314

CITY OF PARIS, TEXAS
Notes to Financial Statements (Continued)
September 30, 2023

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

S. Subsequent Events

Subsequent events have been evaluated through December 19, 2024 the date the financial statements were available to be issued.

In November 2023, the City approved a construction contract in the amount of \$588,000 for demolition of City property.

In December 2023, the City approved a contract in the amount of \$237,769 for asbestos removal. In addition, the City also approved a construction project in the amount of \$507,937 related to water line construction.

In April 2024, the City issued \$42,790,000 Combination Tax and Surplus Revenue Certificates of Obligation, Series 2024 for the purpose of acquiring, constructing, installing and equipping additions, improvements and extensions to the City's waterworks and sewer system. The interest rate is payable semi-annually at rates ranging from 4.0% to 5.0%, with the final payment due on June 15, 2054.

In April 2024, the City approved a construction contract in the amount of \$39,988,500, for Phase 2 construction of the Wastewater Treatment Plant Project. In addition, the City approved a professional services agreement for \$461,250 in relation to the same project.

In May 2024, the City approved a construction contract in the amount of \$547,840, for the construction of eight pickleball courts.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PARIS, TEXAS
Required Supplementary Information
Texas Municipal Retirement System -
Schedule of Changes in Net Pension Liability and Related Ratios
Year Ended September 30, 2023

Schedule 1

	Plan Year Ended December 31,							
	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service Cost	\$ 1,660,689	\$ 1,443,089	\$ 1,184,350	\$ 1,233,792	\$ 1,198,978	\$ 1,192,255	\$ 1,190,613	\$ 1,084,666
Interest	4,595,080	4,487,312	4,344,087	4,233,112	4,092,798	3,952,930	3,826,176	3,718,773
Changes in Benefit Terms	-	390,679	-	-	-	-	-	1,615,467
Differences Between Expected and Actual Experience	(18,490)	(749,803)	(321,817)	(260,390)	(118,708)	19,208	(211,467)	(159,282)
Changes in Assumptions	-	-	-	(110,977)	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(3,907,254)	(3,748,402)	(3,731,229)	(3,122,282)	(3,101,195)	(3,090,075)	(2,766,533)	(2,741,148)
Net Change in Total Pension Liability	2,330,025	1,822,875	1,475,391	1,973,255	2,071,873	2,074,318	2,038,789	3,518,476
Total Pension Liability - Beginning	68,928,543	67,105,668	65,630,277	63,657,022	61,585,149	59,510,831	57,472,042	53,953,566
Total Pension Liability - Ending	<u>\$ 71,258,568</u>	<u>\$ 68,928,543</u>	<u>\$ 67,105,668</u>	<u>\$ 65,630,277</u>	<u>\$ 63,657,022</u>	<u>\$ 61,585,149</u>	<u>\$ 59,510,831</u>	<u>\$ 57,472,042</u>
Plan Fiduciary Net Position								
Contributions - Employer	\$ 1,049,532	\$ 878,482	\$ 852,067	\$ 845,646	\$ 825,989	\$ 817,914	\$ 669,501	\$ 700,159
Contributions - Employee	999,555	783,806	712,034	730,054	705,973	704,087	701,189	676,545
Net Investment Income	(5,492,045)	8,898,242	4,972,797	8,988,070	(1,845,475)	7,698,497	3,607,913	80,774
Benefit Payments, Including Refunds of Employee Contributions	(3,907,254)	(3,748,402)	(3,731,229)	(3,122,282)	(3,101,195)	(3,090,075)	(2,766,533)	(2,741,148)
Administrative Expense	(47,640)	(41,245)	(32,223)	(50,855)	(35,702)	(39,921)	(40,766)	(49,204)
Other	56,848	282	(1,257)	(1,527)	(1,865)	(2,023)	(2,196)	(2,430)
Net Change in Plan Fiduciary Net Position	(7,341,004)	6,771,165	2,772,189	7,389,106	(3,452,275)	6,088,479	2,169,108	(1,335,304)
Plan Fiduciary Net Position - Beginning	75,148,934	68,377,769	65,605,580	58,216,474	61,668,749	55,580,270	53,411,162	54,746,466
Plan Fiduciary Net Position - Ending	<u>\$ 67,807,930</u>	<u>\$ 75,148,934</u>	<u>\$ 68,377,769</u>	<u>\$ 65,605,580</u>	<u>\$ 58,216,474</u>	<u>\$ 61,668,749</u>	<u>\$ 55,580,270</u>	<u>\$ 53,411,162</u>
City's Net Pension Liability (Asset) - Ending	\$ 3,450,638	\$ (6,220,391)	\$ (1,272,101)	\$ 24,697	\$ 5,440,548	\$ (83,600)	\$ 3,930,561	\$ 4,060,880
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.16%	109.02%	101.90%	99.96%	91.45%	100.14%	93.40%	92.93%
Covered Payroll	\$ 14,279,353	\$ 12,461,905	\$ 11,867,235	\$ 12,167,574	\$ 11,766,222	\$ 11,734,791	\$ 11,684,128	\$ 11,203,172
City's Net Pension Liability as a Percentage of Covered Payroll	24.17%	-49.92%	-10.72%	0.20%	46.24%	-0.71%	33.64%	36.25%

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

CITY OF PARIS, TEXAS
Required Supplementary Information
Texas Municipal Retirement System -
Schedule of City Pension Contributions
Year Ended September 30, 2023

Schedule 2

	2023	2022	2021	Fiscal Year Ended September 30,		2018	2017	2016	2015
Contractually Required Fiscal Year Contribution	\$ 947,941	\$ 972,171	\$ 809,036	\$ 852,884	\$ 834,605	\$ 825,691	\$ 801,727	\$ 733,564	\$ 704,441
Contribution in Relation to the Contractually Required Fiscal Year Contribution	(947,941)	(972,171)	(809,036)	(852,884)	(834,605)	(825,691)	(801,727)	(733,564)	(704,441)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 17,888,791	\$ 13,050,044	\$ 11,761,104	\$ 11,975,225	\$ 11,980,216	\$ 11,846,360	\$ 11,615,574	\$ 12,058,579	\$ 11,203,172
Contributions as a Percentage of Covered Payroll	5.30%	7.45%	6.88%	7.12%	6.97%	6.97%	6.90%	6.08%	6.29%

Notes to Schedule

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

Methods and Assumptions used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	20 Years (longest amortization ladder)
Asset Valuation Method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table based on rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post Retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.
Other Information	Opened plan to current and future firefighters.

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

CITY OF PARIS, TEXAS
Required Supplementary Information
Paris Firefighters' Relief and Retirement Fund -
Schedule of Changes in Net Pension Liability and Related Ratios
Year Ended September 30, 2023

Schedule 3

	2022	2021	2020	Plan Year Ended December 31,		2017	2016	2015	2014
				2019	2018				
Total Pension Liability									
Service Cost	\$ 185,002	\$ 273,163	\$ 263,769	\$ 244,258	\$ 263,477	\$ 254,567	\$ 258,484	\$ 247,353	\$ 236,701
Interest	1,139,106	1,128,647	1,098,206	1,081,834	1,109,567	1,094,074	1,109,262	1,092,874	1,087,700
Changes in Benefit Terms	(1,165,161)	-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(344,787)	-	125,175	-	(650,764)	-	(65,973)	-	(238,406)
Changes in Assumptions	733,322	-	-	-	562,256	-	616,266	-	134,458
Benefit Payments, Including Refunds of Employee Contributions	(1,202,081)	(1,136,694)	(1,016,641)	(1,222,906)	(1,052,502)	(1,249,430)	(1,136,379)	(1,156,654)	(1,200,964)
Net Change in Total Pension Liability	(654,599)	265,116	470,509	103,186	232,034	99,211	781,660	183,573	19,489
Total Pension Liability - Beginning	16,127,851	15,862,735	15,392,226	15,289,040	15,057,006	14,957,795	14,175,471	13,991,898	13,972,409
Total Pension Liability - Ending	\$ 15,473,252	\$ 16,127,851	\$ 15,862,735	\$ 15,392,226	\$ 15,289,040	\$ 15,057,006	\$ 14,957,131	\$ 14,175,471	\$ 13,991,898
Plan Fiduciary Net Position									
Contributions - Employer	\$ 12,521,952	\$ 457,000	\$ 388,839	\$ 393,136	\$ 336,951	\$ 326,396	\$ 317,902	\$ 310,483	\$ 281,896
Contributions - Employee	425,088	522,286	444,388	449,298	411,944	407,996	397,475	388,212	352,370
Net Investment Income	(1,048,039)	471,438	482,463	758,981	(302,649)	578,324	377,387	(121,104)	245,555
Benefit Payments, Including Refunds of Employee Contributions	(1,202,081)	(1,136,694)	(1,016,641)	(1,222,906)	(1,052,502)	(1,249,430)	(1,136,379)	(1,156,654)	(1,200,964)
Administrative Expense	(41,262)	(52,994)	(25,739)	(33,025)	(31,444)	(37,553)	(70,404)	(6,500)	(84,445)
Other	-	-	-	-	-	5	2,121	-	5,315
Net Change in Plan Fiduciary Net Position	10,655,658	261,036	273,310	345,484	(637,700)	25,738	(111,898)	(585,563)	(400,273)
Plan Fiduciary Net Position - Beginning	5,032,140	4,771,104	4,497,794	4,152,310	4,790,010	4,764,272	4,876,170	5,461,733	5,862,006
Plan Fiduciary Net Position - Ending	\$ 15,687,798	\$ 5,032,140	\$ 4,771,104	\$ 4,497,794	\$ 4,152,310	\$ 4,790,010	\$ 4,764,272	\$ 4,876,170	\$ 5,461,733
City's Net Pension Liability (Asset) - Ending	\$ (214,546)	\$ 11,095,711	\$ 11,091,631	\$ 10,894,432	\$ 11,136,730	\$ 10,266,996	\$ 10,192,859	\$ 9,299,301	\$ 8,530,165
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability									
	101.39%	31.20%	30.10%	29.20%	27.16%	31.81%	31.85%	34.40%	39.03%
Covered Payroll	\$ 3,542,400	\$ 3,264,288	\$ 2,777,425	\$ 2,808,113	\$ 2,712,961	\$ 2,717,229	\$ 2,785,912	\$ 2,511,047	\$ 2,368,370
City's Net Pension Liability as a Percentage of Covered Payroll									
	-6.06%	339.91%	399.30%	388.00%	410.50%	377.85%	365.87%	370.34%	360.17%

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

CITY OF PARIS, TEXAS
Required Supplementary Information
Paris Firefighters' Relief and Retirement Fund
Schedule of City Contributions
Year Ended September 30, 2023

Schedule 4

	2023	2022	2021	Fiscal Year Ended September 30,			2017	2016	2015
				2020	2019	2018			
Contractually Required Fiscal Year Contribution	\$ 12,521,952	\$ 457,000	\$ 388,839	\$ 393,157	\$ 336,951	\$ 326,067	\$ 320,851	\$ 332,665	\$ 301,329
Contribution in Relation to the Contractually Required Fiscal Year Contribution	(12,521,952)	(457,000)	(388,839)	(393,157)	(336,951)	(326,067)	(320,851)	(332,665)	(301,329)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ -	\$ 3,582,668	\$ 2,777,425	\$ 2,817,872	\$ 2,713,093	\$ 2,717,229	\$ 2,795,465	\$ 2,772,967	\$ 2,511,047
Contributions as a Percentage of Covered Payroll	0.00%	12.76%	14.00%	13.95%	12.42%	12.00%	11.48%	12.00%	12.00%

Notes to Schedule

Valuation Date December 31, 2022

Methods and Assumptions used to Determine Contribution Rates:

Actuarial Cost Method	Normal to Pure Unit Credit
Asset Valuation Method	Market Value of Assets
Retirement Age	Active members who are eligible for the DROP are assumed to retire immediately. Otherwise, actives are assumed to retire at age 55, or current age if older. Previously, active members were assumed to retire 2 years after they had either (a) both attained age 55 and completed at least 20 years of service or (b) satisfied the rule of 80. Benefits for vested terminated members who had less than 10 years of service at the plan freeze and thus are due a refund of contributions are assumed to be paid 6 months following the valuation date, July 1, 2023. Otherwise, terminated vested participants are assumed to start on the same date as normal retirement benefits. See below for plan changes.
Mortality	Employee and healthy annuitant rates from the Pub-2010 Public Safety Below Median Mortality Table, generationally projected using the ultimate rates of the MP-2021 improvement scales.
Other Information	The plan is frozen to new entrants and benefit accruals are frozen as of October 1, 2022. Normal Retirement Date changed from age 55 with 20 years of service to age 55 and Early Retirement Eligibility, the Rule of 80 was limited to those that already have 20 years of service as of the plan freeze date. Members are now eligible for in-service distributions once they reach retirement eligibility rather than having to terminate. Eligibility for the DROP was frozen to those eligible as of the plan freeze date. The pre-retirement death benefit is based on the frozen benefit without the minimum benefit based on 20 years of service and the disability benefit was reduced to the Texas Local Firefighters Retirement Act minimum if \$1,200 per year until reaching age 55 at which point reverting to the frozen benefit. Finally, active members ceased making contributions to the fund.

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

CITY OF PARIS, TEXAS
Required Supplementary Information
Texas Municipal Retirement System -
Schedule of Changes in Total OPEB Liability and Related Ratios
Year Ended September 30, 2023

Schedule 5

	2022	2021	Plan Year Ended December 31,		2018	2017
			2020	2019		
Total OPEB Liability						
Service Cost	\$ 71,397	\$ 64,802	\$ 42,722	\$ 26,769	\$ 30,592	\$ 26,990
Interest	27,229	28,046	32,883	37,003	33,951	33,850
Changes in Benefit Terms	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(44,459)	(28,573)	(34,781)	(40,603)	(13,049)	-
Changes in Assumptions	(476,731)	44,084	175,630	178,024	(67,751)	76,984
Benefit Payments, Including Refunds of Employee Contributions	(37,126)	(31,155)	(10,681)	(10,951)	(9,413)	(9,388)
Net Change in Total OPEB Liability	(459,690)	77,204	205,773	190,242	(25,670)	128,436
Total OPEB Liability - Beginning	1,462,684	1,385,480	1,179,707	989,465	1,015,135	886,699
Total OPEB Liability - Ending	<u>\$ 1,002,994</u>	<u>\$ 1,462,684</u>	<u>\$ 1,385,480</u>	<u>\$ 1,179,707</u>	<u>\$ 989,465</u>	<u>\$ 1,015,135</u>
Covered Payroll	\$ 14,279,353	\$ 12,461,905	\$ 11,867,235	\$ 12,167,574	\$ 11,766,222	\$ 11,734,791
City's Total OPEB Liability as a Percentage of Covered Payroll	7.02%	11.74%	11.67%	9.70%	8.41%	8.65%

Notes to Schedule

Valuation Date

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

Methods and Assumptions used to Determine Contribution Rates:

Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation.
Investment Rate of Return	2.00%
Mortality	Service retirees: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Disabled retirees: 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year setforward 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.
Other Information	There were no benefit changes during the year.

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

CITY OF PARIS, TEXAS
Required Supplementary Information
City of Paris Retiree Health Care Plan -
Schedule of Changes in Total OPEB Liability and Related Ratios
Year Ended September 30, 2023

Schedule 6

	2022	2021	Plan Year Ended December 31,		2018	2017
			2020	2019		
Total OPEB Liability						
Service Cost	\$ 107,089	\$ 46,370	\$ 45,329	\$ 34,501	\$ 36,808	\$ 36,410
Interest	64,353	34,083	44,410	60,652	55,250	61,432
Changes in Benefit Terms	-	1,923,344	-	-	-	-
Differences Between Expected and Actual Experience	(5,342)	(250,340)	(10,649)	(174,952)	(10,869)	-
Changes in Assumptions	(385,395)	91,261	68,964	120,032	(36,122)	51,925
Benefit Payments, Including Refunds of Employee Contributions	(102,025)	(61,564)	(57,093)	(74,044)	(82,466)	(103,929)
Other Changes	28	-	-	-	-	-
Net Change in Total OPEB Liability	(321,292)	1,783,154	90,961	(33,811)	(37,399)	45,838
Total OPEB Liability - Beginning	3,494,904	1,711,750	1,620,789	1,654,600	1,691,999	1,646,161
Total OPEB Liability - Ending	\$ 3,173,612	\$ 3,494,904	\$ 1,711,750	\$ 1,620,789	\$ 1,654,600	\$ 1,691,999
Covered Payroll	\$ 3,777,068	\$ 3,826,545	\$ 3,522,249	\$ 3,799,135	\$ 4,814,704	\$ 5,284,495
City's Total OPEB Liability as a Percentage of Covered Payroll	84.02%	91.33%	48.60%	42.66%	34.37%	32.02%

Notes to Schedule

Valuation Date December 31, 2022

Methods and Assumptions used to Determine Contribution Rates:

Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	4.05% as of December 31, 2022
Inflation	2.50%
Salary Increases	3.50% to 11.50% for TMRS and 4.10% to 6.00% for Firefighters, including inflation
Demographic Assumptions	TMRS: Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS). Firefighters: Based on those disclosures in the Paris Firefighters' Relief and Retirement Fund pension valuation report as of December 31, 2020.
Mortality	TMRS: For healthy retirees, the gender distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables published through 2019 to account for future mortality improvements. Firefighters: For healthy retirees, the Pub-2010 Public Safety Below Median Healthy Retiree mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP-2018 tables to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 13 years; the City's subsidy is assumed to increase by 3.00% per year.
Participation Rates	95% of eligible TMRS employees and Firefighters
Other Information	The discount rate changed from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022.

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

COMBINING AND INDIVIDUAL NONMAJOR
FUND STATEMENTS AND SCHEDULES

CITY OF PARIS, TEXAS
Nonmajor Governmental Funds
September 30, 2023

Special Revenue

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

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

Cox Field Airport Fund – This fund accounts for activities of Cox Field Airport.

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

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

Permanent Funds

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

Other Major Governmental Funds

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

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

CITY OF PARIS, TEXAS
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2023

Schedule 7

	Special Revenue				Permanent	Total Nonmajor Governmental Funds
	Community Development Block Grant	Special Revenue Fund	Cox Field Airport	Library Memorial Funds	Library Trust Funds	
ASSETS						
Cash and Cash Equivalents	\$ 41,202	\$ 1,566,671	\$ -	\$ 81,211	\$ 633	\$ 1,689,717
Investments	197,008	-	-	-	99,897	296,905
Receivables						
Accounts (Net)	-	-	9,977	-	-	9,977
Leases	-	-	824,370	-	-	824,370
Inventories	-	-	1,975	-	-	1,975
Prepaid Items	-	-	1,383	-	-	1,383
Due from Other Funds	-	12,712	70,000	-	-	82,712
Due from Other Governments	-	-	48,922	-	-	48,922
Total Assets	<u>\$ 238,210</u>	<u>\$ 1,579,383</u>	<u>\$ 956,627</u>	<u>\$ 81,211</u>	<u>\$ 100,530</u>	<u>\$ 2,955,961</u>
LIABILITIES						
Accounts Payable	\$ -	\$ 7,437	\$ 28,390	\$ -	\$ -	\$ 35,827
Total Liabilities	<u>-</u>	<u>7,437</u>	<u>28,390</u>	<u>-</u>	<u>-</u>	<u>35,827</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue Related to Leases	-	-	802,271	-	-	802,271
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>802,271</u>	<u>-</u>	<u>-</u>	<u>802,271</u>
FUND BALANCES						
Nonspendable						
Inventory	-	-	1,975	-	-	1,975
Permanent Library Funds	-	-	-	-	100,530	100,530
Restricted for:						
Law Enforcement	-	1,408,798	-	-	-	1,408,798
Community Development	-	163,148	123,991	-	-	287,139
Assigned:						
Library	-	-	-	81,211	-	81,211
Community Development	238,210	-	-	-	-	238,210
Total Fund Balances	<u>238,210</u>	<u>1,571,946</u>	<u>125,966</u>	<u>81,211</u>	<u>100,530</u>	<u>2,117,863</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 238,210</u>	<u>\$ 1,579,383</u>	<u>\$ 956,627</u>	<u>\$ 81,211</u>	<u>\$ 100,530</u>	<u>\$ 2,955,961</u>

CITY OF PARIS, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended September 30, 2023

Schedule 8

	Special Revenue				Permanent	Total Nonmajor Governmental Funds
	Community Development Block Grant	Special Revenue	Cox Field Airport	Library Memorial Funds	Library Trust Funds	
				Total		
REVENUES						
Fees and Fines	\$ -	\$ 28,373	\$ -	\$ -	\$ 28,373	\$ 28,373
Hotel Occupancy Taxes	-	49,842	-	-	49,842	49,842
Intergovernmental	-	17,196	323,922	-	341,118	341,118
Leases	-	-	99,258	-	99,258	99,258
Charges for Services	-	-	848,777	-	848,777	848,777
Use of Money and Property	14,743	69,952	20,186	6,000	110,881	112,528
Miscellaneous	-	94,423	22,034	4,256	120,713	120,713
Total Revenues	14,743	259,786	1,314,177	10,256	1,598,962	1,600,609
EXPENDITURES						
Current						
General Government	-	40,798	-	-	40,798	40,798
Public Safety	-	2,968	-	-	2,968	2,968
Cox Field	-	-	975,641	-	975,641	975,641
Culture and Recreation	-	-	-	8,193	8,193	8,193
Capital Outlay						
Public Works	-	85,180	-	-	85,180	85,180
Cox Field	-	-	290,800	-	290,800	290,800
Total Expenditures	-	128,946	1,266,441	8,193	1,403,580	1,403,580
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,743	130,840	47,736	2,063	195,382	197,029
Other Financing Sources (Uses)						
Transfers In	-	105,915	-	-	105,915	105,915
Transfers Out	-	(10,130)	(23,550)	-	(33,680)	(33,680)
Total Other Financing Sources (Uses)	-	95,785	(23,550)	-	72,235	72,235
Net Changes in Fund Balances	14,743	226,625	24,186	2,063	267,617	269,264
Fund Balances - Beginning	223,467	1,345,321	101,780	79,148	1,749,716	1,848,599
Fund Balances - Ending	\$ 238,210	\$ 1,571,946	\$ 125,966	\$ 81,211	\$ 2,017,333	\$ 2,117,863

CITY OF PARIS, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Special Revenue Funds
Year Ended September 30, 2023

Schedule 9

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fees and Fines	\$ 43,800	\$ 43,800	\$ 28,373	\$ (15,427)
Hotel Occupancy Taxes	45,000	45,000	49,842	4,842
Intergovernmental	255,000	255,000	341,118	86,118
Leases	-	-	99,258	99,258
Charges for Services	750,000	750,000	848,777	98,777
Interest Earned	2,655	2,655	110,881	108,226
Miscellaneous	163,341	163,341	120,713	(42,628)
Total Revenues	<u>1,259,796</u>	<u>1,259,796</u>	<u>1,598,962</u>	<u>339,166</u>
EXPENDITURES				
Municipal Court	39,050	39,050	40,798	(1,748)
Police	66,000	66,000	2,968	63,032
Public Works	-	-	85,180	(85,180)
Culture and Recreation	-	-	8,193	(8,193)
Health	3,000	3,000	-	3,000
Cox Field	1,474,081	1,474,081	1,266,441	207,640
Total Expenditures	<u>1,582,131</u>	<u>1,582,131</u>	<u>1,403,580</u>	<u>178,551</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(322,335)</u>	<u>(322,335)</u>	<u>195,382</u>	<u>517,717</u>
Other Financing Sources (Uses)				
Transfers In	205,000	205,000	105,915	(99,085)
Transfers Out	-	-	(33,680)	(33,680)
Total Other Financing Sources (Uses)	<u>205,000</u>	<u>205,000</u>	<u>72,235</u>	<u>(132,765)</u>
Net Changes in Fund Balance	(117,335)	(117,335)	267,617	384,952
Fund Balance - Beginning	<u>1,749,716</u>	<u>1,749,716</u>	<u>1,749,716</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,632,381</u>	<u>\$ 1,632,381</u>	<u>\$ 2,017,333</u>	<u>\$ 384,952</u>

CITY OF PARIS, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Debt Service Fund
Year Ended September 30, 2023

Schedule 10

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ 504,828	\$ 504,828	\$ 1,079,215	\$ 574,387
Hotel Occupancy Taxes	200,000	200,000	284,814	84,814
Interest Earned	1,300	1,300	144,595	143,295
Miscellaneous	636,637	636,637	-	(636,637)
Total Revenues	<u>1,342,765</u>	<u>1,342,765</u>	<u>1,508,624</u>	<u>165,859</u>
EXPENDITURES				
Bond Principal Retirement	1,028,728	1,028,728	1,028,728	-
Interest and Fiscal Charges	598,652	598,652	276,830	321,822
Total Expenditures	<u>1,627,380</u>	<u>1,627,380</u>	<u>1,305,558</u>	<u>321,822</u>
Excess of Revenues Over Expenditures	<u>(284,615)</u>	<u>(284,615)</u>	<u>203,066</u>	<u>487,681</u>
Other Financing Sources (Uses)				
Refunding Bonds Issued	320,586	320,586	-	(320,586)
Total Other Financing Sources (Uses)	<u>320,586</u>	<u>320,586</u>	<u>-</u>	<u>(320,586)</u>
Net Changes in Fund Balance	35,971	35,971	203,066	167,095
Fund Balance - Beginning	<u>1,799,656</u>	<u>1,799,656</u>	<u>1,799,656</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,835,627</u>	<u>\$ 1,835,627</u>	<u>\$ 2,002,722</u>	<u>\$ 167,095</u>

CITY OF PARIS, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Capital Projects Fund
From Inception and Year Ended September 30, 2023

Schedule 11

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization (Budget)</u>
REVENUES				
Interest Earned	\$ 568,280	\$ 161,912	\$ 730,192	\$ -
Other	267,806	234,770	502,576	-
Total Revenues	<u>836,086</u>	<u>396,682</u>	<u>1,232,768</u>	<u>-</u>
EXPENDITURES				
General Government	1,940,820	299,809	2,240,629	314,109
Police	285,630	-	285,630	285,630
Fire	915,942	-	915,942	915,942
Community Development	725,207	-	725,207	1,393,624
Engineering	35,555	-	35,555	35,555
Parks and Recreation	563,384	-	563,384	923,781
Solid Waste	568,811	-	568,811	1,181,019
Public Works	13,339,696	1,000	13,340,696	8,095,265
Health	144,232	-	144,232	228,000
Library	7,100	-	7,100	35,000
Cox Field Airport	110,667	-	110,667	159,100
Total Expenditures	<u>18,637,044</u>	<u>300,809</u>	<u>18,937,853</u>	<u>13,567,025</u>
Deficiency of Revenues Over Expenditures	(17,800,958)	95,873	(17,705,085)	(13,567,025)
Other Financing Sources (Uses)				
Transfers In	9,604,042	410,000	10,014,042	-
Transfers Out	(2,549,549)	-	(2,549,549)	-
Certificates of Obligation Issued	12,918,399	-	12,918,399	-
SPECIAL ITEM				
Proceeds from Sale of Assets	<u>90,100</u>	<u>-</u>	<u>90,100</u>	<u>-</u>
Net Changes in Fund Balance	<u>\$ 2,262,034</u>	<u>505,873</u>	<u>\$ 2,767,907</u>	<u>\$ (13,567,025)</u>
Fund Balance - Beginning		<u>2,432,341</u>		
Fund Balance - Ending		<u>\$ 2,938,214</u>		

CAPITAL ASSETS USED IN
THE OPERATION OF GOVERNMENTAL FUNDS

CITY OF PARIS, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source
September 30, 2023 and 2022

Schedule 12

	<u>2023</u>	<u>2022</u>
Governmental Funds Capital Assets		
Land	\$ 6,142,418	\$ 6,101,909
Buildings	22,523,529	20,640,470
Improvements Other Than Buildings	6,695,332	6,664,963
Machinery and Equipment	24,646,150	23,985,850
Infrastructure	52,818,522	52,733,342
Construction in Progress	<u>311,377</u>	<u>1,484,125</u>
Total Governmental Funds Capital Assets	<u>\$ 113,137,328</u>	<u>\$ 111,610,659</u>
Investments in Governmental Funds Capital Assets by Source		
General Fund	\$ 71,833,545	\$ 70,607,685
Capital Projects Funds	33,512,449	33,211,640
Donations	<u>7,791,334</u>	<u>7,791,334</u>
Total Investments in Governmental Funds Capital Assets by Source	<u>\$ 113,137,328</u>	<u>\$ 111,610,659</u>

STATISTICAL SECTION

CITY OF PARIS, TEXAS
Statistical Section
September 30, 2023

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

Financial Trends

Tables 1-4

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

Tables 5 - 8

These schedules contain information to help the reader assess the government's most significant local revenue source, the ad valorem tax.

Debt Capacity

Tables 9-13

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

Tables 14-15

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

Tables 16-19

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

CITY OF PARIS, TEXAS
Net Assets/Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Unaudited

Table 1

	Fiscal Year			
	2014	2015	2016	2017
Governmental Activities:				
Net Investment in Capital Assets	\$ 28,427,758	\$ 28,043,910	\$ 30,505,784	\$ 21,971,338
Restricted	4,949,039	3,393,033	3,003,799	3,004,564
Unrestricted	10,023,934	5,694,771	1,890,470	11,159,128
Total Governmental Activities, Net Position	<u>\$ 43,400,731</u>	<u>\$ 37,131,714</u>	<u>\$ 35,400,053</u>	<u>\$ 36,135,030</u>
Business-Type Activities:				
Net Investment in Capital Assets	\$ 33,041,432	\$ 33,331,038	\$ 33,466,855	\$ 24,198,822
Restricted	-	-	-	-
Unrestricted	12,172,944	13,508,734	14,460,833	22,900,345
Total Business-Type Activities, Net Position	<u>\$ 45,214,376</u>	<u>\$ 46,839,772</u>	<u>\$ 47,927,688</u>	<u>\$ 47,099,167</u>
Primary Government:				
Net Investment in Capital Assets	\$ 61,469,190	\$ 61,374,948	\$ 63,972,639	\$ 46,170,160
Restricted	4,949,039	3,393,033	3,003,799	3,004,564
Unrestricted	22,196,878	19,203,505	16,351,303	34,059,473
Total Primary Government, Net Assets/Position	<u>\$ 88,615,107</u>	<u>\$ 83,971,486</u>	<u>\$ 83,327,741</u>	<u>\$ 83,234,197</u>

Table 1
(Continued)

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 20,713,428	\$ 18,064,569	\$ 21,907,532	\$ 26,703,929	\$ 28,267,799	\$ 31,070,770
12,548,372	8,782,171	8,272,920	7,357,621	6,528,631	7,540,275
53,717	4,831,122	6,866,108	6,606,102	22,093,914	22,295,017
<u>\$ 33,315,517</u>	<u>\$ 31,677,862</u>	<u>\$ 37,046,560</u>	<u>\$ 40,667,652</u>	<u>\$ 56,890,344</u>	<u>\$ 60,906,062</u>
\$ 18,322,809	\$ 25,779,748	\$ 28,880,579	\$ 31,236,956	\$ 20,720,075	\$ 26,718,407
-	-	-	-	-	-
22,945,722	16,473,443	14,923,230	13,975,247	15,457,391	15,782,990
<u>\$ 41,268,531</u>	<u>\$ 42,253,191</u>	<u>\$ 43,803,809</u>	<u>\$ 45,212,203</u>	<u>\$ 36,177,466</u>	<u>\$ 42,501,397</u>
\$ 39,036,237	\$ 43,844,317	\$ 50,788,111	\$ 57,940,885	\$ 48,987,874	\$ 57,789,177
12,548,372	8,782,171	8,272,920	7,357,621	6,528,631	7,540,275
22,999,439	21,304,565	21,789,338	20,581,349	37,551,305	38,078,007
<u>\$ 74,584,048</u>	<u>\$ 73,931,053</u>	<u>\$ 80,850,369</u>	<u>\$ 85,879,855</u>	<u>\$ 93,067,810</u>	<u>\$ 103,407,459</u>

CITY OF PARIS, TEXAS
Changes in Net Assets/Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Unaudited

Table 2

	Fiscal Year			
	2014	2015	2016	2017
EXPENSES				
Governmental Activities:				
General Government	\$ 2,997,393	\$ 2,909,807	\$ 3,463,908	\$ 3,748,965
Finance	407,463	404,567	400,665	398,262
Public Safety	10,449,953	11,037,966	12,595,127	12,456,655
Public Works	7,909,651	7,508,978	7,020,333	7,126,349
Health	3,228,513	2,404,782	2,633,051	2,836,429
Library Services	816,376	790,339	799,187	781,092
Cox Field Airport	158,632	152,063	217,995	235,546
Interest on Long-Term Debt	287,256	276,197	237,313	185,852
Bond Issue Costs	-	-	-	-
Total Governmental Activities Expenses	26,255,237	25,484,699	27,367,579	27,769,150
Business-Type Activities:				
Water and Sewer Services	11,940,791	11,929,499	12,100,940	14,095,860
Total Primary Government Expenses	38,196,028	37,414,198	39,468,519	41,865,010
PROGRAM REVENUES				
Governmental Activities:				
Charges for Services:				
General Government	3,310	17,634	6,572	181,197
Public Safety	433,828	370,308	361,100	342,083
Public Works	1,799,918	1,862,606	1,780,836	1,463,576
Health	2,371,757	2,391,817	2,519,387	2,609,811
Library Services	19,400	19,433	16,874	127,997
Cox Field	67,037	76,689	91,810	98,382
Operating Grants and Contributions	926,506	1,396,711	672,298	338,718
Capital Grants and Contributions	690,176	271,961	424,332	2,147,065
Total Governmental Activities Program Revenues	6,311,932	6,407,159	5,873,209	7,308,829
Business-Type Activities:				
Charges for Services:				
Water and Sewer Service	13,881,328	14,281,964	14,617,218	13,781,748
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	-	-	-	-
Total Business-Type Activities	13,881,328	14,281,964	14,617,218	13,781,748
Total Primary Government Program Revenues	20,193,260	20,689,123	20,490,427	21,090,577

Table 2
(Continued)

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 3,421,223	\$ 3,651,888	\$ 3,927,783	\$ 5,000,473	\$ 7,371,230	\$ 4,224,231
404,443	402,943	481,645	480,880	519,980	1,051,634
12,061,033	13,228,151	12,727,703	11,874,360	12,265,360	13,157,874
6,882,186	8,274,343	6,699,707	6,452,355	8,186,910	9,148,859
2,884,339	3,205,596	4,267,819	3,962,596	3,781,493	9,029,457
866,435	914,874	846,669	762,080	774,910	932,113
243,666	344,964	311,796	374,649	1,099,517	1,109,416
399,291	194,004	115,000	99,169	52,281	39,542
-	-	-	-	-	-
27,162,616	30,216,763	29,378,122	29,006,562	34,051,681	38,693,126
14,594,309	14,568,695	14,026,074	15,241,543	15,747,874	19,043,534
41,756,925	44,785,458	43,404,196	44,248,105	49,799,555	57,736,660
214,000	304,818	277,689	237,376	567,805	513,883
376,322	353,571	562,859	530,151	346,023	317,331
1,470,248	1,437,157	1,473,803	1,493,826	1,488,587	1,479,235
2,732,908	2,979,160	4,790,535	4,818,960	5,946,071	8,745,253
120,942	100,014	60,928	80,657	65,827	75,814
134,716	161,527	161,619	170,579	774,986	840,779
154,497	165,064	2,151,740	369,289	522,574	1,536,446
522,574	1,160,602	324,889	239,450	1,096,373	1,090,865
5,726,207	6,661,913	9,804,062	7,940,288	10,808,246	14,599,606
14,168,934	14,452,703	15,043,788	16,567,528	18,397,839	19,633,034
-	-	-	-	1,371,533	998,533
-	-	-	-	-	62,500
14,168,934	14,452,703	15,043,788	16,567,528	19,769,372	20,694,067
19,895,141	21,114,616	24,847,850	24,507,816	30,577,618	35,293,673

CITY OF PARIS, TEXAS
Changes in Net Assets/Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Unaudited

Table 2
(Continued)

	Fiscal Year			
	2014	2015	2016	2017
Net (Expense)/Revenue				
Governmental Activities	(19,943,305)	(19,077,540)	(21,494,370)	(20,460,321)
Business-Type Activities	1,940,537	2,352,465	2,516,278	(314,112)
Total Primary Government, Net Expense	(18,002,768)	(16,725,075)	(18,978,092)	(20,774,433)
General Revenues and Other Changes in Net Assets/Position				
Governmental Activities:				
Taxes				
Property	7,575,840	7,651,005	7,748,872	8,175,530
Sales	6,416,749	7,684,113	7,051,858	7,233,526
Franchise	2,662,604	2,641,537	2,502,614	4,211,397
Hotel Occupancy	547,354	594,493	630,545	657,270
Investment Earnings	45,799	51,741	80,129	173,656
Grants, Donations, and Miscellaneous	122,703	369,689	315,989	361,125
Capital Contributions	(10,682)	1,087,474	651,847	-
Gain/Loss on Sale of Capital Assets	-	-	(57,026)	-
Transfers	-	-	1,579,100	382,794
Total Governmental Activities	17,360,367	20,080,052	20,503,928	21,195,298
Business-Type Activities:				
Taxes	-	-	-	-
Investment Earnings	83,206	77,787	291,131	315,872
Contribution	101,000	-	-	-
Gain/Loss on Sale of Capital Assets	-	-	-	-
Transfers	10,682	(1,087,474)	(1,579,100)	(382,794)
Total Business-Type Activities	194,888	(1,009,687)	(1,287,969)	(66,922)
Total Primary Government	17,555,255	19,070,365	19,215,959	21,128,376
Changes in Net Assets/Position				
Governmental Activities	(2,582,938)	1,002,512	(990,442)	734,977
Business-Type Activities	2,135,425	1,342,778	1,228,309	(381,034)
Total Primary Government	\$ (447,513)	\$ 2,345,290	\$ 237,867	\$ 353,943

Table 2
(Continued)

Fiscal Year					
2018	2019	2020	2021	2022	2023
(21,436,409)	(23,554,850)	(19,574,060)	(21,066,274)	(23,243,435)	(24,093,520)
(425,375)	(115,992)	1,017,714	1,325,985	4,021,498	1,650,533
(21,861,784)	(23,670,842)	(18,556,346)	(19,740,289)	(19,221,937)	(22,442,987)
9,170,951	9,358,943	9,338,087	9,561,394	9,863,420	9,207,529
7,317,162	7,369,079	8,245,939	9,196,157	9,650,605	10,496,451
4,315,694	4,305,851	4,714,021	4,253,182	4,827,601	4,725,373
662,263	675,158	872,418	1,192,873	1,151,124	1,284,639
426,518	581,115	197,203	41,704	279,262	1,369,937
387,306	272,338	714,470	546,391	1,548,315	1,012,657
-	-	-	-	-	-
(57,940)	49,951	25,246	125,176	111,727	170,071
610,955	(523,031)	(146,679)	(177,451)	11,746,203	(157,419)
22,832,909	22,089,404	23,960,705	24,739,426	39,178,257	28,109,238
-	-	-	-	-	1,228,894
380,393	577,621	427,723	(51,563)	(1,376,170)	3,248,285
-	-	-	-	-	-
-	-	-	19,321	66,138	38,800
(610,955)	523,031	146,679	177,451	(11,746,203)	157,419
(230,562)	1,100,652	574,402	145,209	(13,056,235)	4,673,398
22,602,347	23,190,056	24,535,107	24,884,635	26,122,022	32,782,636
1,396,500	(1,465,446)	4,386,645	3,673,152	15,934,822	4,015,718
(655,937)	984,660	1,592,116	1,471,194	(9,034,737)	6,323,931
\$ 740,563	\$ (480,786)	\$ 5,978,761	\$ 5,144,346	\$ 6,900,085	\$ 10,339,649

CITY OF PARIS, TEXAS
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
Unaudited

Table 3

	Fiscal Year			
	2014	2015	2016	2017
General Fund				
Nonspendable	\$ 233,127	\$ 294,776	\$ 223,911	\$ 326,985
Restricted	271,269	331,086	387,950	446,493
Unassigned	11,194,101	12,969,124	10,227,839	10,849,390
Total General Fund	<u>\$ 11,698,497</u>	<u>\$ 13,594,986</u>	<u>\$ 10,839,700</u>	<u>\$ 11,622,868</u>
All Other Governmental Funds				
Nonspendable	\$ 90,572	\$ 90,800	\$ 91,565	\$ 92,347
Restricted	3,031,192	2,726,900	2,525,049	12,009,532
Assigned	389,511	267,440	188,569	82,042
Unassigned	-	-	-	57,705
Total All Other Governmental Funds	<u>\$ 3,511,275</u>	<u>\$ 3,085,140</u>	<u>\$ 2,805,183</u>	<u>\$ 12,241,626</u>

Table 3
(Continued)

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 418,995	\$ 483,575	\$ 500,495	\$ 181,620	\$ 394,147	\$ 273,147
498,359	577,814	659,322	710,901	750,650	802,872
11,753,392	12,390,089	15,990,260	20,596,761	23,926,645	26,253,936
<u>\$ 12,670,746</u>	<u>\$ 13,451,478</u>	<u>\$ 17,150,077</u>	<u>\$ 21,489,282</u>	<u>\$ 25,071,442</u>	<u>\$ 27,329,955</u>
\$ 93,689	\$ 96,007	\$ 98,400	\$ 98,543	\$ (46,841)	\$ 102,505
10,991,000	8,108,350	7,512,067	6,633,684	5,679,098	6,636,873
299,013	292,571	295,955	-	302,615	319,421
-	-	-	-	145,724	-
<u>\$ 11,383,702</u>	<u>\$ 8,496,928</u>	<u>\$ 7,906,422</u>	<u>\$ 6,732,227</u>	<u>\$ 6,080,596</u>	<u>\$ 7,058,799</u>

CITY OF PARIS, TEXAS
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
Unaudited

Table 4

	Fiscal Year		
	2014	2015	2016
REVENUES			
Taxes	\$ 17,194,419	\$ 18,457,686	\$ 17,976,072
Licenses and Permits	386,775	220,696	152,016
Fines and Fees	586,429	573,953	515,147
Leases	-	-	-
Charges for Services	-	-	-
Use of Money and Property	138,629	137,030	173,004
Sanitation	1,472,278	1,462,810	1,474,874
Health	2,111,439	2,383,355	2,519,387
Intergovernmental	1,603,165	1,662,824	1,096,630
Other	169,261	224,463	386,853
Total Revenues	23,662,395	25,122,817	24,293,983
EXPENDITURES			
Current:			
General Government	1,153,686	1,076,798	1,301,401
Finance	407,443	404,567	400,665
Public Safety	9,712,876	10,206,584	11,125,560
Public Works	6,507,603	5,861,079	5,556,359
Health Department	916,260	8,672	-
Emergency Medical Service	2,127,225	2,240,853	2,366,673
Library	707,716	692,290	717,395
Cox Field Airport	97,778	102,539	110,330
Other	1,548,753	1,641,714	1,771,889
Debt Service:			
Interest	311,919	280,733	254,304
Principal	1,226,543	1,077,610	991,899
Bond Issuance Costs	-	-	-
Capital Outlay	1,332,959	1,920,359	4,474,952
Total Expenditures	26,050,761	25,513,798	29,071,427
Excess (Deficiency) of Revenues Over Expenditures	(2,388,366)	(390,981)	(4,777,444)
Other Financing Sources (Uses):			
Proceeds of Capital Leases	-	617,114	975,185
General Obligation Bonds Issued	-	-	-
Certificates of Obligation Issued	-	-	-
Tax Notes Issued	-	-	-
Issue Costs	-	-	-
Insurance Recoveries	-	-	-
Inception of Lease	-	-	-
Inception of Subscription-Based IT Arrangement	-	-	-
Transfers In	1,782,291	1,504,281	3,437,300
Transfers Out	(1,792,973)	(416,807)	(1,858,200)
Long-Term Debt Issued	-	-	-
Payment to Escrow Agent and Premium	-	-	-
Proceeds From Sale of General Capital Assets	-	95,098	-
Total Other Financing Sources (Uses)	(10,682)	1,799,686	2,554,285
Increase (Decrease) in Reserve for Inventory	(38,165)	61,649	(70,865)
Net Changes in Fund Balances	\$ (2,437,213)	\$ 1,470,354	\$ (2,294,024)
Debt Service as a Percentage of Noncapital Expenditures	5.38%	5.76%	5.07%

Table 4
(Continued)

Fiscal Year						
2017	2018	2019	2020	2021	2022	2023
\$20,280,057	\$21,447,857	\$21,672,347	\$23,106,141	\$ 24,155,434	\$ 25,561,800	\$ 25,793,589
155,363	197,920	277,507	259,117	211,668	532,557	484,807
491,880	495,708	480,618	743,152	663,873	472,743	455,229
-	-	-	-	-	167,337	180,619
-	-	-	-	-	774,986	848,777
272,039	561,234	742,644	375,074	212,284	282,927	1,369,937
1,463,576	1,470,248	1,437,157	1,462,452	1,470,237	1,462,220	1,461,058
2,609,811	2,614,504	2,991,995	5,117,649	4,806,996	5,933,986	8,733,472
1,463,514	677,072	1,325,665	2,503,393	706,574	1,704,040	2,392,541
258,051	346,789	214,502	692,664	524,586	1,207,739	1,065,955
26,994,291	27,811,332	29,142,435	34,259,642	32,751,652	38,100,335	42,785,984
1,288,458	1,180,280	1,230,366	1,371,042	1,178,384	1,436,945	1,402,106
398,262	404,443	402,943	481,645	480,880	519,980	1,051,634
11,026,655	10,850,538	11,253,953	12,032,115	11,374,139	23,924,796	12,482,397
5,549,270	5,356,374	5,644,019	5,065,867	4,991,668	6,050,354	6,817,178
-	-	-	-	-	-	-
2,535,135	2,670,131	2,845,874	4,058,990	5,200,828	5,595,417	8,717,240
697,503	736,513	756,566	723,742	679,491	716,644	813,148
129,269	112,562	210,851	179,631	242,809	972,755	975,641
1,738,115	1,716,365	1,845,609	1,922,363	1,838,073	1,829,866	1,936,078
196,358	447,294	443,205	398,844	389,169	331,657	304,184
1,161,513	1,580,682	1,577,803	1,635,788	3,315,266	1,663,315	1,196,529
103,399	4,410	-	-	-	-	-
2,350,010	3,564,942	4,399,885	5,540,837	2,615,698	4,596,338	4,137,225
27,173,947	28,624,534	30,611,074	33,410,864	32,306,405	47,638,067	39,833,360
(179,656)	(813,202)	(1,468,639)	848,778	445,247	(9,537,732)	2,952,624
-	-	-	-	-	-	-
9,913,399	190,000	-	-	1,765,000	-	-
-	-	-	1,500,000	-	-	-
-	-	-	-	1,115,000	-	-
-	-	-	(62,000)	(81,992)	-	-
-	-	57,835	-	-	-	-
-	-	-	-	-	278,821	13,421
-	-	-	-	-	-	218,091
466,536	994,335	27,678	2,570,626	3,358,332	12,424,649	1,699,025
(83,742)	(383,374)	(550,708)	(2,717,305)	(3,535,783)	(678,446)	(1,856,445)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	28,000	151,266	155,367	210,000
10,296,193	800,961	(465,195)	1,319,321	2,771,823	12,180,391	284,092
103,074	40,517	-	-	-	-	-
\$10,219,611	\$ 28,276	\$ (1,933,834)	\$ 2,168,099	\$ 3,217,070	\$ 2,642,659	\$ 3,236,716
5.47%	8.09%	7.71%	7.30%	12.48%	4.45%	3.97%

CITY OF PARIS, TEXAS
Property Tax Levies and Collections (1)
Last Ten Fiscal Years
Unaudited

Table 5

<u>Roll</u>	<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Collection of Current Year's Taxes During Fiscal Year</u>	<u>Percent of Current Levy Collected During Fiscal Year</u>	<u>Delinquent Tax Collections</u>	<u>Total Collections</u>
2013	2013-14	\$ 7,498,327	\$ 7,309,230	97.48%	\$ 119,430	\$ 7,428,660
2014	2014-15	7,626,530	7,348,250	96.35	111,210	7,459,460
2015	2015-16	7,627,731	7,406,830	97.10	215,544	7,622,374
2016	2016-17	8,093,094	7,940,087	98.11	116,317	8,056,404
2017	2017-18	9,145,965	8,973,214	98.11	62,442	9,035,656
2018	2018-19	9,381,829	9,208,248	98.15	137,647	9,345,895
2019	2019-20	9,332,621	9,047,982	96.95	109,970	9,157,952
2020	2020-21	9,592,756	9,321,264	97.17	134,553	9,455,817
2021	2021-22	9,888,259	9,673,449	97.83	141,826	9,815,275
2022	2022-23	10,441,096	10,204,442	97.73	155,315	10,359,757

Source:

Lamar County Appraisal District

Note:

- (1) Taxes stated are for General Fund and Debt Service Funds.
- (2) Penalty, interest, and attorney fees not included.

Table 5
(Continued)

Ratio of Total Collections To Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes To Total Tax Levy
99.07	\$ 186,382	2.48
97.81	279,144	3.66
99.93	221,880	2.91
99.54	153,007	1.89
98.79	172,751	1.89
99.61	173,582	1.85
98.13	284,639	3.05
98.57	271,491	2.83
99.26	215,835	2.18
99.22	236,654	2.26

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CITY OF PARIS, TEXAS
Property Tax Rates-All Direct and Overlapping Governments
(Per \$100 of Assessed Value)
Last Ten Fiscal Years
Unaudited

Table 6

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
City of Paris										
M & O	\$ 0.39129	\$ 0.40635	\$ 0.42547	\$ 0.42443	\$ 0.44248	\$ 0.43831	\$ 0.40868	\$ 0.39788	\$ 0.37357	\$ 0.34377
I & S	0.11066	0.09560	0.07648	0.07752	0.10947	0.11364	0.10740	0.08290	0.08016	0.09901
Total	<u>\$ 0.50195</u>	<u>\$ 0.50195</u>	<u>\$ 0.50195</u>	<u>\$ 0.50195</u>	<u>\$ 0.55195</u>	<u>\$ 0.55195</u>	<u>\$ 0.51608</u>	<u>\$ 0.48078</u>	<u>\$ 0.45373</u>	<u>\$ 0.44278</u>
Lamar County										
M & O	\$ 0.40580	\$ 0.42640	\$ 0.40920	\$ 0.40660	\$ 0.37550	\$ 0.36740	\$ 0.37630	\$ 0.38180	\$ 0.34250	\$ 0.32780
I & S	0.01930	0.01900	0.01830	0.01730	0.01880	0.01910	0.01770	0.00210	0.01830	0.01700
Total	<u>\$ 0.42510</u>	<u>\$ 0.44540</u>	<u>\$ 0.42750</u>	<u>\$ 0.42390</u>	<u>\$ 0.39430</u>	<u>\$ 0.38650</u>	<u>\$ 0.39400</u>	<u>\$ 0.38390</u>	<u>\$ 0.36080</u>	<u>\$ 0.34480</u>
Paris ISD										
M & O	\$ 1.17000	\$ 1.17000	\$ 1.17000	\$ 1.17000	\$ 1.17000	\$ 1.17000	\$ 1.06840	\$ 1.05190	\$ 0.99200	\$ 0.94290
I & S	0.28500	0.28500	0.28500	0.28500	0.28500	0.28500	0.28500	0.25970	0.25970	0.24900
Total	<u>\$ 1.45500</u>	<u>\$ 1.45500</u>	<u>\$ 1.45500</u>	<u>\$ 1.45500</u>	<u>\$ 1.45500</u>	<u>\$ 1.45500</u>	<u>\$ 1.35340</u>	<u>\$ 1.31160</u>	<u>\$ 1.25170</u>	<u>\$ 1.19190</u>
Chisum ISD										
M & O	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 0.96640	\$ 0.96640	\$ 0.96340	\$ 0.93280
I & S	0.14500	0.14678	0.14678	0.20650	0.19500	0.19000	0.18000	0.18000	0.18000	0.18000
Total	<u>\$ 1.18500</u>	<u>\$ 1.18678</u>	<u>\$ 1.18678</u>	<u>\$ 1.24650</u>	<u>\$ 1.23500</u>	<u>\$ 1.23000</u>	<u>\$ 1.14640</u>	<u>\$ 1.14640</u>	<u>\$ 1.14340</u>	<u>\$ 1.11280</u>
North Lamar ISD										
M & O	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 1.04000	\$ 0.96640	\$ 0.96640	\$ 0.89600	\$ 0.85460
I & S	0.07110	0.06750	0.06750	-	-	-	-	-	0.25000	0.25000
Total	<u>\$ 1.11110</u>	<u>\$ 1.10750</u>	<u>\$ 1.10750</u>	<u>\$ 1.04000</u>	<u>\$ 1.04000</u>	<u>\$ 1.04000</u>	<u>\$ 0.96640</u>	<u>\$ 0.96640</u>	<u>\$ 1.14600</u>	<u>\$ 1.10460</u>
Paris Junior College										
M & O	\$ 0.18660	\$ 0.18660	\$ 0.18750	\$ 0.17730	\$ 0.08500	\$ 0.08500	\$ 0.08400	\$ 0.08900	\$ 0.08150	\$ 0.07490
I & S	-	-	-	-	-	-	-	-	-	-
Total	<u>\$ 0.18660</u>	<u>\$ 0.18660</u>	<u>\$ 0.18750</u>	<u>\$ 0.17730</u>	<u>\$ 0.08500</u>	<u>\$ 0.08500</u>	<u>\$ 0.08400</u>	<u>\$ 0.08900</u>	<u>\$ 0.08150</u>	<u>\$ 0.07490</u>

Source:
Lamar County Appraisal District

CITY OF PARIS, TEXAS
Assessed and Estimated Actual Value of Property
Last Ten Fiscal Years
Unaudited

Table 7

Roll	Year	Real Property		Personal Property	
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2013	2013-14	\$1,033,357,277	\$1,438,785,698	\$ 469,901,615	\$ 654,358,864
2014	2014-15	1,007,593,690	1,472,220,698	522,773,397	763,567,027
2015	2015-16	1,006,810,741	1,490,882,796	526,923,827	780,316,817
2016	2016-17	1,148,246,077	1,725,298,577	479,151,390	720,199,051
2017	2017-18	1,206,992,530	1,773,796,952	474,754,769	697,701,527
2018	2018-19	1,236,252,824	1,807,476,750	495,983,817	725,129,690
2019	2019-20	1,295,418,472	1,870,747,790	498,742,817	720,268,510
2020	2020-21	1,391,511,659	1,933,860,434	532,519,786	740,100,180
2021	2021-22	1,667,126,345	2,305,669,290	560,875,228	775,657,080
2022	2022-23	1,784,537,195	2,476,266,752	638,929,410	886,666,860

Sources:

Lamar County Appraisal District

Table 7
(Continued)

Exemptions	Total		Assessed Value as a Percentage of Actual Value	Total Direct Tax Rate
	Assessed Value	Estimated Actual Value		
\$ 589,885,670	\$1,503,258,892	\$2,093,144,562	71.82%	\$ 0.50195
705,420,637	1,530,367,087	2,235,787,725	68.45	0.50195
737,465,045	1,533,734,568	2,271,199,613	67.53	0.50195
818,100,161	1,627,397,467	2,445,497,628	66.55	0.50195
789,751,180	1,681,747,299	2,471,498,479	68.04	0.55195
800,369,799	1,732,236,641	2,532,606,440	68.40	0.55195
796,855,011	1,794,161,289	2,591,016,300	69.25	0.51608
749,929,169	1,924,031,445	2,673,960,614	71.95	0.48078
853,324,797	2,228,001,573	3,081,326,370	72.31	0.45373
939,467,007	2,423,466,605	3,362,933,612	72.06	0.44278

CITY OF PARIS, TEXAS
Principal Property Taxpayers
September 30, 2023 and 2014
Unaudited

Table 8

Taxpayer	Type of Business	2023		
		Taxable Assessed Value	Rank	Percentage of Total Freeze Adjusted Taxable Assessed Value
La Frontera Holdings LLC (Lamar Power Partners)	Electric Utility	\$ 346,840,660	1	40.48%
Campbell Soup Company - A	Food Manufacturer	186,373,274	2	21.75%
Kimberly-Clark Corporation - A	Disposable Diapers	127,038,247	3	14.83%
American Spiral Weld III Inc.	Pipe Manufacturer	48,483,607	4	5.66%
Essent PRMC, LP A	Hospital	47,431,390	5	5.54%
Oncor Electric Delivery	Electric Utility	32,658,755	6	3.81%
Huhtamaki Inc	Packaging Mfg.	19,330,648	7	2.26%
Atmos Energy	Gas Utility	17,686,320	8	2.06%
Potter Industries	Glass Manufacturer	16,390,054	9	1.91%
Paris Towne Center LLC	Shopping Center	14,505,590	10	1.69%
Campbell Soup Company - B	Food Manufacturer	-		0.00%
Kimberly-Clark Corporation - B	Disposable Diapers	-		0.00%
Paris Generation, LP	Electric Utility	-		0.00%
Silgan Can Company	Can Manufacturer	-		0.00%
Totals		\$ 856,738,545		100.00%

Source:
Lamar County Appraisal District

Table 8
(Continued)

2014		
Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
\$ 211,904,940	1	41.81%
47,098,030	3	9.29%
109,106,414	2	21.53%
-		0.00%
26,808,398	5	5.29%
21,770,280	7	4.30%
-		0.00%
-		0.00%
-		0.00%
10,596,530	9	2.09%
30,879,360	4	6.09%
10,203,030	10	2.01%
21,979,800	6	4.34%
16,518,540	8	3.26%
<u>\$ 506,865,322</u>		<u>100.00%</u>

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CITY OF PARIS, TEXAS
Ratio of Net General Obligation Bonded Debt to
Assessed Value and Net General Obligation Bonded Debt Per Capita
Last Ten Fiscal Years
Unaudited

Table 9

Fiscal Year	Estimated Population	Taxable Assessed Value	Gross General Bonded Debt	Less Debt Service Funds	Net General Bonded Debt	Ratio of Net General Bonded Debt To Assessed Value	Net General Bonded Debt Per Capita
2013-14	25,171	\$ 1,503,258,892	\$ 8,310,000	\$ 1,432,199	\$ 6,877,801	0.46	\$ 273.24
2014-15	25,200	1,519,380,526	7,285,000	1,117,793	6,167,207	0.41	244.73
2015-16	25,400	1,627,397,467	6,442,624	1,087,664	5,354,960	0.33	210.83
2016-17	25,425	1,681,747,299	15,461,503	898,022	14,563,481	0.87	572.80
2017-18	25,450	1,732,236,641	14,306,032	1,073,917	13,232,115	0.76	519.93
2018-19	25,450	1,794,161,289	12,977,671	1,103,061	11,874,610	0.67	466.59
2019-20	25,450	1,876,141,460	11,818,173	1,196,122	10,622,051	0.56	417.37
2020-21	24,476	2,228,001,573	11,420,000	1,272,171	10,147,829	0.46	414.60
2021-22	24,476	2,423,466,605	9,380,000	544,537	8,835,463	0.36	360.98
2022-23	24,930	2,588,988,526	10,440,000	1,898,641	8,541,359	0.33	342.61

Sources:

Lamar County Appraisal District
City of Paris

CITY OF PARIS, TEXAS
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Table 10

Fiscal Year	Governmental Activities				Business-Type Activities		
	General Obligation Bonds	Financed Purchases	Leases	Other	Utility Rate Supported Debt	Financed Purchases	Leases
2014	\$8,310,000	\$ -	\$ -	\$ -	\$ 40,795,000	\$ -	\$ -
2015	7,285,000	617,114	-	-	38,545,000	-	-
2016	6,442,624	1,538,459	-	-	37,997,715	-	-
2017	15,461,503	1,397,929	-	-	45,175,173	-	-
2018	14,306,032	1,253,181	-	-	44,264,589	-	-
2019	12,840,000	1,104,090	-	-	41,075,000	-	-
2020	12,975,000	950,526	-	-	38,875,000	-	-
2021	11,830,000	792,453	-	955,000	80,430,000	-	-
2022	9,380,000	629,538	218,870	770,000	90,440,000	-	-
2023	9,860,000	461,737	1,297,715	580,000	113,005,000	-	-

Sources:

City Finance Office

Samco Capital Markets, Inc.

Bureau of Economic Analysis

Table 10
(Continued)

Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
Other				
\$	-	\$ 49,105,000	2.64	\$ 1,951
	-	46,447,114	2.49	1,843
	-	45,978,798	2.47	1,810
	-	62,034,605	3.23	2,440
	-	59,823,802	2.91	2,304
	-	55,019,090	2.73	2,180
	-	52,800,526	2.47	2,085
	-	94,007,453	4.03	3,841
	-	101,438,408	3.99	4,135
	-	125,204,452	4.72	5,022

CITY OF PARIS, TEXAS
Direct and Overlapping
Governmental Activities Debt
September 30, 2023
Unaudited

Table 11

<u>Taxing Jurisdiction</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percent Applicable to Government</u>	<u>Amount Applicable to Government</u>
Lamar County	\$ 6,153,349	62.75%	\$ 3,861,225
Paris Independent School District	40,280,000	49.30	19,858,040
Chisum Independent School District	53,342,503	47.75	25,471,045
North Lamar Independent School District	<u>43,405,000</u>	58.23	<u>25,274,732</u>
Subtotal Overlapping Debt	143,180,852		74,465,043
City of Paris (Includes General Obligation Debt and Capital Leases)	<u>11,000,915</u>	100.00	<u>11,000,915</u>
Total Direct and Overlapping Debt	<u>\$ 154,181,767</u>		<u>\$ 85,465,958</u>
Per Capita Direct and Overlapping Funded Debt	<u>\$ 6,185</u>		<u>\$ 3,428</u>

Sources: Outstanding debt and applicable percentages provided by each governmental unit.

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

CITY OF PARIS, TEXAS
Legal Debt Margin Information
September 30, 2023
Unaudited

Table 12

The maximum tax rate permitted by Article XI, Section 5 of the State of Texas constitution is \$2.50 per \$100 of assessed valuation. Consequently, no legal debt margin can be calculated. The state attorney general has traditionally allowed up to \$1.50 per \$100 valuation to be applied to debt service. The City levied a tax rate of \$.44278 per \$100 valuation for the fiscal year ended September 30, 2023.

CITY OF PARIS, TEXAS
Revenue Pledged Coverage - Water and Sewer Revenue Bonds
Last Ten Fiscal Years
Unaudited

Table 13

Fiscal Year	Gross Revenues*	Operating Expenses**	Net Revenue Available For Debt Service	Average Remaining Debt Service Requirements			Percent Coverage
				Principal	Interest	Total***	
2013-14	\$ 13,964,534	\$7,342,744	\$6,621,790	\$ -	\$ -	\$ -	N/A
2014-15	14,359,751	7,248,302	7,111,449	-	-	-	N/A
2015-16	14,894,489	7,834,768	7,059,721	-	-	-	N/A
2016-17	14,097,620	9,902,805	4,194,815	-	-	-	N/A
2017-18	14,549,327	9,922,088	4,627,239	-	-	-	N/A
2018-19	15,030,324	10,182,731	4,847,593	-	-	-	N/A
2019-20	15,043,788	9,602,622	5,441,166	-	-	-	N/A
2020-21	16,768,090	10,440,367	6,327,723	-	-	-	N/A
2021-22	20,198,510	10,254,224	9,944,286	-	-	-	N/A
2022-23	24,310,011	11,955,809	12,354,202	956,964	844,960	1,801,924	6.86%

Notes:

(1)* Gross Revenues = Operating and Nonoperating Revenue of the Water and Sewer Fund
Excluding Contribution Revenue and Premium Amortization

(2)** Operating Expenses Excluding Depreciation

(3)*** Agent Fees Not Included

CITY OF PARIS, TEXAS
Demographic and Economic Statistics
Last Ten Calendar Years
Unaudited

Table 14

Calendar Year	Paris, TX Micropolitan Service Area Population	Paris, TX Micropolitan Service Area Personal Income	Paris, TX Micropolitan Service Area Per Capita Personal Income	Paris, TX Micropolitan Service Area Median Age	School Enrollments (1)	Percent Unemployment Rate
2013	49,426	\$ 1,804,479,000	\$ 36,509	37.1	12,377	7.6
2014	49,523	1,859,083,000	37,540	40.4	12,414	6.1
2015	49,440	1,857,879,000	37,578	40.5	12,121	5.4
2016	49,791	1,917,848,000	38,518	40.6	12,180	4.9
2017	49,587	2,013,704,000	40,610	40.6	12,758	3.5
2018	49,728	2,027,062,464	40,763	41.0	12,307	3.3
2019	49,859	2,147,064,000	43,063	37.8	11,482	6.8
2020	50,088	2,330,995,344	46,538	40.7	11,461	6.5
2021	50,484	2,539,934,000	50,311	39.4	11,800	4.3
2022	51,127	2,655,332,000	51,936	40.3	11,811	3.8

(1) Includes Paris Independent School District, North Lamar Independent School District, Chisum Independent School District, and Paris Junior College

Sources:

Paris Independent School District - 3,755
North Lamar Independent School District - 2,450
Chisum Independent School District - 1,79
Paris Junior College - 4,427
Bureau of Economic Analysis
US Census Bureau

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CITY OF PARIS, TEXAS
Principal Employers
Fiscal Years End 2023 and 2014
Unaudited

Table 15

Taxpayer	September 30, 2023			September 30, 2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Paris Regional Medical Center	900	1	22.80%	700	3	17.25%
Kimberly-Clark Corporation	700	2	17.73%	730	2	17.99%
Campbell Soup Company	680	3	17.23%	840	1	20.70%
The Results Company*	419	4	10.62%	150	8	3.70%
HWH/WePack Logistics	419	5	10.62%	223	6	5.50%
RK Hall Construction LTD	200	6	5.07%	430	5	10.60%
Delco Trailers	200	7	5.07%	-		0.00%
Huhtamaki**	189	8	4.79%	180	7	4.44%
American SpiralWeld	140	9	3.55%	-		0.00%
Paris Print Works	100	10	2.53%	-		0.00%
Turner Industries	-		0.00%	600	4	14.79%
J Skinner Baking Co.	-		0.00%	130	9	3.20%
We Build	-		0.00%	75	10	1.85%
Totals	3,947		100.01%	4,058		100.00%

Source:

U.S. Department of Labor
PEDC
Bureau of Labor Statistics

Additional Information:

Public Employers:

Paris ISD	606
North Lamar ISD	461
City of Paris	317
Paris Junior College	311
Chisum ISD	178
Lamar County	196
Total	2,069

Notes:

(*) TCIM in 2014

(**) Paris Packaging in 2014

CITY OF PARIS, TEXAS
Operating Indicators by Function
Last Ten Fiscal Years
Unaudited

Table 16

GOVERNMENT:

Date of Incorporation - 1836

Current Charter - Adopted November 2, 1948

	Fiscal Year			
	2014	2015	2016	2017
FACILITIES:				
Airports:				
Number of Airports	1	1	1	1
Fire Protection:				
Number of Stations	3	3	3	3
Number of Fire Hydrants	1,262	1,299	1,313	1,333
Number of Employees (certified)	51	51	51	51
Employees Per 1,000 Population	2.03	2.02	2.01	2.00
Libraries:				
Number of Libraries	1	1	1	1
Number of Volumes	82,832	81,893	84,162	85,630
Circularization of Materials	127,002	127,824	119,265	114,611
Circulation Per Capita	5.06	5.07	4.69	4.50
Library Cards in Force	16,519	15,507	13,551	14,312
Police Protection:				
Number of Stations	1	1	1	1
Number of Employees (certified)	60	60	60	60
Employees Per 1,000 Population	2.39	2.38	2.36	2.35
Parks and Recreation:				
Park Acres Developed	87	87	87	87
Park Acres Undeveloped	221	221	221	221
City Parks	24	24	24	24
Streets:				
Paved Lanes - Miles	160	160	171	171
Unpaved Streets - Miles	3	3	3	3
WATER AND SEWER UTILITY:				
Average Daily Water Consumption - Gallons	11,472,271	11,006,721	10,701,294	13,241,942
Maximum Day's Water Consumption - Gallons	17,201,000	20,662,000	17,983,000	18,493,000
Annual Water Consumption - Gallons	4,187,379,000	4,017,453,000	3,977,369,000	4,833,309,000
Water Mains - Miles	183	185	185	185
Water Connections - Metered	9,819	10,024	9,995	9,766
Sewer Mains - Miles	189	209	209	209
Area Miles	39.18	39.18	38.02	38.02
Number of Full-Time Employees	326.5	327	328	330

Sources: Various City of Paris Departments

Table 16
(Continued)

Fiscal Year					
2018	2019	2020	2021	2022	2023
1	1	1	1	1	1
3	3	3	3	3	3
1,357	1,367	1,408	1,399	1,510	1,515
51	51	51	51	52	52
2.00	2.00	2.00	2.08	2.12	2.08
1	1	1	1	1	1
72,288	81,185	79,821	81,739	82,409	83,003
103,389	99,239	81,249	86,120	103,731	95,982
4.06	3.90	3.19	3.51	4.24	3.85
10,441	8,734	8,424	9,337	10,345	10,550
1	1	1	1	1	1
57	57	57	57	57	57
2.24	2.24	2.24	2.32	2.12	2.28
87	87	87	87	87	87
221	221	221	221	221	221
24	24	24	24	24	24
171	174	174	174	174	174
3	3	3	3	3	3
10,759,444	10,775,920	11,138,000	11,740,173	13,715,333	14,907,339
18,137,000	19,202,000	17,747,000	19,386,000	29,661,000	22,876,000
3,927,197,000	3,937,831,000	4,078,053,000	4,285,163,000	5,015,467,000	5,574,431,000
185	185	185	185	185	185
9,698	9,679	9,810	9,754	9,776	9,778
209	209	209	209	209	209
38.02	38.02	38.02	38.02	38.02	38.02
331.5	333	322	314	314	317

CITY OF PARIS, TEXAS
Capital Asset Statistics by Function
Last Ten Fiscal Years
Unaudited

Table 17

	Fiscal Year			
	2014	2015	2016	2017
Function:				
Public Safety				
Police				
Stations	1	1	1	1
Patrol Units	10	10	10	10
Fire Stations	3	3	3	3
Sanitation				
Collection Trucks	6	6	6	6
Highways and Streets				
Streets (miles)	163	174	174	174
Streetlights	2,225	2,228	2,228	2,230
Traffic Signals*	-	-	-	-
Culture and Recreation				
Park Acreage	286	286	286	286
Swimming Pools - Municipal	1	1	1	1
Tennis Courts	14	14	14	14
Community Centers	1	1	1	1
Water				
Water Mains (miles)	183	185	185	185
Fire Hydrants	1,262	1,299	1,313	1,333
Maximum Daily Capacity (thousands of gallons)	36,000	36,000	36,000	36,000
Sewer				
Sanitary Sewers (miles)	189	209	209	209
Maximum Daily Treatment Capacity (thousands of gallons)	7,250	7,250	7,250	7,250

Source: Various City Departments

* City has none. All inside the City limits belong to the State of Texas.

Table 17
(Continued)

Fiscal Year					
2018	2019	2020	2021	2022	2023
1	1	1	1	1	1
10	10	10	10	10	10
3	3	3	3	3	3
6	6	6	6	6	6
174	174	174	174	174	174
2,231	2,235	2,235	2,235	2,235	2,240
-	-	-	-	-	-
286	308	308	308	308	308
1	1	1	1	1	1
14	14	14	14	14	14
1	1	1	1	1	1
185	185	185	185	185	185
1,357	1,367	1,408	1,399	1,510	1,515
36,000	36,000	36,000	36,000	36,000	36,000
209	209	209	209	209	209
7,250	7,250	7,250	7,250	7,250	7,250

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CITY OF PARIS, TEXAS
Building Permits at Market Value
Last Ten Fiscal Years
Unaudited

Table 18

<u>Property Value Fiscal Year</u>	<u>Commercial Units</u>	<u>Commercial Construction Value</u>	<u>Residential Units</u>	<u>Residential Construction Value</u>	<u>Total Construction Value</u>
2014	10	\$ 5,336,150	16	\$ 1,924,218	\$ 7,260,368
2015	14	61,243,705	10	823,430	62,067,135
2016	59	7,838,210	44	3,252,018	11,090,228
2017	18	12,653,657	21	3,914,081	16,567,738
2018	33	39,273,020	31	4,101,770	43,374,790
2019	15	64,446,766	25	3,744,359	68,191,125
2020	21	15,636,180	36	5,366,500	21,002,680
2021	8	7,995,151	17	1,908,787	9,903,938
2022	17	43,395,000	35	7,237,430	50,632,430
2023	4	11,565,427	15	3,766,818	15,332,245

Sources: City of Paris Community Development Department

CITY OF PARIS, TEXAS
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years
Unaudited

Table 19

Function:	Fiscal Year			
	2014	2015	2016	2017
Manager	3.0	3.0	3.0	3.0
Attorney	4.0	4.0	4.0	4.0
Court Clerk	4.0	4.0	4.0	4.0
City Clerk	2.0	2.0	2.0	2.0
Finance	5.0	5.0	5.0	5.0
Police*	83.0	83.0	83.0	83.0
Fire	57.0	57.0	57.0	58.0
Community Development	5.5	4.5	4.5	4.5
Engineering	7.5	7.5	7.5	7.5
Public Works	3.0	2.0	2.0	2.0
Parks & ROW	10.0	11.0	11.0	12.0
Sanitation	12.0	12.0	12.0	12.0
Streets	15.0	15.0	15.0	15.0
Traffic & Lighting	2.0	2.0	2.0	2.0
Garage	5.5	5.5	5.5	5.5
EMS	26.0	26.0	26.0	26.0
Library	10.5	10.5	10.5	10.5
Warehouse	2.0	2.0	2.0	2.0
Water Billing	8.0	8.0	8.0	8.0
Water Treatment Plant	15.5	15.5	16.5	16.5
Water Distribution	11.0	11.0	11.0	11.0
Waste Water Collection	7.5	8.5	8.5	8.5
Waste Water Treatment Plant	22.5	22.5	22.5	22.5
Lift Stations	3.0	3.0	3.0	3.0
Information Technology	2.0	2.5	2.5	2.5
Totals	326.5	327.0	328.0	330.0

* Includes related grant employees.
Seasonal employees not included.

Source: City of Paris Finance Department

Table 19
(Continued)

Fiscal Year					
2018	2019	2020	2021	2022	2023
3.0	3.0	3.0	4.0	4.0	4.0
2.0	2.0	2.0	2.0	2.0	2.0
4.0	4.0	4.0	4.0	4.0	4.0
2.0	2.0	2.0	2.0	2.0	2.0
5.0	5.0	5.0	5.0	5.0	6.0
83.5	84.0	83.0	77.5	77.5	79.5
58.0	58.0	59.0	52.0	52.0	52.0
4.0	4.0	5.5	15.0	15.0	15.0
6.0	6.0	4.5	3.0	3.0	3.0
3.0	3.0	3.0	3.0	3.0	3.0
12.0	12.0	11.0	10.0	10.0	10.0
11.0	12.0	8.0	6.0	6.0	6.0
17.0	17.0	11.0	12.0	12.0	12.0
2.0	2.0	1.0	1.0	1.0	1.0
6.0	6.0	5.5	6.0	6.0	6.0
26.0	27.0	27.0	27.0	27.0	27.0
10.5	10.5	10.5	10.5	10.5	10.5
2.0	2.0	2.0	2.0	2.0	2.0
8.0	8.0	8.0	8.0	8.0	8.0
16.5	17.5	18.0	18.0	18.0	18.0
12.5	12.5	9.0	11.0	11.0	11.0
8.5	8.0	8.0	8.0	8.0	8.0
22.5	21.5	26.0	21.0	21.0	21.0
3.0	3.0	3.0	3.0	3.0	3.0
3.5	3.0	3.0	3.0	3.0	3.0
331.5	333.0	322.0	314.0	314.0	317.0

CONTINUING DISCLOSURE INFORMATION

**CONTINUING DISCLOSURE INFORMATION FOR
CITY OF PARIS, TEXAS
UNAUDITED**

ASSESSED VALUATION

TABLE 1

2023-2024 Actual Market Value of Taxable Property (100% of Actual)		\$ 3,703,088,144
Less Exemptions:		
Local, Optional Over-65 and/or Disabled Homestead Exemptions	\$ 39,064,776	
Disabled and Deceased Veterans' Exemptions	19,872,481	
Productivity Loss	28,516,425	
Personal Use of Business Vehicle	306,980	
Freeport	119,291,230	
Pollution Control / Solar	59,391,206	
Abatement Loss	204,517,377	
Cap Loss (10%)	171,024,527	
Historical / Other	27,504,617	
Totally Exempt Property	<u>444,609,999</u>	
Total Exemptions		<u>1,114,099,618</u>
2023-2024 Net Taxable Assessed Valuation		2,588,988,526
Frozen Taxable Value and Transfer Adjustment		<u>(218,217,870)</u>
Freeze Adjusted Net Taxable Assessed Valuation		<u><u>\$ 2,370,770,656</u></u>

Source: Lamar County Appraisal District and the Issuer.

GENERAL OBLIGATION BONDED DEBT PRINCIPAL

TABLE 2

General Obligation Debt Principal Outstanding: (As of September 30, 2023)		
Combination Tax and Revenue Certificates of Obligation, Series 2013 (TWDB)	\$ 1,410,000	
General Obligation Bonds, Series 2013	23,520,000	
General Obligation Bonds, Series 2016	6,205,000	
General Obligation Bonds, Series 2017	7,380,000	
General Obligation Bonds, Series 2018	650,000	
General Obligation Refunding Bonds, Series 2020	1,400,000	
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2020	1,080,000	
Tax Notes, Series 2020	580,000	
Tax and Revenue Certificates of Obligation, Series 2021	42,645,000	
General Obligation Pension Bonds, Series 2022	11,780,000	
Total Gross General Obligation Debt Principal Outstanding:	<u>\$ 96,650,000</u>	
Less: Self-Supporting General Obligation Debt Principal		
Combination Tax and Revenue Certificates of Obligation, Series 2013 (TWDB) (100% WS)	1,410,000	
General Obligation Bonds, Series 2013 (100% WS)	23,520,000	
General Obligation Bonds, Series 2016 (100% WS)	6,205,000	
General Obligation Bonds, Series 2018 (86% WS)	650,000	
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2020	1,080,000	
Tax and Revenue Certificates of Obligation, Series 2021	42,645,000	
GO Pension Bonds, Series 2022	11,780,000	
Total Self-Supporting General Obligation Debt Outstanding Following the Issuance of the Bonds:	<u>87,290,000</u>	
Total Net General Obligation Debt Principal Outstanding Following the Issuance of the Bonds:	<u><u>\$ 9,360,000</u></u>	
General Obligation Interest and Sinking Fund Balance as of September 30, 2023	\$ 2,002,722	
Ratio of Gross General Obligation Debt Principal to 2022-23 Freeze Adjusted Net Taxable Assessed Valuation		4.08%
Ratio of Net General Obligation Debt Principal to 2022-23 Freeze Adjusted Net Taxable Assessed Valuation		0.39%
2023-24 <u>Freeze Adjusted</u> Net Taxable Assessed Valuation		<u>\$ 2,370,770,656</u>
Population: 1980 - 25,498; 1990 - 24,699; 2000 - 25,898; 2010 - 25,171	Current (Estimate)	24,930
Per Capita 2022-2023 Freeze Adjusted Net Taxable Assessed Valuation		\$ 95,097
Per Capita Gross General Obligation Debt Principal		\$ 3,877
Per Capita Net General Obligation Debt Principal		\$ 375

CLASSIFICATION OF ASSESSED VALUATION^(a)
UNAUDITED

TABLE 3

Category	2022-23	% of Total	2021-22	% of Total	2020-21	% of Total	2019-2020	% of Total	2018-2019	% of Total
Real, Residential, Single-Family	\$ 1,031,677,640	27.86%	\$ 943,179,877	26.69%	\$ 758,658,443	23.85%	\$ 713,569,554	25.47%	\$ 555,725,094	20.28%
Real, Residential, Multi-Family	126,527,250	3.42%	121,204,107	3.43%	112,201,519	3.53%	78,929,430	2.82%	60,643,497	2.27
Real, Vacant Lots/Tracts	30,581,641	0.83%	31,534,732	0.89%	31,470,634	0.99%	30,827,095	1.10%	33,015,060	1.17
Real, Acreage (Land Only)	29,551,335	0.80%	20,958,160	0.59%	20,972,380	0.66%	20,517,420	0.73%	21,611,670	0.79
Farm & Ranch Improvements	31,072,118	0.84%	30,038,194	0.85%	25,293,068	0.80%	23,098,838	0.82%	20,902,638	0.74
Real, Commercial	429,520,635	11.60%	431,656,699	12.22%	409,844,864	12.89%	267,504,955	9.55%	290,129,663	11.24
Real Industrial	686,461,320	18.54%	667,764,200	18.90%	687,876,550	21.63%	594,799,020	21.23%	588,443,970	23.26
Real & Tangible, Personal Utilities	65,999,990	1.78%	60,626,630	1.72%	57,691,980	1.81%	55,391,760	1.98%	49,300,600	1.68
Tangible Personal, Commercial	183,405,280	4.95%	164,277,840	4.65%	151,679,870	4.77%	145,136,550	5.18%	137,319,910	5.43
Tangible Personal, Industrial	589,051,200	15.91%	611,674,330	17.31%	519,985,340	16.35%	494,875,900	17.67%	490,224,670	19.54
Tangible Personal, Mobile Homes	1,875,540	0.92%	1,823,340	0.04%	890,630	0.04%	769,900	0.04%	796,370	0.03
Residential / Special, Inventory	24,133,650	0.65%	25,135,220	0.71%	20,948,400	0.66%	19,937,470	0.71%	18,093,300	0.72
Totally Exempt Property	473,230,545	12.78%	423,675,741	11.99%	382,866,616	12.04%	355,713,491	12.70%	352,476,683	12.86
Total Market Value	3,703,088,144	100.00%	3,533,549,070	100.00%	3,180,380,294	100.00%	2,801,071,383	100.00%	2,618,683,125	100.00%
Less Exemptions:										
Productivity Loss	28,516,425		19,856,605		19,992,060		19,523,280		20,576,410	
Cap Loss (10%)	171,024,527		150,758,853		79,061,864		107,587,489		7,090,415	
Local, Optional Over-65/Disabled	39,064,776		40,935,341		45,303,916		40,632,898		39,196,208	
Disabled and Deceased Veterans'	19,872,481		18,533,812		12,132,564		10,827,192		14,497,851	
Exempt Property	444,609,999		396,184,061		361,607,606		338,281,483		340,140,213	
Freeport	119,291,230		111,908,964		91,612,816		85,531,645		98,468,752	
Pollution Control / Solar	59,391,206		62,479,174		62,080,048		65,128,932		67,790,322	
Tax Abatement Loss	204,517,377		281,560,424		259,158,157		187,457,093		224,131,835	
Personal Use of Business Vehicle	306,980		319,140		303,980		382,630		282,460	
Other / Historical	27,504,617		27,546,091		21,125,710		17,220,053		12,347,370	
Total Exemptions	1,114,099,618		1,110,082,465		952,378,721		872,572,695		824,521,836	
Net Taxable Assessed Valuation	2,588,988,526		2,423,466,605		2,228,001,573		1,928,498,688		1,794,161,289	
Freeze Taxable & Transfer Adjustment	(218,217,870)		(190,151,876)		(178,970,749)		(155,792,063)		(139,607,850)	
Freeze Adjusted Net Taxable Assessed Valuation	\$ 2,370,770,656		\$ 2,233,314,729		\$ 2,049,030,824		\$ 1,772,706,625		\$ 1,654,553,439	

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

Source: Lamar County Appraisal District and the Issuer.

PRINCIPAL TAXPAYERS 2022-23 (UNAUDITED)
TABLE 4

<u>Name</u>	<u>Type of Property</u>	<u>2023 Net Taxable Assessed Valuation</u>	<u>% of Total 2023 Assessed Valuation</u>
La Frontera Holdings LLC	Electric Utility	\$ 346,840,660	14.63%
Campbell Soup	Food Manufacturing	186,373,274	7.86%
Kimberly Clark Corporation	Disposable Diaper Mfg.	127,038,247	5.36%
American Spiral Weld III, Inc	Pipe Manufacturer	48,483,607	2.05%
Essent PRMC LP	Health Care Services/Hospital	47,431,390	2.00%
Oncor Electric Delivery Company	Utility	32,658,755	1.38%
Huhtamaki Inc.	Packaging Manufacturing	19,330,648	0.82%
Atmos Energy	Gas Utility	17,686,320	0.75%
Potter Industries LLC	Manufacturing	16,390,054	0.69%
Paris Towne Center LLC	Shopping Center	14,505,590	0.61%
Total		\$ 856,738,545	36.14%
Based on a 2023 Freeze Adjusted Net Taxable Assessed Valuation of		\$ 2,370,770,656	

Source: Lamar County Appraisal District

PROPERTY TAX RATES AND COLLECTIONS (UNAUDITED)
TABLE 5

<u>Tax Year</u>	<u>Net Taxable Assessed Valuation ^(a)</u>	<u>Tax Rate</u>	<u>Tax Levy</u>	<u>% Collections</u>		<u>Year Ended</u>
				<u>Current</u>	<u>Total</u>	
2013	\$ 1,493,839,431	0.50195	\$ 7,498,327	97.48	100.03	9-30-14
2014	1,519,380,525	0.50195	7,626,530	96.35	99.17	9-30-15
2015	1,607,003,070	0.50195	7,627,731	97.10	99.90	9-30-16
2016	1,510,271,195	0.50195	8,093,094	98.11	99.52	9-30-17
2017	1,556,621,932	0.55195	9,145,965	98.11	99.51	9-30-18
2018	1,607,003,070	0.55195	9,381,829	98.15	100.71	9-30-19
2019	1,654,553,439	0.51608	9,332,621	96.95	98.95	9-30-20
2020	1,924,031,445	0.48078	9,592,756	97.17	98.57	9-30-21
2021	2,049,030,824	0.45373	9,888,259	97.83	99.49	9-30-22
2022	2,233,314,729	0.44278	10,441,096	97.73	99.35	9/30/23

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

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

Financial Report. Valuations for tax years 2013-2022 represent Freeze Adjusted Net Taxable Valuations.

^(b) Current Fiscal Year collections are as of September 30, 2022 (Unaudited).

Source: The Lamar County Appraisal District, the City's 2021 Comprehensive Annual Financial Report and additional information from the City.

TAX RATE DISTRIBUTION (UNAUDITED)
TABLE 6

	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
General Fund	\$ 0.32176	\$ 0.34377	\$ 0.37357	\$ 0.39788	\$ 0.40868	\$ 0.43831
I & S Fund	0.15606	0.09901	0.08016	0.08290	0.10740	0.11364
TOTAL	\$ 0.47782	\$ 0.44278	\$ 0.45373	\$ 0.48078	\$ 0.51608	\$ 0.55195

Sources: Texas Municipal Report published by the Municipal Advisory Council of Texas and the Lamar County Appraisal District.

**MUNICIPAL SALES TAX
UNAUDITED**

TABLE 7

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

Calendar Year	Total Collected	1.00% City	0.25% Prop Tax Red	City Collections as % of Ad Valorem Tax Levy	(\$ Equivalent of Ad Valorem Tax Rate	0.25% EDC
2009	\$ 7,591,224	\$ 5,060,816	\$ 1,265,204	80.72	0.42	\$ 1,265,204
2010	7,029,392	4,686,262	1,171,565	75.12	0.39	1,171,565
2011	7,202,519	4,801,679	1,200,420	78.44	0.41	1,200,420
2012	7,268,103	4,845,402	1,211,351	80.29	0.42	1,211,351
2013	7,624,480	5,082,987	1,270,747	84.22	0.43	1,270,747
2014	8,786,209 *	5,857,473	1,464,368	97.65	0.49	1,464,368
2015	8,173,696	5,449,131	1,362,283	89.30	0.45	1,362,283
2016	8,472,647	5,648,431	1,412,108	92.56	0.46	1,412,108
2017	8,689,014	5,792,676	1,448,169	89.47	0.45	1,448,169
2018	8,827,668	5,885,112	1,471,278	90.74	0.50	1,471,278
2019	8,921,837	5,947,891	1,486,973	79.25	0.43	1,486,973
2020	9,950,289	6,633,526	1,658,381	87.90	0.45	1,658,381
2021	11,048,083	7,365,389	1,841,347	95.81	0.47	1,841,347
2022	11,715,522	7,810,348	1,952,587	97.83	0.48	1,952,587
2023	12,591,056	8,394,038	2,098,509	97.73	0.53	2,098,509

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

Source: State Comptroller of Public Accounts Website.

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

TABLE 8

	Fiscal Year Ended September 30				
	2023	2022	2021	2020	2019
Revenues:					
Ad Valorem Taxes	\$ 8,207,911	\$ 8,287,694	\$ 7,971,838	\$ 7,380,958	\$ 7,552,516
Sales Taxes	10,496,451	9,650,605	9,196,157	8,245,939	7,369,079
Franchise Tax	4,725,373	4,827,601	4,253,182	4,714,021	4,305,851
Hotel Occupancy Taxes	949,983	848,508	881,259	643,417	675,158
Licenses and Permits	484,807	532,557	211,668	259,117	277,507
Fines and Fees	426,856	432,115	615,721	724,259	434,016
Leases	81,361	-	-	-	-
Investment Earnings	950,902	201,997	198,965	304,755	483,876
Sanitation	1,461,058	1,462,220	1,470,237	1,462,452	1,437,157
Health	8,733,472	5,933,986	4,806,996	5,117,649	2,991,995
Intergovernmental Revenue	2,051,423	1,574,428	706,574	713,570	1,325,665
Other Revenues	710,472	695,364	442,020	381,355	210,946
Total Revenues	39,280,069	34,447,075	30,754,617	29,947,492	27,063,766
Expenditures:					
Current					
General Government	2,412,942	1,917,259	1,613,946	1,779,229	1,616,363
Public Safety	12,479,429	23,917,194	11,367,228	12,005,945	11,218,944
Public Works	6,817,178	6,050,354	4,991,668	5,065,867	5,644,019
Health	8,717,240	5,595,417	5,199,358	4,022,732	2,845,874
Culture and Recreation	804,955	715,243	677,612	723,046	740,350
Cox Field Airport	-	1,224	242,809	179,631	210,851
Other	1,936,078	1,829,866	1,838,073	1,922,363	1,845,609
Capital Outlay					
General Government	1,386,613	561,165	252,387	109,280	16,995
Public Safety	689,772	1,060,330	870,874	403,654	413,250
Public Works	1,060,768	1,199,200	941,371	626,741	1,016,738
Health	323,283	486,604	216,631	287,256	303,946
Cox Field Airport	-	-	65,000	-	-
Debt Service	195,155	187,670	186,690	186,690	186,690
Total Expenditures	36,823,413	43,521,526	28,463,647	27,312,434	26,059,629
Excess (Deficit) of Revenues Over Expenditures	2,456,656	(9,074,451)	2,290,970	2,635,058	1,004,137
Other Financing Sources (Uses):					
Inception of Lease	13,421	278,821	-	-	-
Inception of Subscription-Based IT Arg.	218,091	-	-	-	-
Operating Transfers In	1,183,110	12,682,538	2,751,240	539,986	18,513
Operating Transfers Out	(1,822,765)	(603,609)	(802,211)	(29,319)	(127,545)
Proceeds From Sale of Capital Assets	210,000	155,367	151,266	28,000	-
Insurance Recoveries	-	-	-	-	57,835
Total Other Financing Sources (Uses):	(198,143)	12,513,117	2,100,295	538,667	(51,197)
Excess of Revenues and Other Sources Over Expenditures and Other Uses	2,258,513	3,438,666	4,391,265	3,173,725	952,940
Fund Balance - Beginning of Year	25,071,442	21,420,072	17,150,077	13,451,478	12,670,747
Prior Period Adjustment	-	212,704	(52,060)	524,874	(172,209)
Fund Balance - End of Year	\$ 27,329,955	\$ 25,071,442	\$ 21,489,282	\$ 17,150,077	\$ 13,451,478

Source: The Issuer's Comprehensive Annual Financial Reports.

CONDENSED WATERWORKS AND SEWER SYSTEM OPERATING STATEMENT (UNAUDITED)
TABLE 9

	Fiscal Year Ended September 30				
	2023	2022	2021	2020	2019
Operating Revenues ^(a)					
Total Revenues	\$ 19,633,034	\$ 18,397,839	\$ 16,567,528	\$ 15,043,788	\$ 14,452,703
Expenses ^(b)	11,736,249	10,151,891	10,308,035	9,602,622	10,147,099
Net Revenue Available for Debt Service	<u>\$ 7,896,785</u>	<u>\$ 8,245,948</u>	<u>\$ 6,259,493</u>	<u>\$ 5,441,166</u>	<u>\$ 4,305,604</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	\$ 6,624,452	\$ 5,289,797	\$ 3,842,897	\$ 3,845,397	\$ 3,848,957
Coverage of Annual Requirements on all Bonds Paid from System Revenues	1.19 x	1.56 x	1.63 x	1.41 x	1.11 x
Customer Count:					
Water	9,778	9,786	9,762	9,810	9,679
Sewer	9,362	9,198	9,175	9,221	9,189

^(a) Revenues include operating revenues, interest income and other revenues of the Waterworks and Sewer System.

^(b) Expenses include total expenses less depreciation and amortization of the Waterworks and Sewer System.

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

WATER RATES (UNAUDITED)
TABLE 10

Current Rates
(Rates Effective July 1, 2022)

Residential Class

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

Commercial Industrial Class

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

Commercial Industrial Class (Meters Greater Than Three Inches)

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

Source: Information from the Issuer

PRINCIPAL WATER CUSTOMERS 2022-2023 (UNAUDITED)
TABLE 11
(October 1, 2022 to September 30, 2023)

<u>Name of Customer</u>	<u>Average Monthly Consumption</u>	<u>Average Monthly Bill</u>
Lamar Power Partners*	17,060,285	\$ 39,279
Campbell Soup Company	14,880,609	92,212
Lamar County Water Supply	12,591,786	79,502
Paris Generation	2,442,613	26,337
Daisy Farms*	2,428,162	16,329
Kimberly Clark	672,113	27,096
Paris Housing Authority	177,152	7,335
North Lamar ISD	126,431	5,584
Paris Junior College	118,136	5,309
Paris Regional Medical Center	115,192	7,443
Total	50,612,479	\$ 306,426 ^(a)
Total Water Sales as of September 30, 2023 (unaudited)	\$ 9 104 772	

^(a) Principal Water Customers represent approximately 40.38% of total annual water sales.

* Includes raw water sales.

SEWER RATES (UNAUDITED)
TABLE 12
Current Rates
(Residential Rates Effective April 1, 2023)
Residential Class

<u>Meter Size (Inches)</u>	<u>Base Cost (Per Cubic Foot)</u>	<u>Service in Excess of Base (For Each Additional 100 Cubic Feet)</u>
3/4" or Less	\$22.64 for first 200 Cubic Feet	\$11.18 / 100 Cubic Feet
1" and Larger	\$111.79 for first 1,000 Cubic Feet	\$11.18 / 100 Cubic Feet

(Commercial Rates Effective April 1, 2023)
Commercial Industrial Class

<u>Meter Size (Inches)</u>	<u>Base Cost (Per Cubic Foot)</u>	<u>Service in Excess of Base (For Each Additional 100 Cubic Feet)</u>
3/4" or Less	\$30.12 for first 200 Cubic Feet	\$11.60 / 100 Cubic Feet
1" - 2"	\$116.00 for first 1,000 Cubic Feet	\$11.60 / 100 Cubic Feet
Larger than 2"	\$232.04 for first 2,000 Cubic Feet	\$11.60 / 100 Cubic Feet

PRINCIPAL SEWER CUSTOMERS - 2022-2023 (UNAUDITED)
TABLE 13
(October 1, 2022 to September 30, 2023)

<u>Name of Customer</u>	<u>Average Monthly Consumption</u>	<u>Average Monthly Bill</u>
Paris Housing Authority	218,861	\$ 23,793
Paris Junior College	124,636	13,872
Lamar County Human Resources	118,589	12,711
North Lamar ISD	100,768	10,806
Lamar County	77,404	8,335
Wash Masters	73,213	7,842
Paris ISD	72,343	8,027
Spanish Oaks	68,449	7,368
Regency Apartments	63,396	6,797
Paris Regional Medical Center	60,999	6,741
Total	\$ 978,658	\$ 106,292 ^(a)
Total Sewer Charges as of September 30, 2023 (unaudited)	\$ 9,917,078	

OVERALL COMPLIANCE, INTERNAL CONTROLS
AND FEDERAL AWARDS SECTION

**CITY OF PARIS, TEXAS
Overall Compliance, Internal Controls,
And Federal Awards Section
September 30, 2023**

This section includes elements required by Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

McClanahan and Holmes, LLP

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor, Members of the City Council,
and City Manager
City of Paris, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Paris, Texas (the City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 19, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-01 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Honorable Mayor, Members of the City Council,
and City Manager
City of Paris, Texas

City of Paris, Texas' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McClanahan and Holmes, LLP
Certified Public Accountants

Paris, Texas
December 19, 2024

CITY OF PARIS, TEXAS
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2023

FINDING / RECOMMENDATION

Financial Statement Findings

Finding 2022-01 – Internal Controls Related to Bank Reconciliations and Revenue

Condition: Internal controls were not properly implemented to reconcile items that should have been investigated and corrected in a timely manner on monthly cash reconciliations. Management did not review bank reconciliations prepared by finance department staff.

Recommendation: We recommend the City of Paris, Texas perform bank reconciliations addressing all outstanding items and that management review and approve reconciliations monthly. Any reconciling items should be investigated and corrected in a timely manner.

Current Status: The City has implemented the recommended procedures. No similar findings were noted in the 2023 audit.

Finding 2022-02 – Financial Accounting and Reporting

Condition: The City does not control the period-end financial reporting process including controls over procedures used to analyze transactions compromising general ledger activity and controls over recording recurring and non-recurring adjustment to the financial statements.

Recommendation: We recommend the management of the City of Paris, Texas maintain close oversight of the accounting and period-end financial reporting process.

Current Status: The City is currently improving oversight of the accounting and period-end financial reporting process (on-going).

CITY OF PARIS, TEXAS
Schedule of Findings and Questioned Costs
Year Ended September 30, 2023

Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on the financial statements of the City of Paris, Texas.
2. One significant deficiency disclosed during the audit of the financial statements is reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of the City of Paris, Texas, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs disclosed during the audit are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. No material weaknesses were identified.
5. The auditors' report on compliance for the major federal awards programs for the City of Paris, Texas expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR 200.516(a).
7. The programs tested as major programs were:

21.027 COVID-19: Coronavirus State and Local Fiscal Recovery Funds
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. City of Paris, Texas, was determined to be a high-risk auditee.

CITY OF PARIS, TEXAS
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2023

Financial Statement Findings

Significant Deficiencies

Finding 2023-01 – Financial Accounting and Reporting

Criteria: The City's management should be responsible for preparing period-end financials including recording recurring and non-recurring adjustments to the financial statements.

Condition: The City does not control the period-end financial reporting process including controls over procedures used to analyze transactions compromising general ledger activity and controls over recording recurring and non-recurring adjustment to the financial statements.

Cause: Proper closing processes are not being performed timely and accurately.

Effect: As a result of this condition, the City lacks internal controls over the period-end financial reporting resulting in multiple post-close and adjusting entries.

Recommendation: We recommend that management of the City of Paris, Texas maintain close oversight of the accounting and period-end financial reporting process, and have a routine closing process and develop a comprehensive list of reconciliations and financial reporting duties to be performed on a routine basis.

Federal Award Findings and Questioned Costs

The audit disclosed no findings required to be reported.



Corrective Action Plan
Year Ended September 30, 2023

FINDING/RECOMMENDATION

2023-01 Financial Accounting and Reporting

Recommendation: We recommend that management of the City of Paris, Texas maintain close oversight of the accounting and period-end financial reporting process, and have a routine closing process and develop a comprehensive list of reconciliations and financial reporting duties to be performed on a routine basis.

Response: The City's management agrees to maintain close oversight of the accounting and period-end financial reporting process.

Contact Person: Gene Anderson, Finance Director

Estimated Completion Date: Ongoing

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Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control Over Compliance Required by the Uniform Guidance

Honorable Mayor, Members of the City Council,
and City Manager
City of Paris, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Paris, Texas' (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal programs for the year ended September 30, 2023. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Honorable Mayor, Members of the City Council,
and City Manager
City of Paris, Texas

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Honorable Mayor, Members of the City Council,
and City Manager
City of Paris, Texas

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

McClanahan and Holmes, LLP
Certified Public Accountants

Paris, Texas
December 19, 2024

CITY OF PARIS, TEXAS
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Project Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>U.S. Department of Housing and Urban Development</u>				
Passed through Texas Department of Housing & Community Affairs:				
Home Investment Partnership Program	14.239	1002887	\$ 723,973	\$ -
Total U.S. Department of Housing and Urban Development			<u>723,973</u>	<u>-</u>
<u>U.S. Department of Justice</u>				
Direct Programs:				
Edward Byrne Justice Assistance Grant Program	16.738	15PBJA-22-GG-02713-JAGX	8,441	-
Total U.S. Department of Justice			<u>8,441</u>	<u>-</u>
<u>U.S. Department of Transportation</u>				
Passed Through Texas Department of Transportation:				
Airport Improvement Program	20.106	M2301PARI	48,922	-
Total U.S. Department of Transportation			<u>48,922</u>	<u>-</u>
<u>U.S. Department of Treasury</u>				
Passed Through Texas Division of Emergency Management:				
COVID-19 - Coronavirus State and Local Recovery Funds	21.027	1505-0271	2,350,127	-
Total U.S. Department of Treasury			<u>2,350,127</u>	<u>-</u>
<u>National Endowment for the Humanities</u>				
Passed Through Texas State Library and Archives Commission				
FY2022 ILL Lending Reimbursement Program	45.310	LS-252486-OLS-22	2,348	-
Total National Endowment for the Humanities			<u>2,348</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>				
Passed Through Texas Water Development Board:				
Flood Mitigation Assistance	97.029	2000012422	51,074	-
Total U.S. Department of Homeland Security			<u>51,074</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 3,184,885</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule. See Notes on Accounting Policies for Federal and State Awards.

CITY OF PARIS, TEXAS
Schedule of Expenditures of State of Texas Awards
Year Ended September 30, 2023

<u>State Grantor/Program Title</u>	<u>Project Number</u>	<u>Expenditures</u>
<u>Automobile Burglary and Theft Prevention Authority</u>		
Northeast Texas Auto Theft Task Force	608-22-1390200	\$ 147,192
Total Automobile Burglary and Theft Prevention Authority		<u>147,192</u>
<u>Office of the Texas Governor</u>		
Ballistic Shields for Response to Active Shooter	4605201	<u>65,999</u>
Total Office of the Texas Governor		<u>65,999</u>
 Total Expenditures of State of Texas Awards		 <u>\$ 213,191</u>

The accompanying notes are an integral part of this schedule. See Notes on Accounting Policies for Federal and State Awards.

CITY OF PARIS, TEXAS
Notes on Accounting Policies for Federal and State Awards
Year Ended September 30, 2023

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state award activity of the City of Paris, Texas (the City) under programs of the federal and state governments for the fiscal year ended September 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas *Uniform Grant Management Standards*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3: Indirect Cost Rate

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Program Costs/ Matching Contributions

The amounts shown as current year expenses represent only the federal grant portion of the program costs. Entire program costs, including the City's portion, may be more than shown.

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Financial Advisory Services
Provided By:

