

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**City of Ennis, Texas
Fiscal Year Ended
September 30, 2009**

CITY OF ENNIS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 2009

Issued By
Department of Administration
Steve Howerton, City Manager

INTRODUCTORY SECTION

CITY OF ENNIS, TEXAS
COMPREHENSIVE FINANCIAL REPORT
Year Ended September 30, 2009

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CITY OF ENNIS, TEXAS
P.O. Box 220 • Ennis, Texas 75120 • (972) 878-1234 • FAX (972) 875-9086
<http://www.ennis-texas.com>

January 19, 2010

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

The comprehensive annual financial report of the City of Ennis, Texas for the fiscal year ended September 30, 2009, is hereby submitted as required by both City Charter and state statutes. The Charter and statutes require that the City issue annually a report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established an internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. Management asserts that, to the best of management's knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Witherspoon, Yeldell & Wilson, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction therewith. The City's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

Location and Governmental Structure. The City of Ennis, established in 1872, is located in the Dallas/Fort Worth Metroplex in the North-Central region of the State of Texas approximately 25 miles south of Dallas. The Dallas/Fort Worth Metroplex ranks as the top growth area in the State of Texas and one of the top growth areas in the United States. The City currently has a land area of 27.42 square miles and a population of 19,325. The City is empowered to levy a property tax on both real and personal property located within its boundaries. The City also has the power by state statute to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the City Commission.

The City has operated under the Commission-Manager form of government since 1956. Policymaking and legislative authorities are vested in the City Commission, which consists of a Mayor and six commission members. The City Commission is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City Manager, City Secretary, Tax Collector, and the City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Commission, for overseeing the day-to-day operations of the City, and for appointing the heads of the City's departments. The City Commission is elected on a non-partisan basis. Commission members are elected to two-year staggered terms with three Commission members elected every two years. The Mayor is also elected to two-year terms. Five of the Commission members are elected from within their respective single member districts. The Mayor and the one remaining Commission member (Mayor Pro-tem) are elected at large.

Services Provided. The City provides a full range of municipal services including police and fire protection; sanitation services; recreational and cultural activities; and the construction and maintenance of highways, streets, and infrastructure. The City also provides water and sewer services. The City also is financially accountable for a legally separate economic development corporation, which is reported separately within the City's financial statements. Additional information on this legally separate entity can be found in Note 1 in the notes to the financial statements.

Budgetary Control. The City Charter provides that the City Commission shall adopt an annual budget prepared by the City Manager. The budget is reviewed by the City Commission and is formally adopted by the passage of a budget ordinance. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, the City Commission must approve any revisions that alter the total expenditures of any fund. Budgetary control has been established at the individual fund level. Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 17 as part of the basic financial statements for the governmental funds. For the debt service fund and the water and sewer fund this comparison is presented in the combining and individual fund statements and schedules subsection of this report, which starts on page 50.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economy. The City of Ennis currently enjoys a favorable economic environment and local indicators point to continued stability. The City has a well-developed industrial and commercial base that adds to the relative stability of the unemployment rate and the City's overall economic vitality.

The following facts reflect Ennis' financial condition and economic outlook:

The Ennis industrial base is the largest and most diversified in Ellis County.

Since fiscal year 2000, commercial and industrial investment in Ennis has exceeded \$443.2 million.

Since fiscal year 2000, industrial employment in Ennis has increased from 3,851 to 4,404 (an increase of 14.3%).

Ennis sales tax collections decreased 15.9% during fiscal year 2009 while sales tax collection statewide decreased 4.0%.

Total taxable value for all residential, commercial and industrial property in the City of Ennis exceeded \$1,159,974,237 for fiscal year 2009, a 5.5% increase from the previous year.

Residential, commercial and industrial building permit value exceeded \$48.5 million for fiscal year 2009.

The Ennis Economic Development Corporation owns and is aggressively marketing approximately 380 acres of prime industrial property in the Ennis Industrial Park.

Ennis controls ample land for future development (approximately 15.2 square miles or 55.4% of the 27.42 square miles within the Ennis Corporate Limits is undeveloped and available for development).

Based upon past trends and current projections, the City's economic expansion should continue well into the 21st Century. While having a positive impact, growth will present significant challenges for the City. If the present high level of services is to be maintained and improved, the City, in the future, will need to explore new and better methods of obtaining and utilizing financial resources.

Long-Term Financial Planning. Unreserved, undesignated fund balance in the general fund (41 percent of total fund revenues) exceeds policy guidelines set by the City Commission for budgetary planning purposes (i.e., 33 percent of non-capital general fund expenditures). Current policy regarding fund balance sufficiency will be reviewed during the next fiscal year to determine the adequacy of the policy in view of developing local and national economic trends.

As a part of the City Commission's strategic planning process, two significant future construction projects are being considered: 1. A comprehensive street improvement program which is estimated to cost approximately \$31 million and 2. The Ennis Replacement Airport which is estimated to cost approximately \$25.2+ million (ninety percent Federal Aviation Administration funded) excluding land acquisition. Both projects should be initiated within three to five years.

Cash Management. Cash temporarily idle during the year was invested in certificates of deposits and the State of Texas TexPool investment fund. The average yield on investments was 1.0069%.

Risk Management. The City currently maintains third party insurance coverage to minimize all financial risks. Risk management programs are in place to minimize risk in the areas of workers' compensation, general liability, public officials and employees' liability, police officer liability and property and fleet/equipment liability and damage.

Pension Benefits. The City provides pension benefits to all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), an agent of multiple-employer public employee retirement system. The pension plan is administered and accounted for by TMRS rather than by the City.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the year ended September 30, 2008. This was the twenty-second consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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A Certificate of Achievement is valid for a period of one year, only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated services of the entire staff of the Administration Department. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report.

In closing, the members of the City Commission are to be commended for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

STEVE HOWERTON
City Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Ennis
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



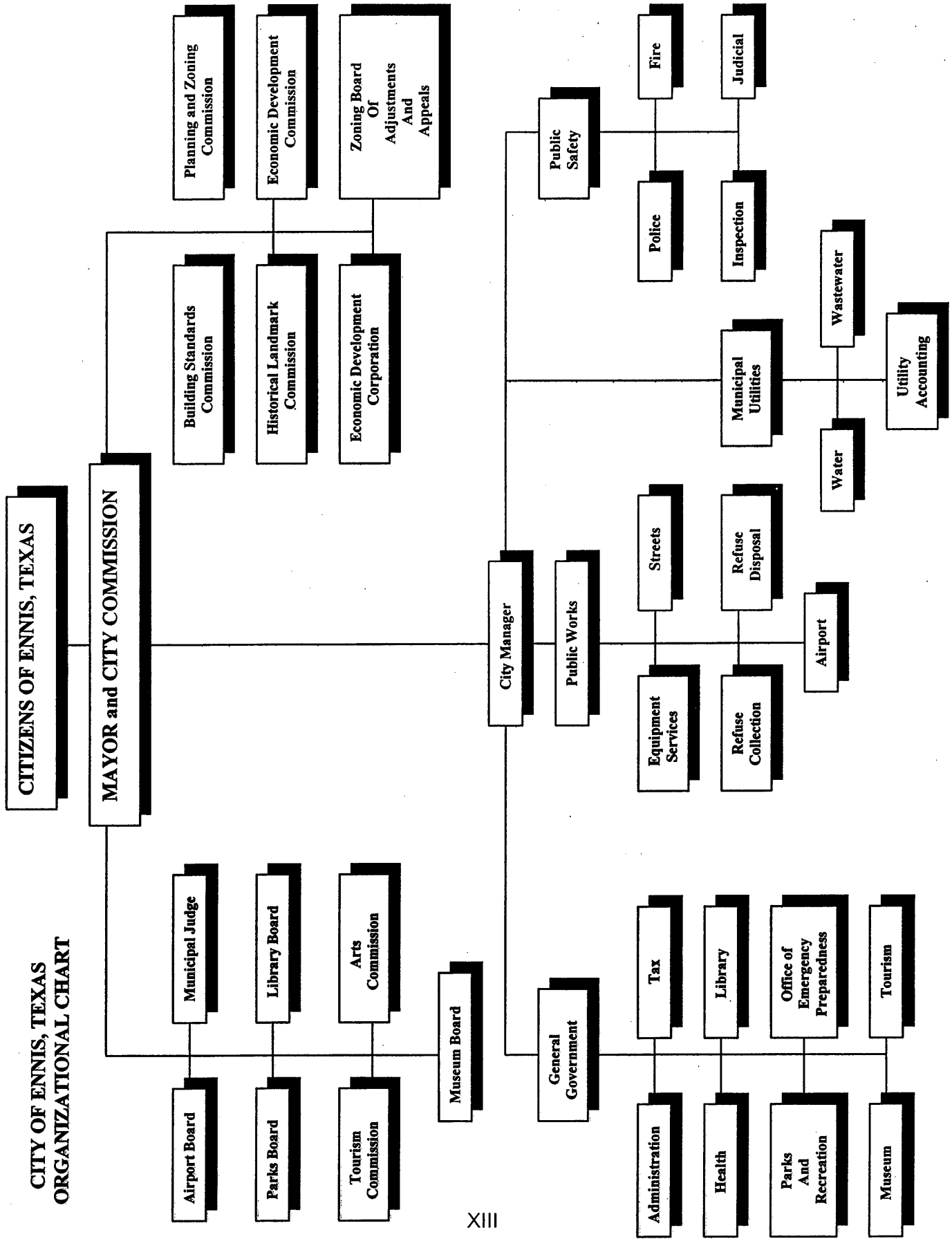
President

Executive Director

CITY OF ENNIS, TEXAS
CITY OFFICIALS
September 30, 2009

| | |
|------------------------|--------------------------|
| Russell Thomas | Mayor (at large) |
| Robert E. (Bob) Taylor | Mayor Pro tem (at large) |
| J. N. (Red) Sanders | Ward 1 |
| Carolyn Frazier | Ward 2 |
| C. T. (Tom) Abram | Ward 3 |
| Lola Searcy | Ward 4 |
| Dale Holt | Ward 5 |

**CITY OF ENNIS, TEXAS
ORGANIZATIONAL CHART**



FINANCIAL SECTION

Witherspoon, Yeldell & Wilson

CERTIFIED PUBLIC ACCOUNTANTS (A PROFESSIONAL CORPORATION)

Members of American Institute of Certified Public Accountants / Members of Private Companies Practice Section

Gary D. Witherspoon, CPA / Greer Yeldell, CPA / Glen D. Wilson, CPA / Misty Culpepper, CPA
Mary E. Coile, CPA / Brooke Farmer, CPA / Glenda Valek, CPA / Joyce Reeve, CPA

INDEPENDENT AUDITOR'S REPORT

To the 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 unit, each major fund, and the aggregate remaining fund information of City of Ennis, Texas, as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Ennis, Texas' management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ennis, Texas, as of September 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 introductory section, combining and individual fund financial statements and schedules, supplementary financial data, statistical section, and continuing financial disclosure tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules and the supplementary financial data have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, statistical section and continuing financial disclosure tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Witherspoon, Yeldell & Wilson, P.C.

Witherspoon, Yeldell & Wilson, P.C.
Certified Public Accountants

January 5, 2010



CITY OF ENNIS, TEXAS
P.O. Box 220 • Ennis, Texas 75120 • (972) 878-1234 • FAX (972) 875-9086
<http://www.ennis-texas.com>

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Ennis, 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, 2009. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found on pages vi-x of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$57,186,758 (net assets). Of this amount, \$8,685,502 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$259,910.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,841,521. Over 88% of this total amount, \$6,928,177 is unreserved and available for use within the City's designation and policies.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$4,707,060 or 41% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements 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 Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused 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 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, public works, and sanitation services. The business-type activities of the City include water and sewer operations.

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

The government-wide financial statements can be found on pages 12-13 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 current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for 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 statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains eighteen 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 and Debt Service, both of which are considered to be major funds. Data from the other sixteen funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in 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 14-17 of this report.

Proprietary Funds. The City maintains one type of proprietary fund. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for its water and sewer operations.

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 Water and Sewer fund since it is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 18-20 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-49 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents combining statements referred to earlier in connection with non-major governmental funds. Combining and individual statements and schedules can be found on pages 50-62 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$57,186,758 as of September 30, 2009.

A large portion of the City's net assets (81%) reflects its investments in capital assets (e.g., land, buildings, improvements, machinery and equipment, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF ENNIS' NET ASSETS

| | Governmental | | Business-Type | | Total | |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Activities | | Activities | | | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Current and other assets | \$ 9,383,921 | \$ 9,297,875 | \$ 5,645,930 | \$ 6,242,348 | \$ 15,029,851 | \$ 15,540,223 |
| Capital assets | 73,519,821 | 75,610,291 | 41,740,522 | 43,034,777 | 115,260,343 | 118,645,068 |
| Total assets | <u>82,903,742</u> | <u>84,908,166</u> | <u>47,386,452</u> | <u>49,277,125</u> | <u>130,290,194</u> | <u>134,185,291</u> |
| Long term liabilities | 52,012,387 | 54,646,549 | 19,231,624 | 20,551,735 | 71,244,011 | 75,198,284 |
| Other liabilities | 976,272 | 1,224,828 | 883,153 | 835,331 | 1,859,425 | 2,060,159 |
| Total liabilities | <u>52,988,659</u> | <u>55,871,377</u> | <u>20,114,777</u> | <u>21,387,066</u> | <u>73,103,436</u> | <u>77,258,443</u> |
| Net assets: | | | | | | |
| Invested in capital assets, | | | | | | |
| net of related debt | 23,749,092 | 23,051,097 | 22,790,429 | 22,684,585 | 46,539,521 | 45,735,682 |
| Restricted | 1,033,882 | 768,511 | 927,853 | 910,496 | 1,961,735 | 1,679,007 |
| Unrestricted | 5,132,109 | 5,217,181 | 3,553,393 | 4,294,978 | 8,685,502 | 9,512,159 |
| Total net assets | <u>\$ 29,915,083</u> | <u>\$ 29,036,789</u> | <u>\$ 27,271,675</u> | <u>\$ 27,890,059</u> | <u>\$ 57,186,758</u> | <u>\$ 56,926,848</u> |

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

An additional portion of the City's net assets (3%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets \$8,685,502 may be used to meet the government's ongoing obligation to citizens and creditors.

As noted on pages 9-10, the City's net assets invested in capital assets increased as a result of infrastructure improvements contributed by developers, while long-term debt decreased due to scheduled debt payments being made.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole as well as for its separate categories – governmental and business-type activities.

Analysis of the City's Operations. The following table provides a summary of the City's operations for the year ended September 30, 2009. Governmental activities increased the City's net assets by \$878,294, accounting for the total growth in net assets. Business-type activities decreased the City's net assets by \$618,384.

CITY OF ENNIS' CHANGES IN NET ASSETS

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------------------------------------|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 2,402,088 | \$ 2,204,161 | \$ 7,377,790 | \$ 7,261,194 | \$ 9,779,878 | \$ 9,465,355 |
| Operating grants and contributions | 19,900 | 214,596 | - | - | 19,900 | 214,596 |
| Capital grants and contributions | 624,422 | 3,690,360 | 444,279 | 776,495 | 1,068,701 | 4,466,855 |
| General revenues: | | | | | | |
| Property tax | 8,749,647 | 8,361,599 | - | - | 8,749,647 | 8,361,599 |
| Sales tax | 2,441,150 | 2,903,646 | - | - | 2,441,150 | 2,903,646 |
| Franchise tax | 1,567,799 | 1,776,766 | - | - | 1,567,799 | 1,776,766 |
| Hotel occupancy tax | 226,160 | 201,907 | - | - | 226,160 | 201,907 |
| Alcoholic beverage tax | 39,667 | 36,870 | - | - | 39,667 | 36,870 |
| Grants and contributions not restricted to specific programs | 122,040 | 122,160 | - | - | 122,040 | 122,160 |
| Investment earnings | 267,608 | 403,454 | 65,333 | 175,568 | 332,941 | 579,022 |
| Gain on sale of capital assets | 144,381 | - | - | - | 144,381 | - |
| Miscellaneous | 75,338 | 266,051 | - | - | 75,338 | 266,051 |
| Total revenues | 16,680,200 | 20,181,570 | 7,887,402 | 8,213,257 | 24,567,602 | 28,394,827 |
| Expenses: | | | | | | |
| General government | 1,064,975 | 1,049,185 | - | - | 1,064,975 | 1,049,185 |
| Public safety | 6,985,410 | 6,589,219 | - | - | 6,985,410 | 6,589,219 |
| Streets | 2,196,824 | 2,146,724 | - | - | 2,196,824 | 2,146,724 |
| Health | 384,886 | 269,268 | - | - | 384,886 | 269,268 |
| Equipment services | 143,907 | 138,600 | - | - | 143,907 | 138,600 |
| Cultural and recreational | 1,110,893 | 1,116,293 | - | - | 1,110,893 | 1,116,293 |
| Airport | 108,044 | 188,539 | - | - | 108,044 | 188,539 |
| Hospital | 1,320,365 | 1,368,654 | - | - | 1,320,365 | 1,368,654 |
| Public works | 139,127 | 131,586 | - | - | 139,127 | 131,586 |
| Sanitation services | 910,732 | 849,638 | - | - | 910,732 | 849,638 |
| Interest on long-term debt | 1,436,743 | 1,632,868 | - | - | 1,436,743 | 1,632,868 |
| Water | - | - | 4,729,389 | 4,362,447 | 4,729,389 | 4,362,447 |
| Sewer | - | - | 3,776,397 | 3,518,008 | 3,776,397 | 3,518,008 |
| Total expenses | 15,801,906 | 15,480,574 | 8,505,786 | 7,880,455 | 24,307,692 | 23,361,029 |
| Increase in net assets before transfers | 878,294 | 4,700,996 | (618,384) | 332,802 | 259,910 | 5,033,798 |
| Transfers | - | 64,743 | - | (64,743) | - | - |
| Increase in net asset | 878,294 | 4,765,739 | (618,384) | 268,059 | 259,910 | 5,033,798 |
| Net assets - beginning | 29,036,789 | 24,271,050 | 27,890,059 | 27,622,000 | 56,926,848 | 51,893,050 |
| Net assets - ending | \$ 29,915,083 | \$ 29,036,789 | \$ 27,271,675 | \$ 27,890,059 | \$ 57,186,758 | \$ 56,926,848 |

- Property taxes increased by \$388,048 (4.6%) during the year. The majority of this increase is the product of a 7.6% increase in the net taxable assessed valuation.
- For the most part, decreases in expenses resulted from management imposed budgetary controls initiated in response to a declining national, state and local economy.
- Charges for services for business-type activities increased by 1.6%, primarily as a result of increased water and sewer rates.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,841,521. Approximately 88% of this total amount \$6,928,177 constitutes unreserved fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) for reserve of note \$273,522, 2) to pay for debt service \$370,911 and 3) for a variety of other restricted purposes \$268,911.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$4,707,060 , while total fund balance reached \$4,975,971. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 41% of total general fund expenditures, while total fund balance represents 43% of that same amount.

The fund balance of the City's general fund increased \$227,451 during the current fiscal year. The City's net taxable assessed valuation increased 7.6% during the current fiscal year. This produced additional revenues of \$404,391.

The debt service fund has a total fund balance of \$644,433, \$273,522 of which is reserved for a note receivable. The net decrease in fund balance during the current year in the debt service fund was \$36,803.

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

Unrestricted net assets of the Water and Sewer fund at the end of the year amounted to \$3,553,393. Net assets decreased in 2009 by \$618,384. Other factors concerning the finances of this fund have already been addressed in the analysis of the City's operations.

General Fund Budgetary Highlights. General fund budgeted revenues of \$15,293,558 exceeded actual revenues of \$15,140,803 by \$152,755. Following are the main components that experienced an increase or decrease of actual revenue compared to budgeted revenue:

- The \$136,798 (1.6%) increase in property tax resulted primarily from growth in the commercial and industrial tax base.
- The sales tax decrease of \$257,522 (9.5%) is due to decreased local, state and national economic activity.

Budgeted general fund expenditures of \$12,765,693 exceeded actual expenditures of \$11,489,736. This \$1,275,957 positive variance in expenditures was achieved through a series of expenditure restrictions imposed during the year.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2009 amounts to \$115,260,343 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress.

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

- Completion of Street improvements by the City of approximately \$4,617,000 for improvements to Ensign Road and other street improvements of approximately \$533,000 from developer contributions.
- Water and sewer system additions of approximately \$444,000 from developer contributions.

Capital Assets at Year-End Net of Accumulated Depreciation

| | Governmental | | Business-Type | | Total | |
|--------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| | Activities | | Activities | | | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Land | \$ 6,027,065 | \$ 6,027,066 | \$ 241,639 | \$ 241,639 | \$ 6,268,704 | \$ 6,268,705 |
| Construction in progress | - | 4,491,778 | 40,717 | 40,717 | 40,717 | 4,532,495 |
| Buildings | 27,776,265 | 28,572,204 | 5,395,682 | 5,580,998 | 33,171,947 | 34,153,202 |
| Improvements | 918,387 | 979,700 | 34,975,439 | 35,964,200 | 35,893,826 | 36,943,900 |
| Machinery and equipment | 8,503,843 | 9,369,072 | 352,368 | 439,152 | 8,856,211 | 9,808,224 |
| Infrastructure | 30,294,261 | 26,170,471 | - | - | 30,294,261 | 26,170,471 |
| Water rights | - | - | 734,677 | 768,071 | 734,677 | 768,071 |
| Total | \$ 73,519,821 | \$ 75,610,291 | \$ 41,740,522 | \$ 43,034,777 | \$ 115,260,343 | \$ 118,645,068 |

Additional information on the City of Ennis capital assets can be found in note 4 on pages 31-36 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had a total bonded debt, notes and agreement payable of \$70,079,060. Of this amount, \$49,145,000 comprises bonded debt backed by the full faith and credit of the government. The notes payable of \$273,519 pertains to an agreement between the City of Ennis and the Ennis Economic Development Corporation to provide funding for the repayment of the note the Corporation has with the Texas Economic Development Commission.

**Outstanding Debt at Year End
Bonds, Notes and Agreement Payable**

| | Governmental | | Business-Type | | Total | |
|-------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Activities | | Activities | | | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Certificates of obligation | \$ 6,444,296 | \$ 6,868,292 | \$ 5,965,704 | \$ 6,966,708 | \$ 12,410,000 | \$ 13,835,000 |
| General obligations | 23,457,957 | 25,199,534 | 13,277,043 | 13,785,466 | 36,735,000 | 38,985,000 |
| Notes payable | 273,519 | 296,313 | - | - | 273,519 | 296,313 |
| Development agreement payable | 20,660,541 | 21,205,434 | - | - | 20,660,541 | 21,205,434 |
| Total | \$ 50,836,313 | \$ 53,569,573 | \$ 19,242,747 | \$ 20,752,174 | \$ 70,079,060 | \$ 74,321,747 |

The City's General Obligation and Tax and Water Works and Sewer System Certificates of Obligation ratings are listed below.

| | Moody's | Standard's & Poor's |
|----------------------------|---------|---------------------|
| General Obligation Bonds | A3 | A |
| Certificates of Obligation | A3 | A |

Several of the City's Bonds are insured thus holding an AAA (insured) credit rating from both Moody's Investors Service and Standard & Poor's.

Additional information on the City of Ennis long term-debt can be found in note 4 on pages 38-44 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In the 2009-10 Budget, General Fund revenues and transfers in are budgeted to increase by 3.0% from the 2008-09 budget year with general property taxes making up about 53.2% of general fund budgeted revenues and transfers in. Certified assessed taxable valuations increased 7.9% over the preceding year. The City enjoys a relatively low unemployment rate at 8.1% as compared to the State of Texas, which is 8.4%. The City's budgets for all funds have benefited from a strong and expanding local economy over the past several years; however, 2008-09 marked a significant downturn in the national, state and local economy. In this coming fiscal year, the City's budget has been adjusted in anticipation of a continued economic slowdown and a protracted economic recovery. During the past year, statewide sales tax receipts declined. The sales tax revenue source is the most volatile city revenue and is subject to decline if the local economy fails to maintain growth. No significant increase in the amount of interest income for the city is expected during this budget year, unless the Federal Reserve modifies its monetary policies that affect interest income derived from investment accounts.

As a result of the above-stated potential negative impacts in revenue, the City has made a concerted effort to limit appropriations to only those items truly necessary. This includes a modest increase in the amount authorized to be spent by the City for capital acquisitions.

The 2009-10 budget year represents the first full year with restructured water and sewer rates. Water and sewer rates were restructured to meet debt service requirements for prior water and sewer system expansions totaling more than \$12 million and to cover increased operating costs for the utility system. Water and sewer revenue is expected to grow 1.1% as a result of system expansion and increased utilization during the year.

REQUEST 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 government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Secretary, 115 W. Brown Street, Ennis, Texas 75119.

CITY OF ENNIS, TEXAS
STATEMENT OF NET ASSETS
September 30, 2009

| | Primary Government | | | Component Unit |
|---------------------------------------------------|-------------------------|--------------------------|----------------------|-------------------|
| | Governmental Activities | Business-type Activities | Total | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 4,936,454 | \$ 3,478,655 | \$ 8,415,109 | \$ 4,020,255 |
| Investments | 1,844,415 | 58,577 | 1,902,992 | - |
| Receivables (net of allowance for uncollectibles) | 1,860,555 | 861,112 | 2,721,667 | - |
| Due from primary government | - | - | - | 191,729 |
| Internal balances | 141,547 | (141,547) | - | - |
| Inventories | 67,075 | 108,687 | 175,762 | - |
| Prepaid items | 165,070 | - | 165,070 | - |
| Deferred charges | 368,805 | 313,320 | 682,125 | 348,280 |
| Restricted assets: | | | | |
| Cash and cash equivalents | - | 557,148 | 557,148 | - |
| Investments | - | 409,978 | 409,978 | - |
| Capital assets: | | | | |
| Non-depreciable | 6,027,065 | 282,356 | 6,309,421 | 4,658,123 |
| Depreciable (net of accumulated depreciation) | 67,492,756 | 41,458,166 | 108,950,922 | - |
| Total assets | <u>82,903,742</u> | <u>47,386,452</u> | <u>130,290,194</u> | <u>9,218,387</u> |
| LIABILITIES | | | | |
| Accounts payable and other current liabilities | 167,340 | 81,376 | 248,716 | - |
| Accrued payroll payable | 406,150 | 149,824 | 555,974 | - |
| Accrued interest payable | 211,053 | 132,011 | 343,064 | 73,653 |
| Customer deposits payable | - | 519,942 | 519,942 | - |
| Due to component unit | 191,729 | - | 191,729 | - |
| Noncurrent liabilities: | | | | |
| Due within one year | 3,353,020 | 1,641,854 | 4,994,874 | 316,047 |
| Due in more than one year | 48,659,367 | 17,589,770 | 66,249,137 | 8,271,704 |
| Total liabilities | <u>52,988,659</u> | <u>20,114,777</u> | <u>73,103,436</u> | <u>8,661,404</u> |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 23,749,092 | 22,790,429 | 46,539,521 | (3,929,628) |
| Restricted for: | | | | |
| Public safety | 91,049 | - | 91,049 | - |
| Cultural and recreational | 518,587 | - | 518,587 | - |
| Airport | 53,335 | - | 53,335 | - |
| Debt service | 370,911 | 927,853 | 1,298,764 | 792,139 |
| Capital projects | - | - | - | 571,677 |
| Unrestricted | 5,132,109 | 3,553,393 | 8,685,502 | 3,122,795 |
| Total net assets | <u>\$ 29,915,083</u> | <u>\$ 27,271,675</u> | <u>\$ 57,186,758</u> | <u>\$ 556,983</u> |

See accompanying notes to financial statements.

CITY OF ENNIS, TEXAS
STATEMENT OF ACTIVITIES
Year Ended September 30, 2009

| Function/Program Activities | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Assets | | | Component Unit |
|--------------------------------------------------------------|----------------------|-------------------------|------------------------------------------|----------------------------------------|----------------------------------------------------|------------------------|----------------------|-------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | |
| | | | | | Governmental Activities | Business Activities | Total | |
| Primary government: | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government | \$ 1,064,975 | \$ 173,021 | \$ - | \$ - | \$ (891,954) | \$ - | \$ (891,954) | \$ - |
| Public safety | 6,985,410 | 691,239 | 4,045 | 37,765 | (6,252,361) | - | (6,252,361) | - |
| Streets | 2,196,824 | - | - | 586,657 | (1,610,167) | - | (1,610,167) | - |
| Health | 384,886 | - | - | - | (384,886) | - | (384,886) | - |
| Equipment services | 143,907 | - | - | - | (143,907) | - | (143,907) | - |
| Cultural and recreational | 1,110,893 | 26,208 | 15,855 | - | (1,068,830) | - | (1,068,830) | - |
| Airport | 108,044 | 68,912 | - | - | (39,132) | - | (39,132) | - |
| Hospital | 1,320,365 | 544,893 | - | - | (775,472) | - | (775,472) | - |
| Public works | 139,127 | 7,847 | - | - | (131,280) | - | (131,280) | - |
| Sanitation services | 910,732 | 889,968 | - | - | (20,764) | - | (20,764) | - |
| Interest on long-term debt | 1,436,743 | - | - | - | (1,436,743) | - | (1,436,743) | - |
| Total governmental activities | <u>15,801,906</u> | <u>2,402,088</u> | <u>19,900</u> | <u>624,422</u> | <u>(12,755,496)</u> | <u>-</u> | <u>(12,755,496)</u> | <u>-</u> |
| Business-type activities: | | | | | | | | |
| Water | 4,729,389 | 4,914,385 | - | 444,279 | - | 629,275 | 629,275 | - |
| Sewer | 3,776,397 | 2,463,405 | - | - | - | (1,312,992) | (1,312,992) | - |
| Total business-type activities | <u>8,505,786</u> | <u>7,377,790</u> | <u>-</u> | <u>444,279</u> | <u>-</u> | <u>(683,717)</u> | <u>(683,717)</u> | <u>-</u> |
| Total primary government | <u>\$ 24,307,692</u> | <u>\$ 9,779,878</u> | <u>\$ 19,900</u> | <u>\$ 1,068,701</u> | <u>(12,755,496)</u> | <u>(683,717)</u> | <u>(13,439,213)</u> | <u>-</u> |
| Component unit: | | | | | | | | |
| Ennis Economic Development Corporation | \$ 734,496 | \$ - | \$ - | \$ - | - | - | - | (734,496) |
| Total component unit | <u>\$ 734,496</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(734,496)</u> |
| General revenues: | | | | | | | | |
| Property taxes | | | | | 8,749,647 | - | 8,749,647 | - |
| Sales taxes | | | | | 2,441,150 | - | 2,441,150 | 1,214,207 |
| Franchise taxes | | | | | 1,567,799 | - | 1,567,799 | - |
| Hotel occupancy taxes | | | | | 226,160 | - | 226,160 | - |
| Alcoholic beverage taxes | | | | | 39,667 | - | 39,667 | - |
| Grants and contributions not restricted to specific programs | | | | | 122,040 | - | 122,040 | - |
| Investment earnings | | | | | 267,608 | 65,333 | 332,941 | 57,432 |
| Gain on sale of capital asset | | | | | 144,381 | - | 144,381 | - |
| Miscellaneous | | | | | 75,338 | - | 75,338 | 12,000 |
| Total general revenues | | | | | <u>13,633,790</u> | <u>65,333</u> | <u>13,699,123</u> | <u>1,283,639</u> |
| Change in net assets | | | | | 878,294 | (618,384) | 259,910 | 549,143 |
| Net assets - beginning | | | | | 29,036,789 | 27,890,059 | 56,926,848 | 7,840 |
| Net assets - ending | | | | | <u>\$ 29,915,083</u> | <u>\$ 27,271,675</u> | <u>\$ 57,186,758</u> | <u>\$ 556,983</u> |

See accompanying notes to financial statements.

CITY OF ENNIS, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2009

| | General | Debt Service | Other Governmental Funds | Total Governmental Funds |
|------------------------------------------------------|--------------------|------------------|--------------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 4,100,467 | \$ 370,911 | \$ 465,076 | \$ 4,936,454 |
| Investments | 17,839 | - | 1,826,576 | 1,844,415 |
| Receivables (net of allowance for uncollectibles) | 1,587,033 | 273,522 | - | 1,860,555 |
| Prepaid items | 165,070 | - | - | 165,070 |
| Due from other funds | 205,604 | - | - | 205,604 |
| Inventory | 67,075 | - | - | 67,075 |
| Total assets | <u>\$6,143,088</u> | <u>\$644,433</u> | <u>\$ 2,291,652</u> | <u>\$ 9,079,173</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 149,777 | \$ - | \$ 6,478 | \$ 156,255 |
| Sales taxes payable | 11,085 | - | - | 11,085 |
| Accrued payroll payable | 406,150 | - | - | 406,150 |
| Due to other funds | - | - | 64,057 | 64,057 |
| Due to component unit | 191,729 | - | - | 191,729 |
| Deferred revenue | 408,376 | - | - | 408,376 |
| Total liabilities | <u>1,167,117</u> | <u>-</u> | <u>70,535</u> | <u>1,237,652</u> |
| Fund balances: | | | | |
| Reserved for: | | | | |
| Note | - | 273,522 | - | 273,522 |
| Court technology | 36,766 | - | - | 36,766 |
| Prepaid items | 165,070 | - | - | 165,070 |
| Inventory | 67,075 | - | - | 67,075 |
| Debt service | - | 370,911 | - | 370,911 |
| Unreserved: | | | | |
| Designated for contingencies | 2,291,017 | - | - | 2,291,017 |
| Undesignated | 2,416,043 | - | - | 2,416,043 |
| Unreserved reported in nonmajor | | | | |
| Special revenue funds | - | - | 560,237 | 560,237 |
| Capital projects funds | - | - | 1,660,880 | 1,660,880 |
| Total fund balances | <u>4,975,971</u> | <u>644,433</u> | <u>2,221,117</u> | <u>7,841,521</u> |
| Total liabilities and fund balances | <u>\$6,143,088</u> | <u>\$644,433</u> | <u>\$ 2,291,652</u> | |

Amounts reported for governmental activities in the statement of net assets are different

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 73,519,821

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 408,376

Long-term liabilities, including bonds payable and net pension obligation, are not due and payable in the current period and, therefore, are not reported in the funds. (51,854,635)

Net assets of governmental activities \$ 29,915,083

See accompanying notes to financial statements.

CITY OF ENNIS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended September 30, 2009

| | General | Debt Service | Other Governmental Funds | Total Governmental Funds |
|--------------------------------------------------------------|---------------------|--------------------|--------------------------------|--------------------------------|
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ 8,749,506 | \$ - | \$ - | \$ 8,749,506 |
| Sales | 2,441,150 | - | - | 2,441,150 |
| Franchise | 1,567,799 | - | - | 1,567,799 |
| Hotel occupancy | 226,160 | - | - | 226,160 |
| Alcoholic beverage | 39,667 | - | - | 39,667 |
| Licenses and permits | 170,491 | - | - | 170,491 |
| Fines and forfeitures | 510,837 | - | 23,792 | 534,629 |
| Charges for current services | 1,105,249 | - | - | 1,105,249 |
| Revenues from use of money and property | 204,680 | 25,015 | 37,913 | 267,608 |
| Other revenue | 125,264 | - | - | 125,264 |
| Intergovernmental | - | 122,040 | 92,810 | 214,850 |
| Contributions and donations | - | - | 15,855 | 15,855 |
| Total revenues | <u>15,140,803</u> | <u>147,055</u> | <u>170,370</u> | <u>15,458,228</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 1,031,563 | - | - | 1,031,563 |
| Public safety | 6,617,024 | - | 52,890 | 6,669,914 |
| Streets | 1,079,103 | - | - | 1,079,103 |
| Health | 372,315 | - | - | 372,315 |
| Equipment services | 135,368 | - | - | 135,368 |
| Cultural and recreational | 981,833 | - | 15,952 | 997,785 |
| Airport | 66,487 | - | - | 66,487 |
| Public works | 129,051 | - | - | 129,051 |
| Sanitation services | 830,594 | - | - | 830,594 |
| Capital outlay: | | | | |
| Streets | - | - | 173,290 | 173,290 |
| Airport | - | - | 1,400 | 1,400 |
| Hospital | - | - | 64,688 | 64,688 |
| Debt service: | | | | |
| Principal retirement | 217,367 | 2,188,367 | - | 2,405,734 |
| Interest and fiscal charges | 29,031 | 1,354,469 | - | 1,383,500 |
| Total expenditures | <u>11,489,736</u> | <u>3,542,836</u> | <u>308,220</u> | <u>15,340,792</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>3,651,067</u> | <u>(3,395,781)</u> | <u>(137,850)</u> | <u>117,436</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | 3,358,978 | 64,638 | 3,423,616 |
| Transfers out | (3,423,616) | - | - | (3,423,616) |
| Sale of capital assets | - | - | 233,146 | 233,146 |
| Total other financing sources (uses) | <u>(3,423,616)</u> | <u>3,358,978</u> | <u>297,784</u> | <u>233,146</u> |
| Net change in fund balances | 227,451 | (36,803) | 159,934 | 350,582 |
| Fund balances at beginning of year | <u>4,748,520</u> | <u>681,236</u> | <u>2,061,183</u> | <u>7,490,939</u> |
| Fund balances at end of year | <u>\$ 4,975,971</u> | <u>\$ 644,433</u> | <u>\$ 2,221,117</u> | <u>\$ 7,841,521</u> |

See accompanying notes to financial statements.

CITY OF ENNIS, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended September 30, 2009

Amounts reported for governmental activities in the statement of activities (page 13) are different because:

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| Net change in fund balance-total governmental funds (page 15) | \$ 350,582 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. | (2,001,703) |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. | (88,767) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. | 41 |
| The issuance of long-term debt (e.g., bonds payable, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, 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. | 2,942,409 |
| 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 governmental funds. | <u>(324,268)</u> |
| Change in net assets of governmental activities (page 13) | <u><u>\$ 878,294</u></u> |

See accompanying notes to financial statements.

CITY OF ENNIS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended September 30, 2009

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget - Over (Under) Budget |
|-----------------------------------------|-------------------------------------------|---------------------|-----------------------------------------------------------|
| REVENUES | | | |
| Taxes: | | | |
| Property | \$ 8,612,708 | \$ 8,749,506 | \$ 136,798 |
| Sales | 2,698,672 | 2,441,150 | (257,522) |
| Franchise | 1,734,482 | 1,567,799 | (166,683) |
| Hotel occupancy | 229,234 | 226,160 | (3,074) |
| Alcoholic beverage | 33,239 | 39,667 | 6,428 |
| Licenses and permits | 144,048 | 170,491 | 26,443 |
| Fines and forfeitures | 408,603 | 510,837 | 102,234 |
| Charges for current services | 1,067,630 | 1,105,249 | 37,619 |
| Revenues from use of money and property | 175,279 | 204,680 | 29,401 |
| Other revenue | 189,663 | 125,264 | (64,399) |
| Total revenues | <u>15,293,558</u> | <u>15,140,803</u> | <u>(152,755)</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government: | | | |
| City commission | 64,022 | 60,552 | (3,470) |
| Administration | 797,042 | 740,632 | (56,410) |
| Tourism | 250,627 | 230,379 | (20,248) |
| Total general government | <u>1,111,691</u> | <u>1,031,563</u> | <u>(80,128)</u> |
| Public safety: | | | |
| Police protection | 3,820,318 | 3,438,280 | (382,038) |
| Judicial | 73,396 | 78,731 | 5,335 |
| Fire protection | 2,743,882 | 2,609,139 | (134,743) |
| Inspection | 506,307 | 490,874 | (15,433) |
| Total public safety | <u>7,143,903</u> | <u>6,617,024</u> | <u>(526,879)</u> |
| Streets | 1,256,053 | 1,079,103 | (176,950) |
| Health | 514,462 | 372,315 | (142,147) |
| Equipment services | 150,519 | 135,368 | (15,151) |
| Cultural and recreational: | | | |
| Parks | 626,014 | 600,299 | (25,715) |
| Library | 420,869 | 351,963 | (68,906) |
| Museum | 38,922 | 29,571 | (9,351) |
| Total cultural and recreational | <u>1,085,805</u> | <u>981,833</u> | <u>(103,972)</u> |
| Airport | 169,319 | 66,487 | (102,832) |
| Public works | 130,812 | 129,051 | (1,761) |
| Sanitation services: | | | |
| Refuse collection | 932,599 | 819,406 | (113,193) |
| Refuse disposal | 39,609 | 11,188 | (28,421) |
| Total sanitation services | <u>972,208</u> | <u>830,594</u> | <u>(141,614)</u> |
| Debt service: | | | |
| Principal retirement | 222,184 | 217,367 | (4,817) |
| Interest and fiscal charges | 29,186 | 29,031 | (155) |
| Total debt service | <u>251,370</u> | <u>246,398</u> | <u>(4,972)</u> |
| Total expenditures | <u>12,786,142</u> | <u>11,489,736</u> | <u>(1,296,406)</u> |
| Excess of revenues over expenditures | <u>2,507,416</u> | <u>3,651,067</u> | <u>1,143,651</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | (3,395,005) | (3,423,616) | (28,611) |
| Total other financing sources and uses | <u>(3,395,005)</u> | <u>(3,423,616)</u> | <u>(28,611)</u> |
| Net change in fund balance | (887,589) | 227,451 | 1,115,040 |
| Fund balance at beginning of year | 3,178,606 | 4,748,520 | 1,569,914 |
| Fund balance at end of year | <u>\$ 2,291,017</u> | <u>\$ 4,975,971</u> | <u>\$ 2,684,954</u> |

See accompanying notes to financial statements.

CITY OF ENNIS, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUND
September 30, 2009

| | Business-type Activities - Enterprise (Water and Sewer) Fund |
|--------------------------------------------------------------------|-----------------------------------------------------------------------|
| | |
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 3,478,655 |
| Investments | 58,577 |
| Receivables (net of allowance for uncollectibles) | 861,112 |
| Inventory | 108,687 |
| Total current assets | 4,507,031 |
| Noncurrent assets: | |
| Restricted assets: | |
| Cash and cash equivalents | 557,148 |
| Investments | 409,978 |
| Total restricted assets | 967,126 |
| Deferred charges | 313,320 |
| Capital assets (net, where applicable of accumulated depreciation) | 41,740,522 |
| Total noncurrent assets | 43,020,968 |
| Total assets | 47,527,999 |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | 81,376 |
| Accrued payroll payable | 149,824 |
| Due to other funds | 141,547 |
| Compensated absences | 152,358 |
| Customer deposits payable | 519,942 |
| Bonds payable | 1,469,431 |
| Capital lease payable | 20,065 |
| Accrued interest payable | 132,011 |
| Total current liabilities | 2,666,554 |
| Noncurrent liabilities: | |
| Bonds payable | 17,447,042 |
| Capital lease payable | 52,828 |
| Net pension obligation | 89,900 |
| Total noncurrent liabilities | 17,589,770 |
| Total liabilities | 20,256,324 |
| NET ASSETS | |
| Invested in capital assets, net of related debt | 22,790,429 |
| Restricted for debt service | 927,853 |
| Unrestricted | 3,553,393 |
| Total net assets | \$ 27,271,675 |

See accompanying notes to financial statements.

CITY OF ENNIS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
Year Ended September 30, 2009

| | Business-type Activities - Enterprise (Water and Sewer) Fund |
|---------------------------------------|-----------------------------------------------------------------------|
| | Fund |
| Operating revenues: | |
| Water revenue | \$ 4,914,385 |
| Sewer revenue | 2,463,405 |
| Total operating revenues | 7,377,790 |
| Operating expenses: | |
| Salaries and wages | 2,182,235 |
| Supplies | 593,793 |
| Maintenance and replacement | 377,249 |
| Miscellaneous services | 1,351,775 |
| Sundry charges | 1,233,171 |
| Depreciation and amortization | 1,775,224 |
| Total operating expenses | 7,513,447 |
| Operating income (loss) | (135,657) |
| Nonoperating revenue (expenses): | |
| Investment earnings | 65,333 |
| Interest and fiscal charges | (958,907) |
| Bond issuance costs | (33,432) |
| Total nonoperating revenue (expenses) | (927,006) |
| Income (loss) before contributions | (1,062,663) |
| Capital contributions | 444,279 |
| Change in net assets | (618,384) |
| Total net assets - beginning | 27,890,059 |
| Total net assets - ending | \$ 27,271,675 |

See accompanying notes to financial statements.

CITY OF ENNIS, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended September 30, 2009

| | Business-type Activities - Enterprise (Water and Sewer) Fund |
|------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| Cash flows from operating activities: | |
| Receipts from customers and users | \$ 7,401,687 |
| Payments to suppliers | (3,422,952) |
| Payments to employees | (2,147,991) |
| Net cash provided (used) by operating activities | 1,830,744 |
| Cash flows from noncapital financing activities: | |
| Advances from other funds | 16,470 |
| Net cash provided (used) by noncapital financing activities | 16,470 |
| Cash flows from capital and related financing activities: | |
| Acquisition and construction of capital assets | (36,690) |
| Principal paid on revenue bond maturities | (1,509,427) |
| Interest and fiscal charges paid on revenue bonds | (863,605) |
| Principal paid on leased assets | (18,741) |
| Interest paid on leased assets | (3,502) |
| Net cash provided (used) by capital and related financing activities | (2,431,965) |
| Cash flows from investing activities: | |
| Interest on investments | 65,333 |
| Net cash provided (used) by investing activities | 65,333 |
| Net increase (decrease) in cash and cash equivalents | (519,418) |
| Cash and cash equivalents at beginning of year | 5,023,776 |
| Cash and cash equivalents at end of year | \$ 4,504,358 |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | |
| Operating income (loss) | \$ (135,657) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | |
| Depreciation and amortization | 1,775,224 |
| (Increase) decrease in accounts receivable | 15,797 |
| (Increase) decrease in inventory | 11,301 |
| Increase (decrease) in accounts payable and accrued expenses | 66,079 |
| Net increase in customer deposits | 8,100 |
| Increase in net pension obligation | 89,900 |
| Total adjustments | 1,966,401 |
| Net cash provided by operating activities | \$ 1,830,744 |
| Noncash investing, capital and financing activities: | |
| Contributions of capital assets from developers | \$ 444,279 |

See accompanying notes to financial statements.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 government and its component unit, an entity for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the City.

Discretely presented component unit. 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 Corporation is presented as a governmental fund type and has a September 30 year end.

Complete financial statements for the Corporation may be obtained at the City's administrative office.

City of Ennis
115 West Brown Street
Ennis, Texas 75119

B. Government-wide and fund financial statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been included as part of the program expenses reported for the various functional activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, inventories of materials and supplies are considered expenditures when used and debt service expenditures, as well as expenditures related to accumulated unpaid sick pay, are recorded only when payment is due.

Property taxes, when levied for, intergovernmental revenues, when eligibility requirements are met, sanitation collection fees, ambulance service, interest and special assessments associated with the current fiscal year are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period, if available. Available has been defined as received within sixty days of the fiscal year end. All other revenue items are considered to be measurable and available only when cash is received by the government.

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 required to be accounted for in another fund.

The debt service fund accounts for the resources accumulated and payments made for principal and interest and related costs on long-term general obligation debt of governmental funds.

The City reports the following major proprietary fund:

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

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, generally are followed in the government-wide governmental and business type activities to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City has elected not to apply private-sector guidance issued after November 30, 1989.

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 function 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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise fund are charges to customers for sales and services and the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the water and sewer fund include 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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources, as they are needed.

D. Assets, liabilities, and net assets or equity

Deposits and Investments -

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.

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 Corporation is authorized by its governing board to invest in obligations of the U.S. Treasury.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, liabilities, and net assets or equity (continued)

Investments for the City, as well as the Corporation, are reported at fair value.

Receivables and payables -

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivables in excess of sixty days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to .2 percent of outstanding property taxes at September 30, 2009.

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 Central Tax 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 City bills and collects its own 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.

Inventory and prepaid items -

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures 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 government-wide and fund financial statements.

CITY OF ENNIS, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, liabilities, and net assets or equity (continued)

Restricted assets –

Certain proceeds of the City’s enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets 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. The “revenue bond current debt service” account is used to segregate resources accumulated for debt service payments over the next twelve months. The “revenue bond future debt service” account is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account.

Capital assets -

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems), 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 \$300 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period.

Property, plant, equipment and infrastructure are depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|-------------------------|--------------|
| 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, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, liabilities, and net assets or equity (continued)

Compensated absences –

It is the government's policy to permit employees to accumulate earned but unused vacation pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Vacation leave shall be taken during the year following its accumulation.

Long-term obligations -

In the government-wide financial statements, and proprietary fund types 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 statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

Fund Equity -

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable and net pension obligation, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(51,854,635) difference are as follows:

| | |
|-----------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| Bonds payable | \$ (29,902,253) |
| Less: Issuance discount (to be amortized as interest expense) | 7,971 |
| Less: Issuance premium (to be amortized as interest expense) | (76,550) |
| Less: Deferred charge on refunding (to be amortized as interest expense) | 160,716 |
| Less: Deferred charge for issuance costs (to be amortized as interest expense) | 368,805 |
| Accrued interest payable | (211,053) |
| Notes payable | (273,519) |
| Development agreement payable | (20,660,541) |
| Compensated absences | (392,137) |
| Capital lease payable | (621,465) |
| Net pension obligation | <u>(254,609)</u> |
| | |
| Net adjustments to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i> | <u><u>\$ (51,854,635)</u></u> |

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balance – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$(2,001,703) difference are as follows:

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
| Capital outlay | \$ 951,801 |
| Depreciation expense | <u>(2,953,504)</u> |
| | |
| Net adjustments to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> | <u><u>\$ (2,001,703)</u></u> |

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (continued)

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$2,942,409 difference are as follows:

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| Principal repayments: | |
| Certificates of obligation | \$ 423,996 |
| General obligation bonds | 1,741,577 |
| Notes payable | 22,794 |
| Development agreement payable | 544,893 |
| Capital lease | <u>209,149</u> |
| Net adjustments to increase <i>net changes in fund balances</i> - <i>total governmental funds to arrive at changes in net assets</i> of <i>governmental activities</i> | <u>\$ 2,942,409</u> |

Another element of that reconciliation states that “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 governmental funds.” The details of this \$(324,268) difference are as follows:

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| Amortization of bond discounts | \$ (693) |
| Amortization of bond premiums | 4,503 |
| Amortization of deferred charge on refunding | (47,052) |
| Compensated absences | (10,396) |
| Accrued interest | 14,692 |
| Amortization of issuance costs | (30,713) |
| Net pension obligation | <u>(254,609)</u> |
| Net adjustments to decrease <i>net changes in fund balances</i> - <i>total governmental funds to arrive at changes in net assets</i> of <i>governmental activities</i> | <u>\$ (324,268)</u> |

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and debt service funds. The annual budget for the water and sewer fund is prepared on the budgetary basis of accounting. All annual appropriations lapse at fiscal year end. The legal level of budgetary control is the fund level.

B. Compliance with finance related legal and contractual provisions

The City has no material violations of finance related legal and contractual provisions.

C. Deficit fund equity

The Law Enforcement Block Grant special revenue fund had a deficit fund balance of \$4,057 as of September 30, 2009. The City plans to transfer funds from the General Fund to cover the deficit.

NOTE 4 – DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits – 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, 2009. At year end, the bank balance of the City's deposits was \$9,372,080. Of the bank balance, \$759,119 was covered by federal depository insurance and the remaining balance, \$8,612,961, 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 \$18,646,000.

At year end the bank balance of the Corporation's deposits was \$4,039,849. Of the bank balance, \$500,000 was covered by federal depository insurance and the remaining balance, \$3,539,849 was covered by collateral pledged in the Corporation's name. The collateral was held in the Corporation's name by the safekeeping department of the pledging bank's agent and had a fair value of approximately \$4,674,000.

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 investment policy of the City contains no limitations on the amount that can be invested in any one issuer.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

A. Deposits and investments (continued)

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. Presented below is the minimum rating required by the Public Funds Investment Act, and the actual rating as of year end.

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Minimum Legal Rating</u> | <u>Rating as of Year End</u> |
|------------------------|-------------------|-----------------------------|------------------------------|
| TexPool | \$ 2,312,970 | N/A | AAAm |

The City currently invests in one 2a7-like pool, the Texas Local Government Investment Pool (TexPool), which was created under the Interlocal Cooperation Act, Texas Government Code Ann. Ch. 791 and the Texas Government Code Ann. Ch. 2256. The Texas Treasury Safekeeping Trust Company (the Trust) is trustee of TexPool and is a limited purpose trust company authorized pursuant to Texas Government Code Ann. Section 404.103 for which the Texas State Comptroller is the sole officer, director and shareholder. The advisory board of TexPool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act, Texas Government Code Ann. Ch. 2256. The City's investment in TexPool is not categorized because it is not evidenced by securities that exist in physical or book entry form.

B. Receivables

Receivables as of year end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| | <u>General</u> | <u>Debt Service</u> | <u>Water and Sewer</u> | <u>Total</u> |
|------------------------------------|---------------------|---------------------|------------------------|---------------------|
| Receivables: | | | | |
| Note | \$ - | \$ 273,522 | \$ - | \$ 273,522 |
| Taxes | 1,681,822 | - | - | 1,681,822 |
| Accounts | 111,490 | - | 876,519 | 988,009 |
| Special assessments | 21,125 | - | - | 21,125 |
| Other | 8,611 | - | - | 8,611 |
| Gross receivables | <u>1,823,048</u> | <u>273,522</u> | <u>876,519</u> | <u>2,973,089</u> |
| Less: allowance for uncollectibles | (236,015) | - | (15,407) | (251,422) |
| Net total receivables | <u>\$ 1,587,033</u> | <u>\$ 273,522</u> | <u>\$ 861,112</u> | <u>\$ 2,721,667</u> |

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

B. Receivables (continued)

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

| | |
|-----------------------------------------------------|-------------|
| | Unavailable |
| Delinquent property taxes receivable (general fund) | \$ 388,327 |
| Street assessments receivable (general fund) | 20,049 |
| Total deferred revenue for governmental funds | \$ 408,376 |

C. Capital assets

Capital asset activity for the year ended September 30, 2009, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|----------------------------------------------|----------------------|--------------|----------------|-------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 6,027,066 | \$ - | \$ (1) | \$ 6,027,065 |
| Construction in progress | 4,491,778 | 39,182 | (4,530,960) | - |
| Total capital assets not being depreciated | 10,518,844 | 39,182 | (4,530,961) | 6,027,065 |
| Capital assets being depreciated: | | | | |
| Buildings | 30,991,042 | - | (1) | 30,991,041 |
| Improvements | 2,126,864 | - | - | 2,126,864 |
| Machinery and equipment | 14,710,913 | 258,126 | (672,488) | 14,296,551 |
| Infrastructure | 37,888,225 | 5,150,541 | - | 43,038,766 |
| Totals capital assets being depreciated | 85,717,044 | 5,408,667 | (672,489) | 90,453,222 |
| Less accumulated depreciation for: | | | | |
| Buildings | (2,418,838) | (795,938) | - | (3,214,776) |
| Improvements | (1,147,164) | (61,313) | - | (1,208,477) |
| Machinery and equipment | (5,341,841) | (1,069,502) | 618,635 | (5,792,708) |
| Infrastructure | (11,717,754) | (1,026,751) | - | (12,744,505) |
| Total accumulated depreciation | (20,625,597) | (2,953,504) | 618,635 | (22,960,466) |
| Total capital assets, being depreciated, net | 65,091,447 | 2,455,163 | (53,854) | 67,492,756 |
| Governmental activities capital assets, net | \$ 75,610,291 | \$ 2,494,345 | \$ (4,584,815) | \$ 73,519,821 |

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

C. Capital assets (continued)

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---------------------------------------------|----------------------|-----------------------|------------------|----------------------|
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 241,639 | \$ - | \$ - | \$ 241,639 |
| Construction in progress | 40,717 | - | - | 40,717 |
| Total capital assets not being depreciated | <u>282,356</u> | <u>-</u> | <u>-</u> | <u>282,356</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 9,622,243 | - | - | 9,622,243 |
| Improvements | 48,218,390 | 468,846 | - | 48,687,236 |
| Machinery and equipment | 1,626,239 | 12,123 | (195,955) | 1,442,407 |
| Water rights | 1,001,831 | - | - | 1,001,831 |
| Total capital assets being depreciated | <u>60,468,703</u> | <u>480,969</u> | <u>(195,955)</u> | <u>60,753,717</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (4,041,245) | (185,316) | - | (4,226,561) |
| Improvements | (12,254,190) | (1,457,607) | - | (13,711,797) |
| Machinery and equipment | (1,187,087) | (98,907) | 195,955 | (1,090,039) |
| Water rights | (233,760) | (33,394) | - | (267,154) |
| Total accumulated depreciation | <u>(17,716,282)</u> | <u>(1,775,224)</u> | <u>195,955</u> | <u>(19,295,551)</u> |
| Total capital assets being depreciated, net | <u>42,752,421</u> | <u>(1,294,255)</u> | <u>-</u> | <u>41,458,166</u> |
| Business-type capital assets, net | <u>\$ 43,034,777</u> | <u>\$ (1,294,255)</u> | <u>\$ -</u> | <u>\$ 41,740,522</u> |

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

| | |
|-------------------------------------------------------|---------------------|
| Governmental activities: | |
| General government | \$ 15,463 |
| Public safety | 335,893 |
| Streets | 1,060,979 |
| Health | 5,919 |
| Equipment services | 9,094 |
| Cultural and recreational | 161,990 |
| Airport | 40,157 |
| Hospital | 1,255,677 |
| Public works | 5,570 |
| Sanitation services | 62,762 |
| Total depreciation expense - governmental activities | <u>\$ 2,953,504</u> |
| Business-type activities: | |
| Water | \$ 1,020,065 |
| Sewer | 755,159 |
| Total depreciation expense - business-type activities | <u>\$ 1,775,224</u> |

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

C. Capital assets (continued)

The construction in progress consists of water and sewer system improvements.

Construction Commitments –

The City has a construction project outstanding as of September 30, 2009. This project is evidenced by contractual commitments with contractors and include:

| <u>Project</u> | <u>Spent-to-date</u> | <u>Commitment Remaining</u> |
|-------------------------------------|----------------------|---------------------------------|
| Water and sewer system improvements | \$ 24,676 | \$ 135,324 |

The water and sewer system improvements project is a commitment of the City's enterprise fund. This project is being funded by revenue bonds.

Corporation -

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---------------------------------------------|----------------------|-------------|-----------|-------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 4,658,123 | \$ - | \$ - | \$ 4,658,123 |
| Total capital assets not being depreciated | 4,658,123 | - | - | 4,658,123 |
| Capital assets being depreciated: | | | | |
| Improvements | 343,429 | - | - | 343,429 |
| Totals capital assets being depreciated | 343,429 | - | - | 343,429 |
| Less accumulated depreciation | | | | |
| Improvements | (309,087) | (34,342) | - | (343,429) |
| Total accumulated depreciation | (309,087) | (34,342) | - | (343,429) |
| Total capital assets being depreciated, net | 34,342 | (34,342) | - | - |
| Corporation capital assets, net | \$ 4,692,465 | \$ (34,342) | \$ - | \$ 4,658,123 |

On October 9, 1998, the Corporation entered into a letter of agreement with Sterilite Corporation (Sterilite) whereby the Corporation conveyed 100 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, Sterilite 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.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

C. Capital assets (continued)

The conditional advance of land and cash valued at \$2,500,000 shall not be repaid by Sterilite in the event Sterilite 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 Sterilite maintains its facility at the levels described in the letter of agreement, Sterilite shall receive one-twentieth of the advance-combined amount credited to Sterilite.

To further secure the obligations of Sterilite, Sterilite granted and conveyed to the Corporation a second lien on real property and improvements with an agreed value of \$2,500,000. The Corporation agrees to release the second lien upon the expiration of ten years provided Sterilite has performed according to the letter of agreement.

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, one-twentieth shall reduce Lowe's obligation for any land cost reimbursement.

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, one-twentieth shall reduce CVS's obligation for any land cost reimbursement.

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.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

C. Capital assets (continued)

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.

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 September 25, 2006, the Corporation entered into a letter of agreement with National Envelope Corporation (National Envelope) whereby the Corporation conveyed 29.404 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, National Envelope 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.

CITY OF ENNIS, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

C. Capital assets (continued)

The conditional advance of land valued at \$1,176,160 shall not be reimbursed by National Envelope in the event National Envelope 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 National Envelope maintains its facility at the levels described in the letter of agreement, National Envelope's obligation for any land cost reimbursement shall be reduced by one-twentieth.

D. Interfund receivables, payables and transfers

Due to/from other funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|-----------------------------|-------------------|
| General | Water and sewer | \$ 141,547 |
| General | Nonmajor governmental funds | 64,057 |
| | | <u>\$ 205,604</u> |

These balances resulted from the lag time between the dates that transactions are recorded in the accounting system and payments between funds are made.

Interfund transfers:

| | <u>Transfer In:</u> | | |
|----------------------|---------------------|---------------------|---------------------|
| | <u>Debt</u> | <u>Nonmajor</u> | |
| <u>Transfer out:</u> | <u>Service</u> | <u>Governmental</u> | <u>Total</u> |
| General | <u>\$ 3,358,978</u> | <u>\$ 64,638</u> | <u>\$ 3,423,616</u> |

Transfers are primarily used to move funds from the General Fund to the Debt Service Fund for payment of bonds.

CITY OF ENNIS, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

E. Lease

Operating –

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, 2009 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 | 7,525,953 |
| Less: accumulated depreciation | (2,615,992) |
| Total | <u><u>\$33,441,889</u></u> |

As Lessee:

The City leases equipment under a non-cancelable operating lease. Total costs for such leases were \$14,172 for the year ended September 30, 2009. The future minimum lease payments as of September 30, 2009 are as follows:

| <u>Year Ending September 30</u> | <u>Amount</u> |
|-------------------------------------|------------------------|
| 2010 | <u><u>\$ 5,855</u></u> |

Capital –

As Lessee:

The City is currently purchasing equipment under lease purchase agreements. The interest on the leases range from 2.95-11.04%.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

E. Lease (continued)

The assets acquired through capital leases are as follows:

| <u>Asset</u> | Governmental Activities | Business-type Activities |
|--------------------------------|----------------------------|-----------------------------|
| Machinery and equipment | \$ 1,567,007 | \$ 101,904 |
| Less: accumulated depreciation | (665,756) | (23,050) |
| Total | <u>\$ 901,251</u> | <u>\$ 78,854</u> |

Primary Government

Annual debt service requirements to maturity are as follows –

| Year Ending September 30 | Capital Lease Obligations | | | |
|-----------------------------|----------------------------|------------------|-----------------------------|-----------------|
| | Governmental Activities | | Business-type Activities | |
| | Principal | Interest | Principal | Interest |
| 2010 | \$ 169,593 | \$ 21,874 | \$ 20,065 | \$ 1,881 |
| 2011 | 155,662 | 15,689 | 20,665 | 1,280 |
| 2012 | 142,820 | 10,031 | 21,283 | 663 |
| 2013 | 94,231 | 4,677 | 10,880 | 94 |
| 2014 | 59,159 | 1,577 | - | - |
| | <u>\$ 621,465</u> | <u>\$ 53,848</u> | <u>\$ 72,893</u> | <u>\$ 3,918</u> |

F. Long-term debt

Certificates of Obligation -

The City issues certificates of obligation to provide fund for the acquisition and construction 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 and are further secured by and payable from a pledge of the surplus net revenues derived from the operation of the City's water and sewer system.

Certificates of obligation currently outstanding and reported as liabilities of the City's governmental activities are:

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term debt (continued)

| <u>Series</u> | <u>Issue Amount</u> | <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Year-end Balances</u> |
|---------------|---------------------|----------------------|----------------------|--------------------------|
| 1998 | \$ 2,750,000 | 8/1/2018 | 4.0-6.0 | \$ 1,575,000 |
| 2001 | 2,000,000 | 8/1/2021 | 4.2-5.7 | 875,000 |
| 2002 | 2,500,000 | 8/1/2022 | 4.0-5.125 | 1,109,296 |
| 2006 | 3,000,000 | 8/1/2027 | 4.0-5.0 | 2,885,000 |
| Total | | | | <u>\$ 6,444,296</u> |

Certificates of obligation currently outstanding and reported as liabilities of the City's business-type activities are:

| <u>Series</u> | <u>Issue Amount</u> | <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Year-end Balances</u> |
|---------------|---------------------|----------------------|----------------------|--------------------------|
| 2000 | \$ 11,000,000 | 8/1/2020 | 5.25-7.25 | \$ 515,000 |
| 2002 | 12,285,000 | 8/1/2022 | 4.0-5.125 | 5,450,704 |
| Total | | | | <u>\$ 5,965,704</u> |

General Obligation Bonds -

The City issues general obligation bonds to provide funds for the acquisition and construction 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 currently outstanding and reported as liabilities of the City's governmental activities are:

| <u>Series</u> | <u>Issue Amount</u> | <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Year-end Balances</u> |
|---------------|---------------------|----------------------|----------------------|--------------------------|
| 2000 | \$ 2,500,000 | 8/1/2020 | 5.25-7.25 | \$ 115,000 |
| 2002 | 10,430,000 | 8/1/2022 | 4.00-5.125 | 4,120,000 |
| 2003 | 1,079,784 | 8/1/2015 | 2.00-3.875 | 596,440 |
| 2005 | 15,000,000 | 8/1/2025 | 3.50-4.25 | 12,825,000 |
| 2005 | 3,446,465 | 8/1/2020 | 3.00-4.15 | 3,299,642 |
| 2007 | 2,565,432 | 8/1/2022 | 3.625-4.00 | 2,501,875 |
| Total | | | | <u>\$ 23,457,957</u> |

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term debt (continued)

General obligation bonds currently outstanding and reported as liabilities of the City's business-type activities are:

| Series | Issue Amount | Maturity Date | Interest Rate | Year-end Balances |
|--------|--------------|---------------|---------------|----------------------|
| 2003 | \$ 3,455,217 | 8/1/2015 | 2.00-3.875 | \$ 1,908,560 |
| 2005 | 7,703,535 | 8/1/2020 | 3.00-4.15 | 7,375,358 |
| 2007 | 4,094,568 | 8/1/2022 | 3.625-4.00 | 3,993,125 |
| Total | | | | <u>\$ 13,277,043</u> |

Sales Tax Revenue Bonds -

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

| Series | Issue Amount | Maturity Date | Interest Rate | Year-end Balances |
|----------------|--------------|---------------|---------------|---------------------|
| 1999 | \$ 3,290,430 | 8/1/2034 | 7.375-8.45 | \$ 455,430 |
| 2003 | 2,000,000 | 8/1/2043 | 6.85 | 1,925,000 |
| 2004 | 1,300,000 | 8/1/2024 | 5.25-5.625 | 1,080,000 |
| 2008 Refunding | 5,460,000 | 8/1/2024 | 3.50-5.25 | 5,180,000 |
| Total | | | | <u>\$ 8,640,430</u> |

Notes Payable -

Note payable currently outstanding and reported as a liability of the City's governmental activities is:

On January 28, 1999, the City executed a contract and agreement relating to an economic development program with the Texas Department of Economic Development. Under the terms of the contract and agreement the City agreed to repay to the Texas Department of Economic Development an amount up to four hundred sixty five thousand five hundred dollars. This amount represents a percentage of the funds awarded for public infrastructure and private infrastructure. Payments will be made in two hundred forty equal monthly installments up to a maximum of \$1,899 each, with no interest, commencing the first day of first month following the construction completion date of the facility being constructed in connection with the Texas capital fund contract. The accumulated amount of funds to be repaid at September 30, 2009 totaled \$273,519. The amount due within one year totals \$22,794.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term debt (continued)

Note payable currently outstanding and reported as a liability of the Corporation is:

On February 2, 1999, the Corporation entered into an agreement to repay to the City an amount up to four hundred sixty five thousand five hundred dollars. This amount represents funds required to be repaid by the City to the Texas Department of Economic Development as outlined in the contract for the Texas Capital Fund made between the Texas Department of Economic Development and the City commencing October 7, 1998. A corresponding note receivable was recorded in the Debt Service Fund of the City with a reserve fund balance. Payments will be made in two hundred forty equal monthly installments of \$1,899 each with no interest. The amount of funds to be repaid at September 30, 2009 totaled \$273,519. The amount due within one year totals \$22,794.

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 4 E.). 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, 2009 totaled \$20,660,541. The amount due within one year totals \$544,893.

Annual debt service requirements to maturity are as follows -

Primary Government

| Year Ending September 30 | Governmental Activities | | | | |
|-----------------------------|-------------------------------|---------------------|-----------------------------|---------------------|-------------------|
| | Certificates of Obligation | | General Obligation bonds | | Notes Payable |
| | Principal | Interest | Principal | Interest | Principal |
| 2010 | \$ 448,224 | \$ 282,908 | \$ 1,818,621 | \$ 983,411 | \$ 22,794 |
| 2011 | 468,297 | 263,335 | 1,962,380 | 911,072 | 22,794 |
| 2012 | 488,370 | 242,670 | 2,044,506 | 830,934 | 22,794 |
| 2013 | 518,443 | 221,061 | 1,550,442 | 746,928 | 22,794 |
| 2014 | 544,362 | 197,984 | 1,292,948 | 677,347 | 22,794 |
| 2015-2019 | 2,288,085 | 619,113 | 7,182,510 | 2,523,877 | 113,970 |
| 2020-2024 | 1,043,515 | 271,127 | 6,526,550 | 983,571 | 45,579 |
| 2025-2029 | 645,000 | 58,950 | 1,080,000 | 45,900 | - |
| | <u>\$ 6,444,296</u> | <u>\$ 2,157,148</u> | <u>\$ 23,457,957</u> | <u>\$ 7,703,040</u> | <u>\$ 273,519</u> |

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term debt (continued)

| Year Ending September 30 | Business-Type Activities | | | |
|-----------------------------|-------------------------------|---------------------|-----------------------------|---------------------|
| | Certificates of Obligation | | General Obligation Bonds | |
| | Principal | Interest | Principal | Interest |
| 2010 | \$ 1,046,776 | \$ 282,103 | \$ 526,380 | \$ 226,042 |
| 2011 | 556,703 | 232,199 | 1,007,620 | 214,751 |
| 2012 | 581,630 | 207,704 | 1,050,494 | 202,143 |
| 2013 | 606,557 | 182,113 | 1,089,559 | 188,563 |
| 2014 | 635,639 | 154,817 | 1,132,052 | 174,152 |
| 2015-2019 | 1,906,916 | 372,742 | 5,682,489 | 705,749 |
| 2020-2024 | 631,483 | 65,792 | 2,788,449 | 160,832 |
| | <u>\$ 5,965,704</u> | <u>\$ 1,497,470</u> | <u>\$ 13,277,043</u> | <u>\$ 1,872,232</u> |

Corporation

| Year Ending September 30 | Component Unit | | |
|-----------------------------|----------------------------|----------------------|-------------------|
| | Sales Tax Revenue Bonds | | Note Payable |
| | Principal | Interest | Principal |
| 2010 | \$ 315,000 | \$ 441,919 | \$ 22,794 |
| 2011 | 320,000 | 429,016 | 22,794 |
| 2012 | 345,000 | 415,291 | 22,794 |
| 2013 | 360,000 | 399,829 | 22,794 |
| 2014 | 370,000 | 383,269 | 22,794 |
| 2015-2019 | 2,155,000 | 1,619,214 | 113,970 |
| 2020-2024 | 2,780,000 | 993,398 | 45,579 |
| 2025-2029 | 514,455 | 2,901,558 | - |
| 2030-2034 | 510,975 | 2,894,050 | - |
| 2035-2039 | 465,000 | 272,973 | - |
| 2040-2043 | 505,000 | 89,393 | - |
| | <u>\$ 8,640,430</u> | <u>\$ 10,839,910</u> | <u>\$ 273,519</u> |

Prior-year Defeasance of Debt –

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On September 30, 2009, \$14,865,000 of bonds outstanding are considered defeased.

In prior years, the Corporation defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Corporation's financial statements. On September 30, 2009, \$2,655,000 of bonds outstanding are considered defeased.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term debt (continued)

Service Contract -

The City entered into a service contract with the Corporation, whereby the Corporation agrees to pay to the City a portion of the debt service for the City's Series 1998 Certificates of Obligation. Under the contract the City is required to provide \$80,000 in annual debt service and the Corporation will be required to serve the remainder of the annual debt. The payments are subject to the Corporation's annual budgeting and appropriations and are subject to the requirements for the Corporation's bond resolutions authorizing the Corporation's bonds. Actual payments made by the Corporation to the City for the year ended September 30, 2009 were \$122,040.

Changes in long-term liabilities –

Long-term liability activity for the year ended September 30, 2009, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|----------------------------------------------|----------------------|-------------------|-----------------------|----------------------|------------------------|
| Governmental activities: | | | | | |
| Bonds payable: | | | | | |
| Certificates of obligation | \$ 6,868,292 | \$ - | \$ (423,996) | \$ 6,444,296 | \$ 448,224 |
| General obligation bonds | 25,199,534 | - | (1,741,577) | 23,457,957 | 1,818,621 |
| Less deferred amounts: | | | | | |
| For issuance discount | (8,664) | - | 693 | (7,971) | (693) |
| For issuance premium | 81,053 | - | (4,503) | 76,550 | 4,503 |
| On refunding | (207,768) | - | 47,052 | (160,716) | (47,052) |
| Total bonds payable | 31,932,447 | - | (2,122,331) | 29,810,116 | 2,223,603 |
| Note payable | 296,313 | - | (22,794) | 273,519 | 22,794 |
| Development agreement payable | 21,205,434 | - | (544,893) | 20,660,541 | 544,893 |
| Compensated absences | 381,741 | 445,570 | (435,174) | 392,137 | 392,137 |
| Capital leases | 830,614 | - | (209,149) | 621,465 | 169,593 |
| Governmental activity Long-term liabilities | <u>\$ 54,646,549</u> | <u>\$ 445,570</u> | <u>\$ (3,334,341)</u> | <u>\$ 51,757,778</u> | <u>\$ 3,353,020</u> |
| Business-type activities: | | | | | |
| Bonds payable: | | | | | |
| Certificates of obligation | \$ 6,966,708 | \$ - | \$ (1,001,004) | \$ 5,965,704 | \$ 1,046,776 |
| General obligation bonds | 13,785,466 | - | (508,423) | 13,277,043 | 526,380 |
| Less deferred amounts: | | | | | |
| For issuance discount | (49,767) | - | 4,317 | (45,450) | (4,317) |
| On refunding | (380,232) | - | 99,408 | (280,824) | (99,408) |
| Total bonds payable | 20,322,175 | - | (1,405,702) | 18,916,473 | 1,469,431 |
| Compensated absences | 137,926 | 142,370 | (127,938) | 152,358 | 152,358 |
| Capital lease | 91,634 | - | (18,741) | 72,893 | 20,065 |
| Business-type activity Long-term liabilities | <u>\$ 20,551,735</u> | <u>\$ 142,370</u> | <u>\$ (1,552,381)</u> | <u>\$ 19,141,724</u> | <u>\$ 1,641,854</u> |

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term debt (continued)

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|-------------------------|----------------------|-------------|---------------------|---------------------|------------------------|
| Corporation | | | | | |
| Bonds payable: | | | | | |
| Sales tax revenue bonds | \$ 8,940,430 | \$ - | \$ (300,000) | \$ 8,640,430 | \$ 315,000 |
| Less deferred amounts: | | | | | |
| For issuance discount | (5,629) | - | 352 | (5,277) | (352) |
| On refunding | (342,316) | - | 21,395 | (320,921) | (21,395) |
| Total bonds payable | 8,592,485 | - | (278,253) | 8,314,232 | 293,253 |
| Note payable | 296,313 | - | (22,794) | 273,519 | 22,794 |
| | <u>\$ 8,888,798</u> | <u>\$ -</u> | <u>\$ (301,047)</u> | <u>\$ 8,587,751</u> | <u>\$ 316,047</u> |

Certificates of obligation, general obligation bonds and note payable issued for governmental activity purposes are liquidated by the debt service fund. Certificates of obligations, general obligation bonds, revenue bonds and notes payable issued for business-type activities or by the Corporation, are repaid from those activities or by the Corporation.

Governmental vacation payable and capital lease obligations will be liquidated by the general fund. Vacation leave shall be taken during the year following its accumulation.

G. Restricted assets

The balances of the restricted asset accounts in the proprietary fund are as follows:

| | |
|-------------------------------------------|-------------------|
| Revenue bond construction account | \$ 39,273 |
| Revenue bond current debt service account | 425,367 |
| Revenue bond future debt service account | 502,486 |
| | <u>\$ 967,126</u> |

NOTE 5 – OTHER INFORMATION

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

NOTE 5 – OTHER INFORMATION (continued)

B. Commitments

The City has entered into a contract with Trinity River Authority of Texas whereby the City acquired the right to utilize approximately 2,880-acre feet of water annually from the Bardwell Dam and Reservoir. In addition to the original contract, an amendatory contract was executed whereby the Authority agreed to construct intake structures, a water treatment plant and necessary transmission mains for use by the City in utilizing water from Lake Bardwell. The Trinity River Authority (TRA) is a governmental agency, which is controlled by directors appointed by the governor. A current schedule of estimated future contractual payments due the Authority is shown below:

| Contract Period | | Monthly Payment | Annual Payment | Total of Payments |
|----------------------|----------|-----------------|----------------|---------------------|
| 10/01/09 | 12/31/14 | \$ 38,333 | \$ 459,996 | \$ 2,414,979 |
| 01/01/15 | 12/31/17 | 9,609 | 115,308 | 345,924 |
| Grand total payments | | | | <u>\$ 2,760,903</u> |

Actual payments for the year ended September 30, 2009 were \$432,030. The payments to be received from the City of Ennis, Texas are used as collateral for the bonds issued by TRA to construct the facility.

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 approximately 1,994-acre feet of raw water annually from the Richland-Chambers and Cedar Creek Reservoir. A current schedule of estimated future contractual payments due the Authority is shown below:

| Contract Period | | Monthly Payment | Annual Payment | Total of Payments |
|-----------------|----------|-----------------|----------------|----------------------|
| 10/01/09 | 07/09/32 | \$ 40,199 | \$ 482,388 | <u>\$ 11,014,526</u> |

Actual payments for the year ended September 30, 2009 were \$0.

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.

CITY OF ENNIS, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2009

NOTE 5 – OTHER INFORMATION (continued)

C. 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.

The City is a defendant in a various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City attorney the resolution of these matters will not have a material adverse effect on the financial condition of the City.

D. Retirement plan

Plan Description -

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system, one of over 833 administered by TMRS, an agent multiple-employer public retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by TMRS. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS ' website at www.TMRS.com.

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

| | Plan Year 2008 | Plan Year 2009 |
|----------------------------------------------------------------------|------------------------------|---------------------------|
| Employee deposit rate | 7.0% | 7.0% |
| Matching ratio (city to employee) | 2 to 1 | 2 to 1 |
| Years required for vesting | 5 | 5 |
| Service retirement eligibility (expressed as age / years of service) | 60/5, 0/20 | 60/5, 0/20 |
| Updated service credit | 100% Repeating, Transfers | 100% Repeating, Transfers |
| Annuity increase (to retirees) | 70% of CPI Repeating | 70% of CPI Repeating |

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

NOTE 5 – OTHER INFORMATION (continued)

D. Retirement plan (continued)

Contributions -

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 29-year amortization period. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate, which for 2009 and 2008 was . Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation/(asset) are as follows:

| | |
|---------------------------------------------------|--------------|
| Annual Required Contribution (ARC) | \$ 1,519,384 |
| Interest on Net Pension Obligation | - |
| Adjustment to the ARC | - |
| Annual Pension Cost (APC) | 1,519,384 |
| Contributions Made | (1,174,875) |
| Increase (decrease) in net pension obligation | 344,509 |
| Net Pension Obligation/(Asset), beginning of year | - |
| Net Pension Obligation/(Asset), end of year | \$ 344,509 |

Six-year trend information is as follows:

| Fiscal Year Ending | Annual Pension Cost (APC) | Actual Contribution Made | Percentage of APC Contributed | Net Pension Obligation/ (Asset) |
|-----------------------|---------------------------------|--------------------------------|-------------------------------------|---------------------------------------|
| 2004 | \$ 766,338 | \$ 766,338 | 100% | \$ - |
| 2005 | 856,621 | 856,621 | 100% | - |
| 2006 | 904,592 | 904,592 | 100% | - |
| 2007 | 972,923 | 972,923 | 100% | - |
| 2008 | 1,059,003 | 1,059,003 | 100% | - |
| 2009 | 1,519,384 | 1,174,875 | 77% | 344,509 |

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

NOTE 5 – OTHER INFORMATION (continued)

D. Retirement plan (continued)

The required contribution rates for the year ended September 30, 2009 were determined as part of the December 31, 2006 and 2007 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2008, also follows:

| Valuation Date | 12/31/2006 | 12/31/2007 | 12/31/2008 |
|-------------------------------|---------------------------|---------------------------|---------------------------|
| Actuarial Cost Method | Unit Credit | Projected Unit Credit | Projected Unit Credit |
| Amortization Method | Level Percent of Payroll | Level Percent of Payroll | Level Percent of Payroll |
| Remaining Amortization Period | 25 years; open period | 30 years; closed period | 29 years; closed period |
| Asset Valuation Method | Amortized Cost | Amortized Cost | Amortized Cost |
| Actuarial Assumptions: | | | |
| Investment Rate of Return* | 7.0% | 7.0% | 7.5% |
| Projected Salary Increases* | Varies by age and service | Varies by age and service | Varies by age and service |
| * Includes Inflation at | 3.0% | 3.0% | 3.0% |
| Cost-of-Living Adjustments | N/A | 2.1% | 2.1% |

The funded progress, presenting multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits, is as follows:

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Funded Ratio | Unfunded AAL (UAAL) | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|--------------------------|---------------------------|-----------------------------------|--------------|---------------------|-----------------|-----------------------------------------|
| 12/31/2003 | \$ 16,403,798 | \$ 19,942,038 | 82.3% | \$ 3,538,240 | \$ 6,061,236 | 58.4% |
| 12/31/2004 | 18,435,031 | 22,015,274 | 83.7% | 3,580,243 | 6,538,001 | 54.8% |
| 12/31/2005 | 20,383,676 | 24,267,568 | 84.0% | 3,883,892 | 6,727,849 | 57.7% |
| 12/31/2006 | 22,468,504 | 26,990,226 | 83.2% | 4,521,722 | 7,012,195 | 64.5% |
| 12/31/2007 | 23,476,625 | 32,792,863 | 71.6% | 9,316,238 | 7,447,242 | 125.1% |
| 12/31/2008 | 23,553,842 | 34,138,392 | 69.0% | 10,584,550 | 7,935,316 | 133.4% |

E. Postemployment Benefits

Effective for year ended September 30, 2009, the City implemented Governmental Accounting Standards Board (GASB) Statement 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)" prospectively (no beginning Net OPEB Obligation).

Program Description:

The City participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

NOTE 5 – OTHER INFORMATION (continued)

E. Postemployment Benefits (continued)

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); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

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. The City's contributions to the SDBF and schedule of contribution rates are as follows:

| Plan / Calendar Year | City's Contribution | | Schedule of Contribution Rates As a Percentage of Covered Payroll | | |
|----------------------------|------------------------------------|--------------------------------|----------------------------------------------------------------------|--------------------------------|-------------------------------------|
| | Annual Required Contribution | Actual Contribution Made | Annual Required Contribution | Actual Contribution Made | Percentage of ARC Contributed |
| | 2004 | N/A | N/A | N/A | N/A |
| 2005 | \$ 19,817 | \$ 19,817 | 0.29% | 0.29% | 100.0% |
| 2006 | 22,067 | 22,067 | 0.31% | 0.31% | 100.0% |
| 2007 | 24,285 | 24,285 | 0.33% | 0.33% | 100.0% |
| 2008 | 24,510 | 24,510 | 0.31% | 0.31% | 100.0% |
| 2009 | 24,735 | 24,735 | 0.30% | 0.30% | 100.0% |

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to be used for specified purposes.

Cultural Connections Grant - This fund is used to account for a grant received for paying artistic performers fees.

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

Public Library Technology Advancement Grant Fund - This fund is used to account for a grant received to develop a distance learning site within the Library and launch the card catalog on the World Wide Web.

Museum Endowment 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.

Certified Local Government Grant Fund - This fund is used to account for grants received to update the information contained in the Historic Resources of Ennis.

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 Block Grant Fund - This fund is used to account for grants received to reduce crime and improve public safety.

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

FEMA Fire Grant Fund - This fund is used to account for a grant received to enhance the fire department's ability to protect the public and fire service personnel from fire and related hazards.

Cultural and Recreational Development Fund - This fund is used to account for funds to be used for cultural and recreational development, including the museum, library and parks.

Nonmajor Governmental Funds (continued)

CAPITAL PROJECT FUNDS

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.

2002 Street Construction Fund – This fund is used to account for improvements to streets from issuance of certificates of obligation.

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.

1993 Park Construction Fund - This fund is used to account for construction and renovation to parks as approved in the general obligation bond issue election held February 25, 1992.

1993 Library Construction Fund - This fund is used to account for construction and renovation of the library as approved in the general obligation bond issue election held February 25, 1992.

2005 Hospital Construction Fund – This fund is used to account for resources accumulated and payment made for hospital construction.

2006 Street Construction Fund – This fund is used to account for improvements to streets from issuance of certificates of obligation.

CITY OF ENNIS, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended September 30, 2009

| | Nonmajor Special Revenue | Nonmajor Capital Projects | Total Nonmajor Governmental Funds |
|--------------------------------------------|--------------------------------|---------------------------------|--------------------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 321,676 | \$ 143,400 | \$ 465,076 |
| Investments | 248,596 | 1,577,980 | 1,826,576 |
| Total assets | \$ 570,272 | \$ 1,721,380 | \$ 2,291,652 |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 5,978 | \$ 500 | \$ 6,478 |
| Due to other funds | 4,057 | 60,000 | 64,057 |
| Total liabilities | 10,035 | 60,500 | 70,535 |
| Fund balances: | | | |
| Unreserved, undesignated | 560,237 | 1,660,880 | 2,221,117 |
| Total liabilities and fund balances | \$ 570,272 | \$ 1,721,380 | \$ 2,291,652 |

CITY OF ENNIS, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended September 30, 2009

| | Nonmajor Special Revenue | Nonmajor Capital Projects | Total Nonmajor Governmental Funds |
|------------------------------------------------------|--------------------------------|---------------------------------|--------------------------------------------|
| REVENUES | | | |
| Fines and forfeitures | \$ 23,792 | \$ - | \$ 23,792 |
| Interest | 3,046 | 14,198 | 17,244 |
| Leased property | - | 20,669 | 20,669 |
| Intergovernmental | 41,810 | 51,000 | 92,810 |
| Contributions and donations | 15,855 | - | 15,855 |
| Total revenues | <u>84,503</u> | <u>85,867</u> | <u>170,370</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public safety | 52,890 | - | 52,890 |
| Cultural and recreational | 15,952 | - | 15,952 |
| Capital outlay: | | | |
| Streets | - | 173,290 | 173,290 |
| Airport | - | 1,400 | 1,400 |
| Hospital | - | 64,688 | 64,688 |
| Total expenditures | <u>68,842</u> | <u>239,378</u> | <u>308,220</u> |
| Excess (deficiency) of revenues over expenditures | <u>15,661</u> | <u>(153,511)</u> | <u>(137,850)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 2,560 | 62,078 | 64,638 |
| Sale of capital assets | 233,146 | - | 233,146 |
| Total other financing sources (uses) | <u>235,706</u> | <u>62,078</u> | <u>297,784</u> |
| Net change in fund balances | 251,367 | (91,433) | 159,934 |
| Fund balances - beginning | <u>308,870</u> | <u>1,752,313</u> | <u>2,061,183</u> |
| Fund balances - ending | <u>\$ 560,237</u> | <u>\$ 1,660,880</u> | <u>\$ 2,221,117</u> |

CITY OF ENNIS, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 Year Ended September 30, 2009

| | Cultural Connections Grant | Public Library Technology Advancement Library | Museum Endowment | Certified Local Government Grant | Forfeited Contraband | Law Enforcement Block Grant | Law Enforcement Education | FEMA Fire Grant | Cultural and Recreational Development | Totals | |
|--------------------------------------|----------------------------------|--------------------------------------------------------|---------------------|----------------------------------------|-------------------------|-----------------------------------|---------------------------------|-----------------------|------------------------------------------------|-------------------|-------------------|
| ASSETS | | | | | | | | | | | |
| Cash and cash equivalents | \$ 124 | \$ 19,566 | \$ 1,365 | \$ 1,399 | \$ 750 | \$ 48,990 | \$ - | \$ 15,328 | \$ - | \$ 234,154 | \$ 321,676 |
| Investments | - | 248,596 | - | - | - | - | - | - | - | - | 248,596 |
| Total assets | <u>\$ 124</u> | <u>\$ 268,162</u> | <u>\$ 1,365</u> | <u>\$ 1,399</u> | <u>\$ 750</u> | <u>\$ 48,990</u> | <u>\$ -</u> | <u>\$ 15,328</u> | <u>\$ -</u> | <u>\$ 234,154</u> | <u>\$ 570,272</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,978 | \$ - | \$ - | \$ - | \$ - | \$ 5,978 |
| Due to other funds | - | - | - | - | - | - | 4,057 | - | - | - | 4,057 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,978</u> | <u>4,057</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>10,035</u> |
| Fund balances: | | | | | | | | | | | |
| Unreserved, undesignated | 124 | 268,162 | 1,365 | 1,399 | 750 | 43,012 | (4,057) | 15,328 | - | 234,154 | 560,237 |
| Total liabilities and fund balances | <u>\$ 124</u> | <u>\$ 268,162</u> | <u>\$ 1,365</u> | <u>\$ 1,399</u> | <u>\$ 750</u> | <u>\$ 48,990</u> | <u>\$ -</u> | <u>\$ 15,328</u> | <u>\$ -</u> | <u>\$ 234,154</u> | <u>\$ 570,272</u> |

CITY OF ENNIS, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 Year Ended September 30, 2009

55

| | Cultural Connections Grant | Public Library Technology Advancement Grant | Museum Endowment | Certified Local Government Grant | Forfeited Contraband | Law Enforcement Block Grant | Law Enforcement Education | FEMA Fire Grant | Cultural and Recreational Development | Totals |
|------------------------------------------------------|----------------------------------|------------------------------------------------------|---------------------|----------------------------------------|-------------------------|-----------------------------------|---------------------------------|-----------------------|------------------------------------------------|------------|
| REVENUES | | | | | | | | | | |
| Fines and forfeitures | \$ - | \$ - | \$ - | \$ - | \$ 23,792 | \$ - | \$ - | \$ - | \$ - | \$ 23,792 |
| Interest | - | 2,038 | - | - | - | - | - | - | 1,008 | 3,046 |
| Intergovernmental | - | - | - | - | - | - | 4,045 | 37,765 | - | 41,810 |
| Contributions and donations | - | 15,855 | - | - | - | - | - | - | - | 15,855 |
| Total revenues | - | 17,893 | - | - | 23,792 | - | 4,045 | 37,765 | 1,008 | 84,503 |
| EXPENDITURES | | | | | | | | | | |
| Current: | | | | | | | | | | |
| Public safety | - | - | - | - | 9,487 | - | 3,650 | 39,753 | - | 52,890 |
| Cultural and recreational | - | 15,615 | - | 337 | - | - | - | - | - | 15,952 |
| Total expenditures | - | 15,615 | - | 337 | 9,487 | - | 3,650 | 39,753 | - | 68,842 |
| Excess (deficiency) of revenues over expenditures | - | 2,278 | - | (337) | 14,305 | - | 395 | (1,988) | 1,008 | 15,661 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Transfers in | - | - | - | 572 | - | - | - | 1,988 | - | 2,560 |
| Sale of capital assets | - | - | - | - | - | - | - | - | 233,146 | 233,146 |
| Total other financing sources (uses) | - | - | - | 572 | - | - | - | 1,988 | 233,146 | 235,706 |
| Net change in fund balances | - | 2,278 | - | 235 | 14,305 | - | 395 | - | 234,154 | 251,367 |
| Fund balances - beginning | 124 | 265,884 | 1,365 | 1,164 | 750 | (4,057) | 14,933 | - | - | 308,870 |
| Fund balances - ending | \$ 124 | \$ 268,162 | \$ 1,365 | \$ 1,399 | \$ 750 | \$ (4,057) | \$ 15,328 | \$ - | \$ 234,154 | \$ 560,237 |

CITY OF ENNIS, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 September 30, 2009

| | 2002 Street Construction | Airport Construction | 1993 Park Construction | 1993 Library Construction | 2005 Hospital Construction | 2006 Street Construction | Total |
|--------------------------------------|--------------------------------|-------------------------|------------------------------|---------------------------------|----------------------------------|--------------------------------|---------------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 6,894 | \$ 53,835 | \$ 10,855 | \$ 1,628 | \$ 2 | \$ 70,186 | \$ 143,400 |
| Investments | 642,403 | - | - | 150 | - | 935,427 | 1,577,980 |
| Total assets | <u>\$ 649,297</u> | <u>\$ 53,835</u> | <u>\$ 10,855</u> | <u>\$ 1,778</u> | <u>\$ 2</u> | <u>\$ 1,005,613</u> | <u>\$ 1,721,380</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ - | \$ 500 | \$ - | \$ - | \$ - | \$ - | \$ 500 |
| Due to other funds | 60,000 | - | - | - | - | - | 60,000 |
| Total liabilities | <u>60,000</u> | <u>500</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>60,500</u> |
| Fund balances: | | | | | | | |
| Unreserved, undesignated | <u>589,297</u> | <u>53,335</u> | <u>10,855</u> | <u>1,778</u> | <u>2</u> | <u>1,005,613</u> | <u>1,660,880</u> |
| Total liabilities and fund balances | <u>\$ 649,297</u> | <u>\$ 53,835</u> | <u>\$ 10,855</u> | <u>\$ 1,778</u> | <u>\$ 2</u> | <u>\$ 1,005,613</u> | <u>\$ 1,721,380</u> |

CITY OF ENNIS, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 For the Year Ended September 30, 2009

| | 2002 Street Construction | Airport Construction | 1993 Park Construction | 1993 Library Construction | 2005 Hospital Construction | 2006 Street Construction | Total |
|------------------------------------------------------|--------------------------------|-------------------------|------------------------------|---------------------------------|----------------------------------|--------------------------------|---------------------|
| REVENUES | | | | | | | |
| Interest | \$ 5,206 | \$ - | \$ - | \$ 1 | \$ 59 | \$ 8,932 | \$ 14,198 |
| Leased property | - | 20,669 | - | - | - | - | 20,669 |
| Intergovernmental | 51,000 | - | - | - | - | - | 51,000 |
| Total revenues | <u>56,206</u> | <u>20,669</u> | <u>-</u> | <u>1</u> | <u>59</u> | <u>8,932</u> | <u>85,867</u> |
| EXPENDITURES | | | | | | | |
| Capital outlay: | | | | | | | |
| Streets | 134,108 | - | - | - | - | 39,182 | 173,290 |
| Airport | - | 1,400 | - | - | - | - | 1,400 |
| Hospital | - | - | - | - | 64,688 | - | 64,688 |
| Total expenditures | <u>134,108</u> | <u>1,400</u> | <u>-</u> | <u>-</u> | <u>64,688</u> | <u>39,182</u> | <u>239,378</u> |
| Excess (deficiency) of revenues over expenditures | <u>(77,902)</u> | <u>19,269</u> | <u>-</u> | <u>1</u> | <u>(64,629)</u> | <u>(30,250)</u> | <u>(153,511)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | - | - | - | - | 62,078 | - | 62,078 |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>62,078</u> | <u>-</u> | <u>62,078</u> |
| Net change in fund balances | (77,902) | 19,269 | - | 1 | (2,551) | (30,250) | (91,433) |
| Fund balances - beginning | <u>667,199</u> | <u>34,066</u> | <u>10,855</u> | <u>1,777</u> | <u>2,553</u> | <u>1,035,863</u> | <u>1,752,313</u> |
| Fund balances - ending | <u>\$ 589,297</u> | <u>\$ 53,335</u> | <u>\$ 10,855</u> | <u>\$ 1,778</u> | <u>\$ 2</u> | <u>\$ 1,005,613</u> | <u>\$ 1,660,880</u> |

Debt Service Fund

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 (GAAP BASIS) AND ACTUAL
DEBT SERVICE FUND

For the Year Ended September 30, 2009

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget- Over (Under) Budget |
|------------------------------------------------------|----------------------------------------------|--------------------------|----------------------------------------------------------|
| Revenues: | | | |
| Interest | \$ 25,912 | \$ 25,015 | \$ (897) |
| Intergovernmental | 144,834 | 122,040 | (22,794) |
| Total revenues | <u>170,746</u> | <u>147,055</u> | <u>(23,691)</u> |
| Expenditures: | | | |
| Principal on bonds | 2,165,573 | 2,165,573 | - |
| Interest and fiscal charges | 1,354,469 | 1,354,469 | - |
| Principal on note | 22,794 | 22,794 | - |
| Total expenditures | <u>3,542,836</u> | <u>3,542,836</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | <u>(3,372,090)</u> | <u>(3,395,781)</u> | <u>(23,691)</u> |
| Other financing sources (uses): | | | |
| Transfers in | 3,395,005 | 3,358,978 | (36,027) |
| Total other financing sources (uses) | <u>3,395,005</u> | <u>3,358,978</u> | <u>(36,027)</u> |
| Net change in fund balance | 22,915 | (36,803) | (59,718) |
| Fund balance - beginning | <u>705,115</u> | <u>681,236</u> | <u>(23,879)</u> |
| Fund balance - ending | <u><u>\$ 728,030</u></u> | <u><u>\$ 644,433</u></u> | <u><u>\$ (83,597)</u></u> |

Proprietary Fund

ENTERPRISE FUND

The City's water and sewer utility operations are accounted for in this fund.

CITY OF ENNIS, TEXAS
SCHEDULE OF OPERATING REVENUES -
BUDGET (BUDGET BASIS) AND ACTUAL
ENTERPRISE FUND - WATER AND SEWER
Year Ended September 30, 2009

| | Original and Final Budgeted Amounts | Actual GAAP Basis | Adjustments Budget Basis | Actual Budget Basis | Variance with Final Budget Over (Under) Budget |
|---------------------------------|-------------------------------------------|----------------------------|--------------------------------|----------------------------|---------------------------------------------------------|
| WATER OPERATING REVENUES | | | | | |
| Water sales | \$ 4,671,890 | \$ 4,808,776 | \$ (12,990) | \$ 4,821,766 | \$ 149,876 |
| Water taps and connections | 23,202 | 8,901 | - | 8,901 | (14,301) |
| Penalties | 64,005 | 66,813 | - | 66,813 | 2,808 |
| Reconnection charges | 18,075 | 16,600 | - | 16,600 | (1,475) |
| Miscellaneous | 5,391 | 13,295 | (270) | 13,565 | 8,174 |
| Total water revenues | <u>4,782,563</u> | <u>4,914,385</u> | <u>(13,260)</u> | <u>4,927,645</u> | <u>145,082</u> |
| SEWER OPERATING REVENUES | | | | | |
| Sewer service charge | 2,376,802 | 2,374,470 | 2,017 | 2,372,453 | (4,349) |
| Sewer taps and connection | 3,061 | 3,005 | - | 3,005 | (56) |
| Penalties | 34,270 | 33,759 | - | 33,759 | (511) |
| EPA fees | 47,823 | 52,171 | - | 52,171 | 4,348 |
| Total sewer revenues | <u>2,461,956</u> | <u>2,463,405</u> | <u>2,017</u> | <u>2,461,388</u> | <u>(568)</u> |
| TOTAL OPERATING REVENUES | <u><u>\$ 7,244,519</u></u> | <u><u>\$ 7,377,790</u></u> | <u><u>\$ (11,243)</u></u> | <u><u>\$ 7,389,033</u></u> | <u><u>\$ 144,514</u></u> |

CITY OF ENNIS, TEXAS
SCHEDULE OF OPERATING EXPENSES -
BUDGET (BUDGET BASIS) AND ACTUAL
ENTERPRISE FUND - WATER AND SEWER
Year Ended September 30, 2009

| | Original and Final Budgeted Amounts | Actual GAAP Basis | Adjustments Budget Basis | Actual Budget Basis | Variance with Final Budget Over (Under) Budget |
|------------------------------------------------------------------|-------------------------------------------|----------------------------|--------------------------------|----------------------------|---------------------------------------------------------|
| OPERATING EXPENSES: | | | | | |
| Administration | | | | | |
| Salaries and wages | \$ 568,368 | \$ 586,216 | \$ 34,733 | \$ 551,483 | \$ (16,885) |
| Supplies | 13,661 | 13,116 | - | 13,116 | (545) |
| Maintenance and replacement | 17,423 | 6,504 | (2,867) | 9,371 | (8,052) |
| Miscellaneous services | 109,678 | 93,843 | - | 93,843 | (15,835) |
| Sundry charges | 321,278 | 347,587 | 59,047 | 288,540 | (32,738) |
| Total administration | <u>1,030,408</u> | <u>1,047,266</u> | <u>90,913</u> | <u>956,353</u> | <u>(74,055)</u> |
| Water operations | | | | | |
| Salaries and wages | 797,648 | 852,415 | 46,392 | 806,023 | 8,375 |
| Supplies | 302,634 | 285,925 | - | 285,925 | (16,709) |
| Maintenance and replacement | 279,050 | 191,020 | 11,411 | 179,609 | (99,441) |
| Miscellaneous services | 766,619 | 730,571 | - | 730,571 | (36,048) |
| Sundry charges | 439,619 | 492,037 | 46,579 | 445,458 | 5,839 |
| Total water operations | <u>2,585,570</u> | <u>2,551,968</u> | <u>104,382</u> | <u>2,447,586</u> | <u>(137,984)</u> |
| Sewer operations | | | | | |
| Salaries and wages | 727,270 | 743,604 | 56,057 | 687,547 | (39,723) |
| Supplies | 228,393 | 294,752 | - | 294,752 | 66,359 |
| Maintenance and replacement | 242,150 | 179,725 | (51,949) | 231,674 | (10,476) |
| Miscellaneous services | 507,857 | 527,361 | - | 527,361 | 19,504 |
| Sundry charges | 380,036 | 393,547 | 39,819 | 353,728 | (26,308) |
| Total sewer operations | <u>2,085,706</u> | <u>2,138,989</u> | <u>43,927</u> | <u>2,095,062</u> | <u>9,356</u> |
| Total operating expenses before depreciation and amortization | 5,701,684 | 5,738,223 | 239,222 | 5,499,001 | (202,683) |
| Depreciation and amortization | - | 1,775,224 | 1,775,224 | - | - |
| TOTAL OPERATING EXPENSES | <u>\$ 5,701,684</u> | <u>\$ 7,513,447</u> | <u>\$ 2,014,446</u> | <u>\$ 5,499,001</u> | <u>\$ (202,683)</u> |

Supplementary Financial Data

CITY OF ENNIS, TEXAS
SCHEDULE OF CASH BALANCES - ALL FUNDS
September 30, 2009

General Fund

| | | |
|--------------------------------|-----------|-------------|
| Cash on hand | \$ 425 | |
| Cash in bank - operating | 416,262 | |
| - operating - Park Development | 3,446 | |
| - certificates of deposit | 1,630,804 | |
| - savings | 2,023,405 | |
| - savings - Park Development | 26,125 | \$4,100,467 |
| | | |

Special Revenue Funds

| | | |
|-----------------------------------------------------------|---------|---------|
| Cash in bank - operating - Cultural Connections Grant | 124 | |
| - operating - Library | 17,842 | |
| - operating - Public Library Technology Advancement Grant | 1,365 | |
| - operating - Museum Endowment | 1,399 | |
| - operating - Certified Local Government Grant | 750 | |
| - operating - Forfeited Contraband | 48,990 | |
| - operating - Law Enforcement Education | 15,328 | |
| - operating - Special Project | 234,154 | |
| - savings - Library | 1,724 | 321,676 |
| | | |

Debt Service Fund

| | | |
|--------------------------|--|---------|
| Cash in bank - operating | | 370,911 |
| | | |

Capital Projects Funds

| | | |
|-----------------------------------------------------|--------|---------|
| Cash in bank - operating - 2002 Street Construction | 6,894 | |
| - operating - Airport Construction | 53,835 | |
| - operating - 1993 Park Construction | 10,855 | |
| - operating - 1993 Library Construction | 1,628 | |
| - operating - 2005 Hospital Construction | 2 | |
| - operating - 2006 Street Construction | 70,186 | 143,400 |
| | | |

Enterprise Fund - Water and Sewer

| | | |
|------------------------------|-----------|-----------|
| Cash on hand | 450 | |
| Cash in bank - operating | 813,463 | |
| - savings | 2,623,635 | |
| - security deposit account | 41,107 | |
| - restricted cash in savings | 557,148 | 4,035,803 |
| | | |

\$8,972,257

CITY OF ENNIS, TEXAS
 SCHEDULE OF INVESTMENTS - ALL FUNDS
 September 30, 2009

| | | | |
|------------------------------------|---------|----------------|--------------------------------|
| <u>General Fund</u> | | | |
| TexPool - operating | 2.3030% | | <u>\$ 17,839</u> |
| <u>Special Revenue Funds</u> | | | |
| TexPool - Library | 2.3030% | | <u>248,596</u> |
| <u>Capital Project Funds</u> | | | |
| TexPool - 2002 Street Construction | 2.3030% | \$ 642,403 | |
| - 1993 Library Construction | | 150 | |
| - 2006 Street Construction | | <u>935,427</u> | <u>1,577,980</u> |
| <u>Enterprise Fund</u> | | | |
| TexPool - operating | 2.3030% | 58,577 | |
| - restricted | | <u>409,978</u> | <u>468,555</u> |
| | | | <u><u>\$ 2,312,970</u></u> |

STATISTICAL SECTION (Unaudited)

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

| Contents | Page |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|
| Financial Trends | 67 |
| These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time. | |
| Revenue Capacity | 74 |
| These schedules contain information to help the reader assess the city's most significant local revenue sources, the property tax. | |
| Debt Capacity | 78 |
| These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future. | |
| Demographic and Economic Information | 83 |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place. | |
| Operating Information | 85 |
| These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs. | |
| Other Information | 88 |

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

CITY OF ENNIS, TEXAS
NET ASSETS BY COMPONENT
Last Seven Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | | | | |
|-------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| Governmental activities | | | | | | | |
| Invested in capital assets, net of related debt | \$ 10,372,398 | \$ 13,154,216 | \$ 14,356,618 | \$ 15,226,967 | \$ 20,433,608 | \$ 23,051,097 | \$ 23,749,092 |
| Restricted | 351,091 | 408,745 | 478,671 | 528,849 | 636,410 | 768,511 | 1,033,882 |
| Unrestricted | 3,568,649 | 3,465,469 | 3,249,425 | 5,234,356 | 3,201,032 | 5,217,181 | 5,132,109 |
| Total governmental activities net assets | <u>\$ 14,292,138</u> | <u>\$ 17,028,430</u> | <u>\$ 18,084,714</u> | <u>\$ 20,990,172</u> | <u>\$ 24,271,050</u> | <u>\$ 29,036,789</u> | <u>\$ 29,915,083</u> |
| Business-type activities | | | | | | | |
| Invested in capital assets, net of related debt | \$ 17,536,396 | \$ 18,604,704 | \$ 19,592,954 | \$ 20,880,955 | \$ 22,399,684 | \$ 22,684,585 | \$ 22,790,429 |
| Restricted | 728,239 | 692,177 | 735,045 | 782,222 | 869,361 | 910,496 | 927,853 |
| Unrestricted | 3,835,225 | 4,012,535 | 4,450,730 | 5,148,736 | 4,352,955 | 4,294,978 | 3,553,393 |
| Total business-type activities net assets | <u>\$ 22,099,860</u> | <u>\$ 23,309,416</u> | <u>\$ 24,778,729</u> | <u>\$ 26,811,913</u> | <u>\$ 27,622,000</u> | <u>\$ 27,890,059</u> | <u>\$ 27,271,675</u> |
| Primary government | | | | | | | |
| Invested in capital assets, net of related debt | \$ 27,908,794 | \$ 31,758,920 | \$ 33,949,572 | \$ 36,107,922 | \$ 42,833,292 | \$ 45,735,682 | \$ 46,539,521 |
| Restricted | 1,079,330 | 1,100,922 | 1,213,716 | 1,311,071 | 1,505,771 | 1,679,007 | 1,961,735 |
| Unrestricted | 7,403,874 | 7,478,004 | 7,700,155 | 10,383,092 | 7,553,987 | 9,512,159 | 8,685,502 |
| Total primary government net assets | <u>\$ 36,391,998</u> | <u>\$ 40,337,846</u> | <u>\$ 42,863,443</u> | <u>\$ 47,802,085</u> | <u>\$ 51,893,050</u> | <u>\$ 56,926,848</u> | <u>\$ 57,186,758</u> |

Note: Data is not available for previous years.

CITY OF ENNIS, TEXAS
CHANGES IN NET ASSETS
Last Seven Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | | | | |
|------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| Expenses | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 809,052 | \$ 905,737 | \$ 925,642 | \$ 938,846 | \$ 962,857 | \$ 1,049,185 | \$ 1,064,975 |
| Public safety | 4,988,064 | 5,344,238 | 5,813,286 | 6,001,543 | 6,229,907 | 6,589,219 | 6,985,410 |
| Streets | 434,509 | 1,686,805 | 1,832,716 | 2,022,810 | 2,062,819 | 2,146,724 | 2,196,824 |
| Health | 154,041 | 167,300 | 213,160 | 244,894 | 244,803 | 269,268 | 384,886 |
| Equipment services | 92,065 | 116,872 | 115,230 | 120,309 | 124,321 | 138,600 | 143,907 |
| Cultural and recreational | 985,167 | 926,285 | 976,763 | 991,068 | 1,027,352 | 1,116,293 | 1,110,893 |
| Airport | 150,530 | 132,762 | 482,944 | 146,116 | 170,277 | 188,539 | 108,044 |
| Hospital | - | - | - | 4,213 | 110,590 | 1,368,654 | 1,320,365 |
| Public works | 89,959 | 106,716 | 113,526 | 124,817 | 122,361 | 131,586 | 139,127 |
| Sanitation services | 599,409 | 653,969 | 695,568 | 764,252 | 810,890 | 849,638 | 910,732 |
| Interest on long-term debt | 1,222,608 | 1,077,604 | 1,166,289 | 1,572,551 | 1,519,830 | 1,632,868 | 1,436,743 |
| Total governmental activities expenses | <u>9,525,404</u> | <u>11,118,288</u> | <u>12,335,124</u> | <u>12,931,419</u> | <u>13,386,007</u> | <u>15,480,574</u> | <u>15,801,906</u> |
| Business-type activities: | | | | | | | |
| Water | 2,510,294 | 2,925,497 | 3,205,093 | 4,275,284 | 4,029,651 | 4,362,447 | 4,729,389 |
| Sewer | 2,259,393 | 3,128,143 | 2,971,995 | 3,093,514 | 3,218,426 | 3,518,008 | 3,776,397 |
| Total business-type activities expenses | <u>4,769,687</u> | <u>6,053,640</u> | <u>6,177,088</u> | <u>7,368,798</u> | <u>7,248,077</u> | <u>7,880,455</u> | <u>8,505,786</u> |
| Total primary government expenses | <u>\$ 14,295,091</u> | <u>\$ 17,171,928</u> | <u>\$ 18,512,212</u> | <u>\$ 20,300,217</u> | <u>\$ 20,634,084</u> | <u>\$ 23,361,029</u> | <u>\$ 24,307,692</u> |
| Program Revenues | | | | | | | |
| Governmental activities: | | | | | | | |
| Charges for services: | | | | | | | |
| General government | \$ 181,384 | \$ 170,959 | \$ 204,325 | \$ 191,388 | \$ 263,088 | \$ 138,666 | \$ 173,021 |
| Public safety | 309,515 | 316,210 | 260,003 | 257,509 | 260,225 | 475,910 | 691,239 |
| Cultural and recreational | 6,691 | 6,126 | 17,450 | 17,045 | 18,868 | 21,717 | 26,208 |
| Airport | 42,732 | 42,635 | 52,607 | 62,805 | 74,744 | 113,518 | 68,912 |
| Hospital | - | - | - | - | 45,408 | 544,893 | 544,893 |
| Public works | 22,946 | 12,288 | 1,792 | 8,636 | 2,175 | 19,561 | 7,847 |
| Sanitation services | 733,822 | 859,445 | 872,029 | 876,685 | 883,929 | 889,896 | 889,968 |
| Operating grants and contributions | 23,749 | 30,154 | 23,300 | 38,750 | 100,327 | 214,596 | 19,900 |
| Capital grants and contributions | 525 | 2,274,171 | 1,151,832 | 1,137,957 | 890,863 | 3,690,360 | 624,422 |
| Total governmental activities program revenues | <u>1,321,364</u> | <u>3,711,988</u> | <u>2,583,338</u> | <u>2,590,775</u> | <u>2,539,627</u> | <u>6,109,117</u> | <u>3,046,410</u> |

| | Fiscal Year | | | | | | |
|---------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|------------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| Business-type activities: | | | | | | | |
| Charges for services: | | | | | | | |
| Water | \$ 4,060,710 | \$ 4,153,451 | \$ 4,484,364 | \$ 5,236,512 | \$ 4,548,743 | \$ 4,838,155 | \$ 4,914,385 |
| Sewer | 2,280,679 | 2,416,492 | 2,422,812 | 2,507,161 | 2,424,764 | 2,423,039 | 2,463,405 |
| Operating grants and contributions | 47,000 | - | - | - | - | - | - |
| Capital grants and contributions | 964,534 | 651,593 | 607,488 | 1,335,137 | 835,945 | 776,495 | 444,279 |
| Total business-type activities program revenues | <u>7,352,923</u> | <u>7,221,536</u> | <u>7,514,664</u> | <u>9,078,810</u> | <u>7,809,452</u> | <u>8,037,689</u> | <u>7,822,069</u> |
| Total primary government program revenues | <u>\$ 8,674,287</u> | <u>\$ 10,933,524</u> | <u>\$ 10,098,002</u> | <u>\$ 11,669,585</u> | <u>\$ 10,349,079</u> | <u>\$ 14,146,806</u> | <u>\$ 10,868,479</u> |
| Net (expense)/revenue | | | | | | | |
| Governmental activities | \$ (8,204,040) | \$ (7,406,300) | \$ (9,751,786) | \$ (10,340,644) | \$ (10,846,380) | \$ (9,371,457) | \$ (12,755,496) |
| Business-type activities | 2,583,236 | 1,167,896 | 1,337,576 | 1,710,012 | 561,375 | 157,234 | (683,717) |
| Total primary government net expense | <u>\$ (5,620,804)</u> | <u>\$ (6,238,404)</u> | <u>\$ (8,414,210)</u> | <u>\$ (8,630,632)</u> | <u>\$ (10,285,005)</u> | <u>\$ (9,214,223)</u> | <u>\$ (13,439,213)</u> |
| General Revenues and Other Changes in Net Assets | | | | | | | |
| Governmental activities: | | | | | | | |
| Taxes: | | | | | | | |
| Property | \$ 5,076,276 | \$ 5,467,381 | \$ 5,903,515 | \$ 7,407,665 | \$ 7,951,310 | \$ 8,361,599 | \$ 8,749,647 |
| Sales | 2,015,110 | 2,288,667 | 2,402,731 | 2,530,875 | 2,628,612 | 2,903,646 | 2,441,150 |
| Franchise | 1,520,865 | 1,592,403 | 1,680,867 | 1,813,321 | 1,727,481 | 1,776,766 | 1,567,799 |
| Hotel occupancy | 158,908 | 194,564 | 178,697 | 174,520 | 187,113 | 201,907 | 226,160 |
| Alcoholic beverage | 26,891 | 26,198 | 25,908 | 29,557 | 33,239 | 36,870 | 39,667 |
| Unrestricted grants and contributions | 124,140 | 123,540 | 122,760 | 121,800 | 123,660 | 122,160 | 122,040 |
| Investment earnings | 187,638 | 145,485 | 302,512 | 966,219 | 1,137,163 | 403,454 | 267,608 |
| Gain on sale of capital assets | - | - | - | - | - | - | 144,381 |
| Miscellaneous | 335,915 | 304,354 | 191,080 | 202,145 | 238,680 | 266,051 | 75,338 |
| Transfers | (35,346) | - | - | - | 100,000 | 64,743 | - |
| Total governmental activities | <u>9,410,397</u> | <u>10,142,592</u> | <u>10,808,070</u> | <u>13,246,102</u> | <u>14,127,258</u> | <u>14,137,196</u> | <u>13,633,790</u> |
| Business-type activities: | | | | | | | |
| Investment earnings | 54,650 | 41,660 | 131,737 | 323,172 | 348,712 | 175,568 | 65,333 |
| Transfers | 35,346 | - | - | - | (100,000) | (64,743) | - |
| Total business-type activities | <u>89,996</u> | <u>41,660</u> | <u>131,737</u> | <u>323,172</u> | <u>248,712</u> | <u>110,825</u> | <u>65,333</u> |
| Total primary government | <u>\$ 9,500,393</u> | <u>\$ 10,184,252</u> | <u>\$ 10,939,807</u> | <u>\$ 13,569,274</u> | <u>\$ 14,375,970</u> | <u>\$ 14,248,021</u> | <u>\$ 13,699,123</u> |
| Change in Net Assets | | | | | | | |
| Governmental activities | \$ 1,206,357 | \$ 2,736,292 | \$ 1,056,284 | \$ 2,905,458 | \$ 3,280,878 | \$ 4,765,739 | \$ 878,294 |
| Business-type activities | 2,673,232 | 1,209,556 | 1,469,313 | 2,033,184 | 810,087 | 268,059 | (618,384) |
| Total primary government | <u>\$ 3,879,589</u> | <u>\$ 3,945,848</u> | <u>\$ 2,525,597</u> | <u>\$ 4,938,642</u> | <u>\$ 4,090,965</u> | <u>\$ 5,033,798</u> | <u>\$ 259,910</u> |

Note: Data is not available for previous years.

CITY OF ENNIS, TEXAS
 GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
 Last Seven Fiscal Years
 (accrual basis of accounting)

| Fiscal Year | Property Tax | Sales Tax | Franchise Tax | Hotel Occupancy Tax | Alcoholic Beverage Tax | Total |
|----------------|-----------------|--------------|------------------|---------------------------|------------------------------|-------------|
| 2003 | \$5,076,276 | \$2,015,110 | \$1,520,865 | \$ 158,908 | \$26,891 | \$8,798,050 |
| 2004 | 5,467,381 | 2,288,667 | 1,592,403 | 194,564 | 26,198 | 9,569,213 |
| 2005 | 5,903,515 | 2,402,731 | 1,680,867 | 178,697 | 25,908 | 10,191,718 |
| 2006 | 7,407,665 | 2,530,875 | 1,813,321 | 174,520 | 29,557 | 11,955,938 |
| 2007 | 7,951,310 | 2,628,612 | 1,727,481 | 187,113 | 33,239 | 12,527,755 |
| 2008 | 8,361,599 | 2,903,646 | 1,776,766 | 201,907 | 36,870 | 13,280,788 |
| 2009 | 8,749,506 | 2,441,150 | 1,567,799 | 226,160 | 39,667 | 13,024,282 |

Note: Data is not available for previous years.

CITY OF ENNIS, TEXAS
 FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|---------------------|--------------------|--------------------|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| General fund | | | | | | | | | | |
| Reserved | \$ 6,613 | \$ 8,759 | \$ 14,234 | \$ 10,380 | \$ 14,250 | \$ 11,451 | \$ 15,351 | \$ 19,437 | \$ 28,021 | \$ 268,911 |
| Unreserved | 3,371,721 | 3,424,452 | 3,467,108 | 3,243,459 | 3,233,942 | 3,297,800 | 3,455,469 | 4,083,444 | 4,720,499 | 4,707,060 |
| Total general fund | <u>\$3,378,334</u> | <u>\$3,433,211</u> | <u>\$3,481,342</u> | <u>\$3,253,839</u> | <u>\$3,248,192</u> | <u>\$ 3,309,251</u> | <u>\$ 3,470,820</u> | <u>\$ 4,102,881</u> | <u>\$4,748,520</u> | <u>\$4,975,971</u> |
| All other governmental funds | | | | | | | | | | |
| Reserved | \$1,551,058 | \$ 919,637 | \$ 652,140 | \$ 600,660 | \$ 621,386 | \$ 649,521 | \$ 628,668 | \$ 705,115 | \$ 681,236 | \$ 644,433 |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 183,410 | 168,207 | 174,337 | 63,915 | 79,035 | 86,776 | 109,984 | 105,348 | 308,870 | 560,237 |
| Capital projects funds | 1,979,157 | 1,289,796 | 4,466,596 | 1,465,760 | 743,986 | 15,660,090 | 16,209,587 | 3,028,228 | 1,752,313 | 1,660,880 |
| Total all other governmental funds | <u>\$3,713,625</u> | <u>\$2,377,640</u> | <u>\$5,293,073</u> | <u>\$2,130,335</u> | <u>\$1,444,407</u> | <u>\$16,396,387</u> | <u>\$16,948,239</u> | <u>\$ 3,838,691</u> | <u>\$2,742,419</u> | <u>\$2,865,550</u> |

CITY OF ENNIS, TEXAS
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|-----------------------------------------------------------|-------------------|-----------------------|---------------------|-----------------------|---------------------|----------------------|-------------------|------------------------|---------------------|-------------------|
| Revenues | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property | \$ 3,868,654 | \$ 4,061,629 | \$ 4,504,874 | \$ 5,088,568 | \$ 5,414,429 | \$ 5,909,040 | \$ 7,312,599 | \$ 7,987,786 | \$ 8,345,115 | \$ 8,749,506 |
| Sales | 1,795,379 | 1,789,237 | 1,825,538 | 2,015,110 | 2,288,667 | 2,402,731 | 2,530,875 | 2,628,612 | 2,903,646 | 2,441,150 |
| Franchise | 986,161 | 1,262,124 | 1,435,034 | 1,520,865 | 1,592,403 | 1,680,867 | 1,813,321 | 1,727,481 | 1,776,766 | 1,567,799 |
| Hotel occupancy | 192,569 | 202,649 | 182,683 | 158,908 | 194,564 | 178,697 | 174,520 | 187,113 | 201,907 | 226,160 |
| Alcoholic beverage | 28,087 | 23,769 | 26,648 | 26,891 | 26,198 | 25,908 | 29,557 | 33,239 | 36,870 | 39,667 |
| Licenses and permits | 128,447 | 177,469 | 165,862 | 175,944 | 165,589 | 199,595 | 188,538 | 260,088 | 133,966 | 170,491 |
| Fines and forfeitures | 268,857 | 255,253 | 315,326 | 299,273 | 300,828 | 242,510 | 246,336 | 234,270 | 448,543 | 534,629 |
| Charges for current services | 875,598 | 852,880 | 905,838 | 821,873 | 941,246 | 966,101 | 979,194 | 998,126 | 1,063,301 | 1,105,249 |
| Revenues from use of money and property | 501,060 | 432,704 | 305,924 | 189,729 | 145,485 | 302,512 | 966,219 | 1,137,163 | 403,454 | 267,608 |
| Other revenue | 110,592 | 211,853 | 115,494 | 344,257 | 348,936 | 199,335 | 191,300 | 249,103 | 280,564 | 125,264 |
| Intergovernmental | 174,085 | 396,185 | 244,291 | 132,125 | 348,159 | 651,065 | 136,110 | 652,206 | 2,269,133 | 214,850 |
| Contributions and donations | 36,571 | 12,876 | 15,692 | 16,289 | 29,191 | 33,231 | 39,443 | 22,807 | 210,379 | 15,855 |
| Total revenues | <u>8,966,060</u> | <u>9,678,628</u> | <u>10,043,204</u> | <u>10,789,832</u> | <u>11,795,695</u> | <u>12,791,592</u> | <u>14,608,012</u> | <u>16,117,994</u> | <u>18,073,644</u> | <u>15,458,228</u> |
| Expenditures | | | | | | | | | | |
| General government | 593,178 | 796,043 | 800,655 | 920,568 | 879,038 | 898,806 | 929,826 | 950,869 | 1,021,181 | 1,031,563 |
| Public safety | 3,467,496 | 4,231,534 | 4,859,068 | 4,976,048 | 5,487,348 | 6,025,115 | 5,883,250 | 6,615,286 | 6,500,414 | 6,669,914 |
| Streets | 841,610 | 823,514 | 863,581 | 938,585 | 980,619 | 974,116 | 1,156,616 | 1,149,967 | 1,367,442 | 1,079,103 |
| Health | 1,800 | 164,104 | 155,574 | 147,748 | 169,284 | 220,742 | 235,836 | 239,133 | 263,001 | 372,315 |
| Equipment services | 101,998 | 80,835 | 110,892 | 91,075 | 128,398 | 107,558 | 113,954 | 118,263 | 135,959 | 135,368 |
| Cultural and recreational | 781,262 | 723,864 | 830,731 | 870,639 | 777,291 | 921,005 | 886,305 | 954,807 | 1,017,927 | 997,785 |
| Emergency medical services | 711,668 | - | - | - | - | - | - | - | - | - |
| Airport | 68,796 | 93,163 | 75,696 | 57,034 | 57,525 | 64,967 | 73,847 | 108,743 | 138,094 | 66,487 |
| Public works | 83,370 | 96,888 | 95,793 | 110,020 | 102,609 | 105,581 | 128,445 | 118,189 | 121,802 | 129,051 |
| Sanitation services | 603,232 | 613,871 | 529,171 | 553,653 | 713,417 | 653,104 | 820,262 | 779,185 | 916,147 | 830,594 |
| Economic development | - | 907 | - | - | - | - | - | - | - | - |
| Capital outlay | 2,072,911 | 2,997,399 | 1,951,622 | 3,026,036 | 861,525 | 467,895 | 154,360 | 39,313,995 | 3,560,128 | 239,378 |
| Debt service | | | | | | | | | | |
| Principal retirement | 1,172,969 | 1,334,932 | 1,495,414 | 1,187,928 | 1,384,535 | 1,512,355 | 2,055,523 | 2,159,158 | 2,394,475 | 2,405,734 |
| Interest and fiscal charges | 981,236 | 1,119,980 | 924,144 | 1,265,394 | 1,044,667 | 1,084,129 | 1,567,491 | 1,421,741 | 1,535,132 | 1,383,500 |
| Bond issuance costs | 33,621 | 38,197 | 186,373 | 24,957 | - | 69,931 | - | 88,589 | 66,722 | - |
| Advance refunding escrow | - | - | 226,386 | - | - | 271 | - | - | 142,081 | - |
| Total expenditures | <u>11,515,147</u> | <u>13,115,231</u> | <u>13,105,100</u> | <u>14,169,685</u> | <u>12,586,256</u> | <u>13,105,575</u> | <u>14,005,715</u> | <u>54,017,925</u> | <u>19,180,505</u> | <u>15,340,792</u> |
| Excess (deficiency) of revenues over (under) expenditures | (2,549,087) | (3,436,603) | (3,061,896) | (3,379,853) | (790,561) | (313,983) | 602,297 | (37,899,931) | (1,106,861) | 117,436 |
| Other financing sources (uses) | | | | | | | | | | |
| Transfers in | 1,258,169 | 1,553,002 | 1,496,161 | 2,183,797 | 2,246,043 | 2,269,823 | 3,283,259 | 3,524,580 | 3,546,125 | 3,423,616 |
| Transfers out | (1,258,169) | (1,553,002) | (1,496,161) | (2,219,143) | (2,246,043) | (2,269,823) | (3,283,259) | (3,424,580) | (3,481,382) | (3,423,616) |
| Refunding bonds issued | - | - | 7,398,499 | 1,077,693 | - | 3,446,465 | - | - | 2,565,432 | - |
| Certificates of obligation issued | - | 2,000,000 | 2,500,000 | - | - | - | - | 3,000,000 | - | - |
| General obligation bonds issued | 2,500,000 | - | 3,055,788 | - | - | 15,000,000 | - | - | - | - |
| Premium on bonds issued | - | - | - | - | - | - | - | 90,059 | - | - |
| Discount on bonds issued | - | - | - | - | - | - | - | - | (2,553) | - |
| Payment to refunded bond escrow agent | - | - | (7,265,000) | (1,052,735) | - | (3,382,627) | - | - | (2,326,939) | - |
| Proceeds from development agreement | - | - | - | - | - | - | - | 21,795,735 | - | - |
| Capital leases | 164,665 | 112,323 | 336,173 | - | 98,986 | 263,184 | 111,124 | 488,753 | 303,442 | - |
| Loan proceeds | 2,198 | 43,172 | - | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - | - | - | 233,146 |
| Total other financing sources (uses) | <u>2,666,863</u> | <u>2,155,495</u> | <u>6,025,460</u> | <u>(10,388)</u> | <u>98,986</u> | <u>15,327,022</u> | <u>111,124</u> | <u>25,474,547</u> | <u>604,125</u> | <u>233,146</u> |
| Net change in fund balances | <u>\$ 117,776</u> | <u>\$ (1,281,108)</u> | <u>\$ 2,963,564</u> | <u>\$ (3,390,241)</u> | <u>\$ (691,575)</u> | <u>\$ 15,013,039</u> | <u>\$ 713,421</u> | <u>\$ (12,425,384)</u> | <u>\$ (502,736)</u> | <u>\$ 350,582</u> |
| Debt service as a percentage of noncapital expenditures | 23.91% | 25.71% | 26.88% | 25.93% | 21.81% | 22.83% | 26.94% | 27.29% | 30.53% | 26.27% |

CITY OF ENNIS, TEXAS
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
Last Ten Fiscal Years
(modified accrual basis of accounting)

| Fiscal Year | Property Tax | Sales Tax | Franchise Tax | Hotel Occupancy Tax | Alcoholic Beverage Tax | Total |
|----------------|-----------------|--------------|------------------|---------------------------|------------------------------|-------------|
| 2000 | \$3,868,654 | \$1,795,379 | \$ 986,161 | \$ 192,569 | \$ 28,087 | \$6,870,850 |
| 2001 | 4,061,629 | 1,789,237 | 1,262,124 | 202,649 | 23,769 | 7,339,408 |
| 2002 | 4,504,874 | 1,825,538 | 1,435,034 | 182,683 | 26,648 | 7,974,777 |
| 2003 | 5,088,568 | 2,015,110 | 1,520,865 | 158,908 | 26,891 | 8,810,342 |
| 2004 | 5,414,429 | 2,288,667 | 1,592,403 | 194,564 | 26,198 | 9,516,261 |
| 2005 | 5,909,040 | 2,402,731 | 1,680,867 | 178,697 | 25,908 | 10,197,243 |
| 2006 | 7,312,599 | 2,530,875 | 1,813,321 | 174,520 | 29,557 | 11,860,872 |
| 2007 | 7,987,786 | 2,628,612 | 1,727,481 | 187,113 | 33,239 | 12,564,231 |
| 2008 | 8,345,115 | 2,903,646 | 1,776,766 | 201,907 | 36,870 | 13,264,304 |
| 2009 | 8,749,506 | 2,441,150 | 1,567,799 | 226,160 | 39,667 | 13,024,282 |

CITY OF ENNIS, TEXAS
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years

| Fiscal Year | Estimated Actual Value | | Less: Tax-Exempt Real Property | Total Taxable Assessed Value | Total Direct Tax Rate |
|----------------|------------------------|----------------------|--------------------------------------|------------------------------------|--------------------------------|
| | Real Property | Personal Property | | | |
| 2000 | \$ 439,048,700 | \$ 285,694,600 | \$88,661,521 | \$ 636,081,779 | 0.60000 |
| 2001 | 505,331,010 | 309,898,300 | 133,043,828 | 682,185,482 | 0.60000 |
| 2002 | 581,346,827 | 328,217,280 | 153,164,413 | 756,399,694 | 0.60000 |
| 2003 | 779,662,120 | 327,402,120 | 293,403,334 | 813,660,906 | 0.63000 |
| 2004 | 790,716,320 | 357,740,010 | 280,185,828 | 868,270,502 | 0.63000 |
| 2005 | 825,995,830 | 362,904,420 | 261,120,498 | 927,779,752 | 0.63000 |
| 2006 | 866,109,473 | 436,727,745 | 300,337,882 | 1,002,499,336 | 0.73000 |
| 2007 | 945,974,161 | 468,653,740 | 315,491,430 | 1,099,136,471 | 0.71000 |
| 2008 | 1,021,786,687 | 466,825,053 | 328,637,503 | 1,159,974,237 | 0.71000 |
| 2009 | 1,150,498,325 | 526,588,631 | 428,580,100 | 1,248,506,856 | 0.69500 |

Source: City Administration Office.

CITY OF ENNIS, TEXAS
PROPERTY TAX RATES
DIRECT AND OVERLAPPING¹ GOVERNMENTS
Last Ten Fiscal Years

| Fiscal Year | City of Ennis | | | Overlapping Rates | | Total Direct and Overlapping Rates |
|-------------|--------------------------|---------------------------------|--------------|-----------------------------------|--------------|------------------------------------|
| | Operating / General Rate | General Obligation Debt Service | Total Direct | Ennis Independent School District | Ellis County | |
| 2000 | \$ 0.41077 | \$0.18923 | \$0.60000 | \$ 1.46000 | \$0.28374 | \$ 2.34374 |
| 2001 | 0.40037 | 0.19963 | 0.60000 | 1.49000 | 0.30209 | 2.39209 |
| 2002 | 0.39930 | 0.20070 | 0.60000 | 1.59000 | 0.35142 | 2.54142 |
| 2003 | 0.36430 | 0.26570 | 0.63000 | 1.65190 | 0.35140 | 2.63330 |
| 2004 | 0.37192 | 0.25808 | 0.63000 | 1.65190 | 0.34999 | 2.63189 |
| 2005 | 0.39244 | 0.23756 | 0.63000 | 1.65190 | 0.34999 | 2.63189 |
| 2006 | 0.39980 | 0.33020 | 0.73000 | 1.65190 | 0.35140 | 2.73330 |
| 2007 | 0.41090 | 0.29910 | 0.71000 | 1.57000 | 0.34950 | 2.62950 |
| 2008 | 0.41303 | 0.29697 | 0.71000 | 1.40000 | 0.39361 | 2.50361 |
| 2009 | 0.42639 | 0.26861 | 0.69500 | 1.48000 | 0.39360 | 2.56860 |

Source: City Administration Office.

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

CITY OF ENNIS, TEXAS
 PRINCIPAL PROPERTY TAXPAYERS
 Current Year and Nine Years Ago

| Taxpayer | 2009 | | | 2000 | | |
|------------------------------------------------|-------------------------|------|--------------------------------------------|------------------------|------|--------------------------------------------|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Elk Corporation of Texas | \$ 63,977,622 | 1 | 5.12% | \$ 41,040,436 | 1 | 6.45% |
| CVS Texas Distribution LP | 61,718,115 | 2 | 4.94% | - | - | - |
| Sterilite Corporation of Texas | 38,576,454 | 3 | 3.09% | - | - | - |
| Associated Materials | 37,254,341 | 4 | 2.98% | 17,092,916 | 2 | 2.69% |
| Ennis-Tractebel Power Co. LP | 24,149,334 | 5 | 1.93% | - | - | - |
| Leggett Partners LP | 22,415,040 | 6 | 1.80% | 7,907,888 | 9 | 1.24% |
| JTEKT of Texas, Inc. | 20,203,544 | 7 | 1.62% | - | - | - |
| Wal-Mart Real Estate | 17,715,790 | 8 | 1.42% | - | - | - |
| Tamko Ennis Inc. | 14,490,969 | 9 | 1.16% | 11,906,070 | 4 | 1.87% |
| Atlas Sound | 13,957,200 | 10 | 1.12% | 13,723,600 | 3 | 2.16% |
| McWhorter, Inc. | - | - | - | 11,031,200 | 5 | 1.73% |
| Monsanto Company | - | - | - | 9,533,480 | 6 | 1.50% |
| Valent USA Corporation | - | - | - | 9,249,030 | 7 | 1.45% |
| Ennis, Inc. | - | - | - | 7,919,510 | 8 | 1.25% |
| El Dupont De Nemours | - | - | - | 6,795,740 | 10 | 1.07% |
| Total | \$ 250,480,787 | | 20.06% | \$ 95,159,434 | | 14.96% |
| Total valuation of City net of exempt property | <u>\$ 1,248,506,856</u> | | | <u>\$ 636,081,779</u> | | |

Source: City Administration Office.

CITY OF ENNIS, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

| Fiscal Year | Total Tax Levy for Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|-------------|--------------------------------|----------------------------------------------|--------------------|---------------------------------|---------------------------|--------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2000 | \$ 3,827,008 | \$ 3,769,834 | 98.51 % | \$ 47,305 | \$ 3,817,139 | 99.74 % |
| 2001 | 4,105,335 | 3,974,508 | 96.81 | 95,445 | 4,069,953 | 99.14 |
| 2002 | 4,542,926 | 4,402,630 | 96.91 | 95,916 | 4,498,546 | 99.02 |
| 2003 | 5,088,839 | 4,953,523 | 97.34 | 108,506 | 5,062,029 | 99.47 |
| 2004 | 5,469,330 | 5,319,577 | 97.26 | 119,620 | 5,439,197 | 99.45 |
| 2005 | 5,849,157 | 5,717,362 | 97.75 | 104,048 | 5,821,410 | 99.53 |
| 2006 | 7,269,740 | 7,132,700 | 98.11 | 98,344 | 7,231,044 | 99.47 |
| 2007 | 7,800,346 | 7,654,373 | 98.13 | 99,228 | 7,753,601 | 99.40 |
| 2008 | 8,249,145 | 8,081,674 | 97.97 | 63,035 | 8,144,709 | 98.73 |
| 2009 | 8,675,218 | 8,489,838 | 97.86 | - | 8,489,838 | 97.86 |

CITY OF ENNIS, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

| Fiscal Year | Governmental Activities | | | | Business- Activities | | | Total Primary Government | Percentage of Personal Income ¹ | Per Capita ¹ |
|----------------|--------------------------------|----------------------------------|------------------|-------------------|--------------------------------|----------------------------------|-------------------|--------------------------------|--------------------------------------------------|----------------------------|
| | General Obligation Bonds | Certificates of Obligation | Notes Payable | Capital Leases | General Obligation Bonds | Certificates of Obligation | Capital Leases | | | |
| 2000 | \$ 15,420,000 | \$ 2,580,000 | \$ 412,698 | \$ 318,311 | \$ - | \$ 15,175,000 | \$ 86,116 | \$ 33,992,125 | 11.13% | \$ 2,119 |
| 2001 | 14,335,000 | 4,490,000 | 455,870 | 270,702 | - | 14,810,000 | 43,604 | 34,405,176 | 10.64% | 2,092 |
| 2002 | 16,295,000 | 6,885,000 | 433,076 | 440,418 | - | 26,495,000 | 12,859 | 50,561,353 | 14.52% | 2,940 |
| 2003 | 15,559,784 | 6,665,000 | 410,282 | 310,284 | 3,455,217 | 22,460,000 | - | 48,860,567 | 13.43% | 2,800 |
| 2004 | 14,569,307 | 6,410,000 | 387,489 | 293,006 | 3,405,693 | 21,440,000 | - | 46,505,495 | 11.75% | 2,549 |
| 2005 | 28,720,770 | 6,140,000 | 364,695 | 436,631 | 10,869,230 | 13,475,000 | - | 60,006,326 | 14.23% | 3,198 |
| 2006 | 27,099,720 | 5,860,000 | 341,901 | 416,076 | 10,530,279 | 12,605,000 | 7,639 | 56,860,615 | 12.75% | 2,986 |
| 2007 | 25,410,470 | 8,560,000 | 319,107 | 757,715 | 10,159,529 | 11,695,000 | 4,436 | 56,906,257 | 12.36% | 2,960 |
| 2008 | 25,199,534 | 6,868,292 | 296,313 | 830,614 | 13,785,466 | 6,966,708 | 91,634 | 54,038,561 | 11.29% | 2,800 |
| 2009 | 23,457,957 | 6,444,296 | 273,519 | 621,465 | 13,277,043 | 5,965,704 | 72,893 | 50,112,877 | 10.30% | 2,593 |

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

¹ Personal income data and population data can be found in the Schedule of Demographic and Economic Statistics on page 83.

CITY OF ENNIS, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

| Fiscal Year | General Obligation Bonds | Certificates of Obligation | Less: Amounts Available in Debt Service Fund | Total | Percentage of Estimated Actual Taxable Value ¹ of Property | Per Capita ² |
|----------------|--------------------------------|----------------------------------|----------------------------------------------------|---------------|-----------------------------------------------------------------------------------|----------------------------|
| 2000 | \$ 15,420,000 | \$ 2,580,000 | \$ 626,058 | \$ 17,373,942 | 2.73% | \$ 1,083 |
| 2001 | 14,335,000 | 4,490,000 | 434,637 | 18,390,363 | 2.70% | 1,118 |
| 2002 | 16,295,000 | 6,885,000 | 219,064 | 22,960,936 | 3.04% | 1,335 |
| 2003 | 15,559,784 | 6,665,000 | 190,377 | 22,034,407 | 2.71% | 1,263 |
| 2004 | 14,569,307 | 6,410,000 | 233,897 | 20,745,410 | 2.39% | 1,137 |
| 2005 | 28,720,770 | 6,140,000 | 284,826 | 34,575,944 | 3.73% | 1,843 |
| 2006 | 27,099,720 | 5,860,000 | 286,766 | 32,672,954 | 3.26% | 1,716 |
| 2007 | 25,410,470 | 8,560,000 | 386,006 | 33,584,464 | 3.06% | 1,747 |
| 2008 | 25,199,534 | 6,868,292 | 384,923 | 31,682,903 | 2.73% | 1,642 |
| 2009 | 23,457,957 | 6,444,296 | 370,911 | 29,531,342 | 2.37% | 1,528 |

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

¹ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 74 for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics on page 83.

CITY OF ENNIS, TEXAS
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 September 30, 2009

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable ¹ | Estimated Share of Overlapping Debt |
|--------------------------------------------------|---------------------|----------------------------------------------------|----------------------------------------------|
| Debt repaid with property taxes: County | \$ 65,586,262 | 14.14% | \$ 9,273,898 |
| Debt repaid with property taxes: School District | 169,791,950 | 81.21% | <u>137,888,043</u> |
| Subtotal, overlapping debt | | | 147,161,941 |
| City of Ennis, Texas direct debt | | | <u>30,797,237</u> |
| Total direct and overlapping debt | | | <u><u>\$ 177,959,178</u></u> |

Source: Texas Municipal Reports

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

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

CITY OF ENNIS, TEXAS
 LEGAL DEBT MARGIN INFORMATION
 Last Ten Fiscal Years

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|-------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| Debt limit | \$ 72,474,330 | \$ 81,522,931 | \$ 90,956,411 | \$ 110,706,424 | \$ 114,845,633 | \$ 118,890,025 | \$ 130,283,722 | \$ 141,462,790 | \$ 148,861,174 | \$ 167,708,696 |
| Total net debt applicable to limit | 17,373,942 | 18,390,363 | 22,960,936 | 22,034,407 | 20,745,410 | 34,575,944 | 32,672,954 | 33,584,464 | 31,682,903 | 29,531,342 |
| Legal debt margin | <u>\$ 55,100,388</u> | <u>\$ 63,132,568</u> | <u>\$ 67,995,475</u> | <u>\$ 88,672,017</u> | <u>\$ 94,100,223</u> | <u>\$ 84,314,081</u> | <u>\$ 97,610,768</u> | <u>\$ 107,878,326</u> | <u>\$ 117,178,271</u> | <u>\$ 138,177,354</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 23.97% | 22.56% | 25.24% | 19.90% | 18.06% | 29.08% | 25.08% | 23.74% | 21.28% | 17.61% |

Legal Debt Margin Calculation for Fiscal Year 2009

| | |
|--------------------------------------------------------------------|-------------------------|
| Assessed value | \$ 1,248,506,856 |
| Add back: exempt real property | 428,580,100 |
| Total assessed value | <u>\$ 1,677,086,956</u> |
| Debt limit (10% of total assessed value) | 167,708,696 |
| Debt applicable to limit: | |
| General obligation bonds | 29,902,253 |
| Less: Amount set aside for repayment of general obligation debt | <u>(370,911)</u> |
| Total net debt applicable to limit | <u>29,531,342</u> |
| Legal debt margin | <u>\$ 138,177,354</u> |

Note: Under state finance law, the City of Ennis, Texas' outstanding general obligation debt should not exceed 10 percent of total assessed property tax value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

CITY OF ENNIS, TEXAS
 PLEDGED-REVENUE COVERAGE
 Last Ten Fiscal Years

| Waterworks and Sewer System Revenue Bonds | | | | | | |
|-------------------------------------------|--------------------------------|--------------------------------------------|-----------------------------|--------------|------------|----------|
| Fiscal Year | Total Revenues ¹ | Less Operating Expenses ² | Net Available Revenue | Debt Service | | Coverage |
| | | | | Principal | Interest | |
| 2000 | \$ 5,107,614 | \$ 2,739,257 | \$2,368,357 | \$ 240,000 | \$ 255,268 | 4.78 |
| 2001 | 5,016,949 | 3,027,330 | 1,989,619 | 365,000 | 1,102,866 | 1.36 |
| 2002 | 5,841,898 | 3,244,033 | 2,597,865 | 600,000 | 861,178 | 1.78 |
| 2003 | 6,443,039 | 3,614,214 | 2,828,825 | 835,000 | 1,531,610 | 1.20 |
| 2004 | 6,611,603 | 3,918,573 | 2,693,030 | 1,069,524 | 1,268,804 | 1.15 |
| 2005 | 7,038,913 | 4,169,948 | 2,868,965 | 1,064,999 | 1,259,232 | 1.23 |
| 2006 | 8,066,845 | 4,812,562 | 3,254,283 | 1,208,950 | 1,099,386 | 1.41 |
| 2007 | 7,322,219 | 4,786,625 | 2,535,594 | 1,280,570 | 1,019,622 | 1.10 |
| 2008 | 7,436,762 | 5,268,071 | 2,168,691 | 1,418,863 | 875,402 | 0.95 |
| 2009 | 7,443,123 | 5,738,223 | 1,704,900 | 1,509,427 | 863,605 | 0.72 |

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

¹Includes operating and nonoperating revenues.

²Includes operating expenses minus depreciation.

CITY OF ENNIS, TEXAS
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years

| Fiscal Year | Estimated Population ¹ | Personal Income | Per Capita Personal Income ² | Median Age | School Enrollment ³ | Unemployment Rate ⁴ |
|-------------|-----------------------------------|-----------------|-----------------------------------------|------------|--------------------------------|--------------------------------|
| 2000 | 16,045 | \$ 305,320,305 | \$ 19,029 | 31.4 | 4,985 | 3.8 % |
| 2001 | 16,445 | 323,259,365 | 19,657 | * | 5,045 | 4.1 |
| 2002 | 17,200 | 348,248,400 | 20,247 | * | 5,307 | 4.8 |
| 2003 | 17,450 | 363,902,300 | 20,854 | * | 5,390 | 4.3 |
| 2004 | 18,246 | 395,719,248 | 21,688 | * | 5,557 | 4.8 |
| 2005 | 18,763 | 421,585,847 | 22,469 | * | 5,676 | 5.1 |
| 2006 | 19,043 | 446,136,084 | 23,428 | * | 5,674 | 4.4 |
| 2007 | 19,223 | 460,280,698 | 23,944 | * | 5,719 | 4.0 |
| 2008 | 19,300 | 478,691,925 | 24,803 | * | 5,684 | 4.6 |
| 2009 | 19,325 | 486,738,775 | 25,187 | * | 5,833 | 8.1 |

Data sources

¹ Texas A & M University, Data Center

² US Census Data, 2004 Projections

³ Ennis Independent School District

⁴ Texas Workforce Commission

* Median age only available in census years.

CITY OF ENNIS, TEXAS
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

| Employer | 2009 | | | 2000 | | |
|-----------------------------------|--------------|------|-------------------------------------|--------------|------|-------------------------------------|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Sterilite Corporation of Texas | 825 | 1 | 9.88% | - | | - |
| Ennis Independent School District | 799 | 2 | 9.57% | - | | - |
| Alliance Data, Inc. | 415 | 3 | 4.97% | - | | - |
| National Envelope Corporation | 352 | 4 | 4.22% | - | | - |
| Wal-mart | 260 | 5 | 3.11% | - | | - |
| Elk Corporation of Texas | 250 | 6 | 2.99% | 237 | 8 | 5.38% |
| CVS Texas Distribution LP | 225 | 7 | 2.69% | - | | - |
| Leggett Partners LP | 211 | 8 | 2.53% | 371 | 3 | 8.42% |
| JTEKT of Texas, Inc. | 202 | 9 | 2.42% | - | | - |
| Ennis Extruded Products, Inc. | 189 | 10 | 2.26% | 330 | 5 | 7.49% |
| Atlas Soundolier, Inc. | - | | - | 450 | 1 | 10.22% |
| Ennis Automotive | - | | - | 400 | 2 | 9.08% |
| Ennis, Inc. | - | | - | 359 | 4 | 8.15% |
| Homes by Oakwood | - | | - | 250 | 6 | 5.68% |
| AT&T | - | | - | 245 | 7 | 5.56% |
| Ennis AgriTech | - | | - | 185 | 9 | 4.20% |
| Cody Company, Inc. | - | | - | 125 | 10 | 2.84% |
| Total | <u>3,728</u> | | <u>44.65%</u> | <u>2,147</u> | | <u>48.75%</u> |
| Total City Employment | <u>8,350</u> | | | <u>4,404</u> | | |

Source: City Administration Office.

CITY OF ENNIS, TEXAS
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 Last Ten Fiscal Years

| Function | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General Government | | | | | | | | | | |
| Administration | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| Tourism | - | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Public Safety | | | | | | | | | | |
| Police | 39.9 | 39.9 | 39.9 | 39.9 | 41.2 | 42.2 | 42.2 | 42.5 | 42.5 | 42.5 |
| Judicial | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Fire | 30.0 | 30.0 | 30.0 | 29.0 | 29.0 | 29.0 | 29.0 | 29.0 | 29.0 | 29.0 |
| Inspection | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 6.0 | 6.0 | 6.0 |
| Streets | 11.0 | 11.0 | 11.0 | 11.0 | 11.0 | 11.0 | 11.0 | 11.0 | 11.0 | 11.0 |
| Health | 1.0 | 3.0 | 3.0 | 3.0 | 3.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Equipment Services | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Cultural and Recreational | | | | | | | | | | |
| Parks and Recreation | 6.9 | 7.9 | 7.9 | 7.9 | 7.9 | 7.9 | 7.9 | 7.9 | 7.9 | 7.9 |
| Library | 5.6 | 5.6 | 5.6 | 5.6 | 5.6 | 5.6 | 5.6 | 5.6 | 5.6 | 5.6 |
| Museum | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Public Works | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Sanitation Services | 14.0 | 14.0 | 14.0 | 14.0 | 14.0 | 14.0 | 14.0 | 15.0 | 15.0 | 15.0 |
| Water and Wastewater | | | | | | | | | | |
| Administration | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Water | 16.0 | 19.0 | 19.0 | 19.0 | 19.0 | 19.0 | 19.0 | 19.0 | 19.0 | 19.0 |
| Wastewater | 12.0 | 14.0 | 14.0 | 14.0 | 14.0 | 14.0 | 14.0 | 15.0 | 15.0 | 15.0 |
| Total | 164.4 | 174.4 | 174.4 | 173.4 | 174.7 | 176.7 | 176.7 | 180.0 | 180.0 | 180.0 |

Source: City Administration Office.

CITY OF ENNIS, TEXAS
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

| Function | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|-----------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|
| Police | | | | | | | | | | |
| UCR - Reported Crimes | 865 | 962 | 908 | 1,050 | 1,059 | 917 | 1,155 | 1,304 | 1,158 | 1,320 |
| Number of Violations (Citations) | 3,549 | 3,949 | 4,388 | 4,170 | 4,907 | 5,316 | 4,019 | 4,079 | 6,685 | 10,368 |
| Judicial | | | | | | | | | | |
| Municipal Court Fines | \$ 268,857 | \$ 255,253 | \$ 315,326 | \$ 299,273 | \$ 300,828 | \$ 242,510 | \$ 246,336 | \$ 234,270 | \$ 388,179 | \$ 452,117 |
| Fire | | | | | | | | | | |
| Fire Calls | 50 | 55 | 62 | 93 | 65 | 56 | 55 | 41 | 57 | 59 |
| Fire Loss | \$ 142,700 | \$ 160,700 | \$ 248,350 | \$ 195,100 | \$ 223,700 | \$ 301,500 | \$ 82,500 | \$ 150,000 | \$ 152,700 | \$ 118,820 |
| Inspection | | | | | | | | | | |
| Permits Issued (Units) | 283 | 389 | 126 | 153 | 177 | 170 | 133 | 100 | 81 | 264 |
| Permit Value | \$41,084,786 | \$61,716,212 | \$52,624,975 | \$54,383,738 | \$24,693,960 | \$59,053,646 | \$51,053,056 | \$121,791,485 | \$28,705,747 | \$64,696,470 |
| Streets | | | | | | | | | | |
| Miles of Streets Maintained | 95.30 | 95.30 | 97.29 | 97.29 | 99.90 | 100.50 | 101.80 | 102.99 | 103.63 | 103.62 |
| Health | | | | | | | | | | |
| Food Establishment Inspections | N/A | 237 | 235 | 226 | 217 | 252 | 276 | 267 | 315 | 309 |
| Animals Impounded | N/A | 843 | 879 | 842 | 973 | 876 | 885 | 1,085 | 1,076 | 752 |
| Equipment Services | | | | | | | | | | |
| Equipment Maintained | 108 | 107 | 115 | 113 | 114 | 117 | 122 | 124 | 125 | 127 |
| Cultural and Recreational | | | | | | | | | | |
| Parks | | | | | | | | | | |
| Parks Maintained | 16 | 16 | 16 | 16 | 16 | 17 | 17 | 17 | 17 | 17 |
| Library | | | | | | | | | | |
| Patrons | 78,353 | 80,735 | 79,527 | 86,349 | 93,960 | 100,250 | 101,585 | 104,834 | 107,173 | 120,904 |
| Circulation | 76,322 | 83,370 | 79,641 | 83,835 | 86,326 | 94,225 | 95,572 | 100,746 | 106,166 | 92,131 |
| Museum | | | | | | | | | | |
| Paid Attendance | 1,073 | 1,150 | 1,198 | 1,111 | 1,141 | 825 | 868 | 545 | 901 | 803 |
| Sanitation Service | | | | | | | | | | |
| Refuse Customers | N/A | 4,723 | 4,785 | 4,807 | 4,888 | 5,014 | 5,052 | 5,076 | 5,134 | 5,137 |
| Estimated Refuse Collected (in tons) | 9,972 | 11,096 | 12,067 | 11,852 | 12,673 | 11,990 | 13,430 | 11,759 | 10,150 | 9,950 |
| Water | | | | | | | | | | |
| Number of Water Customers | 5,151 | 5,224 | 5,308 | 5,405 | 5,881 | 5,501 | 5,657 | 5,679 | 5,722 | 5,766 |
| Estimated Gallons Billed (in thousands) | 933,900 | 943,726 | 883,583 | 912,961 | 931,924 | 992,153 | 1,158,206 | 914,465 | 1,001,935 | 996,365 |
| Sewer | | | | | | | | | | |
| Number of Wastewater Customers | 4,876 | 4,884 | 5,012 | 5,050 | 5,551 | 5,165 | 5,266 | 5,290 | 5,386 | 5,442 |

Sources: Various government departments.

CITY OF ENNIS, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years

| Function | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|------------------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Police | | | | | | | | | | |
| Number of Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fire | | | | | | | | | | |
| Number of Stations | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Fire Hydrants | 633 | 670 | 708 | 725 | 740 | 758 | 780 | 910 | 919 | 953 |
| Streets | | | | | | | | | | |
| Miles of Streets | 95.30 | 95.30 | 97.29 | 97.29 | 99.90 | 100.50 | 101.80 | 102.99 | 103.63 | 103.62 |
| Equipment Services | | | | | | | | | | |
| Equipment Maintained | 108 | 107 | 115 | 113 | 114 | 117 | 122 | 124 | 124 | 125 |
| Cultural and Recreational | | | | | | | | | | |
| Parks Maintained | 16 | 16 | 16 | 16 | 16 | 17 | 17 | 17 | 17 | 17 |
| Library | | | | | | | | | | |
| Number of Libraries | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Museum | | | | | | | | | | |
| Number of Museums | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water | | | | | | | | | | |
| Water Plant Capacity (million gallons per day) | 5.68 | 5.68 | 5.68 | 8.00 | 8.00 | 8.00 | 8.00 | 12.00 | 12.00 | 12.00 |
| Water Storage Capacity (gallons) | 3,500,000 | 3,500,000 | 3,500,000 | 3,500,000 | 3,500,000 | 3,500,000 | 3,500,000 | 3,500,000 | 3,500,000 | 3,500,000 |
| Sewer | | | | | | | | | | |
| Sewer Plant Capacity (million gallons per day) | 2.50 | 2.50 | 2.50 | 3.10 | 3.10 | 3.10 | 3.10 | 3.20 | 3.20 | 3.20 |

Sources: Various government departments.

CITY OF ENNIS, TEXAS
 SCHEDULE OF INSURANCE IN FORCE
 September 30, 2009

| | Policy Number | Policy Period | | Coverage | Annual Premium |
|-----------------------------------------------------------------------------------------------------------------|---------------|---------------|----------|----------------------------------------------------------------------------------|------------------------------------|
| | | From | To | | |
| I. LIABILITY COVERAGE | | | | | |
| A. GENERAL LIABILITY Texas Municipal League | 4659-06 | 10/01/09 | 10/01/10 | \$2,000,000 per occurrence CSL/annual aggregate No deductible | \$ 14,953 |
| B. AUTOMOBILE LIABILITY AND PHYSICAL DAMAGE Texas Municipal League | 4659-06 | 10/01/09 | 10/01/10 | \$2,000,000 per occurrence CSL/annual aggregate Various deductible | 50,214 |
| C. GENERAL LIABILITY - AIRPORT Texas Municipal League | 4659-06 | 10/01/09 | 10/01/10 | \$6,000,000 per occurrence and aggregate/No deductible | 2,666 |
| D. INCIDENTAL MEDICAL MALPRACTICE Texas Municipal League | 4659-06 | 10/01/09 | 10/01/10 | \$2,000,000 per occurrence No deductible | Included with General Liability |
| E. NON-OWNED AIRCRAFT LIABILITY Texas Municipal League | 4659-06 | 10/01/09 | 10/01/10 | \$6,000,000 per occurrence No deductible | Included in General Liability |
| F. PUBLIC OFFICIALS AND EMP. LIABILITY Texas Municipal League | 4659-06 | 10/01/09 | 10/01/10 | \$1,000,000 per occurrence \$2,000,000 annual aggregate \$5,000 deductible | 18,319 |
| G. UNDERGROUND STORAGE Tank Liability and Fire Insurance Colony Group Public Works Accent Insurance | PP 203448 | 12/01/09 | 12/01/10 | \$1,000,000 per occurrence \$1,000,000 annual aggregate \$5,000 deductible | 2,075 |

CITY OF ENNIS, TEXAS
SCHEDULE OF INSURANCE IN FORCE
September 30, 2009

69

| | Policy Number | Policy Period | | Coverage | Annual Premium |
|-------------------------------|---------------|---------------|----------|-----------------------------------------------------------------------------------|-----------------------------------------|
| | | From | To | | |
| H. Airport Storage Tank | USC 350803209 | 06/08/09 | 06/08/10 | \$1,000,000 per occurrence \$2,000,000 annual aggregate \$25,000 deductible | \$ 1,609 |
| I. BONDS | | | | | |
| CNA Surety | 060114268360 | 01/20/09 | 01/20/10 | Shirley Trull City Secretary \$10,000 | 50 |
| Ellis County Insurance | RSB681003 | 12/21/08 | 12/21/12 | Donna Batchler Tax Collector \$50,000 | 463 |
| CNA Surety | 060168599988 | 04/17/09 | 04/17/10 | Public Employees - Blanket Bond \$5,000 | 754 |
| J. LIABILITY COVERAGE | | | | | |
| COMPREHENSIVE LAW ENFORCEMENT | | | | | |
| PROFESSIONAL LIABILITY | | | | \$ 500,000 each person | |
| Texas Municipal League Police | 4659-02 | 10/01/09 | 10/01/10 | \$1,000,000 each occurrence \$2,000,000 annual aggregate \$5,000 deductible | 12,184 |
| Texas Municipal League | PKI 0000068 | 10/01/09 | 10/01/10 | \$500,000 each occurrence \$500,000 annual aggregate \$5,000 deductible | Included with Law Enforcement Liability |
| II. PROPERTY COVERAGE | | | | | |
| Texas Municipal League | 4659-06 | 10/01/09 | 10/01/10 | \$1,000 deductible (all risk) | |
| A. REAL AND PERSONAL PROPERTY | | | | | |
| | | | | \$61,160,156 (Blanket limit/occurrence) \$1,000 deductible | 37,813 |
| B. MOBILE EQUIPMENT | 4659 | 10/01/09 | 10/01/10 | \$1,259,585 \$1,000 deductible | 5,378 |

CITY OF ENNIS, TEXAS
 SCHEDULE OF INSURANCE IN FORCE
 September 30, 2009

06

| | Policy Number | Policy Period | | Coverage | Annual Premium |
|---------------------------------------------------------|---------------|---------------|----|-----------------------------------------------------------------------------------------|-----------------------------------------|
| | | From | To | | |
| C. BOILER AND MACHINERY | | | | \$12,613,321 \$1,000 deductible per accident limit | Included with Real/Personal Property |
| III. ADDITIONAL COVERAGE Texas Municipal League | 4659-06 | | | | |
| A. VALUABLE PAPERS, RECORDS, AND EDP MEDIA | | | | \$200,000 | \$ - |
| B. LOSS OF REVENUE, EXTRA EXPENSE AND RENTS | | | | \$122,000 | - |
| C. AUTOMATIC NEWLY ACQUIRED PROPERTY (TRANSIT LIMIT) | | | | \$1,000,000 | - |
| D. ACCOUNTS RECEIVABLE | | | | \$10,000 | - |
| E. PERSONAL EFFECTS | | | | \$5,000 | - |
| F. FINE ARTS | | | | \$100,000 | - |
| G. OUTDOOR TREES AND SHRUBS | | | | \$10,000 | - |
| H. LEASEHOLD INTEREST | | | | \$5,000 | - |
| I. SUPPLEMENTAL SEWAGE BACK UP | | | | \$25,000 each structure \$50,000 each occurrence \$250 deductible each occurrence | 5,291 |

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, 2009, from the last debt issues that were sold in 2007. This financial information is also sent to each nationally recognized municipal securities information repository ("NRMSIR") and to any state information depository ("SID") that is designated by the State of Texas and approved by the Securities and Exchange Commission ("SEC").

CITY OF ENNIS, TEXAS

ASSESSED VALUATION

TABLE CD-1

| | | |
|--------------------------------------------------------------|--------------|------------------------|
| 2009 Actual Market Value of Taxable Property | | \$ 1,699,281,464 |
| Less Exemptions: | | |
| Local, Optional Over-65 and/or Disabled Homestead Exemptions | \$ 4,297,133 | |
| Local, Optional Percentage Homestead | 15,990,022 | |
| Disabled and Deceased Veterans' Exemptions | 760,630 | |
| Pollution Control | 26,025,065 | |
| Productivity Loss | 28,884,576 | |
| Abatement Loss | 117,743,192 | |
| Homestead Cap Loss | 700,080 | |
| Historical/Minimal Value and Other | 165,900,155 | <u>360,300,853</u> |
| 2009 Net Taxable Assessed Valuation (100% of Actual) | | <u>\$1,338,980,611</u> |

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

GENERAL OBLIGATION BONDED DEBT PRINCIPAL

TABLE CD-2

(As of September 30, 2009)

| | | |
|-------------------------------------------------------------------------------|--------------|----------------------|
| General Obligation Debt Principal Outstanding | | |
| Combination Tax and Revenue Certificates of Obligation, Series 1998 | \$ 1,575,000 | |
| General Obligation Bonds, Series 2000 | 115,000 | |
| Combination Tax and Revenue Certificates of Obligation, Series 2000 | 515,000 | |
| Combination Tax and Revenue Certificates of Obligation, Series 2001 | 875,000 | |
| General Obligation Refunding and Improvement Bonds, Series 2002 | 4,120,000 | |
| Combination Tax and Revenue Certificates of Obligation, Series 2002 | 6,560,000 | |
| General Obligation Refunding Bonds, Series 2003 | 2,505,000 | |
| General Obligation Bonds, Series 2005 | 12,825,000 | |
| General Obligation Refunding Bonds, Series 2005 | 10,675,000 | |
| Combination Tax and Revenue Certificates of Obligation, Series 2006 | 2,885,000 | |
| General Obligation Refunding Bonds, Series 2007 | 6,495,000 | |
| Total Gross General Obligation Debt Outstanding: | | <u>\$ 49,145,000</u> |
| Less: Self-Supporting General Obligation Debt Principal | | |
| Combination Tax and Revenue Certificates of Obligation, Series 2000 (100%) | \$ 515,000 | |
| Combination Tax and Revenue Certificates of Obligation, Series 2002 (83.1%) | 5,450,704 | |
| General Obligation Refunding Bonds, Series 2003 (76.19%) | 1,908,560 | |
| General Obligation Refunding Bonds, Series 2005 (69.09%) | 7,375,358 | |
| General Obligation Refunding Bonds, Series 2007 (61.48%) | 3,993,125 | |
| Total Self-Supporting General Obligation Debt | | <u>\$ 19,242,747</u> |
| Total Net General Obligation Debt Principal Outstanding: | | <u>\$ 29,902,253</u> |
| General Obligation Interest and Sinking Fund Balance as of 9/30/09 | \$ 370,911 | |
| Ratio of Gross General Obligation Debt to 2009 Net Assessed Valuation | | 3.67% |
| Ratio of Net General Obligation Debt to 2009 Net Assessed Valuation | | 2.23% |
| 2009 Net Assessed Valuation | | \$ 1,338,980,611 |
| Population: 1980 - 12,110; 1990 - 13,883; 2000 - 16,045; Current (Estimate) - | | 19,325 |
| Per Capita 2009 Net Assessed Valuation - | \$ 69,287 | |
| Per Capita Gross General Obligation Debt Principal - | \$ 2,543 | |
| Per Capita Net General Obligation Debt Principal - | \$ 1,547 | |

CITY OF ENNIS, TEXAS

PRINCIPAL TAXPAYERS

TABLE CD-3

| <u>Name</u> | <u>Type of Business</u> | <u>2009 Net Taxable Assessed Valuation</u> | <u>% of Total 2009 Assessed Valuation</u> |
|--------------------------------|----------------------------------|--------------------------------------------|-------------------------------------------|
| Ennis-Tractebel Power Co. LP | Electric Power Generator | \$ 76,625,160 | 5.72% |
| CVS Texas Distribution LP | Pharmacy Retailer | 61,798,215 | 4.62% |
| Elk Roofing Products | Roofing Materials Manufacturing | 52,819,578 | 3.94% |
| Sterilite Corporation of Texas | Plastic Products Manufacturing | 42,956,466 | 3.21% |
| Associated Materials | Vinyl Siding Manufacturing | 31,107,938 | 2.32% |
| JTEKT Automotive Texas LP | Automotive Parts Manufacturing | 26,994,771 | 2.02% |
| Leggett Partners LP #0003 | Bedding Components Manufacturing | 26,912,450 | 2.01% |
| Cheminova Inc. | Chemical Manufacturing | 17,960,900 | 1.34% |
| Wal-Mart Real Estate | Retail Sales | 17,288,870 | 1.29% |
| Atlas Sound, LP | Electronics Manufacturing | 15,813,230 | 1.18% |
| Total | | <u>\$ 370,277,578</u> | <u>17.32%</u> |

Based on a 2009 Net Taxable Assessed Valuation of \$ 1,338,980,611

Source: Ellis Central Appraisal District

PROPERTY TAX RATES AND COLLECTIONS

TABLE CD-4

| <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> | |
| 2000-01 | \$ 681,132,897 | 0.6000 | \$ 4,105,335 | 96.81 | 99.14 | 9-30-01 |
| 2001-02 | 756,399,694 | 0.6000 | 4,542,926 | 96.91 | 99.02 | 9-30-02 |
| 2002-03 | 802,646,424 | 0.6300 | 5,088,839 | 97.34 | 99.47 | 9-30-03 |
| 2003-04 | 868,270,502 | 0.6300 | 5,469,330 | 97.26 | 99.45 | 9-30-04 |
| 2004-05 | 927,779,752 | 0.6300 | 5,849,157 | 97.75 | 99.53 | 9-30-05 |
| 2005-06 | 1,002,499,336 | 0.7300 | 7,269,740 | 98.11 | 99.47 | 9-30-06 |
| 2006-07 | 1,099,136,471 | 0.7100 | 7,800,346 | 98.13 | 99.40 | 9-30-07 |
| 2007-08 | 1,159,974,237 | 0.7100 | 8,249,145 | 97.97 | 98.73 | 9-30-08 |
| 2008-09 | 1,251,010,622 | 0.6950 | 8,694,524 | 97.86 | 97.86 | 9-30-09 |
| 2009-10 | 1,338,980,611 | 0.6950 | 9,305,915 | n/a | n/a | 9-30-10 |

(a) Assessed Valuations may change during the year due to various supplements and protests.

Source: Texas Municipal Report published by the Municipal Advisory Council of Texas, the Ellis Central Appraisal District, and the City of Ennis, Texas.

TAX RATE DISTRIBUTION

TABLE CD-5

| | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> |
|--------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|
| General Fund | \$ 0.44427 | \$ 0.42639 | \$ 0.41303 | \$ 0.41090 | \$ 0.39980 | \$0.39244 | \$0.37192 | \$0.36430 |
| I & S Fund | 0.25073 | 0.26861 | 0.29697 | 0.29910 | 0.33020 | 0.23756 | 0.25808 | 0.26570 |
| TOTAL | <u>\$ 0.69500</u> | <u>\$ 0.69500</u> | <u>\$ 0.71000</u> | <u>\$ 0.71000</u> | <u>\$ 0.73000</u> | <u>\$0.63000</u> | <u>\$0.63000</u> | <u>\$0.63000</u> |

Sources: Texas Municipal Report published by the Municipal Advisory Council of Texas and the Ellis Central Appraisal District.

CITY OF ENNIS, TEXAS

OVERLAPPING DEBT DATA AND INFORMATION

TABLE CD-6

| Taxing Entity | Based on TMR Dated | Gross Debt Principal | % Overlapping | Amount Overlapping |
|---------------------------------------------------------------------------------------|-----------------------|-------------------------|------------------|-----------------------|
| Ellis County | 10/31/09 | \$ 65,586,262 | 14.14% | \$ 9,273,898 |
| Ennis Independent School District | 05/31/09 | 169,791,950 | 81.21% | 137,888,043 |
| Total Gross Overlapping Debt Principal | | | | \$ 147,161,941 |
| Ennis, City of | | 49,145,000 | 100.00% | 49,145,000 |
| Total Direct and Overlapping Debt Principal | | | | \$ 196,306,941 |
| Ratio of Direct and Overlapping Debt Principal to 2009 Net Taxable Assessed Valuation | | | | 14.66% |
| Ratio of Direct and Overlapping Debt Principal to 2009 Actual Market Value | | | | 11.55% |
| Per Capita Direct and Overlapping Debt Principal | | | | \$ 10,158 |

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

| | |
|-----------------------------------------------------------------------------------------------------|----------------|
| The Issuer's Net General Obligation Debt Principal is | \$ 29,902,253 |
| Calculations on the basis of Net General Obligation Debt would change the above figures as follows: | |
| Total Net Direct and Overlapping Debt | \$ 166,404,688 |

| | |
|---------------------------------------------------------------------------------------|----------|
| Ratio of Direct and Overlapping Debt Principal to 2009 Net Taxable Assessed Valuation | 12.43% |
| Ratio of Direct and Overlapping Debt Principal to 2009 Actual Market Value | 9.79% |
| Per Capita Direct and Overlapping Debt Principal | \$ 8,611 |

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

ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ENTITIES

TABLE CD-7

| Governmental Entity | 2009 Net Taxable Assessed Valuation | % of Actual | 2009 Tax Rate |
|-----------------------------------|----------------------------------------|-------------|------------------|
| Ellis County | \$ 10,371,964,425 | 100% | \$ 0.360091 |
| Ennis Independent School District | 1,738,915,976 | 100% | 1.510000 |

Source: The Ellis County Central Appraisal District.

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

TABLE CD-8

| | Date of Authorization | Purpose | Amount Authorized | Issued To-Date | Unissued |
|--------------|--------------------------|---------|----------------------|-------------------|----------|
| Ellis County | None | | | | |
| Ennis ISD | None | | | | |
| Ennis, City | None | | | | |

CITY OF ENNIS, TEXAS

GENERAL FUND COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES
AND ANALYSIS OF CHANGES IN FUND BALANCE

TABLE CD-9

| | Fiscal Year Ended September 30 | | | | |
|-------------------------------------------------|--------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2009 | 2008 | 2007 | 2006 | 2005 |
| Revenues: | | | | | |
| General property taxes | \$ 8,749,506 | \$ 8,345,115 | \$ 7,987,786 | \$ 7,312,599 | \$ 5,909,040 |
| Sales tax | 2,441,150 | 2,903,646 | 2,628,612 | 2,530,875 | 2,402,731 |
| Franchise tax | 1,567,799 | 1,776,766 | 1,727,481 | 1,813,321 | 1,680,867 |
| Hotel occupancy tax | 226,160 | 201,907 | 187,113 | 174,520 | 178,697 |
| Alcoholic beverage tax | 39,667 | 36,870 | 33,239 | 29,557 | 25,908 |
| Licenses and permits | 170,491 | 133,966 | 260,088 | 188,538 | 199,595 |
| Fines and forfeitures | 510,837 | 448,543 | 234,270 | 246,336 | 242,510 |
| Charges for services | 1,105,249 | 1,063,301 | 998,126 | 979,194 | 966,101 |
| Revenues from use of money and property | 204,680 | 262,981 | 264,211 | 217,858 | 144,318 |
| Other | 125,264 | 267,106 | 238,558 | 187,300 | 197,534 |
| Intergovernmental | - | 21,875 | - | 3,680 | - |
| Total Revenues | 15,140,803 | 15,462,076 | 14,559,484 | 13,683,778 | 11,947,301 |
| Expenditures: | | | | | |
| General government | 1,031,563 | 1,021,181 | 950,869 | 929,826 | 898,806 |
| Public safety | 6,617,024 | 6,410,298 | 6,613,158 | 5,869,923 | 5,853,192 |
| Streets | 1,079,103 | 1,367,442 | 1,149,967 | 1,156,616 | 974,116 |
| Health | 372,315 | 263,001 | 239,133 | 235,836 | 220,742 |
| Equipment service | 135,368 | 135,959 | 118,263 | 113,954 | 107,558 |
| Cultural and recreational | 981,833 | 999,066 | 913,632 | 873,800 | 913,138 |
| Airport | 66,487 | 138,094 | 108,743 | 73,847 | 64,967 |
| Public works | 129,051 | 121,802 | 118,189 | 128,445 | 105,581 |
| Sanitation service | 830,594 | 916,147 | 779,185 | 820,262 | 653,104 |
| Debt service | 246,398 | 265,507 | 160,500 | 147,565 | 136,487 |
| Total Expenditures | 11,489,736 | 11,638,497 | 11,151,639 | 10,350,074 | 9,927,691 |
| Excess of Revenues Over Expenditures | 3,651,067 | 3,823,579 | 3,407,845 | 3,333,704 | 2,019,610 |
| Other Financing Sources (Uses): | | | | | |
| Transfers in | - | - | 76,874 | - | - |
| Transfers out | (3,423,616) | (3,481,382) | (3,341,411) | (3,283,259) | (2,221,735) |
| Capital leases | - | 303,442 | 488,753 | 111,124 | 263,184 |
| Total Other Financing Sources (Uses): | (3,423,616) | (3,177,940) | (2,775,784) | (3,172,135) | (1,958,551) |
| Net Change in Fund Balance | 227,451 | 645,639 | 632,061 | 161,569 | 61,059 |
| Fund Balance - Beginning | 4,748,520 | 4,102,881 | 3,470,820 | 3,309,251 | 3,248,192 |
| Fund Balance - Ending | \$ 4,975,971 | \$ 4,748,520 | \$ 4,102,881 | \$ 3,470,820 | \$ 3,309,251 |

CITY OF ENNIS, TEXAS

MUNICIPAL SALES TAX COLLECTIONS

TABLE CD-10

| Calendar Year | Tax Collections | City of Ennis, Texas (1%) | Percent of Ad Valorem Tax Levy | Equivalent Ad Valorem Tax Rate | Ennis Economic Development Corporation (1/2%) (a) |
|---------------|-----------------|---------------------------|--------------------------------|--------------------------------|---------------------------------------------------|
| 2000 | \$ 2,617,411 | \$ 1,744,941 | 42.50 % | 0.26 | \$ 872,470 |
| 2001 | 2,716,553 | 1,811,035 | 39.86 | 0.24 | 905,518 |
| 2002 | 2,711,594 | 1,807,729 | 35.52 | 0.23 | 903,865 |
| 2003 | 3,170,208 | 2,113,472 | 38.64 | 0.24 | 1,056,736 |
| 2004 | 3,299,692 | 2,199,795 | 37.61 | 0.24 | 1,099,897 |
| 2005 | 3,618,542 | 2,412,361 | 33.18 | 0.24 | 1,206,181 |
| 2006 | 3,759,530 | 2,506,353 | 32.13 | 0.23 | 1,253,177 |
| 2007 | 3,972,964 | 2,648,643 | 32.11 | 0.23 | 1,324,321 |
| 2008 | 4,356,259 | 2,904,173 | 33.40 | 0.23 | 1,452,086 |
| 2009 (a) | 3,543,810 | 2,362,540 | 25.39 | 0.18 | 1,181,270 |

(a) Current year figures as of December 2009.
Source: State Comptroller's Office of the State of Texas

WATERWORKS AND SEWER SYSTEM OPERATING STATEMENT

TABLE CD-11

| | Fiscal Year Ended September 30 | | | | |
|------------------------------------------------------------------------|--------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2009 | 2008 | 2007 | 2006 | 2005 |
| Income (1) | \$ 7,443,123 | \$ 7,436,762 | \$ 7,322,219 | \$ 8,066,845 | \$ 7,038,913 |
| Operating Expenses (2) | 5,738,223 | 5,268,071 | 4,786,625 | 4,812,562 | 4,169,948 |
| Available for Debt Service | <u>\$ 1,704,900</u> | <u>\$ 2,168,691</u> | <u>\$ 2,535,594</u> | <u>\$ 3,254,283</u> | <u>\$ 2,868,965</u> |
| Annual Revenue Bond Debt Service Requirements | \$ - | \$ - | \$ - | \$ - | \$ - |
| Coverage of Annual Revenue Bond Requirements | - x | - x | - x | - x | - x |
| Annual Requirements on all Bonds Paid from System Revenues | \$ 2,373,032 | \$ 2,294,265 | \$ 2,300,192 | \$ 2,308,336 | \$ 1,793,502 |
| Coverage of Annual Requirements on all Bonds paid from System Revenues | 0.72 x | 0.95 x | 1.10 x | 1.41 x | 1.60 x |
| Customer Count: | | | | | |
| Water | 5,766 | 5,722 | 5,679 | 5,657 | 5,501 |
| Sewer | 5,442 | 5,386 | 5,290 | 5,266 | 5,165 |

(1) Includes operating revenues and nonoperating revenues.
(2) Depreciation is not included in Operating Expenses. The depreciation and amortization expense for the fiscal year ending September 30, 2009, amounted to \$1,775,224.

CITY OF ENNIS, TEXAS

WATER RATES

TABLE CD-12

(Rates Effective June 15, 2009)

Residential

| | | |
|---------------------------------------------------------------|----|-------|
| Monthly Minimum Per One Family Unit | \$ | 22.50 |
| Additional Cost Per 1,000 Gallons of Water Over 1,000 Gallons | \$ | 3.00 |

Commercial

| | | |
|-----------------------------------------------------------------------------------------|----|-------|
| Monthly Minimum Per One Family Unit (Apartments and Water Districts) or Commercial Unit | \$ | 22.50 |
| Additional Cost Per 1,000 Gallons of Water Over 1,000 Gallons | \$ | 3.00 |

Source: City of Ennis, Texas

PRINCIPAL WATER CUSTOMERS - FISCAL YEAR 2009

TABLE CD-13

| <u>Name of Customer</u> | <u>Average Monthly Consumption (000 Gallons)</u> | <u>Average Monthly Bill</u> |
|--------------------------------|------------------------------------------------------|-----------------------------|
| Elk Corporation of Texas | 7,953 | \$ 23,018 |
| East Garrett Water | 4,962 | 21,112 |
| Ennis Tractebel Power Co. L.P. | 3,041 | 8,782 |
| Community Water Company | 1,998 | 10,602 |
| Ennis Acquisitions, Inc. | 1,640 | 4,771 |
| Silverton Village Town Homes | 1,573 | 9,289 |
| Sterilite | 1,477 | 4,299 |
| Ennis Regional Medical Center | 936 | 2,748 |
| Ennis Care Center | 697 | 2,026 |
| East Burnett Villas, LTD | 585 | 3,233 |
| Totals | <u>24,862</u> | <u>\$ 89,880</u> |

Source: City of Ennis, Texas

CITY OF ENNIS, TEXAS

SEWER RATES

TABLE CD-14

(Rates Effective June 15, 2009)

Residential

| | | |
|-------------------------------------------------------------------------------------------------|----|-------|
| Monthly Minimum Per One Family Unit (Including Apartments) | \$ | 17.10 |
| Additional Cost Per 1,000 Gallons of Water Over 1,000 Gallons up to and Including 5,000 Gallons | \$ | 1.44 |

Commercial

| | | |
|---------------------------------------------------------------|----|-------|
| Monthly Minimum Per Commercial Unit | \$ | 18.30 |
| Additional Cost Per 1,000 Gallons of Water Over 1,000 Gallons | \$ | 1.55 |

Source: City of Ennis, Texas

PRINCIPAL SEWER CUSTOMERS - FISCAL YEAR 2009

TABLE CD-15

| <u>Name of Customer</u> | <u>Average Monthly Consumption (000 Gallons)</u> | <u>Average Monthly Bill</u> |
|--------------------------------|--------------------------------------------------|-----------------------------|
| Elk Corporation of Texas | 7,953 | \$ 12,343 |
| Ennis Tractebel Power Co. L.P. | 3,041 | 4,730 |
| Ennis Acquisitions, Inc. | 1,640 | 2,558 |
| Silverton Village Town Homes | 1,573 | 5,548 |
| Sterilite | 1,477 | 2,305 |
| City of Garrett | 1,205 | 4,330 |
| Ennis Regional Medical Center | 936 | 815 |
| Ennis Care Center | 697 | 1,096 |
| East Burnett Villas, LTD | 585 | 1,798 |
| Grace Town homes | 583 | 2,439 |
| Totals | <u>19,690</u> | <u>\$ 37,962</u> |

Source: City of Ennis, Texas