

CITY OF ENNIS, TEXAS

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended

September 30, 2019

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ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2019

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-13, schedule of changes in net pension liability and related ratios on page 72, schedule of contributions on page 73, and schedule of changes in total OPEB liability and related ratios on page 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ennis, Texas' basic financial statements. The combining and individual fund financial statements and schedules, supplementary financial data, and continuing financial disclosure tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Yeldell, Wilson, Wood & Reeve, P.C.

Yeldell, Wilson, Wood & Reeve, P.C.
Certified Public Accountants

Ennis, Texas
June 5, 2020



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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of the City of Ennis, Texas, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$62,719,171 (*net position*). Of this amount, \$2,673,863 represents unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$211,165.
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$29,745,750, an increase of \$11,422,995 in comparison with the prior year primarily as the result of bond proceeds. Approximately 21% of this amount (\$6,311,547) is available for spending at the City's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,017,606, or approximately 44% of the total general fund expenditures.

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 15-16 of this report.

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 17-21 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 22-24 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-70 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligations to provide pension benefits to its employees. Required supplementary information can be found on pages 72-74 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 77-90 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$62,719,171, at the close of the most recent fiscal year.

CITY OF ENNIS' NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 37,383,878	\$ 21,603,436	\$ 13,288,318	\$ 14,235,377	\$ 50,672,196	\$ 35,838,813
Capital assets	77,555,183	67,801,088	37,556,798	35,180,425	115,111,981	102,981,513
Total assets	<u>114,939,061</u>	<u>89,404,524</u>	<u>50,845,116</u>	<u>49,415,802</u>	<u>165,784,177</u>	<u>138,820,326</u>
Total deferred outflows of resources	<u>4,325,247</u>	<u>1,687,926</u>	<u>1,078,545</u>	<u>429,918</u>	<u>5,403,792</u>	<u>2,117,844</u>
Long term liabilities	81,107,715	52,485,945	18,232,530	19,090,590	99,340,245	71,576,535
Other liabilities	6,487,203	3,187,034	1,940,704	1,132,690	8,427,907	4,319,724
Total liabilities	<u>87,594,918</u>	<u>55,672,979</u>	<u>20,173,234</u>	<u>20,223,280</u>	<u>107,768,152</u>	<u>75,896,259</u>
Total deferred inflows of resources	<u>551,665</u>	<u>1,712,536</u>	<u>148,981</u>	<u>399,039</u>	<u>700,646</u>	<u>2,111,575</u>
Net position:						
Net investment in capital assets	28,875,948	29,095,218	29,033,174	25,043,255	57,909,122	54,138,473
Restricted	2,136,186	4,037,124	-	-	2,136,186	4,037,124
Unrestricted	105,591	574,593	2,568,272	4,180,146	2,673,863	4,754,739
Total net position	<u>\$ 31,117,725</u>	<u>\$ 33,706,935</u>	<u>\$ 31,601,446</u>	<u>\$ 29,223,401</u>	<u>\$ 62,719,171</u>	<u>\$ 62,930,336</u>

Certain reclassifications have been made to the prior year data to conform with the current year presentation.

By far, the largest portion of the City's net position (92.3%) reflects its investment in capital assets (e.g., land, construction in progress, buildings, improvements, machinery and equipment, infrastructure, and water rights), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (3.41%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,673,863 is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.

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

The City's overall net position decreased \$211,165 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

CITY OF ENNIS' CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 13,583,372	\$ 2,088,738	\$ 11,885,615	\$ 11,875,721	\$ 25,468,987	\$ 13,964,459
Operating grants and contributions	1,180,486	2,070,536	19,970	-	1,200,456	2,070,536
Capital grants and contributions	466,874	1,262,084	52,824	1,249,618	519,698	2,511,702
General revenues:						
Property taxes	11,865,422	11,290,108	-	-	11,865,422	11,290,108
Sales taxes	5,324,306	5,404,232	-	-	5,324,306	5,404,232
Franchise taxes	1,494,793	1,647,872	-	-	1,494,793	1,647,872
Hotel occupancy taxes	391,787	389,228	-	-	391,787	389,228
Alcoholic beverage taxes	52,512	46,153	-	-	52,512	46,153
Grants and contributions not restricted to specific programs	-	121,200	-	-	-	121,200
Investment earnings	391,289	146,149	169,245	30,040	560,534	176,189
Gain (loss) on sale of capital assets	14,800	112,907	-	(47,914)	14,800	64,993
Miscellaneous	403,138	507,296	-	-	403,138	507,296
Total revenues	35,168,779	25,086,503	12,127,654	13,107,465	47,296,433	38,193,968
Expenses:						
General government	3,323,582	3,052,597	-	-	3,323,582	3,052,597
Public safety	10,731,634	10,408,224	-	-	10,731,634	10,408,224
Streets	3,805,200	4,793,071	-	-	3,805,200	4,793,071
Health	14,151,551	502,639	-	-	14,151,551	502,639
Equipment services	405,495	318,197	-	-	405,495	318,197
Cultural and recreational	1,696,613	1,540,188	-	-	1,696,613	1,540,188
Airport	-	359,718	165,814	-	165,814	359,718
Hospital	1,160,052	1,160,052	-	-	1,160,052	1,160,052
Public works	869,278	362,099	-	-	869,278	362,099
Interest on long-term debt	1,818,008	897,132	-	-	1,818,008	897,132
Water	-	-	4,556,559	5,329,795	4,556,559	5,329,795
Sewer	-	-	3,643,086	3,501,855	3,643,086	3,501,855
Sanitation	-	-	1,180,725	1,182,579	1,180,725	1,182,579
Total expenses	37,961,413	23,393,917	9,546,185	10,014,229	47,507,598	33,408,146
Change in net position before transfers	(2,792,634)	1,692,586	2,581,469	3,093,236	(211,165)	4,785,822
Transfers	203,424	(97,570)	(203,424)	97,570	-	-
Change in net position	(2,589,210)	1,595,016	2,378,045	3,190,806	(211,165)	4,785,822
Net position - beginning, as restated	33,706,935	32,111,919	29,223,401	26,032,595	62,930,336	58,144,514
Net position - ending	\$ 31,117,725	\$ 33,706,935	\$ 31,601,446	\$ 29,223,401	\$ 62,719,171	\$ 62,930,336

Certain reclassifications have been made to the prior year data to conform with the current year presentation.

Governmental Activities. During the current fiscal year, net position for governmental activities decreased \$2,589,210 from the prior fiscal year for an ending balance of \$31,117,725. Revenues and expenses rose 40.2% and 62.27%, respectively, primarily as a result of the City's QIPP program implemented in 2019.

Business-type Activities. For the City's business-type activities, the results for the current fiscal year resulted in a net increase in net position to an ending balance of \$31,601,446. The total increase in net position for business-type activities (utility, sanitation and airport operations) was \$2,378,045 or 8.14% from the prior fiscal year. Revenues from charges for services rose 0.08%. Total expenses before transfers decreased \$633,858 in fiscal year 2019.

Financial Analysis of Governmental Funds

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

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

At September 30, 2019, the City's governmental funds reported combined fund balances of \$29,745,750, an increase of \$11,422,995 in comparison with the prior year. Approximately 21.2% of this amount (\$6,311,547) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either nonspendable or restricted to indicate that it is 1) not in spendable form (\$53,213), 2) legally required to be maintained intact (\$28,966), or 3) restricted for particular purposes (\$23,352,024).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,017,606, while total fund balance increased to \$8,075,527. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 43.8% of total general fund expenditures, while total fund balance represents approximately 44.1% of that same amount.

The fund balance of the City's general fund increased by \$1,216,989 during the current fiscal year. Revenues decreased by \$1,251,458 (7.58%) under the previous year with intergovernmental revenues contributing \$1,081,129 to the decrease. General fund expenditures experienced an increase of \$513,738 (2.88%).

The QIPP fund, a major governmental fund, has a \$1,537,504 decrease in fund balance during the current fiscal year which decreased total fund balance to \$1,537,504. The decrease is primarily the result of consulting and legal fees to establish the program.

The capital projects fund, a major governmental fund, has a \$6,466,032 decrease in fund balance during the current fiscal year which decreased total fund balance to \$593,205. The decrease is primarily the result of bond proceeds being spent during the year.

The Certificate of Obligations Series 2019 fund, a major governmental fund, has a \$7,471,897 increase in fund balance during the current fiscal year which increased total fund balance to \$7,363,248. The increase is primarily the result of bond proceeds received during the year.

The Certificate of Obligations Series 2019A fund, a major governmental fund, has a \$12,561,207 increase in fund balance during the current fiscal year which increased total fund balance to \$12,561,207. The increase is primarily the result of bond proceeds received during the year.

The debt service fund, a major fund, had an increase in fund balance during the current year of \$38,288 to bring the year end fund balance to \$732,532.

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

Unrestricted net position (deficit) of the Utility and Nonmajor Enterprise funds at the end of the year amounts to \$3,062,923 and \$(707,027). Net position increased in 2019 by \$1,565,042 and \$492,527, respectively. For the Utility fund, operating revenues decreased in 2019 by \$100,756 (1.0%). Operating expenses decreased \$394,798 (4.7%). For the Nonmajor Enterprise funds, operating revenues increased in 2019 by \$110,650 (7.3%). Operating expenses increased by \$196,035 (15.8%).

General Fund Budgetary Highlights

Final budget compared to actual results. General fund actual revenues of \$15,260,370 exceeded budgeted revenues of \$14,698,055 by \$562,315. Following are the main components that experienced an increase or decrease of actual revenue compared to budgeted revenue:

- The \$526,848 increase in intergovernmental is the result of increased grants and contributions.

Budgeted general fund expenditures of \$19,306,157 exceeded actual expenditures of \$18,322,649. This \$983,508 positive variance in expenditures was achieved through a series of expenditure restrictions imposed during the year.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounts to \$115,111,981 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, infrastructure, and water rights. The total increase in capital assets for the current fiscal year was approximately 10.54%.

City of Ennis' Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 6,403,372	\$ 7,237,923	\$ 1,088,290	\$ 253,739	\$ 7,491,662	\$ 7,491,662
Construction in progress	14,279,466	6,372,709	6,003,131	2,357,825	20,282,597	8,730,534
Buildings	22,970,197	20,882,347	3,342,108	3,509,143	26,312,305	24,391,490
Improvements	1,865,464	1,683,159	25,977,152	27,619,846	27,842,616	29,303,005
Machinery and equipment	4,442,670	3,975,664	745,381	1,005,742	5,188,051	4,981,406
Infrastructure	27,594,014	27,649,286	-	-	27,594,014	27,649,286
Water rights	-	-	400,736	434,130	400,736	434,130
Total	\$ 77,555,183	\$ 67,801,088	\$ 37,556,798	\$ 35,180,425	\$ 115,111,981	\$ 102,981,513

Certain reclassifications have been made to the prior year data to conform with the current year presentation.

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

- Construction in progress additions of approximately \$16,025,000 consisting of street, park, building and water and sewer improvements.
- Completion of approximately \$4,473,000 of construction in progress of street improvements and buildings.
- Machinery and equipment additions of approximately \$1,882,000 were comprised of nine vehicles, 1 excavator, 1 wheel loader, 1 skid steer loader and other smaller acquisitions.

Additional information on the City's capital assets can be found in Note 2.D on pages 39-41 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$69,390,000, which is backed by the full faith and credit of the government. The remainder of the City's long-term obligations comprises development agreement payable and capital leases.

City of Ennis' Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Certificates of obligation	\$ 44,810,000	\$ 19,170,000	\$ 12,130,000	\$ 12,450,000	\$ 56,940,000	\$ 31,620,000
General obligations	9,150,000	11,065,000	3,300,000	4,865,000	12,450,000	15,930,000
Development agreement payable	15,211,611	15,756,504	-	-	15,211,611	15,756,504
Capital leases	170,217	252,517	-	-	170,217	252,517
Total	\$ 69,341,828	\$ 46,244,021	\$ 15,430,000	\$ 17,315,000	\$ 84,771,828	\$ 63,559,021

The City's total debt increased by \$21,212,807 (33.37%) during the current fiscal year. The reason for the increase is primarily the result of the issuance of certificates of obligation.

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

	<u>Standard's & Poor's</u>
General Obligation Bonds	AA-
Certificates of Obligation	AA

Additional information on the City's long term-debt can be found in Note 2.J on pages 48-52 of this report.

Economic Factors and Next Year's Budgets and Rates

The overall economic outlook of the City remains positive. The taxable assessed valuation increased 17.88% for fiscal year 2019-20. As a result, the General Fund Budgeted Property Tax Revenue increased by \$610,944. Sales Tax has also steadily increased each year. This increase in sales tax is anticipated to continue considering there are several new business that are scheduled to open over the next two years.

The Utility Fund revenue and customer base has also continuously increased and as a result the fiscal year 2020 budgeted revenue is \$413,217 higher than fiscal year 2019.

The City strives to maintain fiscally responsible fund balances and in fiscal year 2020 a surplus was budgeted in both the General Fund and Utility Fund.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 115 W. Brown Street, Ennis, Texas 75119.

BASIC FINANCIAL STATEMENTS

CITY OF ENNIS, TEXAS
STATEMENT OF NET POSITION
September 30, 2019

	Primary Government			Component Units	
				Ennis Economic Development Corporation	Ennis Industrial Development Corporation
	Governmental Activities	Business-type Activities	Total		
ASSETS					
Cash and cash equivalents	\$ 33,245,166	\$ 4,268,278	\$37,513,444	\$ 6,786,627	\$ 1,020
Receivables (net of allowance for uncollectibles)	2,028,053	1,455,043	3,483,096	-	-
Intergovernmental receivables	539,323	26,824	566,147	-	-
Due from component unit	1,002,973	-	1,002,973	-	-
Internal balances	515,150	(515,150)	-	-	-
Inventories	31,024	183,978	215,002	-	-
Prepaid items	22,189	-	22,189	-	-
Restricted cash and cash equivalents	-	7,869,345	7,869,345	899,008	-
Capital assets:					
Non-depreciable	20,682,838	7,091,421	27,774,259	4,415,129	-
Depreciable (net of accumulated depreciation)	56,872,345	30,465,377	87,337,722	507,915	-
Total Assets	114,939,061	50,845,116	165,784,177	12,608,679	1,020
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	396,920	76,464	473,384	136,202	-
Deferred outflows of resources related to pension	3,693,945	943,339	4,637,284	-	-
Deferred outflows of resources related to OPEB	234,382	58,742	293,124	-	-
Total Deferred Outflows of Resources	4,325,247	1,078,545	5,403,792	136,202	-
LIABILITIES					
Accounts payable and other current liabilities	3,589,856	296,549	3,886,405	175,884	-
Accrued payroll payable	677,092	151,253	828,345	-	-
Accrued interest payable	391,729	53,805	445,534	1,781,613	-
Line of credit	1,828,526	-	1,828,526	-	-
Customer deposits payable	-	594,270	594,270	-	-
Due to primary government	-	-	-	1,002,973	-
Liabilities payable from restricted assets	-	844,827	844,827	103,423	-
Noncurrent liabilities:					
Due within one year	4,649,528	1,660,328	6,309,856	535,000	-
Due in more than one year	76,458,187	16,572,202	93,030,389	4,110,754	-
Total Liabilities	87,594,918	20,173,234	107,768,152	7,709,647	-
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources related to pension	549,615	148,691	698,306	-	-
Deferred inflows of resources related to OPEB	2,050	290	2,340	-	-
Total Deferred Inflows of Resources	551,665	148,981	700,646	-	-
NET POSITION					
Net investment in capital assets	28,875,948	29,033,174	57,909,122	277,290	-
Restricted for:					
Cultural and recreational:					
Expendable	689,026	-	689,026	-	-
Nonexpendable	28,966	-	28,966	-	-
Debt service	732,532	-	732,532	795,585	-
Economic development	-	-	-	3,962,359	-
Industrial development	-	-	-	-	1,020
Public safety	509,097	-	509,097	-	-
Tourism	176,565	-	176,565	-	-
Unrestricted	105,591	2,568,272	2,673,863	-	-
Total Net Position	\$ 31,117,725	\$ 31,601,446	\$62,719,171	\$ 5,035,234	\$ 1,020

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

CITY OF ENNIS, TEXAS
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2019

	Net (Expense) Revenue and Changes in Net Position																																																																																																																																																																																																																																																																																																																																		
	Program Revenues					Primary Government			Ennis		Component Units																																																																																																																																																																																																																																																																																																																								
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Economic Development Corporation	Industrial Development Corporation	Ennis																																																																																																																																																																																																																																																																																																																									
Function/Programs:																																																																																																																																																																																																																																																																																																																																			
Primary government:																																																																																																																																																																																																																																																																																																																																			
Governmental activities:																																																																																																																																																																																																																																																																																																																																			
General government	\$ 3,323,582	\$ 500,257	\$ 388,350	\$ -	\$ (2,434,975)	\$ -	\$ (2,434,975)	\$ -	\$ -	\$ -	\$ -																																																																																																																																																																																																																																																																																																																								
Public safety	10,731,634	556,997	282,570	-	(9,892,067)	-	(9,892,067)	-	-	-	-																																																																																																																																																																																																																																																																																																																								
Streets	3,805,200	-	-	-	(3,805,200)	-	(3,805,200)	-	-	-	-																																																																																																																																																																																																																																																																																																																								
Health	14,151,551	11,915,091	314,171	-	(1,922,289)	-	(1,922,289)	-	-	-	-																																																																																																																																																																																																																																																																																																																								
Equipment services	405,495	-	-	-	(405,495)	-	(405,495)	-	-	-	-																																																																																																																																																																																																																																																																																																																								
Cultural and recreational	1,696,613	65,684	194,254	169,000	(1,267,675)	-	(1,267,675)	-	-	-	-																																																																																																																																																																																																																																																																																																																								
Hospital	1,160,052	544,893	-	-	(615,159)	-	(615,159)	-	-	-	-																																																																																																																																																																																																																																																																																																																								
Public works	869,278	450	1,141	297,874	(569,813)	-	(569,813)	-	-	-	-																																																																																																																																																																																																																																																																																																																								
Interest	1,818,008	-	-	-	(1,818,008)	-	(1,818,008)	-	-	-	-	Total governmental activities	<u>37,961,413</u>	<u>13,583,372</u>	<u>1,180,486</u>	<u>466,874</u>	<u>(22,730,681)</u>	<u>-</u>	<u>(22,730,681)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	Business-type activities:												Water	4,556,559	6,027,408	-	-	-	1,470,849	1,470,849	-	-	-	-	Sewer	3,643,086	4,235,965	-	52,824	-	645,703	645,703	-	-	-	-	Sanitation	1,180,725	1,481,012	-	-	-	300,287	300,287	-	-	-	-	Airport	165,814	141,230	19,970	-	-	(4,614)	(4,614)	-	-	-	-	Total business-type activities	<u>9,546,185</u>	<u>11,885,615</u>	<u>19,970</u>	<u>52,824</u>	<u>-</u>	<u>2,412,224</u>	<u>2,412,224</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	Total primary government	<u>\$ 47,507,598</u>	<u>\$ 25,468,987</u>	<u>\$ 1,200,456</u>	<u>\$ 519,698</u>	<u>(22,730,681)</u>	<u>2,412,224</u>	<u>(20,318,457)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	Component units:												Ennis Economic Development Corporation	\$ 2,107,043	\$ -	\$ 288	\$ -	-	-	-	(2,106,755)	-	-	-	Ennis Industrial Development Corporation	-	-	-	-	-	-	-	-	-	-	-	Total component units	<u>\$ 2,107,043</u>	<u>\$ -</u>	<u>\$ 288</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,106,755)</u>	<u>-</u>	<u>-</u>	<u>-</u>	General revenues:												Property taxes					11,865,422		11,865,422					Sales taxes					5,324,306		5,324,306					Franchise taxes					1,494,793		1,494,793		1,799,130			Hotel occupancy taxes					391,787		391,787					Alcoholic beverage taxes					52,512		52,512					Investment earnings					391,289	169,245	560,534	114,339		10		Gain on sale of capital asset					14,800		14,800					Miscellaneous					403,138		403,138	296				Transfers					203,424	(203,424)	-					Total general revenues					<u>20,141,471</u>	<u>(34,179)</u>	<u>20,107,292</u>	<u>1,913,765</u>	<u>-</u>	<u>10</u>	<u>-</u>	Change in net position					(2,589,210)	2,378,045	(211,165)	(192,990)		10		Net position - beginning, as restated					33,706,935	29,223,401	62,930,336	5,228,224			1,010	Net position - ending					<u>\$ 31,117,725</u>	<u>\$ 31,601,446</u>	<u>\$ 62,719,171</u>	<u>\$ 5,035,234</u>	<u>\$ -</u>	<u>\$ 1,020</u>	<u>\$ -</u>
Total governmental activities	<u>37,961,413</u>	<u>13,583,372</u>	<u>1,180,486</u>	<u>466,874</u>	<u>(22,730,681)</u>	<u>-</u>	<u>(22,730,681)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>																																																																																																																																																																																																																																																																																																																								
Business-type activities:																																																																																																																																																																																																																																																																																																																																			
Water	4,556,559	6,027,408	-	-	-	1,470,849	1,470,849	-	-	-	-																																																																																																																																																																																																																																																																																																																								
Sewer	3,643,086	4,235,965	-	52,824	-	645,703	645,703	-	-	-	-																																																																																																																																																																																																																																																																																																																								
Sanitation	1,180,725	1,481,012	-	-	-	300,287	300,287	-	-	-	-																																																																																																																																																																																																																																																																																																																								
Airport	165,814	141,230	19,970	-	-	(4,614)	(4,614)	-	-	-	-																																																																																																																																																																																																																																																																																																																								
Total business-type activities	<u>9,546,185</u>	<u>11,885,615</u>	<u>19,970</u>	<u>52,824</u>	<u>-</u>	<u>2,412,224</u>	<u>2,412,224</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>																																																																																																																																																																																																																																																																																																																								
Total primary government	<u>\$ 47,507,598</u>	<u>\$ 25,468,987</u>	<u>\$ 1,200,456</u>	<u>\$ 519,698</u>	<u>(22,730,681)</u>	<u>2,412,224</u>	<u>(20,318,457)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>																																																																																																																																																																																																																																																																																																																								
Component units:																																																																																																																																																																																																																																																																																																																																			
Ennis Economic Development Corporation	\$ 2,107,043	\$ -	\$ 288	\$ -	-	-	-	(2,106,755)	-	-	-																																																																																																																																																																																																																																																																																																																								
Ennis Industrial Development Corporation	-	-	-	-	-	-	-	-	-	-	-																																																																																																																																																																																																																																																																																																																								
Total component units	<u>\$ 2,107,043</u>	<u>\$ -</u>	<u>\$ 288</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,106,755)</u>	<u>-</u>	<u>-</u>	<u>-</u>																																																																																																																																																																																																																																																																																																																								
General revenues:																																																																																																																																																																																																																																																																																																																																			
Property taxes					11,865,422		11,865,422																																																																																																																																																																																																																																																																																																																												
Sales taxes					5,324,306		5,324,306																																																																																																																																																																																																																																																																																																																												
Franchise taxes					1,494,793		1,494,793		1,799,130																																																																																																																																																																																																																																																																																																																										
Hotel occupancy taxes					391,787		391,787																																																																																																																																																																																																																																																																																																																												
Alcoholic beverage taxes					52,512		52,512																																																																																																																																																																																																																																																																																																																												
Investment earnings					391,289	169,245	560,534	114,339		10																																																																																																																																																																																																																																																																																																																									
Gain on sale of capital asset					14,800		14,800																																																																																																																																																																																																																																																																																																																												
Miscellaneous					403,138		403,138	296																																																																																																																																																																																																																																																																																																																											
Transfers					203,424	(203,424)	-																																																																																																																																																																																																																																																																																																																												
Total general revenues					<u>20,141,471</u>	<u>(34,179)</u>	<u>20,107,292</u>	<u>1,913,765</u>	<u>-</u>	<u>10</u>	<u>-</u>																																																																																																																																																																																																																																																																																																																								
Change in net position					(2,589,210)	2,378,045	(211,165)	(192,990)		10																																																																																																																																																																																																																																																																																																																									
Net position - beginning, as restated					33,706,935	29,223,401	62,930,336	5,228,224			1,010																																																																																																																																																																																																																																																																																																																								
Net position - ending					<u>\$ 31,117,725</u>	<u>\$ 31,601,446</u>	<u>\$ 62,719,171</u>	<u>\$ 5,035,234</u>	<u>\$ -</u>	<u>\$ 1,020</u>	<u>\$ -</u>																																																																																																																																																																																																																																																																																																																								

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

CITY OF ENNIS, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2019

	General	QIPP	Capital Projects	Certificates Of Obligation Series 2019	Certificates Of Obligation Series 2019A	Debt Service	Total Nonmajor Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 7,728,041	\$ 57,379	\$ 593,205	\$ 8,369,655	\$ 11,595,344	\$ 732,532	\$ 1,894,600	\$ 30,970,756
Receivables (net of allowance for uncollectibles)	1,624,962	-	-	-	-	-	403,091	2,028,053
Intergovernmental receivables	-	314,171	42,260	-	-	-	182,892	539,323
Due from other funds	686,436	-	-	-	783,511	-	9,117	1,479,064
Due from component unit	-	-	-	-	1,533,641	-	-	1,533,641
Inventories	31,024	-	-	-	-	-	-	31,024
Prepaid items	22,189	-	-	-	-	-	-	22,189
Total assets	<u>\$ 10,092,652</u>	<u>\$ 371,550</u>	<u>\$ 635,465</u>	<u>\$ 8,369,655</u>	<u>\$ 13,912,496</u>	<u>\$ 732,532</u>	<u>\$ 2,489,700</u>	<u>\$ 36,604,050</u>
LIABILITIES								
Accounts payable	\$ 598,223	\$ 11,443	\$ -	\$ 1,006,407	\$ 1,351,289	\$ -	\$ 40,494	\$ 3,007,856
Accrued payroll payable	664,224	-	-	-	-	-	12,868	677,092
Due to other funds	7,319	-	-	-	-	-	295,911	303,230
Due to component unit	530,668	-	-	-	-	-	-	530,668
Accrued interest payable	-	26,302	-	-	-	-	-	26,302
Line of credit	-	1,828,526	-	-	-	-	-	1,828,526
Total liabilities	<u>1,800,434</u>	<u>1,866,271</u>	<u>-</u>	<u>1,006,407</u>	<u>1,351,289</u>	<u>-</u>	<u>349,273</u>	<u>6,373,674</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue-property taxes	127,081	-	-	-	-	-	-	127,081
Unavailable revenue-grants	-	42,783	42,260	-	-	-	182,892	267,935
Unavailable revenue-other	89,610	-	-	-	-	-	-	89,610
Total deferred inflows of resources	<u>216,691</u>	<u>42,783</u>	<u>42,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>182,892</u>	<u>484,626</u>
FUND BALANCES								
Nonspendable:								
Endowment	-	-	-	-	-	-	28,966	28,966
Inventories	31,024	-	-	-	-	-	-	31,024
Prepaid items	22,189	-	-	-	-	-	-	22,189
Restricted:								
Capital projects	3,112	-	593,205	7,363,248	12,561,207	-	724,032	21,244,804
Cultural and recreational	1,520	-	-	-	-	-	687,506	689,026
Debt service	-	-	-	-	-	732,532	-	732,532
Public safety	76	-	-	-	-	-	509,021	509,097
Tourism	-	-	-	-	-	-	176,565	176,565
Unassigned	<u>8,017,606</u>	<u>(1,537,504)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(168,555)</u>	<u>6,311,547</u>
Total fund balances	<u>8,075,527</u>	<u>(1,537,504)</u>	<u>593,205</u>	<u>7,363,248</u>	<u>12,561,207</u>	<u>732,532</u>	<u>1,957,535</u>	<u>29,745,750</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,092,652</u>	<u>\$ 371,550</u>	<u>\$ 635,465</u>	<u>\$ 8,369,655</u>	<u>\$ 13,912,496</u>	<u>\$ 732,532</u>	<u>\$ 2,489,700</u>	<u>\$ 36,604,050</u>

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

CITY OF ENNIS, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2019

Amounts reported for governmental activities in the statement of net position (page 15) are different because:

Total fund balances - governmental funds (page 17)		\$ 29,745,750
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		77,555,183
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		484,626
Deferred outflows of resources are not reported in the governmental funds:		
Deferred charges on refunding	\$ 396,920	
Deferred outflows of resources related to pension	3,693,945	
Deferred outflows of resources related to OPEB	<u>234,382</u>	4,325,247
Internal service funds are used by management to charge the cost of self-insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		1,031,726
Interest payable on long-term debt does not require current financial resources. Therefore interest payable is not reported as a liability in the governmental funds balance sheet.		(365,427)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Due within one year	(4,649,528)	
Due in more than one year	<u>(76,458,187)</u>	(81,107,715)
Deferred inflows of resources are not reported in the governmental funds:		
Deferred inflows of resources related to pension	(549,615)	
Deferred inflows of resources related to OPEB	<u>(2,050)</u>	<u>(551,665)</u>
Net position of governmental activities (page 15)		<u><u>\$ 31,117,725</u></u>

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

CITY OF ENNIS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2019

	General	QIPP	Capital Projects	Certificates Of Obligation Series 2019	Certificates Of Obligation Series 2019A	Debt Service	Total Nonmajor Funds	Total Governmental Funds
REVENUES								
Property taxes	\$ 7,810,673	\$ -	\$ -	\$ -	\$ -	\$ 3,992,696	\$ 35,274	\$ 11,838,643
Sales taxes	3,598,266	-	-	-	-	-	1,726,040	5,324,306
Franchise taxes	1,494,793	-	-	-	-	-	-	1,494,793
Hotel occupancy taxes	-	-	-	-	-	-	391,787	391,787
Alcoholic beverage taxes	52,512	-	-	-	-	-	-	52,512
Licenses and permits	457,282	-	-	-	-	-	-	457,282
Fines and forfeitures	409,817	-	-	-	-	-	16,821	426,638
Charges for services	239,467	11,915,091	-	-	-	-	-	12,154,558
Investment earnings	127,014	806	24,355	68,199	64,663	70,570	35,682	391,289
Miscellaneous	409,405	-	-	-	-	-	6,143	415,548
Intergovernmental	661,141	271,389	132,913	-	-	-	28,026	1,093,469
Contributions and donations	-	-	60,141	-	150,000	-	17,550	227,691
Total revenues	<u>15,260,370</u>	<u>12,187,286</u>	<u>217,409</u>	<u>68,199</u>	<u>214,663</u>	<u>4,063,266</u>	<u>2,257,323</u>	<u>34,268,516</u>
EXPENDITURES								
Current:								
General government	3,011,243	-	-	-	-	-	359,583	3,370,826
Public safety	10,762,410	-	-	-	-	-	215,356	10,977,766
Streets	1,157,857	-	-	-	-	-	1,138,849	2,296,706
Health	548,751	13,698,488	-	-	-	-	-	14,247,239
Equipment services	900,753	-	-	-	-	-	-	900,753
Cultural and recreational	1,529,166	-	-	-	-	-	12,465	1,541,631
Public works	324,467	-	-	-	-	-	-	324,467
Capital outlay:								
General government	-	-	1,970,664	-	1,287,393	-	10,000	3,268,057
Public safety	-	-	1,817,172	4,436,127	4,200	-	-	6,257,499
Streets	-	-	2,244,497	-	-	-	-	2,244,497
Equipment services	-	-	-	-	67,022	-	-	67,022
Cultural and recreational	-	-	15,372	-	17,755	-	-	33,127
Public works	-	-	-	-	2,019,412	-	-	2,019,412
Debt service:								
Principal retirement	82,300	-	-	-	-	3,175,000	-	3,257,300
Interest and fiscal charges	5,702	26,302	-	-	400	1,096,892	400	1,129,696
Bond issuance costs	-	-	-	-	282,020	-	216,995	499,015
Total expenditures	<u>18,322,649</u>	<u>13,724,790</u>	<u>6,047,705</u>	<u>4,436,127</u>	<u>3,678,202</u>	<u>4,271,892</u>	<u>1,953,648</u>	<u>52,435,013</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,062,279)</u>	<u>(1,537,504)</u>	<u>(5,830,296)</u>	<u>(4,367,928)</u>	<u>(3,463,539)</u>	<u>(208,626)</u>	<u>303,675</u>	<u>(18,166,497)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	4,264,468	-	-	11,839,825	204,940	246,914	213,752	16,769,899
Transfers out	-	-	(635,736)	-	(2,467,201)	-	(12,596,497)	(15,699,434)
Certificates of obligation issued	-	-	-	-	17,065,000	-	9,835,000	26,900,000
Premium on bonds issued	-	-	-	-	1,222,007	-	382,220	1,604,227
Sale of capital assets	14,800	-	-	-	-	-	-	14,800
Total other financing sources (uses)	<u>4,279,268</u>	<u>-</u>	<u>(635,736)</u>	<u>11,839,825</u>	<u>16,024,746</u>	<u>246,914</u>	<u>(2,165,525)</u>	<u>29,589,492</u>
Net change in fund balances	1,216,989	(1,537,504)	(6,466,032)	7,471,897	12,561,207	38,288	(1,861,850)	11,422,995
Fund balances-beginning	6,858,538	-	7,059,237	(108,649)	-	694,244	3,819,385	18,322,755
Fund balances-ending	<u>\$ 8,075,527</u>	<u>\$(1,537,504)</u>	<u>\$ 593,205</u>	<u>\$ 7,363,248</u>	<u>\$ 12,561,207</u>	<u>\$ 732,532</u>	<u>\$ 1,957,535</u>	<u>\$ 29,745,750</u>

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

CITY OF ENNIS, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2019

Amounts reported for governmental activities in the statement of activities (page 16) are different because:

Net Change in Fund Balances - total governmental funds (page 19)		\$ 11,422,995
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay recorded as capital assets in the current period.		13,982,616
The net effect of various miscellaneous transactions involving capital assets (i.e., asset retirements/disposals) is to decrease net position.		
Asset retirements/disposals		(867,039)
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.		(3,361,482)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Bonds issued	\$ (26,900,000)	
Premium on bonds issued	(1,604,227)	
Bond principal retirement	3,175,000	
Amortization of bond premiums/discounts	107,471	
Amortization of deferred charge on refunding	(72,520)	
Development agreement payable retirement	544,893	
Capital lease retirement	82,300	(24,667,083)
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds. Change in accrued interest.		(224,248)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		257,874
Pension and OPEB contributions are recorded as expenditures in the governmental funds. However, in the statement of activities, these contributions are converted to the full accrual GASBS 68 pension amounts.		
Deferred outflows/inflows of resources related to pension	3,680,517	
Deferred outflows/inflows of resources related to OPEB	190,197	3,870,713
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences	425,238	
Net pension liability	(4,196,628)	
OPEB liability	(255,817)	(4,027,207)
The internal service funds are used by management to charge the costs of self-insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		1,023,651
Change in net position of governmental activities (page 16)		<u>\$ (2,589,210)</u>

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

CITY OF ENNIS, TEXAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL FUND
 For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
REVENUES				
Property taxes	\$ 8,033,920	\$ 8,033,920	\$ 7,810,673	\$ (223,247)
Sales taxes	3,250,000	3,250,000	3,598,266	348,266
Franchise taxes	1,658,865	1,658,865	1,494,793	(164,072)
Alcoholic beverage taxes	43,961	43,961	52,512	8,551
Licenses and permits	436,931	436,931	457,282	20,351
Fines and forfeitures	574,237	574,237	409,817	(164,420)
Charges for services	174,165	174,165	239,467	65,302
Investment earnings	58,700	58,700	127,014	68,314
Miscellaneous	519,122	332,983	409,405	76,422
Intergovernmental	134,293	134,293	661,141	526,848
Total revenues	<u>14,884,194</u>	<u>14,698,055</u>	<u>15,260,370</u>	<u>562,315</u>
EXPENDITURES				
Current:				
General government:				
City commission	262,028	238,693	197,914	(40,779)
Administration	593,328	598,902	603,524	4,622
Finance	336,684	314,806	310,969	(3,837)
Economic development	539,638	542,936	530,434	(12,502)
Information technology	142,692	353,673	320,424	(33,249)
Human resources	327,087	320,940	314,651	(6,289)
Nondepartmental	589,759	1,061,921	733,327	(328,594)
Total general government	<u>2,791,216</u>	<u>3,431,871</u>	<u>3,011,243</u>	<u>(420,628)</u>
Public safety:				
Police protection	4,810,157	4,803,899	4,721,169	(82,730)
Judicial	301,947	280,228	280,944	716
Fire protection	4,908,659	5,145,810	5,186,383	40,573
Planning and inspection	557,407	551,799	573,914	22,115
Total public safety	<u>10,578,170</u>	<u>10,781,736</u>	<u>10,762,410</u>	<u>(19,326)</u>
Streets	1,224,368	1,243,826	1,157,857	(85,969)
Health	581,451	583,091	548,751	(34,340)
Equipment services	327,435	1,020,884	900,753	(120,131)
Cultural and recreational:				
Parks and recreation	1,079,149	1,285,169	997,016	(288,153)
Library	586,098	487,439	491,215	3,776
Museum	44,284	44,339	40,935	(3,404)
Total cultural and recreational	<u>1,709,531</u>	<u>1,816,947</u>	<u>1,529,166</u>	<u>(287,781)</u>
Public works	306,284	334,098	324,467	(9,631)
Debt service:				
Principal retirement	88,002	88,002	82,300	(5,702)
Interest and fiscal charges	5,702	5,702	5,702	-
Total debt service	<u>93,704</u>	<u>93,704</u>	<u>88,002</u>	<u>(5,702)</u>
Total expenditures	<u>17,612,159</u>	<u>19,306,157</u>	<u>18,322,649</u>	<u>(983,508)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,727,965)</u>	<u>(4,608,102)</u>	<u>(3,062,279)</u>	<u>1,545,823</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,621,498	5,047,726	4,264,468	(783,258)
Sale of capital assets	50,000	50,000	14,800	(35,200)
Total other financing sources and uses	<u>4,671,498</u>	<u>5,097,726</u>	<u>4,279,268</u>	<u>(818,458)</u>
Net change in fund balance	1,943,533	489,624	1,216,989	727,365
Fund balance-beginning	-	-	6,858,538	6,858,538
Fund balance-ending	<u>\$ 1,943,533</u>	<u>\$ 489,624</u>	<u>\$ 8,075,527</u>	<u>\$ 7,585,903</u>

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

CITY OF ENNIS, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2019

	Business-type Activities - Enterprise			Governmental
	Utility	Nonmajor Enterprise Funds	Total Enterprise Funds	Activities Internal Service Fund
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 4,264,783	\$ 3,495	\$ 4,268,278	\$ 2,274,410
Restricted cash and cash equivalents - bond construction	844,827	-	844,827	-
Receivables (net of allowance for uncollectibles)	1,276,221	178,822	1,455,043	-
Due from other funds	-	75,467	75,467	-
Intergovernmental receivable	26,824	-	26,824	-
Inventories	155,683	28,295	183,978	-
Total current assets	<u>6,568,338</u>	<u>286,079</u>	<u>6,854,417</u>	<u>2,274,410</u>
Noncurrent Assets:				
Restricted cash and cash equivalents - bond construction	7,024,518	-	7,024,518	-
Capital assets (net, where applicable of accumulated depreciation)	36,438,022	1,118,776	37,556,798	-
Total noncurrent assets	<u>43,462,540</u>	<u>1,118,776</u>	<u>44,581,316</u>	<u>-</u>
Total assets	<u>50,030,878</u>	<u>1,404,855</u>	<u>51,435,733</u>	<u>2,274,410</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	76,464	-	76,464	-
Deferred outflows of resources related to pension	709,337	234,002	943,339	-
Deferred outflows of resources related to OPEB	44,320	14,422	58,742	-
Total deferred outflows of resources	<u>830,121</u>	<u>248,424</u>	<u>1,078,545</u>	<u>-</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	270,062	26,487	296,549	582,000
Accrued payroll payable	113,255	37,998	151,253	-
Due to other funds	310,661	492,332	802,993	448,308
Compensated absences	48,842	11,486	60,328	-
Customer deposits payable	594,270	-	594,270	-
Bonds payable	1,600,000	-	1,600,000	-
Accrued interest payable	53,805	-	53,805	-
Current liabilities payable from restricted assets:				
Accounts payable	844,827	-	844,827	-
Total current liabilities	<u>3,835,722</u>	<u>568,303</u>	<u>4,404,025</u>	<u>1,030,308</u>
Noncurrent Liabilities:				
Bonds payable	14,024,606	-	14,024,606	-
Net pension liability	1,772,919	590,357	2,363,276	-
OPEB liability	139,009	45,311	184,320	-
Total noncurrent liabilities	<u>15,936,534</u>	<u>635,668</u>	<u>16,572,202</u>	<u>-</u>
Total liabilities	<u>19,772,256</u>	<u>1,203,971</u>	<u>20,976,227</u>	<u>1,030,308</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pension	111,200	37,491	148,691	-
Deferred inflows of resources related to OPEB	222	68	290	-
Total deferred inflows of resources	<u>111,422</u>	<u>37,559</u>	<u>148,981</u>	<u>-</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	27,914,398	1,118,776	29,033,174	-
Unrestricted	3,062,923	(707,027)	2,355,896	1,244,102
Total net position (deficit)	<u>\$ 30,977,321</u>	<u>\$ 411,749</u>	<u>\$ 31,389,070</u>	<u>\$ 1,244,102</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the enterprise funds over time			<u>212,376</u>	
Net position of business-type activities (page 15)			<u>\$ 31,601,446</u>	

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

CITY OF ENNIS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2019

	Business-type Activities - Enterprise			Governmental
	Utility	Nonmajor Enterprise Funds	Total Enterprise Funds	Activities Internal Service Fund
Operating revenues:				
Water revenue	\$ 6,027,408	\$ -	\$ 6,027,408	\$ -
Sewer revenue	4,235,965	-	4,235,965	-
Sanitation revenue	-	1,481,012	1,481,012	-
Airport revenue	-	141,230	141,230	-
Charges for insurance and services	-	-	-	4,253,503
Total operating revenues	<u>10,263,373</u>	<u>1,622,242</u>	<u>11,885,615</u>	<u>4,253,503</u>
Operating expenses:				
Personnel	2,928,838	1,010,042	3,938,880	-
Supplies	1,266,568	165,286	1,431,854	-
Maintenance and replacement	889,234	73,190	962,424	-
Miscellaneous services	896,036	72,522	968,558	-
Insurance claims and expenses	-	-	-	2,953,651
Depreciation and amortization	2,071,721	117,799	2,189,520	-
Total operating expenses	<u>8,052,397</u>	<u>1,438,839</u>	<u>9,491,236</u>	<u>2,953,651</u>
Operating income	<u>2,210,976</u>	<u>183,403</u>	<u>2,394,379</u>	<u>1,299,852</u>
Nonoperating revenue (expenses):				
Investment earnings	169,036	209	169,245	-
Insurance recoveries	-	-	-	44,276
Interest expense	(375,425)	-	(375,425)	-
Total nonoperating revenue (expenses)	<u>(206,389)</u>	<u>209</u>	<u>(206,180)</u>	<u>44,276</u>
Income before contributions and transfers	2,004,587	183,612	2,188,199	1,344,128
Capital contributions	52,824	887,011	939,835	-
Transfer in	1,887,617	-	1,887,617	-
Transfer out	(2,379,986)	(578,096)	(2,958,082)	-
Change in net position	1,565,042	492,527	2,057,569	1,344,128
Net position (deficit)-beginning, as restated	29,412,279	(80,778)	29,331,501	(100,026)
Net position-ending	<u>\$30,977,321</u>	<u>\$ 411,749</u>	<u>\$31,389,070</u>	<u>\$ 1,244,102</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the enterprise funds over time			<u>212,376</u>	
Net position of business-type activities (page 16)			<u>\$31,601,446</u>	

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

CITY OF ENNIS, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2019

	Business-type Activities - Enterprise		Governmental
	Utility	Nonmajor Enterprise Fund	Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 10,420,083	\$ 1,656,024	\$ 12,076,107
Receipts from interfund charges for self-insurance	-	-	4,281,691
Payments to suppliers and service providers	(2,946,704)	(334,827)	(3,281,531)
Payments to employees for salaries and benefits	(2,837,331)	(982,630)	(3,819,961)
Net cash provided by (used for) operating activities	<u>4,636,048</u>	<u>338,567</u>	<u>4,974,615</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advances to other funds	-	(18,966)	(18,966)
Advances from other funds	18,966	-	18,966
Repayment of advances to other funds	-	(20,774)	(20,774)
Insurance recoveries	-	-	44,276
Transfers from other funds	1,887,617	3,495	1,891,112
Transfers to other funds	(2,379,986)	(364,345)	(2,744,331)
Net cash provided by (used for) noncapital financing activities	<u>(473,403)</u>	<u>(400,590)</u>	<u>(873,993)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions	26,000	65,309	91,309
Acquisition and construction of capital assets	(2,891,397)	-	(2,891,397)
Principal paid on bond maturities	(1,885,000)	-	(1,885,000)
Interest and fiscal charges paid on bonds	(371,707)	-	(371,707)
Net cash provided by (used for) capital and related financing activities	<u>(5,122,104)</u>	<u>65,309</u>	<u>(5,056,795)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	169,036	209	169,245
Net cash provided by investing activities	<u>169,036</u>	<u>209</u>	<u>169,245</u>
Net increase (decrease) in cash and cash equivalents	(790,423)	3,495	(786,928)
Cash and cash equivalents October 1 (including \$8,570,310 reported in restricted accounts)	12,924,551	-	12,924,551
Cash and cash equivalents September 30 (including \$7,869,345 reported in restricted accounts)	<u>\$ 12,134,128</u>	<u>\$ 3,495</u>	<u>\$ 12,137,623</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 2,210,976	\$ 183,403	\$ 2,394,379
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation and amortization	2,071,721	117,799	2,189,520
(Increase) decrease in accounts receivable	128,900	33,782	162,682
(Increase) decrease in inventory	(13,936)	(20,299)	(34,235)
(Increase) decrease in pension related deferred inflows/outflows	(672,412)	(215,481)	(887,893)
(Increase) decrease in OPEB related deferred inflows/outflows	(35,850)	(11,663)	(47,513)
Increase (decrease) in accounts payable	119,070	(3,530)	115,540
Increase (decrease) in accrued payroll payable	4,385	(1,071)	3,314
Increase (decrease) in compensated absences	(46,530)	(18,219)	(64,749)
Increase (decrease) in customer deposits	27,810	-	27,810
Increase (decrease) in net pension liability	793,540	258,105	1,051,645
Increase (decrease) in OPEB liability	48,374	15,741	64,115
Total adjustments	<u>2,425,072</u>	<u>155,164</u>	<u>2,580,236</u>
Net cash provided by (used for) operating activities	<u>\$ 4,636,048</u>	<u>\$ 338,567</u>	<u>\$ 4,974,615</u>
Schedule of non-cash transactions:			
Purchase of capital assets on account	\$ 844,827	-	\$ 844,827
Governmental activities capital assets assumed	<u>\$ -</u>	<u>\$ 867,040</u>	<u>\$ 867,040</u>

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

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of government-wide financial statements

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

B. Reporting entity

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

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

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

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Reporting entity (continued)

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

City of Ennis
115 West Brown Street
Ennis, Texas 75119

The *Ennis Industrial Development Corporation, Inc.* (IDC) is authorized to acquire, whether by construction, devise, purchase, gift, lease or otherwise or any one or more of such methods to construct, improve, maintain, equip and furnish development projects within or partially within the City limits and to issue revenue bonds to defray all or part of the cost of any project. The members of the IDC's board are appointed by the City Commission. The City can impose its will on the IDC by significantly influencing the program, projects, activities, or level of service performed by the IDC. Separate financial statements for the IDC are not issued.

C. Basis of presentation – government-wide financial statements

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

As discussed earlier, the City has discretely presented component units. The Economic Development Corporation and Industrial Development Corporation are considered to be major component units and are shown in separate columns in the government-wide financial statements.

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

D. Basis of presentation – fund financial statements

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

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - 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 City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

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

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

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

The *Certificates of Obligation Series 2019A fund* is used to account for capital project expenditures funded from issuance of certificates of obligation.

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

The City reports the following major enterprise fund:

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

Additionally, the City reports the following fund type:

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

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

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of presentation – fund financial statements (continued)

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

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

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Measurement focus and basis of accounting (continued)

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

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

F. Budgetary information

1. Budgetary basis of accounting

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

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Cash and cash equivalents

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

2. Investments

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

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

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

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

3. *Restricted assets*

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

4. *Inventories and prepaid items*

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

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

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (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 City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

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

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

Capital asset classes	Lives
Buildings	7-50
Improvements	7-50
Machinery and equipment	5-30
Infrastructure	10-50
Water rights	30

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

6. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources reported in this year's financial statements include (1) the differences between the projected and actual investment earnings, (2) a deferred outflow of resources for contributions made to the City's defined benefit pension plan and OPEB plan between the measurement date and the end of the City's fiscal year, (3) a deferred outflow of resources for the difference between expected and actual experience data used by the actuary for the pension and OPEB plans, and (4) deferred charge on refunding. Deferred outflows of resources for the differences between the projected and actual investment earnings are attributed to pension expense over a total of 5 years, including the current year. Deferred outflows for pension and OPEB contributions will be recognized in the subsequent fiscal year. Deferred outflows of resources for the difference between expected and actual experience data is attributed to pension expense over a total of 3.5 years, including the current year and OPEB expense over a total of 7.8 years, including the current year. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. No deferred outflows of resources affect the governmental funds financial statements in the current year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources are reported in the City's various statements of net position for (1) a deferred inflow of resources related to changes in actuarial assumptions of the City's defined benefit pension plan, (2) a deferred inflow of resources related to changes in actuarial assumptions of the City's OPEB plan, and (3) the difference between expected and actual experience data used by the actuary for the pension plan. Deferred inflows for changes in actuarial assumptions is attributed to pension expense over a total of 2.42 years. Deferred inflows for changes in actuarial assumptions is attributed to OPEB expense over a total of 7.28 years. The deferred inflow of resources related to the difference between expected and actual experience data used by the actuary is attributed to pension expense over a total of 5.88 years, including the current year. In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The City will not recognize the related revenues until they are available (collected not later than 60 days after the end of the City's fiscal year) under the modified accrual basis of accounting. Accordingly, *unavailable revenues* from property taxes and intergovernmental revenues are reported in the governmental funds balance sheet.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

7. Long-term obligations

In the government-wide financial statements, and proprietary fund type 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 fund type statements 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.

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

8. Net position flow assumption

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

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

Restricted net position —This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position —This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

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

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

9. Fund balance flow assumption

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

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

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

Committed fund balance—amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Commissioners). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.

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

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

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

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

10. *Library Endowment*

Under terms of the endowment, and consistent with State statutes, the City is authorized on a total-return policy to spend the net appreciation for the benefit of the Ennis Public Library. All available net appreciation has been expended as of September 30, 2019.

11. *Deficit fund equity*

As of September 30, 2019, the Court Technology fund, a nonmajor governmental fund, has a deficit fund balance of \$8,230.

As of September 30, 2019, the Street Maintenance fund, a nonmajor governmental fund, has a deficit fund balance of \$160,325.

As of September 30, 2019, the Sanitation fund, a nonmajor enterprise fund, has a deficit net position of \$236,948.

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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Revenues and expenditures/expenses (continued)

2. Property taxes

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

3. Compensated absences

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from City service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Vacation leave shall be taken during the year following its accumulation.

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 utility, nonmajor enterprise, and internal service funds are charges to customers for sales and services. The utility fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds and internal service fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Revenues and expenditures/expenses (continued)

5. Pensions and Other Post Employment Benefits (OPEB)

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

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

6. Self-Insurance

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

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash deposits with financial institutions

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. The City's deposits were fully insured or collateralized as required by State statutes at September 30, 2019. At year end, the bank balance of the City's deposits was \$45,035,915. Of the bank balance, \$500,000 was covered by federal depository insurance and the remaining balance, \$44,535,915, was covered by collateral pledged in the City's name. The collateral was held in the City's name by the safekeeping department of the pledging bank's agent and had a fair value of approximately \$56,024,000.

B. Investments

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

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

Investment Type	Fair Value
TexPool	\$ 317,230

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of September 30, 2019, the City's investment in TexPool was rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

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

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

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

C. Receivables

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

Receivables:	General	Nonmajor Governmental	Utility	Nonmajor Enterprise	Total
Taxes	\$ 1,635,045	\$ 403,091	\$ -	\$ -	\$ 2,038,136
Accounts	52,137	-	1,436,591	236,374	1,725,102
Other	99,044	-	-	-	99,044
Gross receivables	<u>1,786,226</u>	<u>403,091</u>	<u>1,436,591</u>	<u>236,374</u>	<u>3,862,282</u>
Less: allowance for uncollectibles	(161,264)	-	(160,370)	(57,552)	(379,186)
Net total receivables	<u>\$ 1,624,962</u>	<u>\$ 403,091</u>	<u>\$ 1,276,221</u>	<u>\$ 178,822</u>	<u>\$ 3,483,096</u>

D. Capital assets

Capital asset activity for the year ended September 30, 2019, was as follows:

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 7,237,923	\$ -	\$ (834,551)	\$ 6,403,372
Construction in progress	6,372,709	12,380,141	(4,473,384)	14,279,466
Total capital assets not being depreciated	<u>13,610,632</u>	<u>12,380,141</u>	<u>(5,307,935)</u>	<u>20,682,838</u>
Capital assets being depreciated:				
Buildings	30,941,170	2,901,316	(72,801)	33,769,685
Improvements	3,627,573	326,301	-	3,953,874
Machinery and equipment	14,320,684	1,650,474	(408,283)	15,562,875
Infrastructure	50,400,723	1,197,768	(1,271,716)	50,326,775
Totals capital assets being depreciated	<u>99,290,150</u>	<u>6,075,859</u>	<u>(1,752,800)</u>	<u>103,613,209</u>
Less accumulated depreciation for:				
Buildings	(10,058,823)	(798,144)	57,479	(10,799,488)
Improvements	(1,944,414)	(143,996)	-	(2,088,410)
Machinery and equipment	(10,345,020)	(1,166,302)	391,117	(11,120,205)
Infrastructure	(22,751,437)	(1,253,040)	1,271,716	(22,732,761)
Total accumulated depreciation	<u>(45,099,694)</u>	<u>(3,361,482)</u>	<u>1,720,312</u>	<u>(46,740,864)</u>
Total capital assets, being depreciated, net	<u>54,190,456</u>	<u>2,714,377</u>	<u>(32,488)</u>	<u>56,872,345</u>
Governmental activities capital assets, net	<u>\$ 67,801,088</u>	<u>\$ 15,094,518</u>	<u>\$ (5,340,423)</u>	<u>\$ 77,555,183</u>

Certain reclassifications have been made to the prior year data to conform with the current year presentation.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

D. Capital assets (continued)

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

Governmental activities:

General government	\$ 6,647
Public safety	433,477
Streets	1,400,129
Health	20,241
Equipment services	78,800
Cultural and recreational	215,398
Hospital	1,160,052
Public works	46,738
Total depreciation expense - governmental activities	<u>\$ 3,361,482</u>

Business-type activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 253,739	\$ 834,551	\$ -	\$ 1,088,290
Construction in progress	2,357,825	3,645,306	-	6,003,131
Total capital assets not being depreciated	<u>2,611,564</u>	<u>4,479,857</u>	<u>-</u>	<u>7,091,421</u>
Capital assets being depreciated:				
Buildings	9,408,105	72,801	-	9,480,906
Improvements	54,203,122	1,271,716	-	55,474,838
Machinery and equipment	2,799,943	231,451	-	3,031,394
Water rights	1,001,831	-	-	1,001,831
Total capital assets being depreciated	<u>67,413,001</u>	<u>1,575,968</u>	<u>-</u>	<u>68,988,969</u>
Less accumulated depreciation for:				
Buildings	(5,898,962)	(239,836)	-	(6,138,798)
Improvements	(26,583,276)	(2,914,410)	-	(29,497,686)
Machinery and equipment	(1,794,201)	(491,812)	-	(2,286,013)
Water rights	(567,701)	(33,394)	-	(601,095)
Total accumulated depreciation	<u>(34,844,140)</u>	<u>(3,679,452)</u>	<u>-</u>	<u>(38,523,592)</u>
Total capital assets being depreciated, net	<u>32,568,861</u>	<u>(2,103,484)</u>	<u>-</u>	<u>30,465,377</u>
Business-type capital assets, net	<u>\$ 35,180,425</u>	<u>\$ 2,376,373</u>	<u>\$ -</u>	<u>\$ 37,556,798</u>

Certain reclassifications have been made to the prior year data to conform with the current year presentation.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

D. Capital assets (continued)

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

Business-type activities:

Water	\$ 1,163,151
Sewer	908,570
Sanitation	107,123
Airport	10,676
Total depreciation expense - business-type activities	<u>\$ 2,189,520</u>

* In 2019, governmental activities assets were contributed to a nonmajor enterprise fund. Governmental activities land, buildings, infrastructure, and machinery and equipment with a cost of \$2,356,972 and accumulated depreciation of \$1,489,932 is included as an increase to the business-type activities land, buildings, infrastructure, and machinery and equipment and related accumulated depreciation.

E. Construction commitments

Construction commitments. The City has active construction projects as of September 30, 2019. The projects include buildings, park improvements, street improvements, infrastructure and water and sewer improvements. At year end the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Commitment</u>
Buildings	\$ 7,717,403	\$10,011,443
Park improvements	-	245,504
Street improvements	5,151,126	1,473,694
Infrastructure	447,592	112,809
Water and sewer improvements	5,590,934	5,629,328
	<u>\$ 18,907,055</u>	<u>\$17,472,778</u>

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

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

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

F. Tax abatements

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

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

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

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

F. Tax abatements (continued)

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

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

<u>Tax Abatement Program</u>	<u>Amount Abated</u>
Tax Abatement Act	\$ 276,513
Historic Landmark Tax Exemption Program	16,782
Historic Reinvestment Tax Abatement Refund Program	28,999
Historic Preservation Tax Reimbursement Program	6,071

The City has also entered into Economic Development Agreements to promote local economic development and to stimulate business and commercial activity in the City. These agreements include provisions for repayment if the recipient fails to fully meet its commitments. The City's agreements were as follows at September 30, 2019:

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

F. Tax abatements (continued)

An agreement to make annual grants in an amount not to exceed the equivalent of 75% of the ad valorem real property taxes paid for a period of five consecutive years for Spyglass Gen Par, LC to develop real property and construct thereon improvements for a multi-family residential development. The incentive period began November 2016. The abatement amounted to \$0 for the fiscal year ended September 30, 2019.

An agreement to make annual grants in the amount of \$30,000 per year, not to exceed the total amount of ad valorem real and personal property taxes paid for two consecutive five year terms for Kent Industries, Inc., Polyguard Products, Inc., Muncaster Capital of Texas, Inc. for construction and improvements made to the corporate headquarters and training facility. The incentive period began March 2017. The abatement amounted to \$30,000 for the fiscal year ended September 30, 2019.

An agreement to make annual grants in the amount of \$35,000 per year, not to exceed the total amount of ad valorem real and personal property taxes paid for a period of ten consecutive years for Globe Products, Inc., Milglo, LLC., Minimilglo, LTD., Extreme Dead Nuts, LLC. and DNM Holding, LLC., for construction of improvements for new and expanded business development. The incentive period began October 2017. The abatement amounted to \$35,000 for the fiscal year ended September 30, 2019.

An agreement to make grant payments in an amount not to exceed a total of \$300,000 paid, in annual payments not to exceed 50% of the ad valorem property taxes paid by DA Ennis 45 Partner, LP., to develop approximately 6.7 acres of land and the construction and operation of multiple retail developments. The incentive period will begin upon the first tax year following the year after issuance of a certificate of occupancy. The abatement amounted to \$0 for the fiscal year ended September 30, 2019.

An agreement to make grant payments in an amount not to exceed 50% of the ad valorem property taxes paid by Forum Meat Company for a period of 3 years for construction of improvements for new and expanded business development. The incentive period began October 2018. The abatement amounted to \$0 for the fiscal year ended September 30, 2019.

An agreement to make grant payments in an amount not to exceed 50% of the ad valorem property taxes paid by GAF, LP., Elk Verashield Building Solutions and Elk Roofing Products for a period of 4 years for construction of improvements for manufacturing and industrial development. The incentive period will begin upon the first tax year following the year after issuance of a certificate of occupancy. The abatement amounted to \$0 for the fiscal year ended September 30, 2019.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

F. Tax abatements (continued)

An agreement to make annual grant payments in an amount not to exceed 50% of the ad valorem property taxes paid by Buc-ee's Ennis, LLC., for a period of 15 years for construction of retail developments. The incentive period will begin upon the first tax year following the year after development opens for business. The abatement amounted to \$0 for the fiscal year ended September 30, 2019.

An agreement to make annual grant payments equal to one percent of the sales that are subject to sales tax collection, minus fees deducted by the Texas Comptroller paid by Buc-ee's Ennis, LLC., for a period of 20 years. The incentive period will begin upon the first tax year following the year after development opens for business. The abatement amounted to \$0 for the fiscal year ended September 30, 2019.

G. Other significant commitments

The City has entered into a contract with Trinity River Authority of Texas whereby the City pays for operation and maintenance cost annually for the Bardwell Dam Reservoir. The Trinity River Authority (TRA) is a governmental agency, which is controlled by directors appointed by the governor. Actual payments for the year ended September 30, 2019 were \$443,402.

The City has entered into a contract with Trinity River Authority, subject to a Raw Water Supply Contract between Trinity River Authority and the Tarrant Regional Water District, whereby the City acquired the right to utilize .25 MGD of raw water from the Richland-Chambers and Cedar Creek Reservoir. Under the terms of the agreement the City is to make a payment if the City draws no water or a higher payment if the City draws water (Take or Pay Contract). Actual payments for the year ended September 30, 2019 were \$67,276.

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

The City has entered into a contract with Union Pacific Railroad Company (Union Pacific) whereby the City agrees to reimburse Union Pacific in an amount not to exceed \$500,000 for preliminary engineering related to the proposed construction of underpasses under the Union Pacific's rail line. Actual payments for the year ended September 30, 2019 were \$221,723.

The City has entered into contracts with Schaumburg & Polk, Inc. for engineering services related to water, wastewater, and stormwater master planning in the amount of \$280,000 and for a raw water study in the amount of \$125,000. Actual payments for the year ended September 30, 2019 were \$29,400.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

G. Other significant commitments (commitments)

The City is participating in the Texas Health and Human Services Quality Incentive payment Program (QIPP) for nursing homes. The City is the license holder for various health facilities and has engaged various companies to manage the facilities on the City's behalf. The City pays the manager a fee equal to 5% of ordinary revenues each month. In addition, the manager is entitled to receive incentive payments that are equal to any surplus working capital plus 60% of net operating income.

The City has entered into an agreement with Healthcare Quality Improvement Services, LLC (Consultant), as a consultant in relation to the QIPP. Under this agreements the Consultant provides certain financial, operations and clinical review services for the City. The City pays a monthly base consulting fee in the amount of \$1,600 per facility. In addition to the base fee the City pays the Consultant \$600 per month of each quarter in the which the facility exceeds 90% of all QIPP component measures. Actual payments for the year ended September 30, 2019 were \$87,200.

H. Risk management

The City self-insured for medical and prescription drug claims. The City uses an internal service fund to account for and finance both insured and uninsured risks of loss. At September 30, 2019, the internal service fund has a fund balance of \$1,244,102. Stop-loss insurance is purchased for claims in excess of \$100,000.

All operating funds of the City participate in the program and make payments to the fund based on estimates of the amounts needed to pay prior and current claims. The estimated insurance claims payable of \$582,000 at September 30, 2019, is based on the requirements of GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, as amended by GASB Statement No. 30, Risk Financing Omnibus, which requires that claims liabilities be based upon the estimated ultimate costs of settling the claims. The liability also includes incurred but not reported claims (IBNR) developed by the third party claims administrator. Changes in the balance of estimated insurance claims payable for the year ended September 30, 2019 are:

	2019
Claims liability at beginning of year	\$ 582,000
Current year claims and estimate changes	2,378,587
Claims payments	(2,378,587)
Claims liability at end of year	\$ 582,000

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

I. Lease obligations

1. Operating lease (as lessor)

The City entered into a lease agreement with PRHC-Ennis GP, Inc. (subsequently LifePoint Hospitals, Inc.)(the "Company") for the purpose of managing, operating and maintaining the new municipally owned hospital. Under the terms of the lease agreement the City has agreed to make the new hospital available to the Company for a term of forty years with two renewal periods of ten years, each. The Company has agreed to operate and maintain the hospital during the initial lease term and subsequent renewal periods and will pay the City \$3,200,000 for each lease renewal period (Total consideration for the initial term and two lease renewal periods will be \$28,195,735). The Company has the right to terminate the lease on 180 days notice to the City and the rent paid or payable under the lease will be proportionately and equitably rebated in accordance with the terms of the lease. Rental revenue reported under the lease agreement for the year ended September 30, 2019 totaled \$544,893.

The assets leased under the agreement are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Building	\$ 28,531,928
Machinery and equipment	7,524,584
Less: accumulated depreciation	(14,840,571)
Total	<u>\$ 21,215,941</u>

2. Capital lease (as lessee)

The City is currently purchasing equipment under lease purchase agreements. The interest on the leases is 2.258%.

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Machinery and equipment	\$ 1,031,741
Less: accumulated depreciation	(521,603)
Total	<u>\$ 510,138</u>

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

I. Lease obligations (continued)

Annual debt service requirements to maturity are as follows –

Year Ending September 30	Capital Lease Obligations	
	Governmental	
	Activities	
	Principal	Interest
2020	\$ -	\$ -
2021	84,158	3,844
2022	86,059	1,943
	\$ 170,217	\$ 5,787

J. Long-term liabilities

Certificates of Obligation

The City issues certificates of obligation to provide funds for the acquisition, construction and maintenance of major capital facilities. Certificates of obligation have been issued for both governmental and business-type activities. Certificates of obligation are direct obligations and pledge the full faith and credit of the government. Certificates of obligation outstanding at September 30, 2019 are as follows:

Governmental Activities:

Series	Issue Amount	Maturity Date	Interest Rate	Year-end Balances
2012	\$ 2,955,000	8/1/2020	2.0-3.0	\$ 100,000
2014	6,000,000	2/1/2034	2.0-3.75	4,970,000
2015	5,990,000	8/1/2035	2.0-3.375	4,465,000
2016	2,770,000	8/1/2031	2.0-2.10	2,125,000
2017	5,225,000	2/1/2037	3.0	4,800,000
2018	1,495,000	8/1/2037	3.0-5.0	1,450,000
2019	9,835,000	2/1/2039	3.0-5.0	9,835,000
2019A	17,065,000	2/1/2039	3.0-5.0	17,065,000
Total				\$ 44,810,000

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

J. Long-term liabilities (continued)

Business-type Activities:

<u>Series</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Year-end Balances</u>
2015	\$ 4,005,000	8/1/2035	2.0-3.375	\$ 4,005,000
2016	715,000	8/1/2026	2.0	715,000
2017	2,285,000	2/1/2037	3.0	2,055,000
2018	1,095,000	8/1/2037	3.0-5.0	1,060,000
2018A	4,500,000	2/1/2038	0.14-1.54	4,295,000
Total				<u>\$ 12,130,000</u>

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition, construction and maintenance of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds outstanding at September 30, 2019 are as follows:

Governmental Activities:

<u>Series</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Year-end Balances</u>
2012A - Refunding	1,984,500	8/1/2022	2.00-3.00	\$ 275,000
2014 - Refunding	10,045,000	8/1/2025	2.00-3.75	5,870,000
2016 - Refunding	3,325,000	8/1/2027	1.79	1,760,000
2017 - Refunding	2,080,000	8/1/2022	1.47	1,245,000
Total				<u>\$ 9,150,000</u>

Business-type Activities:

<u>Series</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Year-end Balances</u>
2012A - Refunding	\$ 3,685,500	8/1/2022	2.0-3.0	\$ 590,000
2016 - Refunding	3,065,000	8/1/2020	1.79	730,000
2017 - Refunding	3,300,000	8/1/2022	1.47	1,980,000
Total				<u>\$ 3,300,000</u>

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

J. Long-term liabilities (continued)

Development Agreement Payable

The City entered into a development agreement with PRHC-Ennis GP, Inc. (subsequently LifePoint Hospitals, Inc.) (the "Company") for the construction, maintenance and operation of an acute municipal hospital. Under the terms of the development agreement the City purchased the constructed hospital from the Company. The purchase price paid at closing was reduced by an amount identified as rent under the terms of the development agreement and the terms of a lease agreement (described in Note 2.1.1). This development agreement payable (\$21,795,735) was recorded at closing and is reduced as rent revenue under the lease agreement as earned.

The development agreement payable currently outstanding and reported as a liability of the City's governmental activities at September 30, 2019 totaled \$15,211,611. The amount due within one year totals \$544,893.

Compensated Absences

Compensated absences represent the estimated liability for employees' paid time off benefits for which employees are entitled to be paid upon termination. The retirement of this liability is paid from the General Fund, Utility Fund and nonmajor enterprise fund based on the assignment of an employee at termination.

Net Pension Liability

The net pension liability represents the liability for employees' for projected pension benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service less the amount of the pension plan's fiduciary net position.

Other Post-Employment Benefit Liability (OPEB)

The total OPEB liability represents the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB Statement No. 75.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

J. Long-term liabilities (continued)

Changes in Long-Term Liabilities

Changes in the City's long-term liabilities for the year ended September 30, 2019 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
Certificates of obligation	\$ 19,170,000	\$ 26,900,000	\$ (1,260,000)	\$ 44,810,000	\$ 2,010,000
General obligation bonds	11,065,000	-	(1,915,000)	9,150,000	1,970,000
Less deferred amounts:					
For issuance discount	(1,727)	-	693	(1,034)	-
For issuance premium	614,893	1,604,227	(108,164)	2,110,956	-
Total bonds payable	<u>30,848,166</u>	<u>28,504,227</u>	<u>(3,282,471)</u>	<u>56,069,922</u>	<u>3,980,000</u>
Development agreement payable	15,756,504	-	(544,893)	15,211,611	544,893
Capital leases	252,517	-	(82,300)	170,217	-
Compensated absences	549,873	352,600	(777,838)	124,635	124,635
Net pension liability	4,615,851	4,196,628	-	8,812,479	-
OPEB liability	463,034	255,817	-	718,851	-
Governmental activity Long-term liabilities	<u>\$ 52,485,945</u>	<u>\$ 33,309,272</u>	<u>\$ (4,687,502)</u>	<u>\$ 81,107,715</u>	<u>\$ 4,649,528</u>

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Bonds payable:					
Certificates of obligation	\$ 12,450,000	\$ -	\$ (320,000)	\$ 12,130,000	\$ 320,000
General obligation bonds	4,865,000	-	(1,565,000)	3,300,000	1,600,000
Less deferred amounts:					
For issuance discount	(7,986)	-	1,996	(5,990)	-
For issuance premium	226,663	-	(26,067)	200,596	-
Total bonds payable	<u>17,533,677</u>	<u>-</u>	<u>(1,909,071)</u>	<u>15,624,606</u>	<u>1,600,000</u>
Compensated absences	125,077	177,291	(242,038)	60,330	60,330
Net pension liability	1,311,631	1,051,644	-	2,363,275	-
OPEB liability	120,205	64,116	-	184,321	-
Business-type activity Long-term liabilities	<u>\$ 19,090,590</u>	<u>\$ 1,293,051</u>	<u>\$ (2,151,109)</u>	<u>\$ 18,232,532</u>	<u>\$ 1,660,330</u>

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

J. Long-term liabilities (continued)

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

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

Year Ending September 30	Governmental Activities			
	Certificates of Obligation		General Obligation bonds	
	Principal	Interest	Principal	Interest
2020	\$ 2,010,000	\$ 1,752,513	\$ 1,970,000	\$ 252,218
2021	1,790,000	1,475,583	1,625,000	206,352
2022	2,025,000	1,417,270	1,600,000	166,254
2023	2,190,000	1,348,258	1,160,000	126,125
2024	2,280,000	1,265,733	1,195,000	88,432
2025-2029	11,590,000	5,015,850	1,600,000	59,180
2030-2034	13,365,000	2,737,212	-	-
2035-2039	9,560,000	767,341	-	-
	<u>\$ 44,810,000</u>	<u>\$ 15,779,760</u>	<u>\$ 9,150,000</u>	<u>\$ 898,561</u>

Year Ending September 30	Business-Type Activities			
	Certificates of Obligation		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 320,000	\$ 269,012	\$ 1,600,000	\$ 59,873
2021	680,000	264,414	890,000	31,110
2022	695,000	251,910	810,000	15,044
2023	705,000	238,788	-	-
2024	720,000	225,692	-	-
2025-2029	3,440,000	902,848	-	-
2030-2034	3,595,000	497,767	-	-
2035-2038	1,975,000	77,253	-	-
	<u>\$ 12,130,000</u>	<u>\$ 2,727,684</u>	<u>\$ 3,300,000</u>	<u>\$ 106,027</u>

K. Fund Balance

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

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

L. Interfund receivables and payables

The composition of interfund balances as of September 30, 2019 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Utility	\$ 238,128
General	Internal service fund	448,308
Certificates of Obligation Series 2019A	Nonmajor governmental funds	297,661
Certificates of Obligation Series 2019A	Nonmajor enterprise funds	485,850
Certificates of Obligation Series 2019A	General	1,750
Nonmajor governmental funds	General	2,635
Nonmajor governmental funds	Nonmajor enterprise funds	6,482
Nonmajor enterprise fund	General	2,934
Nonmajor enterprise fund	Utility	72,533
		<u>\$ 1,556,281</u>

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

M. Interfund transfers

The composition of interfund transfers as of September 30, 2019 is as follows:

<u>Transfer out:</u>	<u>Transfer In:</u>						<u>Total</u>
	<u>General</u>	<u>Certificates of Obligation Series 2019</u>	<u>Certificates of Obligation Series 2019A</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Utility</u>	
Certificates of Obligation Series 2019	\$ 430,796	\$ -	\$ 204,940	\$ -	\$ -	\$ -	\$ 635,736
Certificates of Obligation Series 2019A	579,584	-	-	-	-	1,887,617	2,467,201
Nonmajor governmental funds	509,758	11,839,825	-	246,914	-	-	12,596,497
Utility	2,379,986	-	-	-	-	-	2,379,986
Nonmajor enterprise funds	364,344	-	-	-	213,752	-	578,096
Total	<u>\$ 4,264,468</u>	<u>\$ 11,839,825</u>	<u>\$ 204,940</u>	<u>\$ 246,914</u>	<u>\$ 213,752</u>	<u>\$ 1,887,617</u>	<u>\$ 18,657,516</u>

Transfers are primarily used to reimburse General Fund for administrative services provided, moving bond proceeds from the Crime Control and Prevention District to capital project funds for construction, and moving capital construction costs from capital project funds to the Utility fund.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

N. Discretely presented component units

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

Cash deposits with financial institutions

At year-end, the Corporation's bank balance was \$7,685,635. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining balance, \$7,435,635 was covered by collateral pledged in the Corporation's name. The collateral was held in the Corporation's name by the safekeeping departments of the pledging bank's agent and had a fair value of approximately \$8,549,000.

Capital assets

Capital asset activity for the Corporation for the year ended September 30, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,053,432	\$ -	\$ -	\$ 4,053,432
Construction in progress	323,912	37,785	-	361,697
Total capital assets not being depreciated	<u>4,377,344</u>	<u>37,785</u>	<u>-</u>	<u>4,415,129</u>
Capital assets being depreciated:				
Building	567,855	-	-	567,855
Improvements	343,429	-	-	343,429
Totals capital assets being depreciated	<u>911,284</u>	<u>-</u>	<u>-</u>	<u>911,284</u>
Less accumulated depreciation				
Building	(41,011)	(18,929)	-	(59,940)
Improvements	(343,429)	-	-	(343,429)
Total accumulated depreciation	<u>(384,440)</u>	<u>(18,929)</u>	<u>-</u>	<u>(403,369)</u>
Total capital assets being depreciated, net	<u>526,844</u>	<u>(18,929)</u>	<u>-</u>	<u>507,915</u>
Corporation capital assets, net	<u>\$ 4,904,188</u>	<u>\$ 18,856</u>	<u>\$ -</u>	<u>\$ 4,923,044</u>

The Corporation has an active construction project as of September 30, 2019 for a building. At year end the Corporation's commitment with the contractor is as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Building	<u>\$ 228,555</u>	<u>\$ 24,295</u>

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

N. Discretely presented component units (continued)

On May 13, 2002, the Corporation entered into a letter of agreement with Lowe's Home Centers, Inc. (Lowe's) whereby the Corporation conveyed 41 acres of land in consideration of certain promises, agreements and covenants as outlined in the letter of agreement. As part of the letter of agreement, Lowe's agreed to invest in private infrastructure and employ a minimum number of individuals for a period of twenty years from the opening date of its facilities in Ennis, Texas.

The conditional advance of land valued at \$1,009,625 shall not be reimbursed by Lowe's in the event Lowe's maintains its Ennis, Texas facility at the levels described in the letter of agreement for a period of twenty years from the date of opening its facility in Ennis, Texas. Each year Lowe's maintains its facility at the levels described in the letter of agreement, Lowe's obligation for any land cost reimbursement shall be reduced by one-twentieth.

On January 23, 2003, the Corporation entered into a letter of agreement with CVS Texas Distribution, L.P. (CVS) whereby the Corporation conveyed 61.8 acres of land in consideration of certain promises, agreements and covenants as outlined in the letter of agreement. As part of the letter of agreement, CVS agreed to invest in private infrastructure and employ a minimum number of individuals for a period of twenty years from the opening date of its facilities in Ennis, Texas.

The conditional advance of land valued at \$800,000 shall not be reimbursed by CVS in the event CVS maintains its Ennis, Texas facility at the levels described in the letter of agreement for a period of twenty years from the date of opening its facility in Ennis, Texas. Each year CVS maintains its facility at the levels described in the letter of agreement, CVS's obligation for any land cost reimbursement shall be reduced by one-twentieth.

On August 2, 2004, the Corporation entered into a letter of agreement with Koyo Steering Systems of Texas, L.P. (Koyo) whereby the Corporation conveyed 41.98 acres of land in consideration of certain promises, agreements and covenants as outlined in the letter of agreement. As part of the letter of agreement, Koyo agreed to invest in private infrastructure and employ a minimum number of individuals for a period of twenty years from the opening date of its facilities in Ennis, Texas.

The conditional advance of land valued at \$1,049,500 shall not be reimbursed by Koyo in the event Koyo maintains its Ennis, Texas facility at the levels described in the letter of agreement for a period of twenty years from the date of opening its facility in Ennis, Texas. Each year Koyo maintains its facility at the levels described in the letter of agreement, Koyo's obligation for any land cost reimbursement shall be reduced by one-twentieth.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

N. Discretely presented component units (continued)

On June 5, 2005, the Corporation entered into a letter of agreement with ASMO Manufacturing, Inc. (ASMO) whereby the Corporation conveyed 23.0155 acres of land in consideration of certain promises, agreements and covenants as outlined in the letter of agreement. As part of the letter of agreement, ASMO agreed to invest in private infrastructure and employ a minimum number of individuals for a period of twenty years from the opening date of its facilities in Ennis, Texas.

The conditional advance of land valued at \$805,543 shall not be reimbursed by ASMO in the event ASMO maintains its Ennis, Texas facility at the levels described in the letter of agreement for a period of twenty years from the date of opening its facility in Ennis, Texas. Each year ASMO maintains its facility at the levels described in the letter of agreement, ASMO's obligation for any land cost reimbursement shall be reduced by one-twentieth.

On August 9, 2006, the Corporation entered into a letter of agreement with Alliance Data Systems, Inc. (ADS) whereby the Corporation conveyed 15.570 acres of land in consideration of certain promises, agreements and covenants as outlined in the letter of agreement. As part of the letter of agreement, ADS agreed to invest in private infrastructure and employ a minimum number of individuals for a period of twenty years from the opening date of its facilities in Ennis, Texas.

The conditional advance of land valued at \$622,800 shall not be reimbursed by ADS in the event ADS maintains its Ennis, Texas facility at the levels described in the letter of agreement for a period of twenty years from the date of opening its facility in Ennis, Texas. Each year ADS maintains its facility at the levels described in the letter of agreement, ADS's obligation for any land cost reimbursement shall be reduced by one-twentieth.

On February 3, 2015, the Corporation entered into a letter of agreement with Dakota Utility Contractors, Inc. (Dakota) whereby the Corporation conveyed 17.5 acres of land in consideration of certain promises, agreements and covenants as outlined in the letter of agreement. As part of the letter of agreement, Dakota agreed to invest in private infrastructure and employ a minimum number of individuals for a period of twenty years from the opening date of its facilities in Ennis, Texas.

The conditional advance of land valued at \$545,508 shall not be reimbursed by Dakota in the event Dakota maintains its Ennis, Texas facility at the levels described in the letter of agreement for a period of twenty years from the date of opening its facility in Ennis, Texas. Each year Dakota maintains its facility at the levels described in the letter of agreement, Dakota's obligation for any land cost reimbursement shall be reduced by one-twentieth.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

N. Discretely presented component units (continued)

Economic Development Agreements

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

On September 30, 2016, the Corporation entered into an economic development agreement with Novelinks, LLC (Novelinks) to reimburse Novelinks for costs associated with the installation of infrastructure improvements through the payment of grants in an amount not to exceed \$175,000. Under the agreement Novelinks agrees to complete a minimum of \$2,500,000 of capital improvements not later than three years from the effective date of the agreement. In addition Novelinks agrees to create and employ 20 full time jobs within one year of the completion of the improvements and to maintain those jobs for three years after the effective date. If Novelinks is unable to comply with requirements of this grant the Corporation shall have the right to demand repayment of the incentives. As of September 30, 2019, the Corporation has made payment of \$175,000 under this agreement.

On May 12, 2017, the Corporation entered into a land sale agreement and an economic development agreement with Price Distributing Company (Price) to sale land to and reimburse Price for costs associated with the installation of infrastructure improvements through the payment of grants in an amount not to exceed \$75,000. Under the agreements Price agrees to complete a minimum of \$4,000,000 of capital improvements not later than one year from the effective date of the agreement. If Price fails to construct the improvements by the construction deadline, Price will pay liquidated damages of (a) any portion of the \$75,000 grant made to Price, and (b) \$25,000. In addition, Price agrees to create and employ 40 full time jobs within one year of the completion of the improvements and to maintain those jobs for three years after the effective date. As of September 30, 2019, the Corporation has made payment of \$75,000 under this agreement.

On May 1, 2018, the Corporation entered into an economic development agreement with a DA Ennis 45 Partners, LP (DA Ennis). Under the agreement, the Corporation shall pay DA Ennis a grant of \$450,000 paid as four separate grants after specific project performance requirements are met by DA Ennis. The project includes the investment of approximately \$12,000,000 to develop approximately 6.7 acres of land and the construction and operation of multiple retail developments. As of September 30, 2019, the Corporation has not made any payments under this agreement.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

N. Discretely presented component units (continued)

On October 18, 2018, the Corporation entered into an economic development agreement with Columbia Packing Company (Columbia) to reimburse Columbia for costs associated with the construction and site improvements for a n facility through the payment of a grant in an amount not to exceed \$35,154. Under the agreement Columbia agrees to complete a minimum of \$7,000,000 of capital improvements not later than one year from the effective date of the agreement. In addition Columbia agrees to create and employ 5 full time jobs within three years of the completion of the improvements and to maintain those jobs for three years after the effective date. If Columbia is unable to comply with requirements of this grant the Corporation shall have the right to demand repayment of the incentive. As of September 30, 2019, the Corporation has made payment of \$35,154 under this agreement.

Long-term liabilities

Sales Tax Revenue Bonds

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

<u>Series</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Year-end Balances</u>
1999	\$ 3,290,430	8/1/2034	3.50-8.45	\$ 455,430
2008 Refunding	5,460,000	8/1/2024	3.50-5.25	2,160,000
2014 Refunding	2,745,000	8/1/2034	0.50-4.50	2,040,000
Total				<u>\$ 4,655,430</u>

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

<u>Year Ending September 30</u>	<u>Component Unit</u>	
	<u>Sales Tax</u>	
	<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 535,000	\$ 194,080
2021	555,000	169,618
2022	585,000	143,598
2023	615,000	115,908
2024	640,000	86,581
2025-2029	844,455	2,638,959
2030-2034	880,975	2,588,695
	<u>\$ 4,655,430</u>	<u>\$ 5,937,439</u>

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

N. Discretely presented component units (continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Corporation					
Bonds payable:					
Sales tax revenue bonds	\$ 5,170,430	\$ -	\$ (515,000)	\$ 4,655,430	\$ 535,000
Less deferred amounts:					
For issuance discount	(10,554)	-	878	(9,676)	-
	<u>5,159,876</u>	<u>-</u>	<u>(514,122)</u>	<u>4,645,754</u>	<u>535,000</u>
	<u>\$ 5,159,876</u>	<u>\$ -</u>	<u>\$ (514,122)</u>	<u>\$ 4,645,754</u>	<u>\$ 535,000</u>

Subsequent events

Subsequent to year end, the Corporation approved the following items:

- Historic preservation grants in the amount of \$46,000.
- Facade grants in the amount of \$52,500.
- Economic development agreements in the amount of \$300,000.
- Issuance of Ennis Economic Development Corporation, Inc. Sales Tax Revenue Refunding Bonds, Taxable Series 2019 in the amount of \$2,240,000
- Grant programs for local businesses adversely impacted by COVID-19 in the amount of \$485,000.

O. Contingencies

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

P. Line of credit

The City has a \$4,000,000 revolving line of credit maturing May 30, 2020 secured by gross revenues. Interest is payable semi-annually at a rate equal to the lesser of the Prime Rate plus 1.00% or 4.50%. The outstanding balance on the line of credit as of September 30, 2019 was \$1,828,526.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

Q. Related party transactions

The significant transactions between the component unit and primary government during the year ended September 30, 2019 consisted of contributions of \$385,000 for administrative costs and \$225,000 for construction projects.

R. Subsequent events

Subsequent to year end the City:

- Approved various contracts for professional services for approximately \$208,000.
- Approved various contracts related to construction projects for approximately \$7,601,000.
- Approved the purchase of machinery and equipment, including a bulk refuse truck, police and fire vehicles, and a digital library sign for a total of approximately \$848,000.
- Approved the renewal of the QIPP fund line of credit and an increase of the limit to \$10,260,363.
- Approved a lease agreement for a new City Hall with a term of 20 years and annual payments ranging from \$210,000 to \$450,000.

S. Prior period adjustment

Corrections have been made to the governmental activities and business-type activities beginning net position in the government-wide financial statements and utility fund beginning net position in the fund financial statements due to an understatement of capital assets, and an understatement of net position. The change to the beginning fund balance as of October 1, 2018 is summarized as follows:

	Government-wide Financial Statements		Fund Financial Statements
	Governmental Activities	Business-type Activities	Utility
As previously reported, October 1, 2018	\$ 32,456,447	\$ 27,973,783	\$ 28,162,661
Correct understatement of capital assets	1,250,488	1,249,618	1,249,618
Restated, October 1, 2018	<u>\$ 33,706,935</u>	<u>\$ 29,223,401</u>	<u>\$ 29,412,279</u>
Effect of restatement on operations for the year ended September 30, 2018	<u>\$ 1,250,488</u>	<u>\$ 1,249,618</u>	<u>\$ 1,249,618</u>

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 - DEFINED BENEFIT PENSION PLANS

A. Plan description

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

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

B. Benefits provided

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

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

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 - DEFINED BENEFIT PENSION PLANS (continued)

B. Benefits provided (continued)

	Plan Provisions
Employee deposit rate	7%
Municipal current matching ratio	2 - 1
Updated service credits:	
Rate (%)	100 T
Year effective	1998R
Increase benefits to retirees:	
Rate (%) ⁽¹⁾	70
Year effective	2001R
Vesting	5 yrs
Service retirement eligibilities	5 yrs/age 60, 20 yrs/any age
Restricted prior service credit effective date	1-93
Supplemental death benefits:	
Employees	Yes
Retirees	Yes
Statutory maximum (%)	Removed

⁽¹⁾ For years prior to 1982, the rate is the actual percentage in annuities. For 1982 and later, the rate is the percentage of the change in the CPI-U since retirement date, granted to each annuitant as an increase of the original annuity.

T — Includes Transfer Credits.

R — Annually Repeating. Ordinance automatically renews effective January 1 of each successive year.

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	135
Inactive employees entitled to but not yet receiving benefits	58
Active employees	193
	386

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 - DEFINED BENEFIT PENSION PLANS (continued)

C. Contributions

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

Employees for the City of Ennis, Texas were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Ennis, Texas were 16.90% and 17.49% in calendar years 2019 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2019, were \$1,987,824, and were equal to the required contributions.

D. Net pension liability

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

Actuarial assumptions

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

Inflation	2.5% per year
Overall payroll growth	3.5% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 - DEFINED BENEFIT PENSION PLANS (continued)

D. Net pension liability (continued)

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected
Domestic Equity	17.5%	4.30%
International Equity	17.5%	610.00%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	100%	

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 - DEFINED BENEFIT PENSION PLANS (continued)

D. Net pension liability (continued)

Discount Rate

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

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total	Plan	Net
	Pension	Fiduciary	Pension
	Liability	Net Position	Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2017	\$67,396,220	\$61,468,738	\$ 5,927,482
Changes for the year:			
Service cost	2,160,079	-	2,160,079
Interest	4,513,388	-	4,513,388
Difference between expected and actual experience	(488,779)	-	(488,779)
Contributions - employer	-	2,010,628	(2,010,628)
Contributions - employee	-	804,713	(804,713)
Net investment income	-	(1,841,480)	1,841,480
Benefit payments, including refunds of employee contributions	(3,222,511)	(3,222,511)	-
Administrative expense	-	(35,586)	35,586
Other changes	-	(1,859)	1,859
Net Changes	<u>\$ 2,962,177</u>	<u>\$ (2,286,095)</u>	<u>\$ 5,248,272</u>
Balance at 12/31/2018	<u>\$70,358,397</u>	<u>\$59,182,643</u>	<u>\$ 11,175,754</u>

Sensitivity of the net pension liability to changes in the discount rate -

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be 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:

	1.0% Decrease in		1.0% Increase in	Discount
	Discount Rate (5.75%)	Discount Rate (6.75%)	Rate (7.75%)	
City's net pension liability	\$ 20,821,333	\$ 11,175,754	\$ 3,230,744	

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 - DEFINED BENEFIT PENSION PLANS (continued)

D. Net pension liability (continued)

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.

Payables to the Pension Plan - Legally required contributions outstanding at the end of the year totaled \$145,004.

E. Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the year ended September 30, 2019, the City recognized pension expense of \$2,667,688.

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

	Deferred Outflows of Resources	
	Governmental Activities	Business-Type Activities
Contributions subsequent to the measurement date	\$ 1,137,826	\$ 285,130
Difference between projected and actual investment earnings	2,535,728	652,613
Differences between expected and actual economic experience	20,391	5,596
Total	<u>\$ 3,693,945</u>	<u>\$ 943,339</u>

	Deferred Inflow of Resources	
	Governmental Activities	Business-Type Activities
Changes in actuarial assumptions	\$ 7	\$ 2
Differences between expected and actual economic experience	549,608	148,689
Total	<u>\$ 549,615</u>	<u>\$ 148,691</u>

\$1,422,956 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 - DEFINED BENEFIT PENSION PLANS (continued)

E. Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions (continued)

<u>Year Ended December 31</u>	
2019	\$ 844,087
2020	290,245
2021	344,021
2022	1,110,818
2023	<u>(73,149)</u>
Total	<u><u>\$ 2,516,022</u></u>

NOTE 4 - OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS

A. Plan description

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

B. Benefits provided

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

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

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 4 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (continued)

C. Employees covered by benefit terms

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

Inactive employees currently receiving benefits	96
Inactive employees entitled to but not yet receiving benefits	14
Active employees	193
	303

D. Total OPEB liability

The City's total OPEB liability of \$903,171 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%	
Salary increases	3.50% to 10.50%, including inflation	
Discount rate*	3.71%	
Retirees' share of benefit-related costs	\$0	
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.	
Mortality rates - service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.	
Mortality rates - disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.	

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 4 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (continued)

D. Total OPEB liability (continued)

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2017	\$ 583,239
Changes for the year:	
Service cost	22,992
Interest	19,591
Difference between expected and actual experience	322,231
Changes in assumptions or other inputs	(39,134)
Benefit payments**	(5,748)
Net Changes	\$ 319,932
Balance at 12/31/2018	\$ 903,171

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

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31%) or 1-percentage-point higher (4.31%) than the current rate:

	1% Decrease (2.71%)	Current Discount Rate (3.71%)	1% Increase (4.71%)
Total OPEB liability	\$ 1,008,334	\$ 903,171	\$ 820,345

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 4 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (continued)

E. OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended September 30, 2019, the City recognized OPEB expense of \$103,514. At September 30, 2019, the City reported deferred outflows and deferred inflows of resources and related to OPEB from the following sources:

	Deferred Outflows of Resources	
	Governmental Activities	Business-Type Activities
Differences between expected and actual economic experience	\$ 222,263	\$ 55,705
City contributions subsequent to the measurement date	12,119	3,037
Total	\$ 234,382	\$ 58,742

	Deferred Inflows of Resources	
	Governmental Activities	Business-Type Activities
Changes of assumptions	\$ 2,050	\$ 290
Total	\$ 2,050	\$ 290

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31	
2019	\$ 44,837
2020	44,837
2021	44,837
2022	44,837
2023	44,837
Thereafter	51,443
Total	\$ 275,628

F. Payable to the OPEB plan

At September 30, 2019, the City reported a payable of \$1,544 for the outstanding amount of contributions to the Plan required for the year ended September 30, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ENNIS, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 Last 10 Calendar Years (will ultimately be displayed)

	2014	2015	2016	2017	2018
Total pension liability					
Service Cost	\$ 1,491,053	\$ 1,671,627	\$ 1,840,901	\$ 2,048,680	\$ 2,160,079
Interest (on the Total Pension Liability)	3,884,019	4,045,832	4,058,860	4,283,551	4,513,388
Difference between expected and actual experience	(695,656)	(749,875)	57,172	(44,355)	(488,779)
Changes of assumptions	-	(37)	-	-	-
Benefit payments, including refunds of employee contributions	(2,288,691)	(2,627,506)	(2,809,516)	(2,654,647)	(3,222,511)
Net Change in Total Pension Liability	2,390,725	2,340,041	3,147,417	3,633,229	2,962,177
Total Pension Liability - Beginning	55,884,808	58,275,533	60,615,574	63,762,991	67,396,220
Total Pension Liability - Ending (a)	\$58,275,533	\$60,615,574	\$63,762,991	\$ 67,396,220	\$ 70,358,397
Plan Fiduciary Net Position					
Contributions - Employer	\$ 1,635,304	\$ 1,686,270	\$ 1,781,293	\$ 1,898,840	\$ 2,010,628
Contributions - Employee	608,568	636,329	695,429	765,657	804,713
Net Investment Income	2,775,570	75,581	3,443,016	7,486,574	(1,841,480)
Benefit payments, including refunds of employee contributions	(2,288,691)	(2,627,506)	(2,809,516)	(2,654,647)	(3,222,511)
Administrative Expense	(28,980)	(46,036)	(38,883)	(38,796)	(35,586)
Other	(2,383)	(2,273)	(2,095)	(1,966)	(1,859)
Net Change in Plan Fiduciary Net Position	2,699,388	(277,635)	3,069,244	7,455,662	(2,286,095)
Plan Fiduciary Net Position - Beginning	48,522,079	51,221,467	50,943,832	54,013,076	61,468,738
Plan Fiduciary Net Position - Ending (b)	\$51,221,467	\$50,943,832	\$54,013,076	\$ 61,468,738	\$ 59,182,643
Net Pension Liability - Ending (a) - (b)	\$ 7,054,066	\$ 9,671,742	\$ 9,749,915	\$ 5,927,482	\$ 11,175,754
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87.90%	84.04%	84.71%	91.21%	84.12%
Covered Payroll	8,682,504	9,070,142	9,934,705	10,937,960	11,495,895
Net Pension Liability as a Percentage of Covered Payroll	81.24%	106.63%	98.14%	54.19%	97.22%

Notes to Schedule:

N/A

CITY OF ENNIS, TEXAS
SCHEDULE OF CONTRIBUTIONS
 Last 10 Fiscal Years (will ultimately be displayed)

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

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method Entry Age Normal
 Amortization Method Level Percentage of Payroll, Closed
 Remaining Amortization Period 23 years
 Asset Valuation Method 10 Year smoothed market; 15% soft corridor
 Inflation 2.50%
 Salary Increases 3.50% to 10.50% including inflation
 Investment Rate of Return 6.75%
 Retirement Age Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
 Mortality RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

Notes There were no benefit changes during the year.

CITY OF ENNIS, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
Last 10 Calendar Years (will ultimately be displayed)

	<u>2017</u>	<u>2018</u>
Total OPEB liability		
Service Cost	\$ 18,595	\$ 22,992
Interest (on the Total Pension Liability)	19,447	19,591
Difference between expected and actual experience	-	322,231
Changes of assumptions and other inputs	43,318	(39,134)
Benefit payments	(6,563)	(5,748)
Net Change in Total OPEB Liability	<u>74,797</u>	<u>319,932</u>
Total OPEB Liability - Beginning	508,442	583,239
Total OPEB Liability - Ending	<u>\$ 583,239</u>	<u>\$ 903,171</u>
Covered Payroll	10,937,960	11,495,895
Total OPEB Liability as a Percentage of Covered Payroll	5.33%	7.86%

Notes to Schedule:

Note 1 - No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Note 2 - The actuarial assumptions and other inputs used to calculate the total OPEB liability are described in note 5.D to the financial statements.

Note 3 - Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

Nonmajor Governmental Funds (continued)

Special Revenue Funds (continued)

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

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

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

Capital Projects Fund

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

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

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

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

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

Permanent Fund

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

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

CITY OF ENNIS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2019

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Permanent	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 952,061	\$ 724,032	\$ 218,507	\$ 1,894,600
Other receivables	403,091	-	-	403,091
Intergovernmental receivables	182,892	-	-	182,892
Due from other funds	9,117	-	-	9,117
Total assets	<u>\$ 1,547,161</u>	<u>\$ 724,032</u>	<u>\$ 218,507</u>	<u>\$ 2,489,700</u>
LIABILITIES				
Accounts payable	\$ 40,494	\$ -	\$ -	\$ 40,494
Accrued payroll payable	12,868	-	-	12,868
Due to other funds	295,911	-	-	295,911
Total liabilities	<u>349,273</u>	<u>-</u>	<u>-</u>	<u>349,273</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-grants	182,892	-	-	182,892
Total deferred inflows of resources	<u>182,892</u>	<u>-</u>	<u>-</u>	<u>182,892</u>
FUND BALANCES				
Nonspendable:				
Endowment	-	-	28,966	28,966
Restricted:				
Capital projects	-	724,032	-	724,032
Cultural and recreational	497,965	-	189,541	687,506
Public safety	509,021	-	-	509,021
Tourism	176,565	-	-	176,565
Unassigned	(168,555)	-	-	(168,555)
Total fund balances	<u>1,014,996</u>	<u>724,032</u>	<u>218,507</u>	<u>1,957,535</u>
Total liabilities and fund balances	<u>\$ 1,547,161</u>	<u>\$ 724,032</u>	<u>\$ 218,507</u>	<u>\$ 2,489,700</u>

CITY OF ENNIS, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Fiscal Year Ended September 30, 2019

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Permanent	Total Nonmajor Governmental Funds
REVENUES				
Property taxes	\$ -	\$ 35,274	\$ -	\$ 35,274
Sales taxes	1,726,040	-	-	1,726,040
Hotel occupancy taxes	391,787	-	-	391,787
Fines and forfeitures	16,821	-	-	16,821
Interest	23,759	6,928	4,995	35,682
Miscellaneous	1,868	-	4,275	6,143
Intergovernmental	28,026	-	-	28,026
Contributions and donations	15,773	-	1,777	17,550
Total revenues	<u>2,204,074</u>	<u>42,202</u>	<u>11,047</u>	<u>2,257,323</u>
EXPENDITURES				
Current:				
General government	359,583	-	-	359,583
Public safety	215,356	-	-	215,356
Streets	1,138,849	-	-	1,138,849
Cultural and recreational	11,275	-	1,190	12,465
Capital outlay:				
General government	-	10,000	-	10,000
Debt service:				
Interest and fiscal charges	400	-	-	400
Bond issue costs	216,995	-	-	216,995
Total expenditures	<u>1,942,458</u>	<u>10,000</u>	<u>1,190</u>	<u>1,953,648</u>
Excess (deficiency) of revenues over (under) expenditures	<u>261,616</u>	<u>32,202</u>	<u>9,857</u>	<u>303,675</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	213,752	-	213,752
Transfers out	(12,596,497)	-	-	(12,596,497)
Certificates of obligation issued	9,835,000	-	-	9,835,000
Premium on bonds issued	382,220	-	-	382,220
Total other financing sources (uses)	<u>(2,379,277)</u>	<u>213,752</u>	<u>-</u>	<u>(2,165,525)</u>
Net change in fund balances	(2,117,661)	245,954	9,857	(1,861,850)
Fund balances-beginning	<u>3,132,657</u>	<u>478,078</u>	<u>208,650</u>	<u>3,819,385</u>
Fund balances-ending	<u>\$ 1,014,996</u>	<u>\$ 724,032</u>	<u>\$ 218,507</u>	<u>\$ 1,957,535</u>

CITY OF ENNIS, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2019

	Museum	Forfeited Contraband	Law Enforcement Education	COPS More Grant	COE 2010 Trust Library	Tourism	Court Technology
ASSETS							
Cash and cash equivalents	\$ 7,384	\$ 75,205	\$ 4,236	\$ 2	\$ 490,144	\$ 90,231	\$ -
Other receivables	-	-	-	-	-	98,553	-
Intergovernmental receivables	-	-	-	-	-	182,892	-
Due from other funds	-	-	-	-	-	-	-
Total assets	\$ 7,384	\$ 75,205	\$ 4,236	\$ 2	\$ 490,144	\$ 371,676	\$ -
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 3,539	\$ 3,758	\$ -
Accrued payroll payable	-	-	-	-	-	8,461	-
Due to other funds	-	-	-	-	-	-	8,230
Total liabilities	-	-	-	-	3,539	12,219	8,230
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-grants	-	-	-	-	-	182,892	-
Total deferred inflows of resources	-	-	-	-	-	182,892	-
FUND BALANCE							
Restricted:							
Cultural and recreational	7,384	-	-	-	486,605	-	-
Public safety	-	75,205	4,236	2	-	-	-
Tourism	-	-	-	-	-	176,565	-
Unassigned:							
Total fund balance	7,384	75,205	4,236	2	486,605	176,565	(8,230)
Total liabilities, deferred inflows of resources and fund balances	\$ 7,384	\$ 75,205	\$ 4,236	\$ 2	\$ 490,144	\$ 371,676	\$ -

CITY OF ENNIS, TEXAS
 COMBINING BALANCE SHEET (concluded)
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2019

	Court Security	Crime Control & Prevention District	Street Maintenance	Police Donation	Fire Donation	Parks Donation	Employee Appreciation	Totals
ASSETS								
Cash and cash equivalents	\$11,050	\$ 253,164	\$ -	\$ 7,583	\$ 9,086	\$ 615	\$ 3,361	\$ 952,061
Other receivables	-	144,485	160,053	-	-	-	-	403,091
Intergovernmental receivables	-	-	-	-	-	-	-	182,892
Due from other funds	-	9,117	-	-	-	-	-	9,117
Total assets	\$11,050	\$ 406,766	\$ 160,053	\$ 7,583	\$ 9,086	\$ 615	\$ 3,361	\$ 1,547,161
LIABILITIES								
Accounts payable	\$ -	\$ 250	\$ 32,697	\$ -	\$ 250	\$ -	\$ -	\$ 40,494
Accrued payroll payable	-	4,407	-	-	-	-	-	12,868
Due to other funds	-	-	287,681	-	-	-	-	295,911
Total liabilities	-	4,657	320,378	-	250	-	-	349,273
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue-grants	-	-	-	-	-	-	-	182,892
Total deferred inflows of resources	-	-	-	-	-	-	-	182,892
FUND BALANCE								
Restricted:								
Cultural and recreational	-	-	-	-	-	615	3,361	497,965
Public safety	11,050	402,109	-	7,583	8,836	-	-	509,021
Tourism	-	-	-	-	-	-	-	176,565
Unassigned:								
Total fund balance	11,050	402,109	(160,325)	7,583	8,836	615	3,361	1,014,996
Total liabilities and fund balances	\$11,050	\$ 406,766	\$ 160,053	\$ 7,583	\$ 9,086	\$ 615	\$ 3,361	\$ 1,547,161

CITY OF ENNIS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2019

	Museum	Forfeited Contraband	Law Enforcement Education	COPS More Grant	COE 2010 Trust Library	Tourism	Court Technology
REVENUES							
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel occupancy taxes	-	-	-	-	-	391,787	-
Fines and forfeitures	-	779	-	-	-	-	10,128
Interest	71	714	59	-	4,727	741	22
Miscellaneous	-	-	-	-	-	1,355	-
Intergovernmental	-	-	3,591	-	-	24,435	-
Contributions and donations	-	-	-	-	9,585	-	-
Total revenues	71	1,493	3,650	-	14,312	418,318	10,150
EXPENDITURES							
Current:							
General government	-	-	-	-	-	359,583	-
Public safety	-	1,200	4,839	-	-	-	28,469
Streets	-	-	-	-	-	-	-
Cultural and recreational	-	-	-	-	11,275	-	-
Debt service:							
Interest and fiscal charges	-	-	-	-	-	-	-
Bond issue costs	-	-	-	-	-	-	-
Total expenditures	-	1,200	4,839	-	11,275	359,583	28,469
Excess (deficiency) of revenues over (under) expenditures	71	293	(1,189)	-	3,037	58,735	(18,319)
OTHER FINANCING SOURCES (USES)							
Transfers out	-	-	-	-	-	(17,000)	-
Certificates of obligation issued	-	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(17,000)	-
Net change in fund balances	71	293	(1,189)	-	3,037	41,735	(18,319)
Fund balances-beginning	7,313	74,912	5,425	2	483,568	134,830	10,089
Fund balances-ending	\$ 7,384	\$ 75,205	\$ 4,236	\$ 2	\$ 486,605	\$ 176,565	\$ (8,230)

CITY OF ENNIS, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (concluded)
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2019

	Court Security	Crime Control & Prevention District		Street Maintenance	Police Donation	Fire Donation	Parks Donation	Employee Appreciation	Totals
		Control & Prevention District	Crime Control & Prevention District						
REVENUES									
Sales taxes	\$ -	\$ 826,473	\$ -	\$ 899,567	\$ -	\$ -	\$ -	\$ -	\$ 1,726,040
Hotel occupancy taxes	-	-	-	-	-	-	-	-	391,787
Fines and forfeitures	5,914	-	-	-	-	-	-	-	16,821
Interest	78	16,844	338	73	76	5	11	11	23,759
Miscellaneous	-	513	-	-	-	-	-	-	1,868
Intergovernmental	-	-	-	-	-	-	-	-	28,026
Contributions and donations	-	-	-	-	2,838	-	-	3,350	15,773
Total revenues	5,992	843,830	73	899,905	2,914	5	3,361	3,361	2,204,074
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	-	-	359,583
Public safety	-	179,898	-	-	950	-	-	-	215,356
Streets	-	-	-	1,138,849	-	-	-	-	1,138,849
Cultural and recreational	-	-	-	-	-	-	-	-	11,275
Debt service:									
Interest and fiscal charges	-	400	-	-	-	-	-	-	400
Bond issue costs	-	216,995	-	-	-	-	-	-	216,995
Total expenditures	-	397,293	-	1,138,849	950	-	-	-	1,942,458
Excess (deficiency) of revenues over (under) expenditures	5,992	446,537	73	(238,944)	1,964	5	3,361	3,361	261,616
OTHER FINANCING SOURCES (USES)									
Transfers out	-	(12,086,739)	-	(492,758)	-	-	-	-	(12,596,497)
Certificates of obligation issued	-	9,835,000	-	-	-	-	-	-	9,835,000
Premium on bonds issued	-	382,220	-	-	-	-	-	-	382,220
Total other financing sources (uses)	-	(1,869,519)	-	(492,758)	-	-	-	-	(2,379,277)
Net change in fund balances	5,992	(1,422,982)	73	(731,702)	1,964	5	3,361	3,361	(2,117,661)
Fund balances-beginning	5,058	1,825,091	7,510	571,377	6,872	610	-	-	3,132,657
Fund balances-ending	\$11,050	\$ 402,109	\$ 7,583	\$ (160,325)	\$ 8,836	\$ 615	\$ 3,361	\$ 3,361	\$ 1,014,996

CITY OF ENNIS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
 September 30, 2019

	2012	Tax Increment		Total
	Street Construction	Reinvestment Zone #1	Reinvestment Zone #2	Total
ASSETS				
Cash and cash equivalents	-	\$ 50,906	\$ 7,360	\$ 724,032
Total assets	-	\$ 50,906	\$ 7,360	\$ 724,032
LIABILITIES	-	-	-	-
FUND BALANCE				
Restricted:				
Capital projects	-	50,906	7,360	724,032
Total fund balance (deficit)	-	50,906	7,360	724,032
Total liabilities and fund balances	-	\$ 50,906	\$ 7,360	\$ 724,032

CITY OF ENNIS, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 For the Fiscal Year Ended September 30, 2019

	2012		Tax		Total
	Airport Construction	Street Construction	Increment Reinvestment Zone #1	Increment Reinvestment Zone #2	
REVENUES					
Property taxes	\$ -	\$ -	\$ 35,274	\$ -	35,274
Interest	-	6,436	409	83	6,928
Total revenues	-	6,436	35,683	83	42,202
EXPENDITURES					
Capital outlay:					
General government	-	-	5,000	5,000	10,000
Total expenditures	-	-	5,000	5,000	10,000
Excess (deficiency) of revenues over (under) expenditures	-	6,436	30,683	(4,917)	32,202
OTHER FINANCING SOURCES (USES)					
Transfers in	213,752	-	-	-	213,752
Total other financing sources (uses)	213,752	-	-	-	213,752
Net change in fund balances	213,752	6,436	30,683	(4,917)	245,954
Fund balances-beginning	(213,752)	659,330	20,223	12,277	478,078
Fund balances-ending (deficit)	\$ -	\$ 665,766	\$ 50,906	\$ 7,360	\$ 724,032

Debt Service Fund

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

CITY OF ENNIS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$3,992,265	\$3,992,523	\$3,992,696	\$ 173
Interest	3,810	3,810	70,570	66,760
Total revenues	<u>3,996,075</u>	<u>3,996,333</u>	<u>4,063,266</u>	<u>66,933</u>
EXPENDITURES				
Principal on bonds	3,175,000	3,175,000	3,175,000	-
Interest and fiscal charges	850,804	1,097,717	1,096,892	(825)
Total expenditures	<u>4,025,804</u>	<u>4,272,717</u>	<u>4,271,892</u>	<u>(825)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(29,729)</u>	<u>(276,384)</u>	<u>(208,626)</u>	<u>67,758</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	246,914	246,914
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>246,914</u>	<u>246,914</u>
Net change in fund balance	(29,729)	(276,384)	38,288	314,672
Fund balance-beginning	<u>-</u>	<u>-</u>	<u>694,244</u>	<u>694,244</u>
Fund balance-ending	<u>\$ (29,729)</u>	<u>\$ (276,384)</u>	<u>\$ 732,532</u>	<u>\$ 1,008,916</u>

Proprietary Funds

Enterprise Funds

Utility Fund - This fund is used to account for the water and sewer utility operations.

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

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

CITY OF ENNIS, TEXAS
SCHEDULE OF OPERATING REVENUES AND OPERATING EXPENSES - BUDGET AND ACTUAL
ENTERPRISE FUND - UTILITY
For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	GAAP	Budget	Budget	
			Basis	Basis	Basis	Final Budget
WATER OPERATING REVENUES						
Water sales	\$ 5,810,500	\$ 5,810,500	\$ 5,558,219	\$ 117,425	\$ 5,675,644	\$ (134,856)
Water taps and connections	35,846	35,846	63,830	-	63,830	27,984
Penalties	140,000	140,000	69,314	-	69,314	(70,686)
Reconnection charges	-	-	30,950	-	30,950	30,950
Miscellaneous	41,071	41,071	305,095	-	305,095	264,024
Total water revenues	<u>6,027,417</u>	<u>6,027,417</u>	<u>6,027,408</u>	<u>117,425</u>	<u>6,144,833</u>	<u>117,416</u>
SEWER OPERATING REVENUES						
Sewer service charge	4,260,000	4,260,000	4,104,619	40,678	4,145,297	(114,703)
Sewer taps and connection	8,590	8,590	12,648	-	12,648	4,058
Penalties	-	-	53,067	-	53,067	53,067
EPA fees	-	-	65,631	-	65,631	65,631
Total sewer revenues	<u>4,268,590</u>	<u>4,268,590</u>	<u>4,235,965</u>	<u>40,678</u>	<u>4,276,643</u>	<u>8,053</u>
TOTAL OPERATING REVENUES	<u>\$10,296,007</u>	<u>\$10,296,007</u>	<u>\$10,263,373</u>	<u>\$ 158,103</u>	<u>\$10,421,476</u>	<u>\$ 125,469</u>
OPERATING EXPENSES:						
Administration:						
Personnel	\$ 304,338	\$ 350,117	\$ 368,475	\$ (16,908)	\$ 351,567	\$ 1,450
Supplies	16,325	16,325	14,090	-	14,090	(2,235)
Maintenance and replacement	-	69,000	16,426	44,897	61,323	(7,677)
Miscellaneous services	89,898	116,480	104,873	198	105,071	(11,409)
Total administration	<u>410,561</u>	<u>551,922</u>	<u>503,864</u>	<u>28,187</u>	<u>532,051</u>	<u>(19,871)</u>
Water operations:						
Personnel	1,431,316	1,407,739	1,353,025	(33,759)	1,319,266	(88,473)
Supplies	959,700	959,700	892,710	-	892,710	(66,990)
Maintenance and replacement	640,752	640,752	508,853	(6,786)	502,067	(138,685)
Miscellaneous services	346,348	348,152	283,472	8,952	292,424	(55,728)
Capital outlay	1,500,000	1,648,000	-	1,990	1,990	(1,646,010)
Total water operations	<u>4,878,116</u>	<u>5,004,343</u>	<u>3,038,060</u>	<u>(29,603)</u>	<u>3,008,457</u>	<u>(1,995,886)</u>
Sewer operations:						
Personnel	1,182,921	1,135,577	1,207,338	(40,839)	1,166,499	30,922
Supplies	316,600	316,600	359,768	-	359,768	43,168
Maintenance and replacement	364,600	434,600	363,955	(5,373)	358,582	(76,018)
Miscellaneous services	503,508	506,234	507,691	132,889	640,580	134,346
Capital outlay	2,407,270	2,407,270	-	608,511	608,511	(1,798,759)
Total sewer operations	<u>4,774,899</u>	<u>4,800,281</u>	<u>2,438,752</u>	<u>695,188</u>	<u>3,133,940</u>	<u>(1,666,341)</u>
Total operating expenses before depreciation and amortization	10,063,576	10,356,546	5,980,676	693,772	6,674,448	(3,682,098)
Depreciation and amortization	-	-	2,071,721	-	2,071,721	2,071,721
TOTAL OPERATING EXPENSES	<u>\$10,063,576</u>	<u>\$10,356,546</u>	<u>\$ 8,052,397</u>	<u>\$ 693,772</u>	<u>\$ 8,746,169</u>	<u>\$ (1,610,377)</u>

CITY OF ENNIS, TEXAS
SCHEDULE OF OPERATING REVENUES AND OPERATING EXPENSES - BUDGET AND ACTUAL
ENTERPRISE FUND - SANITATION
For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget
	Original	Final				
OPERATING REVENUES						
Sanitation revenues	\$ 1,474,380	\$ 1,474,380	\$ 1,457,719	\$ 43,010	\$ 1,500,729	\$ 26,349
Penalties	-	-	18,965	-	18,965	18,965
Miscellaneous	76,752	76,752	4,328	-	4,328	(72,424)
Total sanitation revenues	<u>1,551,132</u>	<u>1,551,132</u>	<u>1,481,012</u>	<u>43,010</u>	<u>1,524,022</u>	<u>(27,110)</u>
TOTAL OPERATING REVENUES	<u>\$1,551,132</u>	<u>\$1,551,132</u>	<u>\$1,481,012</u>	<u>\$ 43,010</u>	<u>\$1,524,022</u>	<u>\$ (27,110)</u>
OPERATING EXPENSES:						
Sanitation:						
Personnel	\$ 1,049,886	\$ 1,025,580	\$ 1,010,042	\$ (27,413)	\$ 982,629	\$ (42,951)
Supplies	65,200	65,200	63,028	-	63,028	(2,172)
Maintenance and replacement	32,593	32,593	54,039	-	54,039	21,446
Miscellaneous services	11,780	18,315	38,794	-	38,794	20,479
Total sanitation	<u>1,159,459</u>	<u>1,141,688</u>	<u>1,165,903</u>	<u>(27,413)</u>	<u>1,138,490</u>	<u>(3,198)</u>
Total operating expenses before depreciation and amortization	1,159,459	1,141,688	1,165,903	(27,413)	1,138,490	(3,198)
Depreciation and amortization	-	-	107,123	-	107,123	107,123
TOTAL OPERATING EXPENSES	<u>\$ 1,159,459</u>	<u>\$ 1,141,688</u>	<u>\$ 1,273,026</u>	<u>\$ (27,413)</u>	<u>\$ 1,245,613</u>	<u>\$ 103,925</u>

CITY OF ENNIS, TEXAS
SCHEDULE OF OPERATING REVENUES AND OPERATING EXPENSES - BUDGET AND ACTUAL
ENTERPRISE FUND - AIRPORT
For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget
	Original	Final				
OPERATING REVENUES						
Airport revenues	\$ 150,000	\$ 150,000	\$ 130,667	\$ -	\$ 130,667	\$ (19,333)
Miscellaneous	12,000	12,000	10,563	-	10,563	(1,437)
Total airport revenues	<u>162,000</u>	<u>162,000</u>	<u>141,230</u>	<u>-</u>	<u>141,230</u>	<u>(20,770)</u>
TOTAL OPERATING REVENUES	<u>\$ 162,000</u>	<u>\$ 162,000</u>	<u>\$ 141,230</u>	<u>\$ -</u>	<u>\$ 141,230</u>	<u>\$ (20,770)</u>
OPERATING EXPENSES:						
Airport:						
Supplies	\$ 150,500	\$ 150,500	\$ 102,258	\$ 20,300	\$ 122,558	\$ (27,942)
Maintenance and replacement	11,000	11,000	19,151	-	19,151	8,151
Miscellaneous services	65,973	66,245	33,728	-	33,728	(32,517)
Total airport	<u>227,473</u>	<u>227,745</u>	<u>155,137</u>	<u>20,300</u>	<u>175,437</u>	<u>(52,308)</u>
Total operating expenses before depreciation and amortization	227,473	227,745	155,137	20,300	175,437	(52,308)
Depreciation and amortization	-	-	10,676	-	10,676	10,676
TOTAL OPERATING EXPENSES	<u>\$ 227,473</u>	<u>\$ 227,745</u>	<u>\$ 165,813</u>	<u>\$ 20,300</u>	<u>\$ 186,113</u>	<u>\$ (41,632)</u>

SUPPLEMENTARY FINANCIAL DATA

CITY OF ENNIS, TEXAS
SCHEDULE OF CASH BALANCES - ALL FUNDS
September 30, 2019

General Fund

Cash on hand	\$	650	
Cash in bank - operating		1,378,068	
- operating - Park Development		3,594	
- operating - FEMA Fire Grant		75	
- operating - 1993 Park Construction		1,262	
- operating - 1993 Library Construction		1,655	
- operating - 2005 Hospital Construction		39	
- operating - Mary Walker Recognition		763	
- savings		6,294,099	
- savings - Park Development		27,252	
		27,252	\$ 7,707,457

Special Revenue Funds

Cash in bank - operating - Museum		7,384	
- operating - Forfeited Contraband		75,205	
- operating - Law Enforcement Education		4,236	
- operating - COPS More Grant		2	
- operating - Special Project		490,144	
- operating - Hotel/Motel Tourism		90,231	
- operating - Court Security		11,050	
- operating - CCPD		253,164	
- operating - Police Donations		7,583	
- operating - Fire Donations		9,086	
- operating - Parks Donations		615	
- operating - QIPP		57,379	
- operating - Employee Appreciation		3,361	
		3,361	1,009,440

Capital Projects Funds

Cash in bank - operating - 2012 Street Construction		665,766	
- operating - 2016 Street Reconstruction		593,205	
- operating - Tax Increment Reinvestment Zone #1		50,906	
- operating - Tax Increment Reinvestment Zone #2		7,360	
- operating - Certificates of Obligation 2019		8,369,655	
- operating - Certificates of Obligation 2019A		11,595,344	
		11,595,344	21,282,236

Debt Service Fund

Cash in bank - operating			732,532
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Permanent Fund

Cash in bank - operating - Library			1,179
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Enterprise Fund - Utility

Cash on hand		450	
Cash in bank - operating		885,062	
- savings		3,276,126	
- security deposit account		42,882	
- restricted cash in operating - Capital Projects		7,850,290	
		7,850,290	12,054,810

Enterprise Fund - Airport

- operating - Airport Construction			3,495
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Internal Service Fund

- operating - Insurance			2,274,410
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\$ 45,065,559

CITY OF ENNIS, TEXAS
SCHEDULE OF INVESTMENTS - ALL FUNDS
September 30, 2019

General Fund

TexPool - operating	2.1763%	\$ 20,428	
- 1993 Library Construction		156	\$ 20,584

Permanent Fund

TexPool - Library	2.1763%		217,328

Enterprise Fund - Utility

TexPool - operating	2.1763%	60,263	
- restricted		19,055	79,318
			\$ 317,230

CONTINUING FINANCIAL DISCLOSURE TABLES (Unaudited)

The Continuing Financial Disclosure Tables portion of the Statistical section presents various financial data originally distributed in a debt official statement. The City is required to update financial tables originally distributed in a debt official statement within six months after the end of each fiscal year. The financial tables that follow are updated through September 30, 2019, from the last debt issues that were sold in 2019. This financial information is also sent annually to the Municipal Securities Rulemaking Board ("MSRB"), where it is available to the public at no charge on the MSRB website at www.emma.msrb.org.

CITY OF ENNIS, TEXAS

ASSESSED VALUATION

TABLE CD-1

2019 Actual Appraised Value of Taxable Property (100% of Actual)		\$ 2,303,256,487
Less Exemptions/Losses:		
Local Over-65 and/or Disabled Homestead Exemptions	\$ 5,084,114	
Local, Optional Percentage Homestead	15,029,035	
Disabled and Deceased Veterans' Exemptions	6,879,376	
Pollution Control	9,716,253	
Productivity Loss	49,530,982	
Abatement Loss	34,901,790	
Value Cap Loss (10%)	20,758,175	
Historical / Minimal Value & Other	2,746,240	
Totally Exempt Property	205,919,692	
2019 Certified Net Taxable Assessed Valuation		\$ 1,952,690,830

Source: Ellis Appraisal District.

GENERAL OBLIGATION BONDED DEBT PRINCIPAL

TABLE CD-2

General Obligation Debt Principal Outstanding: (As of September 30, 2019)

Combination Tax and Revenue Certificates of Obligation, Series 2012		\$ 100,000
General Obligation Refunding Bonds, Series 2012A		865,000
Combination Tax and Revenue Certificates of Obligation, Series 2014		4,970,000
General Obligation Refunding Bonds, Series 2014		5,870,000
Combination Tax and Revenue Certificates of Obligation, Series 2015		8,470,000
General Obligation Refunding Bonds, Series 2016		2,490,000
Combination Tax and Revenue Certificates of Obligation, Series 2016		2,840,000
General Obligation Refunding Bonds, Series 2017		3,225,000
Combination Tax and Revenue Certificates of Obligation, Series 2017		6,855,000
Combination Tax and Revenue Certificates of Obligation, Series 2018		2,510,000
Combination Tax and Revenue Certificates of Obligation, Series 2018A		4,295,000
Combination Tax and Revenue Certificates of Obligation, Series 2019		9,835,000
Combination Tax and Revenue Certificates of Obligation, Series 2019A		17,065,000
Total Gross General Obligation Debt Principal Outstanding:		\$ 69,390,000

Less: Self-Supporting General Obligation Debt Principal ^(a)

General Obligation Refunding Bonds, Series 2012A (Approx. 67.98% Utility Fund)		590,000
Combination Tax and Revenue Certificates of Obligation, Series 2015 (Approx. 44.67% Utility Fund)		4,005,000
General Obligation Refunding Bonds, Series 2016 (Approx. 38.77% Utility Fund)		730,000
Combination Tax and Revenue Certificates of Obligation, Series 2016 (Approx. 23.87% Utility Fund)		715,000
General Obligation Refunding Bonds, Series 2017 (Approx. 61.25% Utility Fund)		1,980,000
Combination Tax and Revenue Certificates of Obligation, Series 2017 (Approx. 29.22% Utility Fund)		2,055,000
Combination Tax and Revenue Certificates of Obligation, Series 2018 (Approx. 42.28% Utility Fund)		1,060,000
Combination Tax and Revenue Certificates of Obligation, Series 2018A (100% Utility Fund)		4,295,000
Combination Tax and Revenue Certificates of Obligation, Series 2019 (100% CCPD)		9,835,000
Total Self-Supporting General Obligation Debt Principal		\$ 25,265,000

Total **Net** General Obligation Debt Principal Outstanding \$ 44,125,000

General Obligation Interest and Sinking Fund Balance as of 9-30-19		\$ 732,532
Ratio of Gross General Obligation Debt to 2019 Certified Net Taxable Assessed Valuation		3.55%
Ratio of Net General Obligation Debt to 2019 Certified Net Taxable Assessed Valuation		2.26%
2019 Certified Net Assessed Valuation		\$ 1,952,690,830

Population: 1980 - 12,110; 1990 - 13,883; 2000 - 16,045; 2010 - 18,513; Current (Estimate) -		20,100
Per Capita 2019 Certified Net Assessed Valuation -	\$	97,149
Per Capita Gross General Obligation Debt Principal -	\$	3,452
Per Capita Net General Obligation Debt Principal -	\$	2,195

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

CITY OF ENNIS, TEXAS

OTHER OBLIGATIONS

TABLE CD-3

DEVELOPMENT AGREEMENT PAYABLE

The City entered into a development agreement with PRHC-Ennis GP, Inc. (subsequently LifePoint Hospitals, Inc.) (the "Company") for the construction, maintenance and operation of an acute municipal hospital. Under the terms of the development agreement the City purchased the constructed hospital from the Company. The purchase price paid at closing was reduced by an amount identified as rent under the terms of the development agreement and the terms of a lease agreement. This development agreement payable (\$21,795,735) was recorded at closing and is reduced as rent revenue under the lease agreement is earned.

The development agreement payable currently outstanding and reported as a liability of the City's governmental activities at September 30, 2019 totaled \$15,211,611. The amount due within one year totals \$544,893.

LEASE PURCHASE AGREEMENTS (Equipment)

The City is currently purchasing equipment under lease purchase agreements. The interest on the leases is 2.258%. As of September 30, 2019, the estimated future lease payments are as follows:

Fiscal Year	Governmental Activities		
	Principal	Interest	Total
2020	\$ -	\$ -	\$ -
2021	84,158	3,844	88,002
2022	86,059	1,943	88,002
Total	<u>\$ 170,217</u>	<u>\$ 5,787</u>	<u>\$ 176,004</u>

CONTRACTS WITH THE TRINITY RIVER AUTHORITY OF TEXAS

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

CITY OF ENNIS, TEXAS

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

TABLE CD-4

Fiscal Year	Current Total Debt Service^(a)	Less: Self-Supporting Debt Paid From WS Rev^(b)	Less: Self-Supporting Debt Paid From CCPD^(c)	Net General Obligation Debt Service^(d)
2020	\$ 8,233,615	\$ 2,248,885	\$ 700,438	\$ 5,284,292
2021	6,962,459	1,865,524	699,313	4,397,622
2022	6,980,478	1,771,954	697,438	4,511,086
2023	5,768,170	943,788	699,688	4,124,694
2024	5,774,857	945,692	700,938	4,128,227
2025	5,516,068	946,222	701,188	3,868,658
2026	4,419,710	946,246	700,438	2,773,026
2027	4,346,076	819,959	698,688	2,827,429
2028	4,158,304	810,466	700,813	2,647,025
2029	4,167,720	819,956	696,788	2,650,976
2030	4,153,522	819,484	697,013	2,637,025
2031	4,167,205	822,742	701,388	2,643,075
2032	3,960,502	815,420	699,569	2,445,513
2033	3,958,114	817,218	701,509	2,439,387
2034	3,955,635	817,904	697,169	2,440,562
2035	3,330,535	822,973	696,869	1,810,693
2036	2,676,424	486,515	700,397	1,489,512
2037	2,665,215	485,802	697,344	1,482,069
2038	1,983,164	256,964	698,063	1,028,137
2039	1,724,256	-	697,844	1,026,412
	<u>\$ 88,902,029</u>	<u>\$ 18,263,714</u>	<u>\$ 13,982,895</u>	<u>\$ 56,655,420</u>

^(a) Includes all self-supporting debt.

^(b) Includes only self-supporting debt paid from Water and Sewer System (the "System") revenues.

^(c) Includes only self-supporting debt paid by the Crime Control Prevention District (CCPD).

^(d) Excludes all self-supporting debt.

TAX ADEQUACY (Includes Self-Supporting Debt)

TABLE CD-5

2019 Net Taxable Assessed Valuation	\$ 1,952,690,830
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-20)	\$ 8,233,615
Indicated Maximum Interest and Sinking Fund Tax Rate at 97% Collections	\$ 0.43470

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

TAX ADEQUACY (Excludes Self-Supporting Debt)

TABLE CD-6

2019 Net Taxable Assessed Valuation	\$ 1,952,690,830
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-20)	\$ 5,284,292
Indicated Maximum Interest and Sinking Fund Tax Rate at 97% Collections	\$ 0.27899

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

CITY OF ENNIS, TEXAS

INTEREST AND SINKING FUND MANAGEMENT INDEX

TABLE CD-7

Interest and Sinking Fund Balance, Fiscal Year Ended September 30, 2019	\$ 732,532
2019 Interest and Sinking Fund Tax Levy of \$0.24000 at 97% Collections Produces	5,201,378
Total Available for Debt Service	<u>5,933,910</u>
Less: Net General Obligation Debt Service Requirements, Fiscal Year Ending 9-30-19 ^(a)	<u>5,284,292</u>
Estimated Surplus at Fiscal Year Ending 9-30-20 ^(b)	<u><u>\$ 649,618</u></u>

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

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

COMPUTATION OF WATERWORKS AND SEWER SYSTEM SELF-SUPPORTING DEBT

TABLE CD-8

Net System Revenues Available, Fiscal Year End September 30, 2019	\$ 4,451,733
Transfer from Undesignated Utility Fund Reserve	-
Less: 2019 Annual Debt Service Requirements on Outstanding Revenue Bonds	-
Balance Available for Other Purposes	<u>\$ 4,451,733</u>
System General Obligation Debt for Fiscal Year Ended September 30, 2020	\$ 2,248,885
Percentage of System General Obligation Debt Self-Supporting	197.95%

GENERAL OBLIGATION PRINCIPAL REPAYMENT SCHEDULE

TABLE CD-9

Fiscal Year Ending 9-30	Principal Repayment Schedule Currently Outstanding ^(a)	Obligations Unpaid at End of Year	Percent of Principal Retired (%)
2020	\$ 5,900,000	\$ 63,490,000	8.50%
2021	4,985,000	58,505,000	15.69%
2022	5,130,000	53,375,000	23.08%
2023	4,055,000	49,320,000	28.92%
2024	4,195,000	45,125,000	34.97%
2025	4,075,000	41,050,000	40.84%
2026	3,120,000	37,930,000	45.34%
2027	3,155,000	34,775,000	49.88%
2028	3,080,000	31,695,000	54.32%
2029	3,200,000	28,495,000	58.94%
2030	3,290,000	25,205,000	63.68%
2031	3,410,000	21,795,000	68.59%
2032	3,315,000	18,480,000	73.37%
2033	3,420,000	15,060,000	78.30%
2034	3,525,000	11,535,000	83.38%
2035	3,000,000	8,535,000	87.70%
2036	2,440,000	6,095,000	91.22%
2037	2,505,000	3,590,000	94.83%
2038	1,895,000	1,695,000	97.56%
2039	1,695,000	-	100.00%
	<u>\$ 69,390,000</u>		

^(a) Includes self-supporting debt

CITY OF ENNIS, TEXAS

TABLE CD-10

CLASSIFICATION OF ASSESSED VALUATION^(a)

Category	2019	% of Total	2018	% of Total	2017	% of Total	2016	% of Total	2015	% of Total
Real, Residential, Single-Family	\$ 616,722,064	26.78%	\$ 529,776,113	26.86%	\$ 483,875,950	25.77%	\$ 441,628,622	24.08%	\$ 418,857,317	23.61%
Real, Residential, Multi-Family	90,587,168	3.93%	49,426,991	2.51%	45,737,560	2.44%	43,253,960	2.36%	42,593,050	2.40%
Real, Vacant Lots/Tracts	28,114,592	1.22%	21,347,950	1.08%	19,589,510	1.04%	19,548,556	1.07%	19,602,209	1.11%
Real, Acreage (Land Only)	52,476,136	2.28%	45,960,324	2.33%	38,032,288	2.03%	37,065,329	2.02%	35,821,651	2.02%
Real, Farm & Ranch Improvements	33,912,845	1.47%	26,136,823	1.32%	21,878,373	1.17%	21,807,892	1.19%	21,365,753	1.20%
Real, Commercial	296,231,705	12.86%	252,120,477	12.78%	244,569,756	13.03%	222,383,133	12.13%	214,373,428	12.09%
Real, Industrial	265,657,209	11.53%	231,260,384	11.72%	232,647,274	12.39%	225,505,129	12.30%	229,966,120	12.96%
Real & Tangible, Personal Utilities	37,363,306	1.62%	33,584,862	1.70%	30,812,692	1.64%	28,936,750	1.58%	29,266,100	1.65%
Tangible Personal, Commercial	213,721,700	9.28%	204,286,987	10.36%	211,974,285	11.29%	198,249,012	10.81%	178,194,076	10.05%
Tangible Personal, Industrial	429,609,213	18.65%	377,876,283	19.16%	359,683,600	19.16%	405,928,028	22.13%	387,843,321	21.87%
Tangible Personal, Mobile Homes	1,583,360	0.07%	1,274,830	0.06%	1,338,790	0.07%	1,286,950	0.07%	947,070	0.05%
Real, Property / Residential Inventory	26,201,607	1.14%	6,720,790	0.34%	5,519,567	0.29%	4,932,250	0.27%	4,781,210	0.27%
Special Inventory	5,155,890	0.22%	4,524,310	0.23%	4,869,730	0.26%	6,222,470	0.34%	5,801,600	0.33%
Totally Exempt Property	205,919,692	8.94%	188,375,979	9.55%	176,900,812	9.42%	177,326,089	9.67%	184,389,002	10.40%
Total Appraised Value	\$ 2,303,256,487	100.00%	\$ 1,972,673,103	100.00%	\$ 1,877,430,187	100.00%	\$ 1,834,074,170	100.00%	\$ 1,773,801,907	100.00%
Less Exemptions:										
Local, Over-65 and/or Disabled	\$ 5,084,114		\$ 4,924,446		\$ 4,861,521		\$ 4,859,445		\$ 4,800,342	
Local, Optional Percentage Homestead	15,029,035		14,589,482		14,571,839		14,671,075		14,929,588	
Disabled and Deceased Veterans	6,879,376		5,920,883		3,770,200		2,623,832		1,693,126	
Pollution Control	9,716,253		9,436,477		13,470,942		15,910,684		17,789,087	
Productivity Loss	49,530,982		42,922,813		35,315,467		34,362,022		33,292,974	
Tax Abatement	34,901,790		38,945,456		39,127,827		25,800,896		28,790,988	
Low Income Housing Exemption	-		-		-		-		4,705,420	
Value Cap Loss (10%)	20,758,175		9,550,633		5,769,208		1,196,206		1,090,729	
Historical / Minimal Value & Other	2,746,240		2,493,742		2,449,837		2,363,496		2,228,314	
Totally Exempt Property	205,919,692		188,375,979		176,900,812		177,326,089		179,441,159	
Total Exemptions	\$ 350,565,657		\$ 317,159,911		\$ 296,237,653		\$ 279,113,745		\$ 288,761,727	
Net Taxable Assessed Valuation	\$ 1,952,690,830		\$ 1,655,513,192		\$ 1,581,192,534		\$ 1,554,960,425		\$ 1,485,040,180	

^(a) Assessed Valuations may change during the year due to various supplements and protests, and valuations on a later date.
Source: Texas Comptroller of Public Accounts and Ellis Appraisal District.

CITY OF ENNIS, TEXAS

PRINCIPAL TAXPAYERS - 2019

TABLE CD-11

<u>Name</u>	<u>Type of Business/Property</u>	<u>2019 Net Taxable Assessed Valuation</u>	<u>% of Total 2019 Assessed Valuation</u>
CVS Texas Distribution LP	Pharmacy Retailer Distribution	\$ 107,775,900	5.52%
Ennis Power Company, LLC	Electric Power Generation	101,920,000	5.22%
Sterilite Corporation	Plastic Container Manufacturing	64,673,060	3.31%
Elk Roofing Products	Fiberglass Roofing Materials	53,584,760	2.74%
Leggett & Platt Inc #0003	Bedding Components Manufacturing	51,063,830	2.62%
Syngenta Crop Protection LLC	Chemical Products	45,774,320	2.34%
JTEKT Automotive Texas LP	Automotive Steering Products Manufacturing	38,829,950	1.99%
Oncor Electric Delivery Company	Electric Delivery	32,663,640	1.67%
Spyglass Apartments of Ennis LC	Apartments	24,147,130	1.24%
Ennis TX 287 LLC	Asphalt Products	22,500,000	1.15%
Total		\$ 542,932,590	22.28%

Based on a 2019 Net Taxable Assessed Valuation of \$ 1,952,690,830

Source: Ellis Appraisal District and the City of Ennis, Texas.

PROPERTY TAX RATES AND COLLECTIONS ^(a)

TABLE CD-12

<u>Tax Year</u>	<u>Net Taxable Assessed Valuation^(a)</u>	<u>Tax Rate</u>	<u>Tax Levy</u>	<u>% Collections</u>		<u>Year Ended</u>
				<u>Current</u>	<u>Total</u>	
2010	\$1,307,574,814	0.695	\$ 9,067,308	98.42%	99.42%	9/30/2011
2011	1,339,671,916	0.695	9,282,003	98.76%	99.93%	9/30/2012
2012	1,375,246,813	0.695	9,625,186	98.22%	99.89%	9/30/2013
2013	1,411,761,140	0.695	9,827,953	98.76%	99.88%	9/30/2014
2014	1,410,087,870	0.695	9,809,002	98.82%	99.77%	9/30/2015
2015	1,485,040,180	0.669	9,931,494	98.86%	99.73%	9/30/2016
2016	1,554,960,425	0.699	10,881,653	99.06%	99.74%	9/30/2017
2017	1,581,192,534	0.710	11,215,175	99.14%	99.58%	9/30/2018
2018	1,655,513,192	0.710	11,754,144	99.01%	99.01%	9/30/2019
2019	1,952,690,830	0.724	14,146,718	N/A	N/A	9/30/2020

^(a) Assessed Valuations may change during the year due to various supplements and protests, and valuations on a later date.

Source: Ellis Appraisal District and the City of Ennis, Texas.

TAX RATE DISTRIBUTION

TABLE CD-13

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>
General Fund	\$0.44987	\$0.47000	\$0.47000	\$0.45900	\$0.43989
I & S Fund	<u>0.27461</u>	<u>0.24000</u>	<u>0.24000</u>	<u>0.24000</u>	<u>0.22928</u>
TOTAL	\$0.72447	\$0.71000	\$0.71000	\$0.69900	\$0.66917

Source: Ellis Appraisal District and the City of Ennis, Texas.

CITY OF ENNIS, TEXAS

MUNICIPAL SALES TAX

TABLE CD-15

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

Fiscal Year	City of Ennis (1%)	Ennis Economic Development Corporation (½%)	Street Maintenance (1/4%)	CCPD (1/4%)	Total Sales Tax Collections	% of Ad Valorem Tax Levy	(\$ Equivalent of Ad Valorem Tax Rate)
2010	\$ 2,358,671	\$ 1,172,972	\$ -	\$ -	\$ 3,531,643	38.95%	0.27
2011	2,462,042	1,224,653	-	-	3,686,695	39.72%	0.28
2012	2,541,704	1,264,453	-	-	3,806,157	39.54%	0.27
2013	2,753,904	1,376,952	-	-	4,130,856	42.03%	0.29
2014	2,979,576	1,489,788	-	-	4,469,364	45.56%	0.32
2015	3,021,563	1,510,781	398,145	363,066	5,293,555	53.30%	0.36
2016	3,389,044	1,694,512	847,261	781,875	6,712,692	61.69%	0.43
2017	3,584,920	1,792,527	896,230	851,227	7,124,904	63.53%	0.45
2018	3,631,116	1,815,493	907,743	865,373	7,219,725	61.42%	0.44
2019	3,598,266	1,799,130	899,567	826,473	7,123,436	50.35%	0.36

Source: Texas Comptroller of Public Accounts website.

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

CITY OF ENNIS, TEXAS

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

TABLE CD-19

	Fiscal Year Ended September 30				
	2019	2018	2017	2016	2015
REVENUES					
Taxes:					
Property	\$ 7,810,673	\$ 7,493,962	\$ 7,192,254	\$ 6,582,359	\$ 6,122,234
Sales	3,598,266	3,631,116	3,584,920	3,389,044	3,021,563
Franchise	1,494,793	1,647,872	1,629,324	1,550,923	1,606,673
Alcoholic beverage	52,512	46,153	42,885	43,442	38,206
Licenses and permits	457,282	692,179	367,628	292,635	200,916
Fines and forfeitures	409,817	571,643	553,506	603,300	451,022
Charges for current services	239,467	158,165	151,752	207,909	233,969
Revenues from use of money and property	127,014	126,828	211,127	196,175	221,604
Other	409,405	401,640	179,771	73,881	224,308
Intergovernmental	661,141	1,742,270	1,095,619	446,431	317,548
Total Revenues	15,260,370	16,511,828	15,008,786	13,386,099	12,438,043
EXPENDITURES					
Current:					
General government	3,011,243	3,214,159	4,529,001	2,484,620	1,719,608
Public safety	10,762,410	10,528,350	9,508,486	8,769,392	8,238,340
Streets	1,157,857	1,332,660	1,492,794	920,975	1,092,572
Health	548,751	519,089	389,665	317,168	375,606
Equipment services	900,753	335,479	303,858	322,871	254,287
Cultural and recreational	1,529,166	1,433,359	1,443,003	1,065,060	1,123,354
Airport	-	-	-	14,570	54,601
Public works	324,467	339,063	306,571	297,208	179,385
Debt service	88,002	106,752	121,813	211,578	121,493
Total Expenditures	18,322,649	17,808,911	18,095,191	14,403,442	13,159,246
Excess (deficiency) of revenues over (under) expenditures	<u>(3,062,279)</u>	<u>(1,297,083)</u>	<u>(3,086,405)</u>	<u>(1,017,343)</u>	<u>(721,203)</u>
Other Financing Sources (Uses):					
Transfers in	4,264,468	2,057,056	1,526,019	618,441	700,274
Transfers out	-	-	(233,290)	-	(240,842)
Sale of capital assets	14,800	144,084	30,798	-	-
Total Other Financing Sources (Uses):	<u>4,279,268</u>	<u>2,201,140</u>	<u>1,323,527</u>	<u>618,441</u>	<u>459,432</u>
Net Change in Fund Balance	1,216,989	904,057	(1,762,878)	(398,902)	(261,771)
Fund Balance - Beginning of Year	6,858,538	5,954,481	7,717,359	8,116,261	8,378,032
Fund Balance - End of Year	<u>\$ 8,075,527</u>	<u>\$ 6,858,538</u>	<u>\$ 5,954,481</u>	<u>\$ 7,717,359</u>	<u>\$ 8,116,261</u>

Source: City of Ennis, Texas