

CITY OF ENNIS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 2008

Issued By
Department of Administration
Steve Howerton, City Manager

INTRODUCTORY SECTION

CITY OF ENNIS, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended September 30, 2008

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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 20, 2009

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, 2008, 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, 2008, 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, 2008, 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 28.03 square miles and a population of 19,300. 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 52.

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 \$416.2 million.

Since fiscal year 2000, industrial employment in Ennis has increased from 3,851 to 4,618 (an increase of 19.9%).

Ennis sales tax collections increased 10.4% during fiscal year 2008 while sales tax collection statewide increased 5.6%.

Total taxable value for all residential, commercial and industrial property in the City of Ennis exceeded \$1,159,974,237 for fiscal year 2008, a 5.5% increase from the previous year.

Residential, commercial and industrial building permit value exceeded \$28.7 million for fiscal year 2008.

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 54.2% of the 28.03 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.

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 3.3526%.

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, 2007. This was the twenty-first 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.

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.

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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, 2007

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.



Oliver S. Cox

President

Jeffrey R. Emery

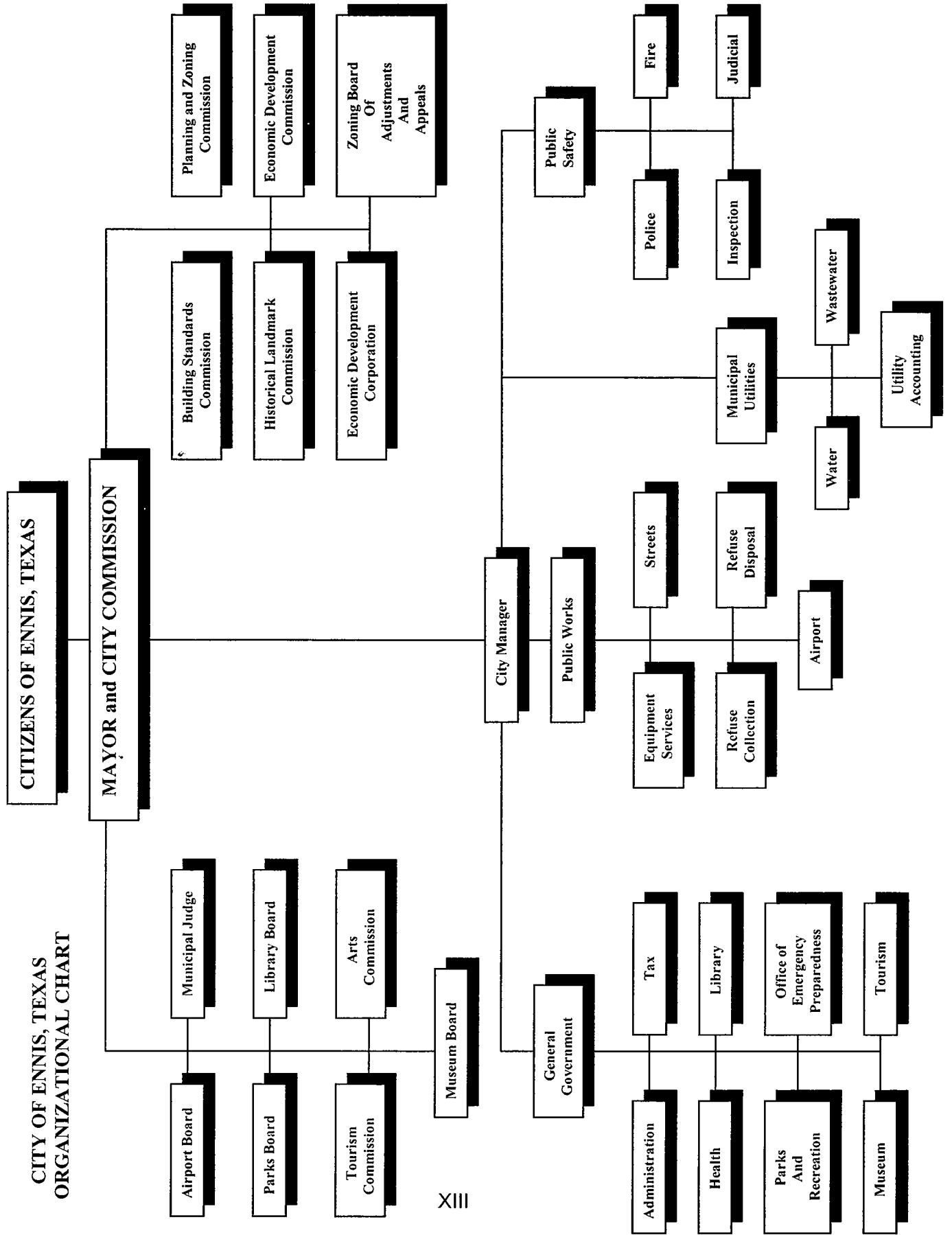
Executive Director

CITY OFFICIALS

September 30, 2008

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, 2008, 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, 2008, 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

December 31, 2008



CITY OF ENNIS, TEXAS
P.O. Box 220 • Ennis, Texas 75120 • (972) 878-1234 • FAX (972) 875-9086
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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, 2008. 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 \$56,926,848 (net assets). Of this amount, \$6,377,861 (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 \$5,033,798.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,490,939. Over 90% of this total amount, \$6,781,682 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 \$4,720,499 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, Debt Service and 2006 Street Construction, all of which are considered to be major funds. Data from the other fifteen 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 21-51 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 52-64 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 \$56,926,848 as of September 30, 2008.

A large portion of the City's net assets (86%) 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			
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 9,297,875	\$ 10,197,423	\$ 6,242,348	\$ 7,606,891	\$ 15,540,223	\$ 17,804,314
Capital assets	75,610,291	72,855,654	43,034,777	43,125,612	118,645,068	115,981,266
Total assets	<u>84,908,166</u>	<u>83,053,077</u>	<u>49,277,125</u>	<u>50,732,503</u>	<u>134,185,291</u>	<u>133,785,580</u>
Long term liabilities	54,646,549	57,133,690	20,551,735	21,656,841	75,198,284	78,790,531
Other liabilities	1,224,828	1,648,337	835,331	1,453,662	2,060,159	3,101,999
Total liabilities	<u>55,871,377</u>	<u>58,782,027</u>	<u>21,387,066</u>	<u>23,110,503</u>	<u>77,258,443</u>	<u>81,892,530</u>
Net assets:						
Invested in capital assets,						
net of related debt	25,564,527	20,433,608	23,258,282	22,399,684	48,822,809	42,833,292
Restricted	815,682	636,410	910,496	869,361	1,726,178	1,505,771
Unrestricted	<u>2,656,580</u>	<u>3,201,032</u>	<u>3,721,281</u>	<u>4,352,955</u>	<u>6,377,861</u>	<u>7,553,987</u>
Total net assets	<u>\$ 29,036,789</u>	<u>\$ 24,271,050</u>	<u>\$ 27,890,059</u>	<u>\$ 27,622,000</u>	<u>\$ 56,926,848</u>	<u>\$ 51,893,050</u>

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 \$6,377,861 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 through the use of contributions from other governments, 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, 2008. Governmental activities increased the City's net assets by \$4,765,739, accounting for 95% of the total growth in net assets. Business-type activities increased the City's net assets by \$268,059, accounting for 5% of the total growth in net assets.

CITY OF ENNIS' CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 2,204,161	\$ 1,548,437	\$ 7,261,194	\$ 6,973,507	\$ 9,466,355	\$ 8,521,944
Operating grants and contributions	214,596	100,327	-	-	214,596	100,327
Capital grants and contributions	3,690,360	890,863	776,495	835,945	4,466,855	1,726,808
General revenues:						
Property tax	8,361,599	7,951,310	-	-	8,361,599	7,951,310
Sales tax	2,903,646	2,628,612	-	-	2,903,646	2,628,612
Franchise tax	1,776,766	1,727,481	-	-	1,776,766	1,727,481
Hotel occupancy tax	201,907	187,113	-	-	201,907	187,113
Alcoholic beverage tax	36,870	33,239	-	-	36,870	33,239
Grants and contributions not restricted to specific programs	122,160	123,660	-	-	122,160	123,660
Investment earnings	403,454	1,137,163	175,568	348,712	579,022	1,485,875
Miscellaneous	266,051	238,680	-	-	266,051	238,680
Total revenues	20,181,570	16,566,885	8,213,257	8,158,164	28,394,827	24,725,049
Expenses:						
General government	1,049,185	962,857	-	-	1,049,185	962,857
Public safety	6,589,219	6,229,907	-	-	6,589,219	6,229,907
Streets	2,146,724	2,062,819	-	-	2,146,724	2,062,819
Health	269,268	244,803	-	-	269,268	244,803
Equipment services	138,600	124,321	-	-	138,600	124,321
Cultural and recreational	1,116,293	1,027,352	-	-	1,116,293	1,027,352
Airport	188,539	170,277	-	-	188,539	170,277
Hospital	1,368,654	110,590	-	-	1,368,654	110,590
Public works	131,586	122,361	-	-	131,586	122,361
Sanitation services	849,638	810,890	-	-	849,638	810,890
Interest on long-term debt	1,632,868	1,519,830	-	-	1,632,868	1,519,830
Water	-	-	4,362,447	4,029,651	4,362,447	4,029,651
Sewer	-	-	3,518,008	3,218,426	3,518,008	3,218,426
Total expenses	15,480,574	13,386,007	7,880,455	7,248,077	23,361,029	20,634,084
Increase in net assets before transfers	4,700,996	3,180,878	332,802	910,087	5,033,798	4,090,965
Transfers	64,743	100,000	(64,743)	(100,000)	-	-
Increase in net asset	4,765,739	3,280,878	268,059	810,087	5,033,798	4,090,965
Net assets - beginning	24,271,050	20,990,172	27,622,000	26,811,913	51,893,050	47,802,085
Net assets - ending	\$ 29,036,789	\$ 24,271,050	\$ 27,890,059	\$ 27,622,000	\$ 56,926,848	\$ 51,893,050

- Property taxes increased by \$410,289 (5.1%) during the year. The majority of this increase is the product of a 5.5% increase in the net taxable assessed valuation.
- For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.
- Charges for services for business-type activities increased by 4.1%, which resulted from increased water sales due to a dry year.

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 \$7,490,939. Approximately 91% of this total amount \$6,781,682 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 \$296,313, 2) to pay for debt service \$384,923 and 3) for a variety of other restricted purposes \$28,021.

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 \$4,720,499, while total fund balance reached \$4,748,520. 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 41% of that same amount.

The fund balance of the City's general fund increased \$645,639 during the current fiscal year. The City's net taxable assessed valuation increased 5.5% during the current fiscal year. This produced additional revenues of \$410,289.

The debt service fund has a total fund balance of \$681,236, \$296,313 of which is reserved for a note receivable. The net decrease in fund balance during the current year in the debt service fund was \$23,879.

The 2006 street construction fund has a total fund balance of \$1,035,863. The net decrease in fund balance during the current year in the 2006 street construction fund was \$1,224,454.

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 \$3,721,281. Net assets increased in 2008 by \$268,059. 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 revenues of \$15,462,076 exceeded budgeted revenues of \$14,587,186 by \$874,890. Following are the main components of the increase of actual revenue compared to budgeted revenue:

- The \$219,418 (3%) increase in property tax resulted primarily from growth in the commercial and industrial tax base.
- The sales tax increase of \$322,125 (12%) is due to increased economic activity within the city.

Budgeted general fund expenditures of \$12,172,374 exceeded actual expenditures of \$11,638,497. This \$533,877 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, 2008 amounts to \$118,645,068 (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 \$1,500,000 for improvements to US 287 Bypass and other street improvements of approximately \$1,400,000 from developer contributions
- Equipment purchases of approximately \$405,000 from lease proceeds

**Capital Assets at Year-End
Net of Accumulated Depreciation**

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 6,027,066	\$ 6,027,066	\$ 241,639	\$ 241,639	\$ 6,268,705	\$ 6,268,705
Construction in progress	4,491,778	2,585,389	40,717	4,799,958	4,532,495	7,385,347
Buildings	28,572,204	29,368,152	5,580,998	5,767,511	34,153,202	35,135,663
Improvements	979,700	1,045,790	35,964,200	31,160,118	36,943,900	32,205,908
Machinery and equipment	9,369,072	9,773,549	439,152	354,921	9,808,224	10,128,470
Infrastructure	26,170,471	24,055,708	-	-	26,170,471	24,055,708
Water rights	-	-	768,071	801,465	768,071	801,465
Total	\$ 75,610,291	\$ 72,855,654	\$ 43,034,777	\$ 43,125,612	\$ 118,645,068	\$ 115,981,266

Additional information on the City of Ennis capital assets can be found in note 4 on pages 32-37 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 \$74,321,745. Of this amount, \$52,820,000 comprises bonded debt backed by the full faith and credit of the government. The notes payable of \$296,313 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 Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
	Certificates of obligation	\$ 6,868,292	\$ 8,560,000	\$ 6,966,708	\$ 11,695,000	\$ 13,835,000
General obligations	25,199,534	25,410,470	13,785,466	10,159,529	38,985,000	35,569,999
Notes payable	296,313	319,107	-	-	296,313	319,107
Development agreement payable	21,205,434	21,750,327	-	-	21,205,434	21,750,327
Total	\$ 53,569,573	\$ 56,039,904	\$ 20,752,174	\$ 21,854,529	\$ 74,321,747	\$ 77,894,433

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

	Moody's	Standard & 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 40-47 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In the 2008-09 Budget, General Fund revenues and transfers in are budgeted to increase by 3.0% from the 2007-08 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 4.6% as compared to the State of Texas, which is 4.3%. The City's budgets for all funds have benefited from a strong and expanding local economy over the past several years, but in this coming fiscal year, the City's budget has been adjusted in anticipation of a potential economic slowdown that has been evidenced elsewhere within the state. During the past year, growth in statewide sales tax receipts has slowed, indicating a possible future downturn in the rate of growth of the state economy. The sales tax revenue source is the most volatile city revenue and is subject to decline if the local economy fails to maintain growth. A decrease in the amount of interest income could also be a factor during this budget year if the Federal Reserve decides to lower interest rates.

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 2008-09 budget year represents the fourth year with a restructured water rate and the sixth year with a restructured sewer rate. Water and sewer rates were restructured to meet debt service requirements for water and sewer system expansions totaling more than \$12 million and to cover increased operating costs for the expanded 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, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash	\$ 958,960	\$ 699,950	\$ 1,658,910	\$ 3,632,213
Investments	5,376,236	3,339,714	8,715,950	-
Receivables (net of allowance for uncollectibles)	2,193,113	876,909	3,070,022	-
Due from primary government	-	-	-	272,291
Internal balances	125,077	(125,077)	-	-
Inventories	112,075	119,988	232,063	-
Prepaid items	132,900	-	132,900	-
Deferred charges	399,514	346,752	746,266	367,424
Restricted assets:				
Cash	-	527,535	527,535	-
Investments	-	456,577	456,577	-
Capital assets:				
Non-depreciable	10,518,844	282,356	10,801,200	4,658,123
Depreciable (net of accumulated depreciation)	65,091,447	42,752,421	107,843,868	34,342
Total assets	<u>84,908,166</u>	<u>49,277,125</u>	<u>134,185,291</u>	<u>8,964,393</u>
LIABILITIES				
Accounts payable and other current liabilities	353,834	39,543	393,377	-
Accrued payroll payable	372,962	130,012	502,974	-
Accrued interest payable	225,741	143,934	369,675	67,755
Customer deposits payable	-	511,842	511,842	-
Due to component unit	272,291	-	272,291	-
Liabilities payable from restricted assets	-	10,000	10,000	-
Noncurrent liabilities:				
Due within one year	3,247,258	1,562,370	4,809,628	344,541
Due in more than one year	51,399,291	18,989,365	70,388,656	8,544,257
Total liabilities	<u>55,871,377</u>	<u>21,387,066</u>	<u>77,258,443</u>	<u>8,956,553</u>
NET ASSETS				
Invested in capital assets, net of related debt	25,564,527	23,258,282	48,822,809	(4,196,333)
Restricted for:				
Public safety	67,604	-	67,604	-
Cultural and recreational	329,089	-	329,089	-
Airport	34,066	-	34,066	-
Debt service	384,923	910,496	1,295,419	784,254
Capital projects	-	-	-	563,152
Unrestricted	2,656,580	3,721,281	6,377,861	2,856,767
Total net assets	<u>\$ 29,036,789</u>	<u>\$ 27,890,059</u>	<u>\$ 56,926,848</u>	<u>\$ 7,840</u>

See accompanying notes to financial statements.

CITY OF ENNIS, TEXAS
STATEMENT OF ACTIVITIES
Year Ended September 30, 2008

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	Total	Primary Government		Total	
						Governmental Activities	Business Activities		
Primary government:									
Governmental activities:									
General government	\$ 1,049,185	\$ 138,666	\$ -	\$ -	\$ (910,519)	\$ -	\$ -	\$ (910,519)	\$ -
Public safety	6,589,219	475,910	4,217	91,032	(6,018,060)	-	-	(6,018,060)	-
Streets	2,146,724	-	-	3,599,328	1,452,604	-	-	1,452,604	-
Health	269,268	-	-	-	(269,268)	-	-	(269,268)	-
Equipment services	138,600	-	-	-	(138,600)	-	-	(138,600)	-
Cultural and recreational	1,116,293	21,717	210,379	-	(884,197)	-	-	(884,197)	-
Airport	188,539	113,518	-	-	(75,021)	-	-	(75,021)	-
Hospital	1,368,654	544,893	-	-	(823,761)	-	-	(823,761)	-
Public works	131,586	19,561	-	-	(112,025)	-	-	(112,025)	-
Sanitation services	849,638	889,896	-	-	40,258	-	-	40,258	-
Interest on long-term debt	1,632,868	-	-	-	(1,632,868)	-	-	(1,632,868)	-
Total governmental activities	15,480,574	2,204,161	214,596	3,690,360	(9,371,457)	-	-	(9,371,457)	-
Business-type activities:									
Water	4,362,447	4,838,155	-	776,495	-	1,252,203	-	1,252,203	-
Sewer	3,518,008	2,423,039	-	-	-	(1,094,969)	-	(1,094,969)	-
Total business-type activities	7,880,455	7,261,194	-	776,495	-	157,234	-	157,234	-
Total primary government	\$ 23,361,029	\$ 9,465,355	\$ 214,596	\$ 4,466,855	(9,371,457)	157,234	(9,214,223)	(9,214,223)	-
Component unit:									
Ennis Economic Development Corporation	\$ 942,021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(942,021)
Total component unit	\$ 942,021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(942,021)
General revenues:									
Property tax						8,361,599		8,361,599	-
Sales tax						2,903,646		2,903,646	1,445,476
Franchise tax						1,776,766		1,776,766	-
Hotel occupancy tax						201,907		201,907	-
Alcoholic beverage tax						36,870		36,870	-
Grants and contributions not restricted to specific programs						122,160		122,160	-
Investment earnings						403,454	175,568	579,022	110,506
Miscellaneous						266,051		266,051	7,100
Transfers						64,743	(64,743)	-	-
Total general revenues						14,137,196	110,825	14,248,021	1,563,082
Change in net assets						4,765,739	268,059	5,033,798	621,061
Net assets - beginning						24,271,050	27,622,000	51,893,050	(613,221)
Net assets - ending						\$ 29,036,789	\$ 27,890,059	\$ 56,926,848	\$ 7,840

See accompanying notes to financial statements.

CITY OF ENNIS, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2008

	General	Debt Service	2006 Street Construction	Other Governmental Funds	Total Governmental Funds
ASSETS					
Assets:					
Cash - operating	\$ 275,631	\$ 384,923	\$ 60,019	\$ 238,387	\$ 958,960
Investments - operating	3,315,814	-	1,176,495	883,927	5,376,236
Receivables (net of allowance for uncollectibles)	1,896,800	296,313	-	-	2,193,113
Prepaid items	132,900	-	-	-	132,900
Due from other funds	189,134	-	-	6,343	195,477
Inventory	112,075	-	-	-	112,075
Total assets	<u>\$5,922,354</u>	<u>\$681,236</u>	<u>\$ 1,236,514</u>	<u>\$ 1,128,657</u>	<u>\$ 8,968,761</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 109,958	\$ -	\$ 200,651	\$ 32,937	\$ 343,546
Sales taxes payable	10,288	-	-	-	10,288
Accrued payroll payable	372,962	-	-	-	372,962
Due to other funds	-	-	-	70,400	70,400
Due to component unit	272,291	-	-	-	272,291
Deferred revenue	408,335	-	-	-	408,335
Total liabilities	<u>1,173,834</u>	<u>-</u>	<u>200,651</u>	<u>103,337</u>	<u>1,477,822</u>
Fund balances:					
Reserved for:					
Note	-	296,313	-	-	296,313
Court technology	28,021	-	-	-	28,021
Debt service	-	384,923	-	-	384,923
Unreserved:					
Designated for contingencies	2,031,322	-	-	-	2,031,322
Undesignated	2,689,177	-	1,035,863	-	3,725,040
Unreserved reported in nonmajor					
Special revenue funds	-	-	-	308,870	308,870
Capital projects funds	-	-	-	716,450	716,450
Total fund balances	<u>4,748,520</u>	<u>681,236</u>	<u>1,035,863</u>	<u>1,025,320</u>	<u>7,490,939</u>
Total liabilities and fund balances	<u>\$5,922,354</u>	<u>\$681,236</u>	<u>\$ 1,236,514</u>	<u>\$ 1,128,657</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	75,610,291
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	408,335
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(54,472,776)</u>
Net assets of governmental activities	<u>\$ 29,036,789</u>

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, 2008

	General	Debt Service	2006 Street Construction	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property tax	\$ 8,345,115	\$ -	\$ -	\$ -	\$ 8,345,115
Sales tax	2,903,646	-	-	-	2,903,646
Franchise tax	1,776,766	-	-	-	1,776,766
Hotel occupancy tax	201,907	-	-	-	201,907
Alcoholic beverage tax	36,870	-	-	-	36,870
Licenses and permits	133,966	-	-	-	133,966
Fines and forfeitures	448,543	-	-	-	448,543
Charges for current services	1,063,301	-	-	-	1,063,301
Revenues from use of money and property	262,981	32,784	62,496	45,193	403,454
Other revenue	267,106	-	-	13,458	280,564
Intergovernmental	21,875	122,160	2,051,724	73,374	2,269,133
Contributions and donations	-	-	-	210,379	210,379
Total revenues	<u>15,462,076</u>	<u>154,944</u>	<u>2,114,220</u>	<u>342,404</u>	<u>18,073,644</u>
EXPENDITURES					
Current:					
General government	1,021,181	-	-	-	1,021,181
Public safety	6,410,298	-	-	90,116	6,500,414
Streets	1,367,442	-	-	-	1,367,442
Health	263,001	-	-	-	263,001
Equipment services	135,959	-	-	-	135,959
Cultural and recreational	999,066	-	-	18,861	1,017,927
Airport	138,094	-	-	-	138,094
Public works	121,802	-	-	-	121,802
Sanitation services	916,147	-	-	-	916,147
Capital outlay:					
Streets	-	-	3,338,674	46,121	3,384,795
Airport	-	-	-	44,763	44,763
Hospital	-	-	-	130,570	130,570
Debt service:					
Principal retirement	230,543	2,163,932	-	-	2,394,475
Interest and fiscal charges	34,964	1,500,168	-	-	1,535,132
Bond issuance costs	-	66,722	-	-	66,722
Advance refunding escrow	-	142,081	-	-	142,081
Total expenditures	<u>11,638,497</u>	<u>3,872,903</u>	<u>3,338,674</u>	<u>330,431</u>	<u>19,180,505</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,823,579</u>	<u>(3,717,959)</u>	<u>(1,224,454)</u>	<u>11,973</u>	<u>(1,106,861)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	3,458,140	-	87,985	3,546,125
Transfers out	(3,481,382)	-	-	-	(3,481,382)
Refunding bonds issued	-	2,565,432	-	-	2,565,432
Payment to refunded bond escrow agent	-	(2,326,939)	-	-	(2,326,939)
Bond discount on refunding	-	(2,553)	-	-	(2,553)
Capital leases	303,442	-	-	-	303,442
Total other financing sources (uses)	<u>(3,177,940)</u>	<u>3,694,080</u>	<u>-</u>	<u>87,985</u>	<u>604,125</u>
Net change in fund balances	645,639	(23,879)	(1,224,454)	99,958	(502,736)
Fund balances at beginning of year	<u>4,102,881</u>	<u>705,115</u>	<u>2,260,317</u>	<u>925,362</u>	<u>7,993,675</u>
Fund balances at end of year	<u>\$ 4,748,520</u>	<u>\$ 681,236</u>	<u>\$ 1,035,863</u>	<u>\$ 1,025,320</u>	<u>\$ 7,490,939</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, 2008

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)	\$ (502,736)
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 capital outlays exceeded depreciation in the current period.	2,761,766
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	(7,129)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	15,435
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.	2,608,788
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>(110,385)</u>
Change in net assets of governmental activities (page 13)	<u>\$ 4,765,739</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, 2008

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under) Budget
REVENUES			
Property tax	\$ 8,125,697	\$ 8,345,115	\$ 219,418
Sales tax	2,581,521	2,903,646	322,125
Franchise tax	1,825,288	1,776,766	(48,522)
Hotel occupancy tax	193,253	201,907	8,654
Alcoholic beverage tax	26,642	36,870	10,228
Licenses and permits	147,821	133,966	(13,855)
Fines and forfeitures	295,845	448,543	152,698
Charges for current services	978,108	1,063,301	85,193
Revenues from use of money and property	237,796	262,981	25,185
Other revenue	175,215	267,106	91,891
Intergovernmental	-	21,875	21,875
Total revenues	<u>14,587,186</u>	<u>15,462,076</u>	<u>874,890</u>
EXPENDITURES			
Current:			
General government:			
City commission	65,116	57,786	(7,330)
Administration	741,637	733,013	(8,624)
Tourism	242,363	230,382	(11,981)
Total general government	<u>1,049,116</u>	<u>1,021,181</u>	<u>(27,935)</u>
Public safety:			
Police protection	3,491,543	3,331,346	(160,197)
Judicial	72,789	70,807	(1,982)
Fire protection	2,610,623	2,539,237	(71,386)
Inspection	489,192	468,908	(20,284)
Total public safety	<u>6,664,147</u>	<u>6,410,298</u>	<u>(253,849)</u>
Streets	1,460,039	1,367,442	(92,597)
Health	250,499	263,001	12,502
Equipment services	146,597	135,959	(10,638)
Cultural and recreational:			
Parks	598,986	602,734	3,748
Library	398,327	368,012	(30,315)
Museum	38,198	28,320	(9,878)
Total cultural and recreational	<u>1,035,511</u>	<u>999,066</u>	<u>(36,445)</u>
Airport	100,840	138,094	37,254
Public works	125,584	121,802	(3,782)
Sanitation services:			
Refuse collection	981,637	899,497	(82,140)
Refuse disposal	37,609	16,650	(20,959)
Total sanitation services	<u>1,019,246</u>	<u>916,147</u>	<u>(103,099)</u>
Debt service:			
Principal retirement	264,393	230,543	(33,850)
Interest and fiscal charges	56,402	34,964	(21,438)
Total debt service	<u>320,795</u>	<u>265,507</u>	<u>(55,288)</u>
Total expenditures	<u>12,172,374</u>	<u>11,638,497</u>	<u>(533,877)</u>
Excess of revenues over expenditures	<u>2,414,812</u>	<u>3,823,579</u>	<u>1,408,767</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(3,534,176)	(3,481,382)	52,794
Capital leases	304,500	303,442	(1,058)
Total other financing sources and uses	<u>(3,229,676)</u>	<u>(3,177,940)</u>	<u>51,736</u>
Net change in fund balance	(814,864)	645,639	1,460,503
Fund balance at beginning of year	814,864	4,102,881	3,288,017
Fund balance at end of year	<u>\$ -</u>	<u>\$ 4,748,520</u>	<u>\$ 4,748,520</u>

See accompanying notes to financial statements.

CITY OF ENNIS, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUND
September 30, 2008

	Business-type Activities - Enterprise (Water and Sewer) Fund
	Fund
ASSETS	
Current assets:	
Cash	\$ 699,950
Investments	3,339,714
Restricted assets:	
Investments	10,000
Receivables (net of allowance for uncollectibles)	876,909
Inventory	119,988
Total current assets	5,046,561
Noncurrent assets:	
Restricted assets:	
Cash	527,535
Investments	446,577
Total restricted assets	974,112
Capital assets (net, where applicable of accumulated depreciation)	43,034,777
Deferred charges	346,752
Total noncurrent assets	44,355,641
Total assets	49,402,202
LIABILITIES	
Current liabilities:	
Accounts payable	39,543
Bonds payable	1,405,703
Capital lease payable	18,741
Customer deposits payable	511,842
Accrued payroll payable	130,012
Accrued interest payable	143,934
Employee earned vacation	137,926
Due to other funds	125,077
Current liabilities payable from restricted assets:	
Accounts payable	10,000
Total current liabilities	2,522,778
Noncurrent liabilities:	
Bonds payable	18,916,472
Capital lease payable	72,893
Total noncurrent liabilities	18,989,365
Total liabilities	21,512,143
NET ASSETS	
Invested in capital assets, net of related debt	23,258,282
Restricted for:	
Debt service	910,496
Unrestricted	3,721,281
Total net assets	\$ 27,890,059

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, 2008

	Business-type Activities - Enterprise (Water and Sewer) Fund
	Fund
Operating revenues:	
Water revenue	\$ 4,838,155
Sewer revenue	2,423,039
Total operating revenues	7,261,194
Operating expenses:	
Salaries and wages	2,028,503
Supplies	520,393
Maintenance and replacement	478,673
Miscellaneous services	1,211,066
Sundry charges	1,029,436
Depreciation and amortization	1,623,302
Total operating expenses	6,891,373
Operating income	369,821
Nonoperating revenue (expenses):	
Interest on investments	175,568
Interest and fiscal charges	(900,415)
Bond issuance costs	(88,667)
Total nonoperating revenue (expenses)	(813,514)
Income (loss) before contributions and transfers	(443,693)
Capital contributions	776,495
Transfer out	(64,743)
	268,059
Change in net assets	268,059
Total net assets - beginning	27,622,000
Total net assets - ending	\$ 27,890,059

See accompanying notes to financial statements.

CITY OF ENNIS, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended September 30, 2008

	Business-type Activities - Enterprise (Water and Sewer) Fund
Cash flows from operating activities:	
Receipts from customers and users	\$ 7,529,192
Payments to suppliers	(3,263,560)
Payments to employees	(1,980,946)
Net cash provided (used) by operating activities	<u>2,284,686</u>
Cash flows from noncapital financing activities:	
Advances from other funds	17,368
Transfers to other funds	(64,743)
Net cash provided (used) by noncapital financing activities	<u>(47,375)</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(1,224,164)
Proceeds from sale of bonds	4,094,568
Bond issuance costs	(337,336)
Principal paid on revenue bond maturities	(5,196,924)
Interest and fiscal charges paid on revenue bonds	(878,553)
Principal paid on leased assets	(14,706)
Interest paid on leased assets	(1,959)
Net cash provided (used) by capital and related financing activities	<u>(3,559,074)</u>
Cash flows from investing activities:	
Interest on investments	179,970
Net cash provided (used) by investing activities	<u>179,970</u>
Net increase (decrease) in cash and cash equivalents	(1,141,793)
Cash and cash equivalents at beginning of year	<u>6,165,569</u>
Cash and cash equivalents at end of year	<u>\$ 5,023,776</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 369,821
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	1,623,302
(Increase) decrease in accounts receivable	246,558
(Increase) decrease in inventory	(23,351)
Increase (decrease) in accounts payable and accrued expenses	46,916
Net increase in customer deposits	21,440
Total adjustments	<u>1,914,865</u>
Net cash provided by operating activities	<u>\$ 2,284,686</u>
Noncash investing, capital and financing activities:	
Capital assets purchased on account	\$ 10,000
Capital assets purchased under capital lease	\$ 101,904
Contributions of capital assets from government and developers	\$ 776,495
See accompanying notes to financial statements.	

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

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.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-wide and fund financial statements (continued)

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.

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 and taxpayer-assessed taxes estimated to be collectible within sixty days after balance sheet date, sanitation collection fees, ambulance service, interest, special assessments and expenditure driven grants are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 2006 street construction fund accounts for improvements to streets from issuance of certificates of obligation.

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.

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.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 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.

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, 2008.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

CITY OF ENNIS, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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. The total interest expense incurred by the water and sewer fund during the current fiscal year was \$986,345. Of this amount, \$85,930 was included as part of the cost of capital assets under construction.

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

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.

CITY OF ENNIS, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(54,472,776) difference are as follows:

Bonds payable	\$ (32,067,826)
Less: Issuance discount (to be amortized as interest expense)	8,664
Less: Issuance premium (to be amortized as interest expense)	(81,053)
Less: Deferred charge on refunding (to be amortized as interest expense)	207,768
Less: Deferred charge for issuance costs (to be amortized as interest expense)	399,514
Accrued interest payable	(225,741)
Notes payable	(296,313)
Development agreement payable	(21,205,434)
Compensated absences	(381,741)
Capital lease payable	(830,614)
	(830,614)
Net adjustments to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	\$ (54,472,776)

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

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

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 \$2,761,766 difference are as follows:

Depreciation expense	\$ (2,865,297)
Capital outlay	<u>5,627,063</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>\$ 2,761,766</u>

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 \$2,608,788 difference are as follows:

Debt issued or incurred:	
General obligation debt	\$ (2,565,432)
Less :Issuance discount	2,553
Less :Deferred charge on refunding	142,081
Less :Deferred charge for issuance costs	66,722
Capital lease financing	(303,442)
Principal repayments:	
General obligation debt	2,141,137
Notes payable	22,794
Development agreement	544,893
Capital lease	230,543
Payment to escrow agent for refunding	<u>2,326,939</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>\$ 2,608,788</u>

CITY OF ENNIS, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2008

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 “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 \$(110,385) difference are as follows:

Amortization of bond discounts	\$	(694)
Amortization of bond premiums		4,503
Amortization of deferred charge on refunding		(47,052)
Compensated absences		(11,682)
Accrued interest		47,065
Amortization of issuance costs		(102,525)
Net adjustments to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$	(67,142)

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, debt service and water and sewer funds. 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. Excess of expenditures/expenses over appropriations in individual funds

The Debt Service fund expenditures exceeded appropriations by \$186,775. This excess was funded by excess other financing sources in the amount of \$179,904 and beginning fund balance.

D. Deficit fund equity

The Law Enforcement Block Grant special revenue fund had a deficit fund balance of \$4,057 as of September 30, 2008. The City plans to transfer funds from the General Fund to cover the deficit.

CITY OF ENNIS, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2008

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, 2008. At year end, the bank balance of the City’s deposits was \$3,330,164. Of the bank balance, \$309,074 was covered by federal depository insurance and the remaining balance, \$2,991,090, 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 \$24,981,702.

At year end the bank balance of the Corporation’s deposits was \$3,632,463. Of the bank balance, \$200,000 was covered by federal depository insurance and the remaining balance, \$3,432,463 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 \$4,024,800.

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.

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	<u>\$ 9,172,527</u>	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.

CITY OF ENNIS, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

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:

	General	Debt Service	Water and Sewer	Total
Receivables:				
Note	\$ -	\$ 296,313	\$ -	\$ 296,313
Taxes	1,951,275	-	-	1,951,275
Accounts	114,529	-	892,233	1,006,762
Special assessments	21,225	-	-	21,225
Other	8,082	-	-	8,082
Gross receivables	<u>2,095,111</u>	<u>296,313</u>	<u>892,233</u>	<u>3,283,657</u>
Less: allowance for uncollectibles	(198,311)	-	(15,324)	(213,635)
Net total receivables	<u>\$ 1,896,800</u>	<u>\$ 296,313</u>	<u>\$ 876,909</u>	<u>\$ 3,070,022</u>

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:

	<u>Unavailable</u>
Delinquent property taxes receivable (general fund)	\$ 388,186
Street assessments receivable (general fund)	20,149
Total deferred revenue for governmental funds	<u>\$ 408,335</u>

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

C. Capital assets

Capital asset activity for the year ended September 30, 2008, was as follows:

Primary Government -

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,027,066	\$ -	\$ -	\$ 6,027,066
Construction in progress	2,585,389	3,391,164	(1,484,775)	4,491,778
Total capital assets not being depreciated	<u>8,612,455</u>	<u>3,391,164</u>	<u>(1,484,775)</u>	<u>10,518,844</u>
Capital assets being depreciated:				
Buildings	30,991,042	-	-	30,991,042
Improvements	2,126,864	-	-	2,126,864
Machinery and equipment	14,381,632	688,295	(359,014)	14,710,913
Infrastructure	34,855,846	3,032,379	-	37,888,225
Totals capital assets being depreciated	<u>82,355,384</u>	<u>3,720,674</u>	<u>(359,014)</u>	<u>85,717,044</u>
Less accumulated depreciation for:				
Buildings	(1,622,890)	(795,948)	-	(2,418,838)
Improvements	(1,081,074)	(66,090)	-	(1,147,164)
Machinery and equipment	(4,608,083)	(1,085,643)	351,885	(5,341,841)
Infrastructure	(10,800,138)	(917,616)	-	(11,717,754)
Total accumulated depreciation	<u>(18,112,185)</u>	<u>(2,865,297)</u>	<u>351,885</u>	<u>(20,625,597)</u>
Total capital assets, being depreciated, net	<u>64,243,199</u>	<u>855,377</u>	<u>(7,129)</u>	<u>65,091,447</u>
Governmental activities capital assets, net	<u>\$ 72,855,654</u>	<u>\$ 4,246,541</u>	<u>\$ (1,491,904)</u>	<u>\$ 75,610,291</u>

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

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	4,799,958	515,581	(5,274,822)	40,717
Total capital assets not being depreciated	<u>5,041,597</u>	<u>515,581</u>	<u>(5,274,822)</u>	<u>282,356</u>
Capital assets being depreciated:				
Buildings	9,622,243	-	-	9,622,243
Improvements	42,111,854	6,106,536	-	48,218,390
Machinery and equipment	1,456,698	185,172	(15,631)	1,626,239
Water rights	1,001,831	-	-	1,001,831
Total capital assets being depreciated	<u>54,192,626</u>	<u>6,291,708</u>	<u>(15,631)</u>	<u>60,468,703</u>
Less accumulated depreciation for:				
Buildings	(3,854,732)	(186,513)	-	(4,041,245)
Improvements	(10,951,736)	(1,302,454)	-	(12,254,190)
Machinery and equipment	(1,101,777)	(100,941)	15,631	(1,187,087)
Water rights	(200,366)	(33,394)	-	(233,760)
Total accumulated depreciation	<u>(16,108,611)</u>	<u>(1,623,302)</u>	<u>15,631</u>	<u>(17,716,282)</u>
Total capital assets being depreciated, net	<u>38,084,015</u>	<u>4,668,406</u>	<u>-</u>	<u>42,752,421</u>
Business-type capital assets, net	<u>\$ 43,125,612</u>	<u>\$ 5,183,987</u>	<u>\$ (5,274,822)</u>	<u>\$ 43,034,777</u>

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

Governmental activities:	
General government	\$ 15,906
Public safety	361,300
Streets	947,937
Health	5,784
Equipment services	8,737
Cultural and recreational	162,965
Airport	40,595
Hospital	1,255,676
Public works	8,796
Sanitation services	57,601
Total depreciation expense - governmental activities	<u>\$ 2,865,297</u>

CITY OF ENNIS, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

C. Capital assets (continued)

Business-type activities:		
Water	\$	923,994
Sewer		<u>699,308</u>
Total depreciation expense - business-type activities		<u><u>\$ 1,623,302</u></u>

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

Construction Commitments –

The City has construction projects outstanding as of September 30, 2008. These projects are evidenced by contractual commitments with contractors and include:

<u>Project</u>	<u>Spent-to-date</u>	<u>Commitment Remaining</u>
Street improvements	\$ 4,424,437	\$ 108,159
Water and sewer system improvements	<u>24,676</u>	<u>135,324</u>
Totals	<u><u>\$ 4,449,113</u></u>	<u><u>\$ 243,483</u></u>

The street improvements projects are commitments of the City's capital projects funds. The water and sewer system improvements project is a commitment of the City's enterprise fund. These projects are being funded by grants and the proceeds of general obligation and revenue bonds, respectively.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

C. Capital assets (continued)

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	(274,744)	(34,343)	-	(309,087)
Total accumulated depreciation	(274,744)	(34,343)	-	(309,087)
Total capital assets being depreciated, net	68,685	(34,343)	-	34,342
Corporation capital assets, net	<u>\$ 4,726,808</u>	<u>\$ (34,343)</u>	<u>\$ -</u>	<u>\$ 4,692,465</u>

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.

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.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

C. Capital assets (continued)

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.

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.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

C. Capital assets (continued)

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.

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.

CITY OF ENNIS, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

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	\$ 125,077
	Nonmajor governmental funds	64,057
Nonmajor governmental funds	Nonmajor governmental funds	6,343
		\$ 195,477

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:

Transfer out:	Transfer In:		
	Debt	Nonmajor	Total
	Service	Governmental	
General	\$ 3,458,140	\$ 23,242	\$ 3,481,382
Water and Sewer	-	64,743	64,743
	\$ 3,458,140	\$ 87,985	\$ 3,546,125

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

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, 2008 totaled \$544,893.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

E. Lease (continued)

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	(1,360,315)
Total	<u>\$ 34,697,566</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, 2008. The future minimum lease payments as of September 30, 2008 are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2009	\$ 14,172
2010	5,855
	<u>\$ 20,027</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%.

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Machinery and equipment	\$ 1,579,457	\$ 114,354
Less: accumulated depreciation	(466,146)	(17,830)
Total	<u>\$ 1,113,311</u>	<u>\$ 96,524</u>

Primary Government

Annual debt service requirements to maturity are as follows –

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

E. Lease (continued)

Year Ending September 30	Capital Lease Obligations			
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 203,922	\$ 29,183	\$ 18,741	\$ 2,254
2010	169,321	21,874	20,065	1,881
2011	155,662	15,689	20,666	1,280
2012	142,820	10,031	21,283	663
2013	94,231	4,677	10,879	94
2014	64,658	1,577	-	-
	\$ 830,614	\$ 83,031	\$ 91,634	\$ 6,172

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:

Series	Issue Amount	Maturity Date	Interest Rate	Year-end Balances
1998	\$ 2,750,000	8/1/2018	4.0-6.0	\$ 1,710,000
2001	2,000,000	8/1/2021	4.2-5.7	960,000
2002	2,500,000	8/1/2022	4.0-5.125	1,213,292
2006	3,000,000	8/1/2027	4.0-5.0	2,985,000
Total				\$ 6,868,292
				\$ 423,997

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

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term debt (continued)

Series	Issue Amount	Maturity Date	Interest Rate	Year-end Balances
2000	\$ 11,000,000	8/1/2020	5.25-7.25	\$ 1,005,000
2002	12,285,000	8/1/2022	4.0-5.125	5,961,708
Total				<u>\$ 6,966,708</u>
Amount due within one year				<u>\$ 1,001,004</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:

Series	Issue Amount	Maturity Date	Interest Rate	Year-end Balances
2000	\$ 2,500,000	8/1/2020	5.25-7.25	\$ 225,000
2002	10,430,000	8/1/2022	4.00-5.125	4,995,000
2003	1,079,784	8/1/2015	2.00-3.875	698,824
2005	15,000,000	8/1/2025	3.50-4.25	13,395,000
2005	3,446,465	8/1/2020	3.00-4.15	3,372,280
2007	2,565,432	8/1/2022	3.625-4.00	2,513,430
Total				<u>\$ 25,199,534</u>
Amount due within one year				<u>\$ 1,741,578</u>

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	\$ 2,236,177
2005	7,703,535	8/1/2020	3.00-4.15	7,537,719
2007	4,094,568	8/1/2022	3.625-4.00	4,011,570
				<u>\$ 13,785,466</u>
Amount due within one year				<u>\$ 508,423</u>

CITY OF ENNIS, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term debt (continued)

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	\$ 470,430
2003	2,000,000	8/1/2043	6.85	1,940,000
2004	1,300,000	8/1/2024	5.25-5.625	1,125,000
2008	5,460,000	8/1/2024	3.50-5.25	5,405,000
Total				<u>\$ 8,940,430</u>
				<u>\$ 300,000</u>

Amount due within one year

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, 2008 totaled \$296,313. The amount due within one year totals \$22,794.

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, 2008 totaled \$296,313. The amount due within one year totals \$22,794.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term debt (continued)

Development Agreement Payable –

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

The purchase price paid at closing was reduced by an amount identified as rent under the terms of the development agreement and the terms of a lease agreement (described in Note 4 E.). This development agreement payable (\$21,205,434) 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, 2008 totaled \$21,205,434. 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
2009	\$ 423,997	\$ 301,246	\$ 1,741,578	\$ 1,053,225	\$ 22,794
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
2014-2018	2,633,553	736,080	6,864,134	2,814,779	113,970
2019-2023	1,047,408	315,319	7,102,873	1,280,129	68,373
2024-2027	840,000	95,775	2,115,000	135,788	-
	<u>\$ 6,868,292</u>	<u>\$ 2,458,394</u>	<u>\$ 25,199,534</u>	<u>\$ 8,756,266</u>	<u>\$ 296,313</u>

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

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
2009	\$ 1,001,004	\$ 339,090	\$ 508,423	\$ 5,720
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
2014-2018	2,351,448	485,401	5,440,863	772,556
2019-2022	822,590	107,949	4,162,127	268,176
	<u>\$ 6,966,708</u>	<u>\$ 1,836,559</u>	<u>\$ 13,785,466</u>	<u>\$ 1,877,951</u>

Corporation

Year Ending September 30	Component Unit		
	Sales Tax Revenue Bonds		Note Payable
	Principal	Interest	Principal
2009	\$ 300,000	\$ 666,915	\$ 22,794
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
2014-2018	2,050,000	1,722,384	113,968
2019-2023	2,640,000	1,134,704	68,375
2024-2028	1,028,285	2,458,194	-
2029-2033	506,650	2,900,118	-
2034-2038	465,495	807,275	-
2039-2043	610,000	131,178	-
	<u>\$ 8,940,430</u>	<u>\$ 11,506,823</u>	<u>\$ 296,313</u>

Advance Refunding -

The City issued \$6,660,000 of general obligation refunding bonds to provide resources to purchase U.S. Treasury securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$6,105,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities and the business type activities columns in the statement of net assets in the amount of \$2,326,938 and \$3,778,062, respectively. This advance refunding was undertaken to reduce total debt service payments over the next 14 years by \$264,573 and resulted in an economic gain of \$204,842. The outstanding principal of the defeased bonds is \$6,105,000.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term debt (continued)

The Corporation issued \$5,460,000 of sales tax revenue refunding bonds to provide resources to purchase U.S. Treasury securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$4,890,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column in the statement of activities. This advance refunding was undertaken to reduce total debt service payments over the next 16 years by \$332,338 and resulted in an economic gain of \$371,850. On September 30, 2008, \$2,655,000 of bonds outstanding is considered defeased.

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, 2008, \$8,760,000 of bonds outstanding are considered defeased.

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, 2008 were \$122,160.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term debt (continued)

Changes in long-term liabilities –

Long-term liability activity for the year ended September 30, 2008, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balances	Due Within One Year
Primary Government					
Governmental activities:					
Certificate of obligation	\$ 8,560,000	\$ -	\$ (1,691,708)	\$ 6,868,292	\$ 423,997
General obligation bonds	25,410,470	2,565,432	(2,776,368)	25,199,534	1,741,578
Adjust for deferred amounts:					
For issuance discount	(6,805)	(2,553)	694	(8,664)	(29,118)
For issuance premium	85,556	-	(4,503)	81,053	4,503
On refunding	(112,739)	(142,081)	47,052	(207,768)	(47,052)
Total bonds payable	33,936,482	2,420,798	(4,424,833)	31,932,447	2,093,908
Note payable	319,107	-	(22,794)	296,313	22,794
Development agreement payable	21,750,327	-	(544,893)	21,205,434	544,893
Vacation Payable	370,059	449,704	(438,022)	381,741	381,741
Capital lease obligations	757,715	303,442	(230,543)	830,614	203,922
	<u>57,133,690</u>	<u>3,173,944</u>	<u>(5,661,085)</u>	<u>54,646,549</u>	<u>3,247,258</u>
Business-type activities:					
Certificates of obligation	11,695,000	-	(4,728,292)	6,966,708	1,001,004
General obligation bonds	10,159,530	4,094,568	(468,632)	13,785,466	508,423
Less deferred amounts:					
For issuance discount	(67,972)	(4,074)	22,279	(49,767)	(4,316)
On refunding	(252,871)	(226,769)	99,408	(380,232)	(99,408)
Total bonds payable	21,533,687	3,863,725	(5,075,237)	20,322,175	1,405,703
Vacation payable	118,719	148,435	(129,228)	137,926	137,926
Capital lease obligations	4,436	101,904	(14,706)	91,634	18,741
	<u>21,656,842</u>	<u>4,114,064</u>	<u>(5,219,171)</u>	<u>20,551,735</u>	<u>1,562,370</u>
	<u>\$ 78,790,532</u>	<u>\$ 7,288,008</u>	<u>\$ (10,880,256)</u>	<u>\$ 75,198,284</u>	<u>\$ 4,809,628</u>
Corporation					
Sales tax revenue bonds	\$ 8,660,430	\$ 5,460,000	\$ (5,180,000)	\$ 8,940,430	\$ 300,000
Adjust for deferred amounts:					
For issuance discount	-	(5,981)	352	(5,629)	352
On refunding	-	(363,711)	21,395	(342,316)	21,395
Total bonds payable	<u>8,660,430</u>	<u>5,090,308</u>	<u>(5,158,253)</u>	<u>8,592,485</u>	<u>321,747</u>
Note payable	319,107	-	(22,794)	296,313	22,794
	<u>\$ 8,979,537</u>	<u>\$ 5,090,308</u>	<u>\$ (5,181,047)</u>	<u>\$ 8,888,798</u>	<u>\$ 344,541</u>

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term debt (continued)

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.

G. Restricted assets

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

Revenue bond construction account	\$ 73,616
Revenue bond current debt service account	421,804
Revenue bond future debt service account	488,692
	<u>\$ 984,112</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.

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:

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE 5 – OTHER INFORMATION (continued)

B. Commitments (continued)

<u>Contract Period</u>		<u>Monthly Payment</u>	<u>Annual Payment</u>	<u>Total of Payments</u>
10/01/08	12/31/14	\$ 14,029	\$ 168,348	\$ 1,052,175
01/01/15	12/31/17	9,609	115,308	345,924
Grand total payments				<u>\$ 1,398,099</u>

Actual payments for the year ended September 30, 2008 were \$306,910. 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:

<u>Contract Period</u>		<u>Monthly Payment</u>	<u>Annual Payment</u>	<u>Total of Payments</u>
10/01/08	07/09/32	\$ 40,199	\$ 482,388	\$ 11,456,715
Grand total payments				<u>\$ 11,456,715</u>

Actual payments for the year ended September 30, 2008 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.

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.

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE 5 – OTHER INFORMATION (continued)

D. Retirement plan

Plan Description -

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of over 827 administered by TMRS, an agent multiple-employer public employee retirement system. TMRS issues a publicly available financial report that may be obtained by writing to Texas Municipal Retirement System, P. O. Box 149153 Austin, Texas 78714-9153.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Contributions -

The contribution rate for the employees is 7%, and the City matching percent is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE 5 – OTHER INFORMATION (continued)

D. Retirement plan (continued)

date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 30-year amortization period. The projected unit credit actuarial cost method is used for determining the City contribution rate. 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 is the basis for the rate and the calendar year when the rate goes into effect. (i.e. December 31, 2007 valuation is effective for rates beginning January 2009).

Annual pension cost, net pension obligation:

Net Pension Obligation (NPO) at the Beginning of Period	\$	-
Annual Pension Cost:		
Annual required contribution (ARC)	\$	1,059,003
Interest on NPO		-
Adjustment to the ARC	<u> </u>	1,059,003
Contributions Made		1,059,003
Increase in NPO		<u> </u>
NPO at the end of the period	<u>\$</u>	<u> </u>

Six-year historical trend information is as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2003	\$ 719,744	100%	\$ -
9/30/2004	766,338	100%	-
9/30/2005	856,621	100%	-
9/30/2006	904,592	100%	-
9/30/2007	972,923	100%	-
9/30/2008	1,059,003	100%	-

CITY OF ENNIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE 5 – OTHER INFORMATION (continued)

D. Retirement plan (continued)

Schedule of Actuarial Liabilities and Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)
12/31/2002	\$ 15,040,813	\$ 17,838,329	\$ 2,797,516
12/31/2003	16,403,798	19,942,038	3,538,240
12/31/2004	18,435,031	22,015,274	3,580,243
12/31/2005	20,383,676	24,267,568	3,883,892
12/31/2006	22,468,504	26,990,226	4,521,722
12/31/2007	23,476,625	32,792,863	9,316,238

Actuarial Valuation Date	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/2002	84.3%	\$ 5,783,598	48.4%
12/31/2003	82.3%	6,061,236	58.4%
12/31/2004	83.7%	6,538,001	54.8%
12/31/2005	84.0%	6,727,849	57.7%
12/31/2006	83.3%	7,012,195	64.5%
12/31/2007	71.6%	7,447,242	125.1%

Significant actuarial assumptions and methods used in the valuation include:

- a. the projected unit credit actuarial cost method;
- b. the level percent of payroll amortization method with a 30 year closed amortization period;
- c. the amortized cost asset valuation method;
- d. a rate of return on the investment of present and future assets of 7% per year compounded annually;
- e. projected salary increases varies by age and service; and
- f. there was an inflation adjustment of 3.0%, a cost-of-living adjustment of 2.1% and a payroll growth assumption of 3%

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.

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

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.

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.

CITY OF ENNIS, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2008

	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>			
Cash	\$ 97,082	\$ 139,604	\$ 236,686
Savings	1,701	-	1,701
Investments	246,581	637,346	883,927
Due from other funds	6,343	-	6,343
	<u>6,343</u>	<u>-</u>	<u>6,343</u>
Total assets	<u>\$ 351,707</u>	<u>\$ 776,950</u>	<u>\$ 1,128,657</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Accounts payable	\$ 32,437	\$ 500	\$ 32,937
Due to other funds	10,400	60,000	70,400
	<u>10,400</u>	<u>60,000</u>	<u>70,400</u>
Total liabilities	<u>42,837</u>	<u>60,500</u>	<u>103,337</u>
Fund balance			
Unreserved	308,870	716,450	1,025,320
	<u>308,870</u>	<u>716,450</u>	<u>1,025,320</u>
Total liabilities and fund balances	<u>\$ 351,707</u>	<u>\$ 776,950</u>	<u>\$ 1,128,657</u>

CITY OF ENNIS, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
Revenues:			
Interest	\$ 7,303	\$ 21,328	\$ 28,631
Leased property	-	16,562	16,562
Other revenue	13,458	-	13,458
Intergovernmental	73,374	-	73,374
Contributions and donations	210,379	-	210,379
Total revenues	<u>304,514</u>	<u>37,890</u>	<u>342,404</u>
Expenditures:			
Current:			
Public safety	90,116	-	90,116
Cultural and recreational	18,861	-	18,861
Capital expenditures	-	221,454	221,454
Total expenditures	<u>108,977</u>	<u>221,454</u>	<u>330,431</u>
Excess (deficiency) of revenues over expenditures	<u>195,537</u>	<u>(183,564)</u>	<u>11,973</u>
Other financing sources (uses):			
Transfers in	<u>7,985</u>	<u>80,000</u>	<u>87,985</u>
Total other financing sources (uses)	<u>7,985</u>	<u>80,000</u>	<u>87,985</u>
Net change in fund balances	203,522	(103,564)	99,958
Fund balances - beginning	<u>105,348</u>	<u>820,014</u>	<u>925,362</u>
Fund balances - ending	<u>\$ 308,870</u>	<u>\$ 716,450</u>	<u>\$ 1,025,320</u>

CITY OF ENNIS, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2008

	Cultural Connections Grant	Library	Public Library Technology Advancement Grant	Museum Endowment	Certified Local Government Grant	Forfeited Contraband	Law Enforcement		COPS Fast Grant	FEMA Fire Grant	Totals
							Block Grant	Education			
Cash	\$ 124	\$ 17,602	\$ 1,365	\$ 1,164	\$ 750	\$ 54,801	\$ -	\$ 14,933	\$ 6,343	\$ -	\$ 97,082
Savings	-	1,701	-	-	-	-	-	-	-	-	1,701
Investments	-	246,581	-	-	-	-	-	-	-	-	246,581
Due from other funds	-	-	-	-	-	6,343	-	-	-	-	6,343
Total assets	\$ 124	\$ 265,884	\$ 1,365	\$ 1,164	\$ 750	\$ 61,144	\$ -	\$ 14,933	\$ 6,343	\$ -	\$ 351,707

LIABILITIES AND FUND BALANCES

Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,437	\$ -	\$ -	\$ -	\$ -	\$ 32,437
Due to other funds	-	-	-	-	-	-	4,057	-	6,343	-	10,400
Total liabilities	-	-	-	-	-	32,437	4,057	-	6,343	-	42,837
Fund balance Unreserved	124	265,884	1,365	1,164	750	28,707	(4,057)	14,933	-	-	308,870
Total liabilities and fund balances	\$ 124	\$ 265,884	\$ 1,365	\$ 1,164	\$ 750	\$ 61,144	\$ -	\$ 14,933	\$ 6,343	\$ -	\$ 351,707

CITY OF ENNIS, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Cultural Connections Grant	Library	Public Library Technology Advancement Grant	Museum Endowment	Certified Local Government Grant	Forfeited Contraband	Law Enforcement Block Grant	Law Enforcement Education	Cops Fast Grant	FEMA Fire Grant	Totals
Revenues:											
Interest	\$ -	\$ 7,303	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,303
Other revenue	-	-	-	-	13,458	-	-	-	-	-	13,458
Intergovernmental	-	-	-	-	6,343	-	4,217	-	-	62,814	73,374
Contributions and donations	-	210,379	-	-	-	-	-	-	-	-	210,379
Total revenues	-	217,682	-	-	19,801	-	4,217	-	-	62,814	304,514
Expenditures:											
Current:											
Public safety	-	-	-	-	-	19,102	-	1,025	-	69,989	90,116
Cultural and recreational	-	17,361	-	1,500	-	-	-	-	-	-	18,861
Total expenditures	-	17,361	-	1,500	-	19,102	-	1,025	-	69,989	108,977
Excess (deficiency) of revenues over expenditures	-	200,321	-	(1,500)	-	699	-	3,192	-	(7,175)	195,537
Other financing sources (uses):											
Transfers in	-	-	-	810	-	-	-	-	-	7,175	7,985
Total other financing sources (uses)	-	-	-	810	-	-	-	-	-	7,175	7,985
Net change in fund balances	-	200,321	-	(690)	-	699	-	3,192	-	-	203,522
Fund balances - beginning	124	65,563	1,365	1,854	750	28,008	(4,057)	11,741	-	-	105,348
Fund balances - ending	\$ 124	\$ 265,884	\$ 1,365	\$ 1,164	\$ 750	\$ 28,707	\$ (4,057)	\$ 14,933	\$ -	\$ -	\$ 308,870

CITY OF ENNIS, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 September 30, 2008

	2002		1993		1993		2005		Total
	Street Construction	Airport Construction	Park Construction	Library Construction	Hospital Construction	Hospital Construction	Hospital Construction	Total	
Cash	\$ 90,002	\$ 34,566	\$ 10,855	\$ 1,628	\$ 2,553	\$ 2,553	\$ 2,553	\$ 139,604	
Investments	637,197	-	-	149	-	-	-	637,346	
Total assets	\$ 727,199	\$ 34,566	\$ 10,855	\$ 1,777	\$ 2,553	\$ 2,553	\$ 2,553	\$ 776,950	

LIABILITIES AND FUND BALANCES

Accounts payable	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500
Due to other funds	60,000	-	-	-	-	-	-	60,000
Total liabilities	60,000	500	-	-	-	-	-	60,500
Fund balance								
Unreserved	667,199	34,066	10,855	1,777	2,553	2,553	2,553	716,450
Total liabilities and fund balances	\$ 727,199	\$ 34,566	\$ 10,855	\$ 1,777	\$ 2,553	\$ 2,553	\$ 2,553	\$ 776,950

CITY OF ENNIS, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	2002	1993		2005		Total
	Street Construction	Airport Construction	Park Construction	Library Construction	Hospital Construction	
Revenues:						
Interest	\$ 20,303	\$ -	\$ -	\$ 5	\$ 1,020	\$ 21,328
Leased property	-	16,562	-	-	-	16,562
Total revenues	20,303	16,562	-	5	1,020	37,890
Expenditures:						
Current:						
Capital expenditures	46,121	44,763	-	-	130,570	221,454
Total expenditures	46,121	44,763	-	-	130,570	221,454
Excess (deficiency) of revenues over expenditures	(25,818)	(28,201)	-	5	(129,550)	(183,564)
Other financing sources (uses):						
Transfers in	-	-	-	-	80,000	80,000
Total other financing sources (uses)	-	-	-	-	80,000	80,000
Net change in fund balances	(25,818)	(28,201)	-	5	(49,550)	(103,564)
Fund balances - beginning	693,017	62,267	10,855	1,772	52,103	820,014
Fund balances - ending	\$ 667,199	\$ 34,066	\$ 10,855	\$ 1,777	\$ 2,553	\$ 716,450

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, 2008

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Over (Under) Budget
Revenues:			
Interest	\$ 45,832	\$ 32,784	\$ (13,048)
Intergovernmental	144,954	122,160	(22,794)
Total revenues	<u>190,786</u>	<u>154,944</u>	<u>(35,842)</u>
Expenditures:			
Principal on bonds	2,116,366	2,141,138	24,772
Interest and fiscal charges	1,546,968	1,500,168	(46,800)
Principal on note	22,794	22,794	-
Bond issuance costs	-	66,722	66,722
Advance refunding escrow	-	142,081	142,081
Total expenditures	<u>3,686,128</u>	<u>3,872,903</u>	<u>186,775</u>
Excess (deficiency) of revenues over expenditures	<u>(3,495,342)</u>	<u>(3,717,959)</u>	<u>(222,617)</u>
Other financing sources (uses):			
Transfers in	3,514,176	3,458,140	(56,036)
Refunding bonds issued	-	2,565,432	2,565,432
Payment to refunded bond escrow :	-	(2,326,939)	(2,326,939)
Discount on refunding bond	-	(2,553)	(2,553)
Total other financing sources (uses)	<u>3,514,176</u>	<u>3,694,080</u>	<u>179,904</u>
Net change in fund balance	18,834	(23,879)	(42,713)
Fund balance - beginning	<u>598,721</u>	<u>705,115</u>	<u>106,394</u>
Fund balance - ending	<u>\$ 617,555</u>	<u>\$ 681,236</u>	<u>\$ 63,681</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 (GAAP BASIS) AND ACTUAL
WATER AND SEWER FUND
Year Ended September 30, 2008

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under) Budget
WATER OPERATING REVENUES			
Water sales	\$ 4,723,000	\$4,688,719	\$ (34,281)
Water taps and connections	31,438	23,001	(8,437)
Penalties	68,872	69,958	1,086
Reconnection charges	15,525	17,300	1,775
Miscellaneous	106,552	39,177	(67,375)
Total water revenues	<u>4,945,387</u>	<u>4,838,155</u>	<u>(107,232)</u>
SEWER OPERATING REVENUES			
Sewer service charge	2,399,905	2,322,957	(76,948)
Sewer taps and connection	8,890	4,000	(4,890)
Penalties	32,936	35,367	2,431
EPA fees	46,296	60,715	14,419
Total sewer revenues	<u>2,488,027</u>	<u>2,423,039</u>	<u>(64,988)</u>
TOTAL OPERATING REVENUES	<u><u>\$ 7,433,414</u></u>	<u><u>\$7,261,194</u></u>	<u><u>\$ (172,220)</u></u>

CITY OF ENNIS, TEXAS
SCHEDULE OF OPERATING EXPENSES -
BUDGET (GAAP BASIS) AND ACTUAL
WATER AND SEWER FUND
Year Ended September 30, 2008

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under) Budget
Operating expenses:			
Administration			
Salaries and wages	\$ 541,386	\$ 558,484	\$ 17,098
Supplies	13,511	12,537	(974)
Maintenance and replacement	32,452	8,216	(24,236)
Miscellaneous services	110,314	89,316	(20,998)
Sundry charges	296,258	295,247	(1,011)
Total administration	<u>993,921</u>	<u>963,800</u>	<u>(30,121)</u>
Water operations			
Salaries and wages	761,462	810,904	49,442
Supplies	266,872	286,227	19,355
Maintenance and replacement	255,500	248,406	(7,094)
Miscellaneous services	1,196,272	623,656	(572,616)
Sundry charges	356,971	413,131	56,160
Total water operations	<u>2,837,077</u>	<u>2,382,324</u>	<u>(454,753)</u>
Sewer operations			
Salaries and wages	689,674	659,115	(30,559)
Supplies	135,205	221,629	86,424
Maintenance and replacement	367,750	222,051	(145,699)
Miscellaneous services	532,219	498,094	(34,125)
Sundry charges	350,208	321,058	(29,150)
Total sewer operations	<u>2,075,056</u>	<u>1,921,947</u>	<u>(153,109)</u>
Total operating expenses before depreciation and amortization	5,906,054	5,268,071	(637,983)
Depreciation and amortization	<u>-</u>	<u>1,623,302</u>	<u>1,623,302</u>
Total operating expenses	<u>\$ 5,906,054</u>	<u>\$ 6,891,373</u>	<u>\$ 985,319</u>

Supplementary Financial Data

CITY OF ENNIS, TEXAS
SCHEDULE OF CASH BALANCES - ALL FUNDS
September 30, 2008

<u>General Fund</u>			
Cash on hand		\$ 425	
Cash in bank - operating		246,037	
- operating - Park Development		3,399	
- savings - Park Development		25,770	<u>\$ 275,631</u>
 <u>Special Revenue Funds</u>			
Cash in bank - operating - Cultural Connections Grant		124	
- operating - Library		17,602	
- operating - Public Library Technology Advancement Grant		1,365	
- operating - Museum Endowment		1,164	
- operating - Certified Local Government Grant		750	
- operating - Forfeited Contraband		54,801	
- operating - Law Enforcement Education		14,933	
- operating - Cops Fast Grant		6,343	
- savings - Library		1,701	<u>98,783</u>
 <u>Debt Service Fund</u>			
Cash in bank - operating			<u>384,923</u>
 <u>Capital Projects Funds</u>			
Cash in bank - operating - 2002 Street Construction		90,002	
- operating - Airport Construction		34,566	
- operating - 1993 Park Construction		10,855	
- operating - 1993 Library Construction		1,628	
- operating - 2005 Hospital Construction		2,553	
- operating - 2006 Street Construction		60,019	<u>199,623</u>
 <u>Enterprise Fund - Water and Sewer</u>			
Cash on hand		450	
Cash in bank - operating		658,950	
- security deposit account		40,550	
- restricted cash in savings		527,535	<u>1,227,485</u>
			 <u><u>\$2,186,445</u></u>

CITY OF ENNIS, TEXAS
 SCHEDULE OF INVESTMENTS - ALL FUNDS
 September 30, 2008

General Fund

Texpool - operating	2.2828%	\$2,706,075	
Certificates of deposit - operating	2.8500%	<u>609,739</u>	<u>\$ 3,315,814</u>

Special Revenue Funds

Texpool - Library	2.2828%		<u>246,581</u>
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Capital Project Funds

Texpool - 2002 Street Construction	2.2828%	637,197	
- 1993 Library Construction		149	
- 2006 Street Construction		<u>1,176,495</u>	<u>1,813,841</u>

Enterprise Fund

Texpool - operating	2.2828%	3,339,714	
- restricted		<u>456,577</u>	<u>3,796,291</u>
			<u><u>\$ 9,172,527</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	69
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	76
These schedules contain information to help the reader assess the city's most significant local revenue sources, the property tax.	
Debt Capacity	80
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	85
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	87
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	90

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 Six Fiscal Years
(accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
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	\$ 25,564,527
Restricted	351,091	408,745	478,671	528,849	636,410	815,682
Unrestricted	3,568,649	3,465,469	3,249,425	5,234,356	3,201,032	2,656,580
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>
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	\$ 23,258,282
Restricted	728,239	692,177	735,045	782,222	869,361	910,496
Unrestricted	3,835,225	4,012,535	4,450,730	5,148,736	4,352,955	3,721,281
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>
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	\$ 48,822,809
Restricted	1,079,330	1,100,922	1,213,716	1,311,071	1,505,771	1,726,178
Unrestricted	7,403,874	7,478,004	7,700,155	10,383,092	7,553,987	6,377,861
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>

Note: Data is not available for previous years.

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental activities:						
General government	\$ 809,052	\$ 905,737	\$ 925,642	\$ 938,846	\$ 962,857	\$ 1,049,185
Public safety	4,988,064	5,344,238	5,813,286	6,001,543	6,229,907	6,589,219
Streets	434,509	1,686,805	1,832,716	2,022,810	2,062,819	2,146,724
Health	154,041	167,300	213,160	244,894	244,803	269,268
Equipment services	92,065	116,872	115,230	120,309	124,321	138,600
Cultural and recreational	985,167	926,285	976,763	991,068	1,027,352	1,116,293
Airport	150,530	132,762	482,944	146,116	170,277	188,539
Hospital	-	-	-	4,213	110,590	1,368,654
Public works	89,959	106,716	113,526	124,817	122,361	131,586
Sanitation services	599,409	653,969	695,568	764,252	810,890	849,638
Interest on long-term debt	1,222,608	1,077,604	1,166,289	1,572,551	1,519,830	1,632,868
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>
Business-type activities:						
Water	2,510,294	2,925,497	3,205,093	4,275,284	4,029,651	4,362,447
Sewer	2,259,393	3,128,143	2,971,995	3,093,514	3,218,426	3,518,008
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>
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>
Program Revenues						
Governmental activities:						
Charges for services:						
General government	\$ 181,384	\$ 170,959	\$ 204,325	\$ 191,388	\$ 263,088	\$ 138,666
Public safety	309,515	316,210	260,003	257,509	260,225	475,910
Cultural and recreational	6,691	6,126	17,450	17,045	18,868	21,717
Airport	42,732	42,635	52,607	62,805	74,744	113,518
Hospital	-	-	-	-	45,408	544,893
Public works	22,946	12,288	1,792	8,636	2,175	19,561
Sanitation services	733,822	859,445	872,029	876,685	883,929	889,896
Operating grants and contributions	23,749	30,154	23,300	38,750	100,327	214,596
Capital grants and contributions	525	2,274,171	1,151,832	1,137,957	890,863	3,690,360
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>

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
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
Sewer	2,280,679	2,416,492	2,422,812	2,507,161	2,424,764	2,423,039
Operating grants and contributions	47,000	-	-	-	-	-
Capital grants and contributions	964,534	651,593	607,488	1,335,137	835,945	776,495
Total business-type activities program revenues	7,352,923	7,221,536	7,514,664	9,078,810	7,809,452	8,037,689
Total primary government program revenues	\$ 8,674,287	\$ 10,933,524	\$ 10,098,002	\$ 11,669,585	\$ 10,349,079	\$ 14,146,806
Net (expense)/revenue						
Governmental activities	\$ (8,204,040)	\$ (7,406,300)	\$ (9,751,786)	\$ (10,340,644)	\$ (10,846,380)	\$ (9,371,457)
Business-type activities	2,583,236	1,167,896	1,337,576	1,710,012	561,375	157,234
Total primary government net expense	\$ (5,620,804)	\$ (6,238,404)	\$ (8,414,210)	\$ (8,630,632)	\$ (10,285,005)	\$ (9,214,223)

General Revenues and Other Changes in

Net Assets

Governmental activities:						
Property tax	\$ 5,076,276	\$ 5,467,381	\$ 5,903,515	\$ 7,407,665	\$ 7,951,310	\$ 8,361,599
Sales tax	2,015,110	2,288,667	2,402,731	2,530,875	2,628,612	2,903,646
Franchise tax	1,520,865	1,592,403	1,680,867	1,813,321	1,727,481	1,776,766
Hotel occupancy tax	158,908	194,564	178,697	174,520	187,113	201,907
Alcoholic beverage tax	26,891	26,198	25,908	29,557	33,239	36,870
Unrestricted grants and contributions	124,140	123,540	122,760	121,800	123,660	122,160
Investment earnings	187,638	145,485	302,512	966,219	1,137,163	403,454
Miscellaneous	335,915	304,354	191,080	202,145	238,680	266,051
Transfers	(35,346)	-	-	-	100,000	64,743
Total governmental activities	9,410,397	10,142,592	10,808,070	13,246,102	14,127,258	14,137,196
Business-type activities:						
Investment earnings	54,650	41,660	131,737	323,172	348,712	175,568
Transfers	35,346	-	-	-	(100,000)	(64,743)
Total business-type activities	89,996	41,660	131,737	323,172	248,712	110,825
Total primary government	\$ 9,500,393	\$ 10,184,252	\$ 10,939,807	\$ 13,569,274	\$ 14,375,970	\$ 14,248,021
Change in Net Assets						
Governmental activities	\$ 1,206,357	\$ 2,736,292	\$ 1,056,284	\$ 2,905,458	\$ 3,280,878	\$ 4,765,739
Business-type activities	2,673,232	1,209,556	1,469,313	2,033,184	810,087	268,059
Total primary government	\$ 3,879,589	\$ 3,945,848	\$ 2,525,597	\$ 4,938,642	\$ 4,090,965	\$ 5,033,798

Note: Data is not available for previous years.

CITY OF ENNIS, TEXAS
 GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
 Last Six 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

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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General fund										
Reserved	\$ -	\$ 6,613	\$ 8,759	\$ 14,234	\$ 10,380	\$ 14,250	\$ 11,451	\$ 15,351	\$ 19,437	\$ 28,021
Unreserved	3,326,652	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
Total general fund	<u>\$ 3,326,652</u>	<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>
All other governmental funds										
Reserved	\$ 2,045,094	\$ 1,551,058	\$ 919,637	\$ 652,140	\$ 600,660	\$ 621,386	\$ 649,521	\$ 628,668	\$ 705,115	\$ 681,236
Unreserved, reported in:										
Special revenue funds	139,514	183,410	168,207	174,337	63,915	79,035	86,776	109,984	105,348	308,870
Capital projects funds	1,763,762	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
Total all other governmental funds	<u>\$ 3,948,370</u>	<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>

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Property taxes	\$ 3,757,237	\$ 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
Sales tax	1,660,310	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
Franchise tax	893,176	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
Hotel occupancy tax	165,143	192,569	202,649	182,683	158,908	194,564	178,697	174,520	187,113	201,907
Alcoholic beverage tax	25,078	28,087	23,769	26,648	26,891	26,198	25,908	29,557	33,239	36,870
Licenses and permits	92,820	128,447	177,469	165,862	175,944	165,589	199,595	188,538	260,088	133,966
Fines and forfeitures	265,784	268,857	255,253	315,326	299,273	300,828	242,510	246,336	234,270	448,543
Charges for current services	946,487	875,598	852,880	905,838	821,873	941,246	966,101	979,194	998,126	1,063,301
Revenues from use of money and property	501,288	501,060	432,704	305,924	189,729	145,485	302,512	966,219	1,137,163	403,454
Other revenue	159,883	110,592	211,853	115,494	344,257	348,936	199,335	191,300	249,103	280,564
Intergovernmental	1,354,688	174,085	396,185	244,291	132,125	348,159	651,065	136,110	652,206	2,269,133
Contributions and donations	49,888	36,571	12,876	15,692	16,289	29,191	33,231	39,443	22,807	210,379
Total revenues	9,841,782	8,966,060	9,678,628	10,043,204	10,789,832	11,795,695	12,791,592	14,608,012	16,117,994	18,073,644
Expenditures										
General government	534,183	593,178	796,043	800,655	920,568	879,038	898,806	929,826	950,869	1,021,181
Public safety	3,108,196	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
Streets	780,038	841,610	823,514	863,581	938,585	980,619	974,116	1,156,616	1,149,967	1,367,442
Health	1,800	1,800	164,104	155,574	147,748	169,284	220,742	235,836	239,133	263,001
Equipment services	81,994	101,998	80,835	110,892	91,075	128,398	107,568	113,954	118,263	135,959
Cultural and recreational	802,426	781,262	723,864	830,731	870,639	777,291	921,005	886,305	954,807	1,017,927
Emergency medical services	715,703	711,668	-	-	-	-	-	-	-	-
Airport	64,398	68,796	93,163	75,696	57,034	57,525	64,967	73,847	108,743	138,094
Public works	77,825	83,370	96,888	95,793	110,020	102,609	105,581	128,445	118,189	121,802
Sanitation services	469,917	603,232	613,871	529,171	553,653	713,417	653,104	820,262	779,185	916,147
Economic development	225,806	-	907	-	-	-	-	-	-	-
Capital outlay	2,192,717	2,072,911	2,997,399	1,951,622	3,026,036	861,525	467,895	154,360	39,313,995	3,560,128
Debt service	968,297	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
Interest and fiscal charges	1,005,946	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
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	11,029,246	11,515,147	13,115,231	13,105,100	14,169,685	12,586,256	13,105,575	14,005,715	54,017,925	19,180,505
Excess of revenues over (under) expenditures	(1,187,464)	(2,549,087)	(3,436,603)	(3,061,896)	(3,379,853)	(790,561)	(313,983)	602,297	(37,899,931)	(1,106,861)
Other financing sources (uses)										
Transfers in	1,244,146	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
Transfers out	(1,244,146)	(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)
Certificates of obligation issued	2,707,771	-	2,000,000	2,500,000	-	-	-	-	3,000,000	-
Bond premium	-	-	-	-	-	-	-	-	90,059	-
General obligation bonds issued	-	2,500,000	-	3,055,788	-	-	15,000,000	-	-	-
Refunding bonds issued	-	-	-	7,398,499	1,077,693	-	3,446,465	-	-	2,565,432
Payment to refunded bond escrow agent	-	-	-	(7,265,000)	(1,052,735)	-	(3,382,627)	-	-	(2,326,939)
Bond discount on refunding	-	-	-	-	-	-	-	-	-	(2,553)
Proceeds from development agreement	-	-	-	-	-	-	-	-	21,795,735	-
Capital leases	53,417	164,665	112,323	336,173	-	98,986	263,184	111,124	488,753	303,442
Loan proceeds	410,500	2,198	43,172	-	-	-	-	-	-	-
Total other financing sources (uses)	3,171,688	2,666,863	2,155,495	6,025,460	(10,388)	98,986	15,327,022	111,124	25,474,547	604,125
Net change in fund balances	\$ 1,984,224	\$ 117,776	\$ (1,281,108)	\$ 2,963,564	\$ (3,390,241)	\$ (691,575)	\$ 15,013,039	\$ 713,421	\$ (12,425,384)	\$ (502,736)
Debt service as a percentage of noncapital expenditures	23.19%	23.91%	25.71%	26.88%	25.93%	21.81%	22.83%	26.94%	27.29%	30.53%

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
1999	\$3,757,237	\$1,660,310	\$ 893,176	\$ 165,143	\$ 25,078	\$6,500,944
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

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			
1999	\$ 412,048,700	\$ 283,248,840	\$76,722,028	\$ 618,575,512	0.60000
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

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	
1999	\$ 0.40401	\$0.19599	\$0.60000	\$ 1.50000	\$0.29976	\$ 2.39976
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

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	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
CVS Texas Distribution LP	\$ 68,754,417	1	5.93%	\$ -	-	-
Elk Corporation of Texas	56,443,388	2	4.87%	41,040,436	1	6.45%
Associated Materials	37,584,313	3	3.24%	17,092,916	2	2.68%
Sterilite Corporation of Texas	35,110,439	4	3.03%	-	-	-
Ennis-Tractebel Power Co. LP	23,894,451	5	2.06%	-	-	-
Leggett Partners LP	21,996,470	6	1.90%	7,907,888	9	1.24%
Wal-Mart Real Estate	17,558,720	7	1.51%	-	-	-
Tamko Ennis Inc.	15,181,259	8	1.31%	11,906,070	4	1.87%
TXU Electric Delivery Company	13,138,850	9	1.13%	-	-	-
Atlas Sound	11,573,360	10	1.00%	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	1.24%
El Dupont De Nemours	-	-	-	6,795,740	10	1.07%
Total	<u>\$ 301,235,667</u>		<u>25.97%</u>	<u>\$ 136,199,870</u>		<u>21.39%</u>
Total valuation of City net of exempt property	<u>\$ 1,159,974,237</u>			<u>\$ 636,625,232</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
1999	\$ 3,738,457	\$ 3,657,260	97.83 %	\$ 72,201	\$ 3,729,461	99.76 %
2000	3,827,008	3,769,834	98.51	46,893	3,816,727	99.73
2001	4,105,335	3,974,508	96.81	95,041	4,069,549	99.13
2002	4,542,926	4,402,630	96.91	95,025	4,497,655	99.00
2003	5,088,839	4,953,523	97.34	106,612	5,060,135	99.44
2004	5,469,330	5,319,577	97.26	117,177	5,436,754	99.40
2005	5,849,157	5,717,362	97.75	100,030	5,817,392	99.46
2006	7,269,740	7,132,700	98.11	81,302	7,214,002	99.23
2007	7,800,346	7,654,373	98.13	77,710	7,732,083	99.12
2008	8,249,145	8,081,674	97.97	-	8,081,674	97.97

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	General Obligation Bonds	Certificates of Obligation	Capital Leases			
1999	\$ 13,865,000	\$ 2,665,000	\$ 410,500	\$ -	\$ 4,415,000	\$ 135,037	\$ 21,787,151	7.52%	\$ 1,385
2000	15,420,000	2,580,000	412,698	-	15,175,000	86,116	33,992,125	11.13%	2,119
2001	14,335,000	4,490,000	455,870	-	14,810,000	43,604	34,405,176	10.64%	2,092
2002	16,295,000	6,885,000	433,076	-	26,495,000	12,859	50,561,353	14.52%	2,940
2003	15,559,784	6,665,000	410,282	3,455,217	22,460,000	-	48,860,567	13.43%	2,800
2004	14,569,307	6,410,000	387,489	3,405,693	21,440,000	-	46,505,495	11.75%	2,549
2005	28,720,770	6,140,000	364,695	10,869,230	13,475,000	-	60,006,326	14.23%	3,198
2006	27,099,720	5,860,000	341,901	10,530,279	12,605,000	7,639	56,860,615	12.75%	2,986
2007	25,410,470	8,560,000	319,107	10,159,529	11,695,000	4,436	56,906,257	12.36%	2,960
2008	25,199,534	6,868,292	296,313	13,785,466	6,966,708	91,634	54,038,561	11.29%	2,800

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 85.

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
1999	\$ 13,865,000	\$ 2,665,000	\$ 720,094	\$ 15,809,906	2.56%	\$ 1,005
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

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 property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics on page 85.

CITY OF ENNIS, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2008

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
Debt repaid with property taxes: County	\$ 68,416,262	13.10%	\$ 8,962,530
Debt repaid with property taxes: School District	173,065,548	76.07%	<u>131,650,962</u>
Subtotal, overlapping debt			140,613,492
City of Ennis, Texas direct debt			<u>33,194,753</u>
Total direct and overlapping debt			<u><u>\$ 173,808,245</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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit	\$69,529,754	\$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
Total net debt applicable to limit	15,809,906	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
Legal debt margin	\$53,719,848	\$55,100,388	\$63,132,568	\$67,995,475	\$88,672,017	\$94,100,223	\$84,314,081	\$97,610,768	\$107,878,326	\$117,178,271
Total net debt applicable to the limit as a percentage of debt limit	22.74%	23.97%	22.56%	25.24%	19.90%	18.06%	29.08%	25.08%	23.74%	21.28%

Legal Debt Margin Calculation for Fiscal Year 2008	
Assessed value	\$ 1,159,974,237
Add back: exempt real property	328,637,503
Total assessed value	<u>\$ 1,488,611,740</u>
Debt limit (10% of total assessed value)	148,861,174
Debt applicable to limit:	
General obligation bonds	32,067,826
Less: Amount set aside for repayment of general obligation debt	(384,923)
Total net debt applicable to limit	<u>31,682,903</u>
Legal debt margin	<u>\$ 117,178,271</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	
1999	\$ 4,187,787	\$ 2,621,679	\$ 1,566,108	\$ 380,000	\$ 275,124	2.39
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

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		School Enrollment ³	Unemployment Rate ⁴
			Personal Income ²	Median Age		
1999	15,728	\$ 289,741,216	\$ 18,422	*	4,842	2.8 %
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

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	2008			1999		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Sterilite Corporation of Texas	825	1	9.93%	300	5	9.60%
Ennis Independent School District	789	2	9.49%	-	-	-
Alliance Data, Inc.	315	3	3.79%	-	-	-
National Envelope Corporation	297	4	3.57%	-	-	-
Elk Corporation of Texas	265	5	3.19%	224	10	7.17%
Wal-mart	260	6	3.13%	-	-	-
CVS Texas Distribution LP	225	7	2.71%	-	-	-
Leggett Partners LP	211	8	2.54%	361	3	11.56%
JTEKT of Texas, Inc.	193	9	2.32%	-	-	-
Ennis Extruded Products, Inc.	189	10	2.27%	325	4	10.40%
Atlas Soundolier, Inc.	-	-	-	485	1	15.52%
Ennis Automotive	-	-	-	366	2	11.72%
Ennis, Inc.	-	-	-	285	6	9.12%
Homes by Oakwood	-	-	-	247	7	7.91%
AT&T	-	-	-	235	8	7.52%
Ennis AgriTech	-	-	-	229	9	7.33%
Total	3,569		42.94%	2,346		75.10%
Total City Employment	8,312			3,124		

Source: City Administration Office.

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

Function	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
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
Public Safety										
Police	39.7	39.9	39.9	39.9	39.9	41.2	42.2	42.2	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	31.0	30.0	30.0	30.0	29.0	29.0	29.0	29.0	29.0	29.0
Inspection	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	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	1.0	3.0	3.0	3.0	3.0	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	6.9	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	14.0	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	16.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0
Wastewater	12.0	12.0	14.0	14.0	14.0	14.0	14.0	14.0	15.0	15.0
Total	164.1	164.4	174.4	174.4	173.4	174.7	176.7	176.7	180.0	180.0

Source: City Administration Office.

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

Function	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police										
UCR - Reported Crimes	1,065	865	962	908	1,050	1,059	917	1,155	1,304	1,158
Number of Violations (Citations)	2,550	3,549	3,949	4,388	4,170	4,907	5,316	4,019	4,079	6,685
Judicial										
Municipal Court Fines	\$ 265,784	\$ 268,857	\$ 255,253	\$ 315,326	\$ 299,273	\$ 300,828	\$ 242,510	\$ 246,336	\$ 234,270	\$ 388,179
Fire										
Fire Calls	44	50	55	62	93	65	56	55	41	57
Fire Loss	\$ 92,590	\$ 142,700	\$ 160,700	\$ 248,350	\$ 195,100	\$ 223,700	\$ 301,500	\$ 82,500	\$ 150,000	\$ 152,700
Inspection										
Permits Issued (Units)	74	283	389	126	153	177	170	133	100	81
Permit Value	\$ 25,602,487	\$ 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
Streets										
Miles of Streets Maintained	95.30	95.30	95.30	97.29	97.29	99.90	100.50	101.80	102.99	103.63
Health										
Food Establishment Inspections	N/A	N/A	237	235	226	217	252	276	267	315
Animals Impounded	N/A	N/A	843	879	842	973	876	885	1,085	1,076
Equipment Services										
Equipment Maintained	107	108	107	115	113	114	117	122	124	125
Cultural and Recreational										
Parks										
Parks Maintained	16	16	16	16	16	16	17	17	17	17
Library										
Patrons	75,605	78,353	80,735	79,527	86,349	93,960	100,250	101,585	104,834	107,173
Circulation	74,668	76,322	83,370	79,641	83,835	86,326	94,225	95,572	100,746	106,166
Museum										
Paid Attendance	1,415	1,073	1,150	1,198	1,111	1,141	825	868	545	901
Sanitation Service										
Refuse Customers	4,656	N/A	4,723	4,785	4,807	4,888	5,014	5,052	5,076	5,051
Estimated Refuse Collected (in tons)	9,085	9,972	11,096	12,067	11,852	12,673	11,990	13,430	11,759	10,150
Water										
Number of Water Customers	5,070	5,151	5,224	5,308	5,405	5,881	5,501	5,657	5,679	5,614
Estimated Gallons Billed (in thousands)	836,793	933,900	943,726	883,583	912,961	931,924	992,153	1,158,206	914,465	1,001,935
Sewer										
Number of Wastewater Customers	4,871	4,876	4,884	5,012	5,050	5,551	5,165	5,266	5,290	5,286

Sources: Various government departments.

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

Function	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
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	607	633	670	708	725	740	758	780	910	806
Streets										
Miles of Streets	95.30	95.30	95.30	97.29	97.29	99.90	100.50	101.80	102.99	103.63
Equipment Services										
Equipment Maintained	107	108	107	115	113	114	117	122	124	124
Cultural and Recreational										
Parks Maintained	16	16	16	16	16	16	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	5.68	8.00	8.00	8.00	8.00	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	2.50	3.10	3.10	3.10	3.10	3.20	3.20

Sources: Various government departments.

CITY OF ENNIS, TEXAS
 SCHEDULE OF INSURANCE IN FORCE
 September 30, 2008

	Policy Number	Policy Period		Coverage	Annual Premium
		From	To		
I. LIABILITY COVERAGE					
A. GENERAL LIABILITY Texas Municipal League	4659-06	10/01/08	10/01/09	\$2,000,000 per occurrence CSL/annual aggregate No deductible	\$ 17,003
B. AUTOMOBILE LIABILITY AND PHYSICAL DAMAGE Texas Municipal League	4659-06	10/01/08	10/01/09	\$2,000,000 per occurrence CSL/annual aggregate Various deductible	50,677
C. GENERAL LIABILITY - AIRPORT Texas Municipal League	4659-06	10/01/08	10/01/09	\$6,000,000 per occurrence and aggregate/No deductible	2,469
D. INCIDENTAL MEDICAL MALPRACTICE Texas Municipal League	4659-06	10/01/08	10/01/09	\$2,000,000 per occurrence No deductible	Included with General Liability
E. NON-OWNED AIRCRAFT LIABILITY Texas Municipal League	4659-06	10/01/08	10/01/09	\$6,000,000 per occurrence No deductible	Included in General Liability
F. PUBLIC OFFICIALS AND EMP. LIABILITY Texas Municipal League	4659-06	10/01/08	10/01/09	\$1,000,000 per occurrence \$2,000,000 annual aggregate \$5,000 deductible	18,841
G. UNDERGROUND STORAGE Tank Liability and Fire Insurance Colony Group Public Works Accent Insurance	PP 203448	12/01/07	12/01/08	\$1,000,000 per occurrence \$1,000,000 annual aggregate \$5,000 deductible	2,394

CITY OF ENNIS, TEXAS
 SCHEDULE OF INSURANCE IN FORCE
 September 30, 2008

	Policy Number	Policy Period		Coverage	Annual Premium
		From	To		
H. Airport Storage Tank	USC 350803205	06/01/08	06/01/09	\$1,000,000 per occurrence \$2,000,000 annual aggregate \$10,000 deductible	\$ 1,607
I. BONDS					
CNA Surety	060114268360	01/20/08	01/20/09	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	04/17/08	04/17/09	Public Employees - Blanket Bond \$5,000	754
J. LIABILITY COVERAGE					
COMPREHENSIVE LAW					
ENFORCEMENT					
PROFESSIONAL LIABILITY					
Texas Municipal League	4659-02	10/01/08	10/01/09	\$ 500,000 each person \$1,000,000 each occurrence \$2,000,000 annual aggregate \$5,000 deductible	12,563
Police					
Texas Municipal League	PKI 0000068	10/01/08	10/01/09	\$500,000 each occurrence \$500,000 annual aggregate \$5,000 deductible	Included with Law Enforcement Liability
II. PROPERTY COVERAGE					
Texas Municipal League	4659-06	10/01/08	10/01/09	\$1,000 deductible (all risk)	
A. REAL AND PERSONAL					
PROPERTY					
Texas Municipal League				\$31,840,203 (Blanket limit/occurrence) \$1,000 deductible	40,623
B. MOBILE EQUIPMENT					
Texas Municipal League				\$1,191,286 \$1,000 deductible	5,535

CITY OF ENNIS, TEXAS
 SCHEDULE OF INSURANCE IN FORCE
 September 30, 2008

	Policy Number	Policy Period		Coverage	Included with Real/Personal Property
		From	To		
C. BOILER AND MACHINERY					
III. ADDITIONAL COVERAGE	4659-06				
Texas Municipal League				\$12,613,321	
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				\$62,000	-
G. OUTDOOR TREES AND SHRUBS				\$10,000	-
H. LEASEHOLD INTEREST				\$5,000	-

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, 2008, 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

2008 Actual Market Value of Taxable Property		\$ 1,677,402,186
Less Exemptions:		
Local, Optional Over-65 and/or Disabled Homestead Exemptions	\$ 4,236,940	
Local, Optional Percentage Homestead	15,598,105	
Disabled and Deceased Veterans' Exemptions	584,000	
Pollution Control	17,232,582	
Productivity Loss	24,101,554	
Abatement Loss	200,917,693	
Homestead Cap Loss	2,521,824	
Historical/Minimal Value and Other	161,198,866	426,391,564
2008 Net Taxable Assessed Valuation (100% of Actual)		<u>\$1,251,010,622</u>

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

GENERAL OBLIGATION BONDED DEBT PRINCIPAL

TABLE CD-2

(As of September 30, 2008)

General Obligation Debt Principal Outstanding		
Combination Tax and Revenue Certificates of Obligation, Series 1998	\$ 1,710,000	
General Obligation Bonds, Series 2000	225,000	
Combination Tax and Revenue Certificates of Obligation, Series 2000	1,005,000	
Combination Tax and Revenue Certificates of Obligation, Series 2001	960,000	
General Obligation Refunding and Improvement Bonds, Series 2002	4,995,000	
Combination Tax and Revenue Certificates of Obligation, Series 2002	7,175,000	
General Obligation Refunding Bonds, Series 2003	2,935,000	
General Obligation Bonds, Series 2005	13,395,000	
General Obligation Refunding Bonds, Series 2005	10,910,000	
Combination Tax and Revenue Certificates of Obligation, Series 2006	2,985,000	
General Obligation Refunding Bonds, Series 2007	6,525,000	
Total Gross General Obligation Debt Outstanding:		<u>\$ 52,820,000</u>
Less: Self-Supporting General Obligation Debt Principal		
Combination Tax and Revenue Certificates of Obligation, Series 2000 (100%)	\$ 1,005,000	
Combination Tax and Revenue Certificates of Obligation, Series 2002 (83.1%)	5,961,708	
General Obligation Refunding Bonds, Series 2003 (76.19%)	2,236,176	
General Obligation Refunding Bonds, Series 2005 (69.09%)	7,537,718	
General Obligation Refunding Bonds, Series 2007 (61.48%)	4,011,570	
Total Self-Supporting General Obligation Debt		<u>\$ 20,752,172</u>
Total Net General Obligation Debt Principal Outstanding:		<u>\$ 32,067,828</u>
General Obligation Interest and Sinking Fund Balance as of 9/30/08	\$ 384,923	
Ratio of Gross General Obligation Debt to 2008 Net Assessed Valuation		4.22%
Ratio of Net General Obligation Debt to 2008 Net Assessed Valuation		2.56%
2008 Net Assessed Valuation		\$ 1,251,010,622
Population: 1980 - 12,110; 1990 - 13,883; 2000 - 16,045; Current (Estimate) -		19,300
Per Capita 2008 Net Assessed Valuation -	\$ 64,819	
Per Capita Gross General Obligation Debt Principal -	\$ 2,737	
Per Capita Net General Obligation Debt Principal -	\$ 1,662	

CITY OF ENNIS, TEXAS

PRINCIPAL TAXPAYERS

TABLE CD-3

Name	Type of Business	2008 Net Taxable Assessed Valuation	% of Total 2008 Assessed Valuation
Elk Roofing Products	Roofing Materials Manufacturing	\$ 63,977,622	5.11%
CVS Texas Distribution LP	Pharmacy Retailer	61,718,115	4.93%
Sterilite Corporation of Texas	Plastic Products Manufacturing	38,576,454	3.08%
Associated Materials	Vinyl Siding Manufacturing	37,254,341	2.98%
Ennis-Tractebel Power Co. LP	Electric Power Generator	24,149,334	1.93%
Leggett Partners LP #0003	Bedding Components Manufacturing	22,415,040	1.79%
JTEKT Automotive Texas LP	Automotive Parts Manufacturing	20,203,544	1.61%
Wal-Mart Real Estate	Retail Sales	17,715,790	1.42%
Tamko Ennis Inc.	Building Materials Manufacturing	14,490,969	1.16%
Atlas Sound, LP	Electronics Manufacturing	13,975,200	1.12%
Total		\$ 250,498,787	20.02%

Based on a 2008 Net Taxable Assessed Valuation of \$ 1,251,010,622

Source: Ellis Central Appraisal District

PROPERTY TAX RATES AND COLLECTIONS

TABLE CD-4

Tax Year	Net Taxable Assessed Valuation (a)	Tax Rate	Tax Levy	% Collections		Year Ended
				Current	Total	
1999-00	\$ 636,625,232	0.6000	\$ 3,827,008	98.51	99.73	9-30-00
2000-01	681,132,897	0.6000	4,105,335	96.81	99.13	9-30-01
2001-02	756,399,694	0.6000	4,542,926	96.91	99.00	9-30-02
2002-03	802,646,424	0.6300	5,088,839	97.34	99.44	9-30-03
2003-04	868,270,502	0.6300	5,469,330	97.26	99.40	9-30-04
2004-05	927,779,752	0.6300	5,849,157	97.75	99.46	9-30-05
2005-06	1,002,499,336	0.7300	7,269,740	98.11	99.23	9-30-06
2006-07	1,099,136,471	0.7100	7,800,346	98.13	99.12	9-30-07
2007-08	1,159,974,237	0.7100	8,249,145	97.97	97.97	9-30-08
2008-09	1,251,010,622	0.6950	8,694,524	n/a	n/a	9-30-09

(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

	2008	2007	2006	2005	2004	2003	2002	2001
General Fund	\$ 0.42639	\$ 0.41303	\$ 0.41090	\$ 0.39980	\$ 0.39244	\$ 0.37192	\$ 0.36430	\$ 0.39930
I & S Fund	0.26861	0.29697	0.29910	0.33020	0.23756	0.25808	0.26570	0.20070
TOTAL	\$ 0.69500	\$ 0.71000	\$ 0.71000	\$ 0.73000	\$ 0.63000	\$ 0.63000	\$ 0.63000	\$ 0.60000

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	10/31/08	\$ 68,416,262	13.10%	\$ 8,962,530
Ennis Independent School District	05/31/08	173,065,548	76.07%	131,650,962
Total Gross Overlapping Debt Principal				\$ 140,613,492
Ennis, City of		52,820,000	100.00%	52,820,000
Total Direct and Overlapping Debt Principal				\$ 193,433,492
Ratio of Direct and Overlapping Debt Principal to 2008 Net Taxable Assessed Valuation				15.46%
Ratio of Direct and Overlapping Debt Principal to 2008 Actual Market Value				11.53%
Per Capita Direct and Overlapping Debt Principal				\$ 10,022

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 \$ 32,067,828
 Calculations on the basis of Net General Obligation Debt would change the above figures as follows:
 Total Net Direct and Overlapping Debt \$ 161,365,664

Ratio of Direct and Overlapping Debt Principal to 2008 Net Taxable Assessed Valuation	12.90%
Ratio of Direct and Overlapping Debt Principal to 2008 Actual Market Value	9.62%
Per Capita Direct and Overlapping Debt Principal	\$ 8,361

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	2008 Net Taxable Assessed Valuation	% of Actual	2008 Tax Rate
Ellis County	\$ 9,439,650,535	100%	\$ 0.360091
Ennis Independent School District	1,735,719,171	100%	1.480000

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				
	2008	2007	2006	2005	2004
Revenues:					
General property taxes	\$ 8,345,115	\$ 7,987,786	\$ 7,312,599	\$ 5,909,040	\$ 5,414,429
Sales tax	2,903,646	2,628,612	2,530,875	2,402,731	2,288,667
Franchise tax	1,776,766	1,727,481	1,813,321	1,680,867	1,592,403
Hotel occupancy tax	201,907	187,113	174,520	178,697	194,564
Alcoholic beverage tax	36,870	33,239	29,557	25,908	26,198
Licenses and permits	133,966	260,088	188,538	199,595	165,589
Fines and forfeitures	448,543	234,270	246,336	242,510	300,828
Charges for services	1,063,301	998,126	979,194	966,101	941,246
Revenues from use of money and property	262,981	264,211	217,858	144,318	103,396
Other	267,106	238,558	187,300	197,534	257,805
Intergovernmental	21,875	-	3,680	-	-
Total Revenues	15,462,076	14,559,484	13,683,778	11,947,301	11,285,125
Expenditures:					
General government	1,021,181	950,869	929,826	898,806	879,038
Public safety	6,410,298	6,613,158	5,869,923	5,853,192	5,240,817
Streets	1,367,442	1,149,967	1,156,616	974,116	980,619
Health	263,001	239,133	235,836	220,742	169,284
Equipment service	135,959	118,263	113,954	107,558	128,398
Cultural and recreational	999,066	913,632	873,800	913,138	761,481
Airport	138,094	108,743	73,847	64,967	57,525
Public works	121,802	118,189	128,445	105,581	102,609
Sanitation service	916,147	779,185	820,262	653,104	713,417
Debt service	265,507	160,500	147,565	136,487	129,013
Total Expenditures	11,638,497	11,151,639	10,350,074	9,927,691	9,162,201
Excess of Revenues Over Expenditures	3,823,579	3,407,845	3,333,704	2,019,610	2,122,924
Other Financing Sources (Uses):					
Transfers in	-	76,874	-	-	-
Transfers out	(3,481,382)	(3,341,411)	(3,283,259)	(2,221,735)	(2,227,557)
Capital Leases	303,442	488,753	111,124	263,184	98,986
Total Other Financing Sources (Uses):	(3,177,940)	(2,775,784)	(3,172,135)	(1,958,551)	(2,128,571)
Net Change in Fund Balance	645,639	632,061	161,569	61,059	(5,647)
Fund Balance - Beginning	4,102,881	3,470,820	3,309,251	3,248,192	3,253,839
Fund Balance - Ending	\$ 4,748,520	\$ 4,102,881	\$ 3,470,820	\$ 3,309,251	\$ 3,248,192

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)
1999	\$ 2,535,076	\$ 1,690,051	44.16 %	0.27	\$ 845,025
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 (a)	4,356,259	2,904,173	33.40	0.23	1,452,086

(a) Current year figures as of December 2008.
Source: State Comptroller's Office of the State of Texas

WATERWORKS AND SEWER SYSTEM OPERATING STATEMENT

TABLE CD-11

	Fiscal Year Ended September 30				
	2008	2007	2006	2005	2004
Income (1)	\$ 7,436,762	\$ 7,322,219	\$ 8,066,845	\$ 7,038,913	\$ 6,611,603
Operating Expenses (2)	5,268,071	4,786,625	4,812,562	4,169,948	3,918,573
Available for Debt Service	<u>\$ 2,168,691</u>	<u>\$ 2,535,594</u>	<u>\$ 3,254,283</u>	<u>\$ 2,868,965</u>	<u>\$ 2,693,030</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	\$ 2,294,265	\$ 2,300,192	\$ 2,308,336	\$ 1,793,502	\$ 2,041,566
Coverage of Annual Requirements on all Bonds paid from System Revenues	0.95 x	1.10 x	1.41 x	1.60 x	1.32 x
Customer Count:					
Water	5,614	5,679	5,657	5,501	5,881
Sewer	5,286	5,290	5,266	5,165	5,551

(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, 2008, amounted to \$1,623,302.

CITY OF ENNIS, TEXAS

WATER RATES

TABLE CD-12

(Rates Effective June 5, 2005)

Residential

Monthly Minimum Per One Family Unit	\$	21.50
Additional Cost Per 1,000 Gallons of Water Over 1,000 Gallons	\$	2.85

Commercial

Monthly Minimum Per One Family Unit (Apartments and Water Districts) or Commercial Unit	\$	21.50
Additional Cost Per 1,000 Gallons of Water Over 1,000 Gallons	\$	2.85

Source: City of Ennis, Texas

PRINCIPAL WATER CUSTOMERS - FISCAL YEAR 2008

TABLE CD-13

<u>Name of Customer</u>	<u>Average Monthly Consumption (000 Gallons)</u>	<u>Average Monthly Bill</u>
Elk Corporation of Texas	6,108	\$ 17,450
East Garrett Water	4,232	19,521
Ennis Tractebel Power Co. L.P.	3,216	8,970
Community Water Company	2,119	10,796
Ennis Acquisitions, Inc.	1,893	5,413
Silverton Village Town Homes	1,851	9,937
Sterilite	1,384	3,962
Ennis Independent School District	849	4,165
Ennis Regional Medical Center	730	2,099
East Burnett Villas, LTD	674	3,431
Totals	<u>23,056</u>	<u>\$ 85,744</u>

Source: City of Ennis, Texas

CITY OF ENNIS, TEXAS

SEWER RATES

TABLE CD-14

(Rates Effective June 5, 2000)

Residential

Monthly Minimum Per One Family Unit (Including Apartments)	\$	16.10
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	\$	17.30
Additional Cost Per 1,000 Gallons of Water Over 1,000 Gallons	\$	1.55

Source: City of Ennis, Texas

PRINCIPAL SEWER CUSTOMERS - FISCAL YEAR 2008

TABLE CD-15

<u>Name of Customer</u>	<u>Average Monthly Consumption (000 Gallons)</u>	<u>Average Monthly Bill</u>
Elk Corporation of Texas	6,108	\$ 9,484
Ennis Tractebel Power Co. L.P.	3,216	4,884
City of Garrett	2,860	6,655
Ennis Acquisitions, Inc.	1,893	2,950
Silverton Village Town Homes	1,851	5,465
Sterilite	1,384	2,161
Ennis Regional Medical Center	730	640
East Burnett Villas, LTD	674	1,771
Ennis Care Center	602	948
Grace Town homes	597	2,392
Totals	<u>19,915</u>	<u>\$ 37,350</u>

Source: City of Ennis, Texas