JULY 18, 2018
UPDATE
to the
OFFICIAL STATEMENT DATED JUNE 28, 2018

Relating to the issuance of:

$1,985,000
CITY OF SPRINGTOWN, TEXAS
(Parker County)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2018

UPDATES MADE:

1. **Throughout the OS the Delivery Date was updated to reflect new date.**
2. **Page 2: Maturity schedule updated.**
3. **Page 6: Elected Officials table updated to reflect current vacancy in Mayor Position.**
4. **Page 7: Sources and Uses table updated.**
5. **Page 19: Table 1: Updated Interest and Sinking Fund with current information**
6. **Page 21: Table 4: Updated FYE 2018 collections with current information.**
7. **Page 22: Table 6: Data updated to reflect current information**
8. **Page 22: Table 7: Updated with current information**
9. **Page 23: Table 8: Data updated to reflect current information**
10. **Page 28: Table 13: Data updated with current information.**
11. **Page 30: Table 14: Data updated with current information.**

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OFFICIAL STATEMENT
Dated June 28, 2018
UPDATED JULY 20, 2018

Rating:
S&P: "AA" /AGM Insured
Moody's: "A2"/Underlying
(See "OTHER INFORMATION – Ratings" and "BOND INSURANCE" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Obligations will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" herein.

THE OBLIGATIONS HAVE BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS"
FOR FINANCIAL INSTITUTIONS

$1,985,000
CITY OF SPRINGTOWN, TEXAS
(Parker County)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2018

Dated Date: June 1, 2018 **Due: August 15, as shown on page 2**
Interest accrues from the Delivery Date

PAYMENT TERMS . . . Interest on the $1,985,000 City of Springtown, Texas Combination Tax and Revenue Certificates of Obligation, Series 2018 (the "Obligations") will accrue from the date of initial delivery to the Underwriter (the "Delivery Date", anticipated to be on August 30, 2018), and will be payable on February 15 and August 15 of each year commencing February 15, 2019, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Obligations will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Obligations may be acquired in denominations of $5,000 or integral multiples thereof within a stated maturity. **No physical delivery of the Obligations will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Obligations (see "THE OBLIGATIONS - Book-Entry-Only System" herein). The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "THE OBLIGATIONS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Obligations are issued pursuant to the Texas Constitution and general laws of the State of Texas (the "State"), including particularly subchapter C of Chapter 271, Texas Local Government Code, as amended, and are direct obligations of the City, payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the City of Springtown, Texas (the "City"), and (ii) a limited pledge (not to exceed $1,000) of the net revenues of the City's waterworks and sewer system, as provided in the ordinance authorizing the Obligations (the "Certificate Ordinance" or "Ordinance") (see "THE OBLIGATIONS - Authority for Issuance").

PURPOSE . . . Proceeds from the sale of the Obligations will be used to pay contractual obligations to be incurred for: (i) street improvements and repairs, including drainage, curbs, gutters, traffic signalization and utility line relocations related thereto and the acquisition of land, rights-of-way and equipment therefor, (ii) constructing, acquiring, purchasing, renovating, enlarging, equipping, and improving water and sewer system properties and facilities and the acquisition of land, rights-of-way and equipment therefor, and (iii) professional services rendered in connection with such projects and purposes and the financing thereof. See "PLAN OF FINANCING – Purpose".

CUSIP PREFIX: 851830

MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on page 2

INSURANCE. . . The scheduled payment of principal of and interest on the Obligations when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Obligations by Assured Guaranty Municipal Corp. ("AGM")**.**

LEGALITY . . . The Obligations are offered for delivery when, as and if issued and received by the underwriter named below (the "Underwriter") subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Bond Counsel, Dallas, Texas (see APPENDIX C, "Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon for the Underwriter by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Counsel for the Underwriter.

DELIVERY . . . It is expected that the Obligations will be available for delivery through the facilities of DTC on August 30, 2018.

SAMCO CAPITAL MARKETS

MATURITY SCHEDULE

CUSIP Prefix: 851830 [(1)]

	Amount	Maturity 15-Aug	Initial Rate	Initial Yield	CUSIP Suffix[(1)]
$	40,000	2020	4.000%	2.090%	JY6
	40,000	2021	4.000%	2.240%	JZ3
	40,000	2022	4.000%	2.340%	KA6
	40,000	2023	4.000%	2.500%	KB4
	40,000	2024	4.000%	2.620%	KC2
	40,000	2025	4.000%	2.740%	KD0
	40,000	2026	4.000%	2.840%	KE8
	40,000	2027	4.000%	2.920%	KF5

$200,000 4.000% Term Obligations due August 15, 2032 [(2)] at a Price of 105.898% to Yield 3.300% [(3)] CUSIP No. [(1)] KL2
$600,000 4.500% Term Obligations due August 15, 2039 [(2)] at a Price of 109.225% to Yield 3.400% [(3)] CUSIP No. [(1)] KT5
$865,000 4.000% Term Obligations due August 15, 2043 [(2)] at a Price of 102.478% to Yield 3.700% [(3)] CUSIP No. [(1)] KX6

(Interest to accrue from the Delivery Date.)

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(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. The City, the Financial Advisor and the Underwriter take no responsibility for the accuracy of such numbers.
(2) Subject to mandatory sinking fund redemption. See “THE OBLIGATIONS – Mandatory Sinking Fund Redemption.”
(3) Yield shown is yield to first call date, August 15, 2028.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Obligations having stated maturities on or after August 15, 2032, in whole or in part, in principal amounts of $5,000, or any integral multiple thereof, on August 15, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE OBLIGATIONS – Optional Redemption for the Obligations”).

MANDATORY SINKING FUND REDEMPTION . . . The Term Obligations maturing on August 15 in each of the years 2032, 2039, and 2043 are subject to mandatory redemption prior to maturity on the dates and in the amounts described herein under "THE OBLIGATIONS - Mandatory Sinking Fund Redemption".

No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information, or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriter. This Official Statement, which includes the cover page and appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale in such jurisdiction.

Certain information set forth herein has been obtained from the City and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Financial Advisor or the Underwriter. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

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

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

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

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Obligations or the advisability of investing in the Obligations. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "Bond Insurance" and "Appendix D - Specimen Municipal Bond Insurance Policy".

NONE OF THE CITY, THE UNDERWRITER, OR THE FINANCIAL ADVISOR MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY, AS SUCH INFORMATION HAS BEEN PROVIDED BY THE DEPOSITORY TRUST COMPANY.

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

The agreements of the City and others related to the Obligations are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Obligations is to be construed as constituting an agreement with the Underwriter of the Obligations. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, AND ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

TABLE OF CONTENTS

The cover page hereof, this page, and the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

OFFICIAL STATEMENT SUMMARY

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

THE CITY .... The City of Springtown, Texas (the "City") is a political subdivision of the State of Texas (the "State"), and is a Type A general law municipal corporation located in Parker County, Texas. The City covers approximately 2.9 square miles (see "INTRODUCTION - Description of the City").

THE OBLIGATIONS....................... The Obligations are issued as $1,985,000 City of Springtown, Texas Combination Tax and Revenue Certificates of Obligation, Series 2018. The Obligations are issued as serial Obligations maturing on August 15 in each of the years 2020 through 2027, and as Term Obligations maturing on August 15, in the years 2032, 2039 and 2043 (see "THE OBLIGATIONS - Description of the Obligations").

PAYMENT OF INTEREST .... Interest on the Obligations accrues from the Delivery Date (anticipated to be August 30, 2018), and is payable on February 15, 2019 and each August 15 and February 15 thereafter until maturity or prior redemption (see "THE OBLIGATIONS - Description of the Obligations").

AUTHORITY FOR ISSUANCE .... The Obligations are issued pursuant to the Constitution and general laws of the State, including particularly subchapter C of Chapter 271, Texas Local Government Code, as amended, and an ordinance passed by City Council on the date of sale of the Obligations (the "Ordinance") (see "THE OBLIGATIONS - Authority for Issuance").

SECURITY FOR THE OBLIGATIONS................................ The Obligations constitute direct obligations of the City, payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property within the City and (ii) a limited pledge (not to exceed $1,000) of the net revenues of the City's waterworks and sewer system, as provided in the Ordinance (see "THE OBLIGATIONS - Security and Source of Payment").

OPTIONAL REDEMPTION FOR THE OBLIGATIONS .... The City reserves the right, at its option, to redeem Obligations having stated maturities on or after August 15, 2032, in whole or in part, in principal amounts of $5,000, or any integral multiple thereof, on August 15, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE OBLIGATIONS – Optional Redemption for the Obligations").

MANDATORY SINKING FUND REDEMPTION....................... The Term Obligations are subject to mandatory sinking fund redemption prior to maturity on the dates and in the amounts described herein under "THE OBLIGATIONS – Mandatory Sinking Fund Redemption".

TAX EXEMPTION.......................... In the opinion of Bond Counsel, the interest on the Obligations will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption "TAX MATTERS" herein.

QUALIFIED TAX-EXEMPT OBLIGATIONS .... The City has designated the Obligations as "Qualified Tax-Exempt Obligations" for financial institutions (see TAX MATTERS – Qualified Tax-Exempt Obligations for Financial Institutions).

USE OF PROCEEDS…………….... Proceeds from the sale of the Obligations will be used to pay contractual obligations to be incurred for: (i) street improvements and repairs, including drainage, curbs, gutters, traffic signalization and utility line relocations related thereto and the acquisition of land, rights-of-way and equipment therefor, (ii) constructing, acquiring, purchasing, renovating, enlarging, equipping, and improving water and sewer system properties and facilities and the acquisition of land, rights-of-way and equipment therefor, and (iii) professional services rendered in connection with such projects and purposes and the financing thereof. See "PLAN OF FINANCING – Purpose".

RATINGS .... The Obligations are rated "AA" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") by virtue of a municipal bond insurance policy to be issued by AGM upon delivery of the Obligations to the Underwriter. In addition, the Obligations have been rated "A2" by Moody's Investor Service, Inc. ("Moody's", without regard to credit enhancement (see "OTHER INFORMATION – Ratings" and "BOND INSURANCE").

BOND INSURANCE .... The Obligations are additionally secured by a municipal bond insurance policy to be issued concurrently with the delivery of the Obligations by AGM (see "BOND INSURANCE"). The purchase of such insurance and the payment of all associated costs will be at the expense of the City.

BOOK-ENTRY-ONLY SYSTEM .... The definitive Obligations will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Obligations may be acquired in denominations of $5,000 or integral multiples thereof within a stated maturity. No physical delivery of the Obligations will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Obligations (see "THE OBLIGATIONS - Book-Entry-Only System").

PAYMENT RECORD .... The City has never defaulted in payment of its general obligation tax debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated Population(1)	Taxable Assessed Valuation(2)	Taxable Assessed Valuation Per Capita	G.O. Tax Debt Outstanding at End of Year(3)	Ratio of G.O. Tax Debt to Taxable Assessed Valuation	G.O. Tax Debt Per Capita
2014	2,750	$ 143,378,774	$ 52,138	$ 6,941,525	4.84%	$ 2,524
2015	2,750	144,205,944	52,439	6,707,950	4.65%	2,439
2016	2,750	157,866,326	57,406	6,471,546	4.10%	2,353
2017	2,750	161,337,662	58,668	6,225,000	3.86%	2,264
2018	2,870	174,755,906	60,891	6,560,000 (4)	3.75% (4)	2,286 (4)

(1) Source: City of Springtown
(2) As reported by the Appraisal District (defined herein).
(3) Excludes self-supporting debt.
(4) Projected.

For additional information regarding the City, please contact:

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City of Springtown
102 E. 2nd Street
Springtown, TX 76082-0444
(817) 220-4834
bgriffith@cityofspringtown.com

or

James S. Sabonis
Hilltop Securities Inc.
1201 Elm Street, Suite 3500
Dallas, Texas 75270
(214) 953-4195
jim.sabonis@hilltopsecurities.com

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

Name	Position	On Council Since	Term Expires May
Vacant	Mayor		
Michele Kelley	Mayor Pro-Tem	2017	2019
Annette Burk	Council Member	2005	2020
Richelle Pruitt	Council Member	2017	2019
Oleta Parker	Council Member	2018	2020
Bill White	Council Member	2018	2020

SELECTED ADMINISTRATIVE STAFF

Name	Position	Years with the City	Years in Government
David Miller	City Administrator	1 Year	33 Years
Beverly Griffith	Finance Manager	1/2 Year	39 Years
Jhanna Bogan	City Secretary	19 Years	19 Years

CONSULTANTS, ADVISORS AND INDEPENDENT AUDITORS

Auditors .... Weaver and Tidwell, L.L.P.
Fort Worth, Texas

Bond Counsel .... Norton Rose Fulbright US LLP
Dallas, Texas

Financial Advisor.......... Hilltop Securities Inc.
Dallas, Texas

OFFICIAL STATEMENT

RELATING TO

$1,985,000
CITY OF SPRINGTOWN, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2018

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of $1,985,000 City of Springtown, Texas Combination Tax and Revenue Certificates of Obligation, Series 2018 (the "Obligations"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance adopted on the date of sale of the Obligations (the "Certificate Ordinance" or "Ordinance") which authorizes the issuance of the Obligations, except as otherwise indicated herein.

DESCRIPTION OF THE CITY . . . The City is a political subdivision and Type A general law municipal corporation of the State, duly organized and existing under the laws of the State. The City was incorporated in 1956 as a General Law Type A Municipality. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and five Council members elected for staggered two year terms. The City Administrator is the chief administrative officer for the City. Some of the services that the City provides are: public safety (police protection), highways and streets, water and sanitary sewer utilities, health and social services, culture recreation, public improvements, planning and zoning, and general administrative services. The estimated 2018 population is 2,870. The City covers approximately 2.9 square miles.

There follows in this Official Statement descriptions of the Obligations and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such documents. Copies of such documents may be obtained from the City's Financial Advisor, Hilltop Securities Inc., Dallas, Texas ("HilltopSecurities").

PLAN OF FINANCING

PURPOSE . . . Proceeds from the sale of the Obligations will be used for the purpose of paying contractual obligations to be incurred for: (i) street improvements and repairs, including drainage, curbs, gutters, traffic signalization and utility line relocations related thereto and the acquisition of land, rights-of-way and equipment therefor, (ii) constructing, acquiring, purchasing, renovating, enlarging, equipping, and improving water and sewer system properties and facilities and the acquisition of land, rights-of-way and equipment therefor, and (iii) professional services rendered in connection with such projects and purposes and the financing thereof.

SOURCES AND USES OF PROCEEDS . . . The proceeds from the sale of the Obligations will be applied approximately as follows:

SOURCES OF PROCEEDS:	
Par Amount of Obligations	$ 1,985,000.00
Net Premium	110,185.50
TOTAL SOURCES:	$ 2,095,185.50
USES OF PROCEEDS:	
Deposit to Project Fund	$ 1,998,844.49
Underwriter's Discount	21,040.81
Costs of Issuance (1)	75,300.20
TOTAL USES:	$ 2,095,185.50

(1) Includes the insurance premium.

THE OBLIGATIONS

DESCRIPTION OF THE OBLIGATIONS . . . The Obligations are dated June 1, 2018, and mature on August 15 in each of the years and in the amounts shown on page 2 hereof. Interest on the Obligations will accrue from the Delivery Date (anticipated to be August 30, 2018) and will be computed on the basis of a 360-day year consisting of twelve 30-day months, and will be payable on February 15 and August 15 of each year, commencing February 15, 2019, until maturity or prior redemption. The definitive Obligations will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Obligations will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Obligations (see "THE OBLIGATIONS - Book-Entry-Only System" herein).

AUTHORITY FOR ISSUANCE . . . The Obligations are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly subchapter C of Chapter 271, Texas Local Government Code, as amended, and the Ordinance.

SECURITY AND SOURCE OF PAYMENT. . . The Obligations are payable from a combination of (i) a continuing direct annual ad valorem tax levied by the City, within the limits prescribed by law, upon all taxable property within the City and (ii) a limited pledge (not to exceed $1,000) of the net revenues of the City's waterworks and sewer system, as provided in the Ordinance.

TAX RATE LIMITATION. . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax to provide for the operations of the City, including the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 4, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $1.50 per $100 Taxable Assessed Valuation for all City purposes. Administratively, the Attorney General of the State of Texas will permit allocation of the 1.00 of the $1.50 maximum tax rate for all general obligation debt service, as calculated at the time of issuance and based on a 90% collection factor.

OPTIONAL REDEMPTION FOR THE OBLIGATIONS. . . The City reserves the right, at its option, to redeem Obligations having stated maturities on or after August 15, 2032, in whole or in part, in principal amounts of $5,000, or any integral multiple thereof, on August 15, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Obligations are to be redeemed, the City may select the maturities of such Obligations to be redeemed. If less than all the Obligations of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Obligations are in Book-Entry-Only form) shall determine by lot the Obligations, or portions thereof, within such maturity to be redeemed. If an Obligation (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Obligation (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

MANDATORY SINKING FUND REDEMPTION. . . The Obligations maturing on August 15 in each of the years 2032, 2039 and 2043 (the "Term Obligations") are subject to mandatory sinking fund redemption in the principal amounts and at the price of par plus accrued interest to the redemption date as described below:

Term Obligations Due August 15, 2032

Redemption Date		Principal Amount
August 15, 2028		$40,000
August 15, 2029		$40,000
August 15, 2030		$40,000
August 15, 2031		$40,000
August 15, 2032	(maturity)	$40,000

Term Obligations Due August 15, 2039

Redemption Date		Principal Amount
August 15, 2033		$40,000
August 15, 2034		$40,000
August 15, 2035		$40,000
August 15, 2036		$50,000
August 15, 2037		$50,000
August 15, 2038		$185,000
August 15, 2039	(maturity)	$195,000

Term Obligaitons Due August 15, 2043

Redemption Date		Principal Amount
August 15, 2040		$205,000
August 15, 2041		$215,000
August 15, 2042		$220,000
August 15, 2043	(maturity)	$225,000

Approximately forty-five (45) days prior to each mandatory redemption date for the Term Obligations, the Paying Agent/Registrar shall select by the lot the numbers of the Term Obligations to be redeemed on the next following August 15 from moneys set aside for that purpose in the Certificate Fund (as defined in the Ordinance). Any Term Certificate not selected for prior redemption shall be paid on the date of its stated maturity.

The principal amount of Term Obligations of a stated maturity required to be redeemed on any mandatory redemption date pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the City, by the principal amount of any Term Obligations of the same maturity which, at least 45 days prior to a mandatory redemption date (1) shall have been acquired by the City and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the City at a price not exceeding the principal amount of such Term Obligations plus accrued interest to the date of purchase, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

NOTICE OF REDEMPTION. . . Not less than 30 days prior to a redemption date for the Obligations, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Obligations to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE OBLIGATIONS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY OBLIGATION OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH OBLIGATION OR PORTION THEREOF SHALL CEASE TO ACCRUE, PROVIDED THAT MONIES FOR THE PAYMENT OF THE REDEMPTION PRICE AND THE INTEREST ACCRUED ON THE PRINCIPAL AMOUNT TO BE REDEEMED TO THE DATE OF REDEMPTION ARE HELD FOR THE PURPOSE OF SUCH PAYMENT BY THE PAYING AGENT/REGISTRAR.

With respect to any optional redemption of the Obligations, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Obligations to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received or such prerequisites are not satisfied, such notice shall be of no force and effect, the City shall not redeem such Obligations and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Obligations have not been redeemed.

DEFEASANCE . . . The Ordinance provides for the defeasance of the Obligations when the payment of the principal of and premium, if any, on the Obligations, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption or otherwise), is provided by irrevocably depositing with a paying agent or other authorized escrow agent, in trust (1) money sufficient to make such payment or (2) Government Securities (defined herein), that mature as to principal and interest in such amounts and at such times to ensure the availability, without reinvestment, of sufficient money, together with monies deposited therewith, if any, to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Obligations, and thereafter the City will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased Obligations, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Government Securities. The Ordinance provides that "Government Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated, on the date of their acquisition or purchase by the City, as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that are rated, on the date of their acquisition or purchase by the City, as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (d) any other then authorized securities or obligations that may be used to defease obligations such as the Obligations under the then applicable laws of the State. Upon making such deposit in the manner described, such defeased Obligations shall no longer be deemed outstanding obligations secured by the Ordinance, but will be payable only from the funds and Government Securities deposited into escrow and will not be considered debt of the City for purposes of taxation or applying any limitation on the City's ability to issue debt for any other purpose. There is no assurance that current Texas law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Obligations. Because the Ordinance does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under Texas law. There is no assurance that the ratings for U.S. Treasury securities used as Government Securities or those for any other Government Securities will be maintained at any particular rating category.

Upon such deposit as described above, such Obligations shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Obligations have been made as described above, all rights of the City to initiate proceedings to call the Obligations for redemption, or take any other action amending the terms of the Obligations, are extinguished; provided, however, that the right to call the Obligations for redemption is not extinguished if the City: (i) in the proceedings providing for firm banking and financial arrangements, expressly reserves the right to call the Obligations for redemption; (ii) gives notice of the reservation of that right to the owners of the Obligations immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

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

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

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

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

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

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Obligation documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

Redemption notices relating to the Obligations shall be sent to DTC. If less than all of the Obligations within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

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

DTC may discontinue providing its services as depository with respect to the Obligations at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Obligation certificates are required to be printed and delivered to DTC.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Obligation certificates will be printed and delivered.

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

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

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

PAYING AGENT/REGISTRAR. . . The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Obligations are duly paid and any successor Paying Agent/Registrar shall be a commercial bank, trust company, financial institution or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Obligations, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of such Obligations by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of the Obligations will be payable to the registered owner at maturity or prior redemption upon presentation at the principal office of the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Obligations, all payments will be made as described under "THE OBLIGATIONS - Book-Entry-Only System" herein. Interest on the Obligations shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (see "THE OBLIGATIONS – Record Date for Interest Payment" herein), and such interest shall be paid (i) by check sent by United States Mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar, or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Obligations shall be a Saturday, Sunday, legal holiday or day when banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, printed Obligation certificates will be delivered to the holders and thereafter the Obligations may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender of such printed certificates to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Obligations may be assigned by the execution of an assignment form on the respective Obligations or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Obligations will be delivered by the Paying Agent/Registrar, in lieu of the Obligations being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Obligations issued in an exchange or transfer of Obligations will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Obligations to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Obligations registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Obligations surrendered for exchange or transfer. See "THE OBLIGATIONS -

Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Obligations.

LIMITATION ON TRANSFER OF OBLIGATIONS. . . Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Obligation or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date; provided, however, such limitation on transfer or exchange shall not be applicable to a transfer or exchange by the registered owner of the uncalled balance of an Obligation called for redemption in part.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Obligations on any interest payment date means the last business day of the month preceding each such date.

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

MUTILATED, DESTROYED, LOST AND STOLEN OBLIGATIONS. . . If any Obligation is mutilated, destroyed, stolen or lost, a new Obligation in the same principal amount, maturity and interest rate as the Obligation so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Obligation, such new Obligation will be delivered only upon surrender and cancellation of such mutilated Obligation. In the case of any Obligation issued in lieu of and substitution for any Obligation which has been destroyed, stolen or lost, such new Obligation will be delivered only (a) upon filing with the City and the Paying Agent/Registrar a certificate to the effect that such Obligation has been destroyed, stolen or lost and proof of ownership thereof, and (b) upon furnishing the Paying Agent/Registrar with indemnity satisfactory to hold the City and the Paying Agent/Registrar harmless. The person requesting the authentication and delivery of a new Obligation must pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

OBLIGATIONHOLDERS' REMEDIES . . . The Ordinance does not specify events of default with respect to the Obligations. If the City defaults in the payment of principal of or interest on the Obligations or the redemption price of a Obligations when due, or if it fails to make payments into any fund or funds created in the Ordinance, or defaults in the observation or performance of any other covenants, conditions or obligations set forth in the Ordinance, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Obligations if there is no other available remedy at law to compel performance of the Obligations or the obligations under the Ordinance and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Obligations in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the holders of the Obligations upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and, accordingly, all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd.* v. *City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. If sovereign immunity is determined by a court to exist, then the Texas Supreme Court has ruled in *Tooke* v. *City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, holders of the Obligations may not be able to bring such a suit against the City for breach of the Obligations or covenants in the Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Obligations. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or holders of the Obligations of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Obligations are qualified with respect to the customary rights of debtors relative to their creditors.

AMENDMENTS … The City may amend the Certificate Ordinance without the consent of or notice to any registered owner in any manner not detrimental to the interest of the registered owners, including the curing of any ambiguity, inconsistency, formal defect, or omission therein. In addition, the City may, with the written consent of the holders of a majority in aggregate principal amount of the Obligations then outstanding, amend, add to, or rescind any of the provisions of the Ordinance; except that, without the consent of the registered owners of all of the Obligations then outstanding, no such amendment, addition, or rescission may (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Obligations, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Obligations, (2) give any preference to any Obligation over any other Obligation, or (3) reduce the aggregate principal amount of Obligations required to be held by the holders of such Obligations for consent to any such amendment, addition, or rescission as provided in the Ordinance.

BOND INSURANCE

BOND INSURANCE POLICY

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

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

ASSURED GUARANTY MUNICIPAL CORP.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On June 26, 2018, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On May 7, 2018, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

On January 23, 2018, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

Capitalization of AGM

At March 31, 2018:

- The policyholders' surplus of AGM was approximately $2,247 million.

- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $1,133 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.

- The net unearned premium reserves of AGM and its subsidiaries (as described below) were approximately $1,646 million. Such amount includes (i) 100% of the net unearned premium reserves of AGM and AGM's wholly owned subsidiaries Assured Guaranty (Europe) plc, Assured Guaranty (UK) plc, CIFG Europe S.A. and Assured Guaranty (London) plc (together, the "AGM European Subsidiaries") and (ii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves and net unearned premium reserves of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves of the AGM European Subsidiaries were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (filed by AGL with the SEC on February 23, 2018); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018 (filed by AGL with the SEC on May 4, 2018).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Obligations shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

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

Miscellaneous Matters

AGM makes no representation regarding the Obligations or the advisability of investing in the Obligations. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

BOND INSURANCE RISK FACTORS

In the event of default of the payment of principal or interest with respect to the Obligations when all or some becomes due, any owner of the Obligations shall have a claim under the applicable financial guaranty insurance policy (the "Policy") for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Obligations by the City which is recovered by the City from the Obligation owner as a voidable preference under applicable bankruptcy law is covered by the Policy, however, such payments will be made by the provider of such policy ("Insurer") at such time and in such amounts as would have been due absence such prepayment by the City unless the Insurer chooses to pay such amounts at an earlier date.

Under no circumstances does default of payment of principal and interest obligate acceleration of the obligations of the Insurer without their consent. The Insurer may direct and must consent to any remedies and the Insurer's consent may be required in connection with amendments to the Ordinance.

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Obligations are payable solely from the revenues and ad valorem taxes pledged pursuant to the applicable Ordinance. In the event the Insurer becomes obligated to make payments with respect to the Obligations, no assurance is given that such event will not adversely affect the market price of the Obligations or the marketability (liquidity) for the Obligations.

The long-term ratings on the Obligations are dependent in part on the financial strength of the Insurer and its claim paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and of the ratings on the Obligations insured by the Insurer will not be subject to downgrade and such event could adversely affect the market price of the Obligations or the marketability (liquidity) for the Obligations. See description "OTHER INFORMATION - Ratings" herein.

The obligations of the Insurer are general obligations of the Insurer and in an event of default by the Insurer, the remedies available to the Obligation owners may be limited by applicable bankruptcy law or other similar laws related to insolvency.

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

Neither the City nor the Underwriter have made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given

TAX INFORMATION

AD VALOREM TAX LAW . . . The appraisal of property within the City is the responsibility of the Parker County Appraisal District (the "Appraisal District"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under the Property Tax Code (as defined below) to appraise all property within the Appraisal District on the basis of 100% of its market value and are prohibited from applying any assessment ratios. In determining the market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and the method considered most appropriate by the chief appraisers is to be used. Effective January 1, 2010, State law requires the appraised value of a residence homestead to be based solely on the property's value as a residence homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a residence homestead for a tax year to an amount not to exceed the lesser of (1) the property's market value for the most recent tax year in which the market value was determined by the appraisal office or (2) the sum of (a) 10% of the property's appraised value for the preceding tax year, plus (b) the property's appraised value for the preceding tax year, plus (c) the market value of all new improvements to the property. The value placed upon property within the Appraisal District is subject to review by an Appraisal Review Board consisting of members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District at least every three years. The City may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the City by petition filed with the Appraisal Review Board of the Appraisal District.

Reference is made to the, Title 1, Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Article VIII of the State Constitution ("Article VIII") and State law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value and the exemption of certain personal property from ad valorem taxation.

Under Section 1-b, Article VIII, and State law, the governing body of a political subdivision, at its option, may grant an exemption of not less than $3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision. Once authorized, such exemption may be repealed or decreased or increased in amount (i) by the governing body of the political subdivision or (ii) by a favorable vote of a majority of the qualified voters at an election called by the governing body of the political subdivision, which election must be called upon receipt of a petition signed by at least 20% of the number of qualified voters who voted in the preceding election of the political subdivision. In the case of a decrease, the amount of the exemption may not be reduced to less than $3,000 of the market value.

The surviving spouse of an individual who qualifies for the foregoing exemption for the residence homestead of a person 65 or older (but not the disabled) is entitled to an exemption for the same property in an amount equal to that of the exemption for which the deceased spouse qualified if (i) the deceased spouse died in a year in which the deceased spouse qualified for the exemption, (ii) the surviving spouse was at least 55 years of age at the time of the death of the individual's spouse and (iii) the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse.

In addition to any other exemptions provided by the Property Tax Code, the governing body of a political subdivision, at its option, may grant an exemption of up to 20% of the market value of residence homesteads, with a minimum exemption of $5,000. However, a governing body of a political subdivision is prohibited from repealing or reducing the amount of this optional homestead exemption if it was in place for the 2014 tax year (fiscal year 2015) for a period ending December 31, 2019.

In the case of residence homestead exemptions granted under Section 1-b, Article VIII, ad valorem taxes may continue to be levied against the value of homesteads exempted where ad valorem taxes have previously been pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created.

State law and Section 2, Article VIII, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from $5,000 to a maximum of $12,000; provided, however, that beginning in the 2009 tax year, a disabled veteran who receives from the from the United States Department of Veterans Affairs or its successor 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead. Additionally, effective January 1, 2012, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. Following the approval by the voters at a November 7, 2017 statewide election (with an effective date of January 1, 2018), the surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to a property tax exemption for all or part of the market value of such surviving spouse's residence homestead, if the surviving spouse has not remarried since the first responder's death and said property was the first responder's residence homestead at the time of death. Such exemption is transferable to a different property of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

Under Article VIII and State law, the governing body of a county, municipality or junior college district, may freeze the total amount of ad valorem taxes levied on the residence homestead of a disabled person or persons 65 years of age or older to the amount of taxes imposed in the year such residence qualified for such exemption. Also, upon receipt of a petition signed by five percent of the registered voters of the county, municipality or junior college district, an election must be held to determine by majority vote whether to establish such a limitation on taxes paid on residence homesteads of persons 65 years of age or who are disabled. Upon providing for such exemption, the total amount of taxes imposed on such homestead cannot be increased except for improvements (excluding repairs or improvements required to comply with governmental requirements) and such freeze is transferable to a different residence homestead. Also, a surviving spouse of a taxpayer who qualifies for the freeze on ad valorem taxes is entitled to the same exemption so long as the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse and the spouse was at least 55 years of age at the time of the death of the individual's spouse. If improvements (other than repairs or improvements required to comply with governmental requirements) are made to the property, the value of the improvements is taxed at the then current tax rate, and the total amount of taxes imposed is increased to reflect the new improvements with the new amount of taxes then serving as the ceiling on taxes for the following years. Once established, the tax rate limitation may not be repealed or rescinded.

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Section 1-d and 1-d-1.

Nonbusiness personal property, such as automobiles or light trucks, are exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats owned as nonbusiness property are exempt from ad valorem taxation.

Article VIII, Section 1-j, provides for "freeport property" to be exempted from ad valorem taxation. Freeport property is defined as goods detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. Decisions to continue to tax may be reversed in the future; decisions to exempt freeport property are not subject to reversal.

Article VIII, Section 1-n of the Texas Constitution provides for the exemption from taxation of "goods in transit". Section 11.253 of the Texas Tax Code defines "goods in transit" as personal property acquired or imported into Texas and transported to another location in the State or outside of the State within 175 days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out board motor, heavy equipment and manufactured housing inventory. Section 11.253 of the Tax Code permits local governmental entities, on a local option basis, to tax goods-in-transit if the governmental body of such entity, after conducting a public hearing, takes official action prior to January 1 of the first year in which the governing body proposes to tax goods-in-transit. A taxpayer may receive only one of the freeport exemptions or the goods-in-transit exemptions for items of personal property.

A city may utilize tax increment financing ("TIF"), pursuant to the Tax Increment Financing Act, Texas Tax Code, Chapter 311, to encourage development and redevelopment within a designated reinvestment zone. Taxes collected from increases in valuation above the base value (the "captured appraised value") by each taxing unit that levies ad valorem taxes on real property in the reinvestment zone may be used to pay costs of infrastructure or other public improvements in the reinvestment zone and to supplement or act as a catalyst for private development in the defined area of the reinvestment zone. The tax increment base value for a taxing unit is the total appraised value of all real property taxable by the taxing unit and located in the reinvestment zone as of January 1 of the year in which the city created the reinvestment zone. Each taxing unit can choose to dedicate all, any portion or none of its taxes collected from the captured appraised value to the costs of improvements in the reinvestment zone. The amount of a taxing unit's tax increment for a year is the amount of property taxes levied by the taxing unit for that year on the captured appraised value of real property taxable by the taxing unit and located in the reinvestment zone, multiplied by the taxing unit's percentage level of participation. The City also may enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The City in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

The City is authorized, pursuant to Chapter 380, Texas Local Government Code, as amended ("Chapter 380"), to establish programs to promote state or local economic development and to stimulate business and commercial activity in the City. In accordance with a program established pursuant to Chapter 380, the City may make loans or grants of public funds for economic development purposes, however no obligations secured by ad valorem taxes may be issued for such purposes unless approved by voters of the City. The City may contract with the federal government, the State, another political subdivision, a nonprofit organization or any other entity, including private entities, for the administration of such a program.

EFFECTIVE TAX RATE AND ROLLBACK TAX RATE . . . By each September 1 or as soon thereafter as practicable, the City Council adopts a tax rate per $100 taxable value for the current year. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service.

Under the Property Tax Code, the City must annually calculate and publicize its "effective tax rate" and "rollback tax rate". A tax rate cannot be adopted by the City Council that exceeds the lower of the rollback tax rate or the effective tax rate until two public hearings are held on the proposed tax rate following a notice of such public hearings (including the requirement that notice be posted on the City's website if the City owns, operates or controls an internet website and public notice be given by television if the City has free access to a television channel) and the City Council has otherwise complied with the legal requirements for the adoption of such tax rate. If the adopted tax rate exceeds the rollback tax rate the qualified voters of the City by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

"Effective tax rate" means the rate that will produce last year's total tax levy (adjusted) from this year's total taxable values (adjusted). "Adjusted" means lost values are not included in the calculation of last year's taxes and new values are not included in this year's taxable values.

"Rollback tax rate" means the rate that will produce last year's maintenance and operation tax levy (adjusted) from this year's values (adjusted) multiplied by 1.08 plus a rate that will produce this year's debt service from this year's values (unadjusted) divided by the anticipated tax collection rate.

The Property Tax Code provides that certain cities and counties in the State may submit a proposition to the voters to authorize an additional one-half cent sales tax on retail sales of taxable items. If the additional tax is levied, the effective tax rate and the rollback tax rate calculations are required to be offset by the revenue that will be generated by the sales tax in the current year.

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

PROPERTY ASSESSMENT AND TAX PAYMENT . . . Property within the City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Effective January 1, 2012, oil and gas reserves are assessed on the basis of a valuation process which uses pricing information contained in the most recently published Early Release Overview of the Annual Energy Outlook published by the United States Energy Information Administration, as well as appraisal formulas developed by the State Comptroller of Public Accounts. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances.

PENALTIES AND INTEREST . . . Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, penalty remains at 12%, and interest accrues at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid. A delinquent tax continues to accrue interest as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest is to compensate the taxing unit for revenue lost because of the delinquency. In addition, if an account is delinquent in July, an attorney's collection fee of up to 20% of the delinquent tax, penalty and interest may be added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

City Application of Tax Code . . . The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of $15,000; the disabled are also granted an exemption of $15,000.

The City has not granted an additional exemption of 20% of the market value of residence homesteads.

See Table 1 for a listing of the amounts of the exemptions described above.

Ad valorem taxes are not levied by the City against the exempt value of residence homesteads for the payment of debt.

The City has not adopted the tax freeze for citizens who are disabled or are 65 years of age or older, which became a local option.

The City does not tax nonbusiness vehicles.

The City collects an additional one-half cent sales tax for reduction of ad valorem taxes.

The Parker County Appraisal District collects taxes for the City.

Tax Abatement Policy . . . The City has adopted a tax abatement policy.

TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2017/18 Market Valuation Established by Parker County Appraisal District (excluding totally exempt property)		$ 187,607,596
Less Exemptions/Reductions at 100% Market Value:		
Over 65	$ 2,982,870	
Disabled Veterans	1,123,350	
Pollution Control	140,500	
Homestead Cap Adjustment	4,601,282	
Disabled Persons	240,000	
Other	8,380	
Agricultural Use Reductions	3,755,308	$ 12,851,690
2017/18 Taxable Assessed Valuation		$ 174,755,906
General Obligation Debt Payable from Ad Valorem Taxes as of 7/15/2018		$ 13,935,000
The Obligations		1,985,000
		$ 15,920,000
Less: Self Supporting Debt (1)		
Water & Sewer Supported Debt		$ 7,680,000
Fire District Supported Debt		30,000
The Obligations (Water & Sewer Supported Debt)		1,405,000
Total Self Supporting Debt		$ 9,115,000
Net General Purpose Funded Debt Payable from Ad Valorem Taxes		$ 6,805,000
Interest and Sinking Fund as of 7/1/2018		$ 571,203
Ratio of Net General Obligation Tax Debt to Taxable Assessed Valuation		3.89%

2018 Estimated Population - 2,870

Per Capita Taxable Assessed Valuation - $60,891

Per Capita Net General Purpose Funded Debt - $2,371

(1) It is the City's current policy to pay such self-supporting debt from the respective revenue sources, and this policy is subject to change in the future; however, the City has no current plans to change its policy. In the event the City changes its policy, or if such revenues are not sufficient to pay debt service on such obligations, the City will be required to levy an ad valorem tax to pay such debt service (see Tables 1 and 10, herein, for more detailed information regarding the City's self-supported debt).

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TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Vaue for Fiscal Year Ended September 30,					
	2018		2017		2016	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 105,043,298	55.99%	$ 90,080,510	53.00%	$ 88,997,570	52.59%
Real, Residential, Multi-Family	6,011,793	3.20%	4,790,830	2.82%	4,790,830	2.83%
Real, Vacant Lots/Tracts	2,940,990	1.57%	2,482,940	1.46%	2,450,070	1.45%
Real, Acreage (Land Only)	3,827,467	2.04%	3,662,057	2.15%	4,058,936	2.40%
Real, Farm and Ranch Improvements	3,672,236	1.96%	3,140,086	1.85%	3,664,203	2.17%
Real, Commercial	31,968,322	17.04%	30,812,913	18.13%	29,809,339	17.62%
Real, Industrial	12,729,850	6.79%	14,190,780	8.35%	15,836,970	9.36%
Real, Oil & Gas	50,420	0.03%	52,770	0.03%	118,870	0.07%
Real and Tangible Personal, Utilities	8,141,240	4.34%	8,330,380	4.90%	9,014,550	5.33%
Tangible Personal, Commercial	9,191,140	4.90%	9,506,450	5.59%	8,425,150	4.98%
Tangible Personal, Industrial	3,818,420	2.04%	2,757,530	1.62%	1,865,360	1.10%
Tangible Personal, Mobile Homes	28,380	0.02%	29,640	0.02%	29,640	0.02%
Intangible Personal Property	-	0.00%	39,130	0.02%	69,100	0.04%
Real, Inventory	172,000	0.09%	87,000	0.05%	81,000	0.05%
Special Inventory	12,040	0.01%	11,390	0.01%	10,190	0.01%
Other	-	0.00%	-	0.00%	-	0.00%
Total Appraised Value Before Exemptions	$ 187,607,596	100.00%	$ 169,974,406	100.00%	$ 169,221,778	100.00%
Less: Total Exemptions/Reductions	12,851,690		8,636,744		11,355,452	
Taxable Assessed Value	$ 174,755,906		$ 161,337,662		$ 157,866,326	

	Taxable Appraised Value for Fiscal Year Ended Septemer 30,			
	2015		2014	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 76,917,550	50.54%	$ 76,400,870	50.64%
Real, Residential, Multi-Family	4,356,230	2.86%	4,355,430	2.89%
Real, Vacant Lots/Tracts	2,072,700	1.36%	1,935,560	1.28%
Real, Acreage (Land Only)	3,954,055	2.60%	3,294,635	2.18%
Real, Farm and Ranch Improvements	3,248,760	2.13%	2,975,050	1.97%
Real, Commercial	27,550,450	18.10%	26,908,210	17.84%
Real, Industrial	16,599,840	10.91%	17,325,830	11.48%
Real, Oil & Gas	81,710	0.05%	140,120	0.09%
Real and Tangible Personal, Utilities	8,924,830	5.86%	8,757,570	5.80%
Tangible Personal, Commercial	6,200,680	4.07%	6,180,680	4.10%
Tangible Personal, Industrial	2,099,130	1.38%	2,384,190	1.58%
Tangible Personal, Mobile Homes	39,330	0.03%	54,440	0.04%
Intangible Personal Property	9,450	0.01%	9,450	0.01%
Real, Inventory	144,800	0.10%	144,800	0.10%
Special Inventory	4,220	0.00%	4,220	0.00%
Total Appraised Value Before Exemptions	$ 152,203,735	100.00%	$ 150,871,055	100.00%
Less: Total Exemptions/Reductions	7,997,791		7,492,281	
Taxable Assessed Value	$ 144,205,944		$ 143,378,774	

NOTE: Valuations shown are certified taxable assessed values reported by the Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

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TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population[1]	Taxable Assessed Valuation[2]	Taxable Assessed Valuation Per Capita	G.O. Tax Debt Outstanding at End of Year[3]	Ratio of G.O. Tax Debt to Taxable Assessed Valuation	G.O. Tax Debt Per Capita
2014	2,750	$ 143,378,774	$ 52,138	$ 6,941,525	4.84%	$ 2,524
2015	2,750	144,205,944	52,439	6,707,950	4.65%	2,439
2016	2,750	157,866,326	57,406	6,471,546	4.10%	2,353
2017	2,750	161,337,662	58,668	6,225,000	3.86%	2,264
2018	2,870	174,755,906	60,891	6,560,000 (4)	3.75% (4)	2,286 (4)

(1) Source: City of Springtown
(2) As reported by the Appraisal District (defined herein).
(3) Excludes self-supporting debt.
(4) Projected.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy[1]	% Current Collections[1]	% Total Collections[1]
2014	$ 0.6230	$ 0.3015	$ 0.3215	$ 891,140	98.89%	101.74%
2015	0.6251	0.3001	0.3250	900,051	99.09%	101.50%
2016	0.6129	0.3175	0.2954	968,261	98.78%	99.95%
2017	0.6217	0.3309	0.2909	1,001,499	98.77% (2)	100.15% (2)
2018	0.5900	0.3322	0.2578	1,031,011	97.99% (3)	97.99% (3)

(1) Source: City staff.
(2) Calculated.
(3) Collections as of June 30, 2018.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2017/18 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Enbridge G&P	Oil & Gas	$ 12,729,850	7.28%
Riding and Roping	Retail	4,310,860	2.47%
Energy Transfer Fuel	Oil & Gas	2,669,400	1.53%
Oncor Electric	Utility	2,633,230	1.51%
Ward Welding & Supply	Retail	2,311,690	1.32%
Brookshire Grocery	Grocery	2,300,030	1.32%
JND Holdings	Retail	1,456,120	0.83%
Heritage-Chystal Clean	Retail	1,359,050	0.78%
Builders Capital Ltd	Residential	1,182,580	0.68%
Sadash Corporation	Retail	1,017,250	0.58%
		$ 31,970,060	18.29%

GENERAL OBLIGATION DEBT LIMITATION . . . No general obligation debt limitation is imposed on the City under current State law (see "THE OBLIGATIONS - Tax Rate Limitation").

TABLE 6 - TAX ADEQUACY [(1)]

Principal and Interest Requirements (2018)	$	457,525
\$0.2700 Tax Rate at 97% Collection Produces	$	457,686
Net Average Principal and Interest Requirements (2018-2043)	$	373,016
\$0.2201 Tax Rate at 97% Collection Produces	$	373,099
Net Maximum Annual Principal and Interest Requirements (2020)	$	506,415
\$0.2988 Tax Rate at 97% Collection Produces	$	506,506

(1) Does not include self-supporting debt.

TABLE 7 - ESTIMATED OVERLAPPING DEBT [(1)]

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Jurisdiction	2017/2018 Taxable Assessed Valuation	2017/2018 Tax Rate	Tax Debt as of 7/15/2018	Estimated % Applicable	Overlapping G.O. Tax Debt	Authorized But Unissued
City of Springtown	\$ 174,755,906	\$0.6230	\$ 15,920,000 [(2)]	100.00%	\$ 15,920,000	\$ 20,000
Parker County	11,880,884,086	0.3900	121,435,000	1.47%	1,785,095	36,200,000
Parker County Hospital Dist.	11,835,745,729	0.1120	-	1.47%	-	-
Parker County JCD	11,830,457,065	0.1140	5,035,000	1.47%	74,015	-
Springtown ISD	902,820,091	1.3590	53,805,000	19.36%	10,416,648	-
Total Direct and Overlapping G.O. Tax Debt					\$ 28,195,757	
Ratio of Direct and Overlapping G.O. Tax Debt to Taxable Assessed Valuation					16.13%	
Per Capita Direct and Overlapping G.O. Tax Debt					\$ 9,824	
Total Overlapping Tax Rate					\$ 2.6180	

(1) Source: Municipal Advisory Council of Texas.
(2) Includes self-supporting debt. Includes the Obligations.

DEBT INFORMATION

TABLE 8 - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 30-Sep	Outstanding Debt Service			The Obligations			Less: Self-Supporting Debt Service	Net General Obligation Debt Service	% of Principal Retired
	Principal	Interest	Total D/S	Principal	Interest	Total D/S			
2018	$ 530,000	$ 394,211	$ 924,211	$ -	$ -	$ -	$ 466,686	$ 457,525	
2019	575,000	394,876	969,876	-	78,967	78,967	562,912	485,931	
2020	570,000	386,396	956,396	40,000	82,400	122,400	572,381	506,415	
2021	585,000	377,325	962,325	40,000	80,800	120,800	578,165	504,960	
2022	590,000	366,689	956,689	40,000	79,200	119,200	573,034	502,855	20.40%
2023	605,000	354,849	959,849	40,000	77,600	117,600	572,474	504,975	
2024	615,000	339,744	954,744	40,000	76,000	116,000	571,319	499,425	
2025	635,000	324,650	959,650	40,000	74,400	114,400	570,350	503,700	
2026	645,000	307,037	952,037	40,000	72,800	112,800	568,037	496,800	
2027	660,000	288,796	948,796	40,000	71,200	111,200	560,271	499,725	43.02%
2028	680,000	269,764	949,764	40,000	69,600	109,600	557,389	501,975	
2029	705,000	250,255	955,255	40,000	68,000	108,000	559,205	504,050	
2030	725,000	229,246	954,246	40,000	66,400	106,400	560,496	500,150	
2031	750,000	208,664	958,664	40,000	64,800	104,800	561,264	502,200	
2032	770,000	187,023	957,023	40,000	63,200	103,200	556,498	503,725	69.01%
2033	800,000	162,545	962,545	40,000	61,600	101,600	560,395	503,750	
2034	825,000	132,718	957,718	40,000	59,800	99,800	554,406	503,113	
2035	855,000	101,132	956,132	40,000	58,000	98,000	557,994	496,138	
2036	560,000	68,447	628,447	50,000	56,200	106,200	555,834	178,813	
2037	580,000	45,867	625,867	50,000	53,950	103,950	553,054	176,763	94.92%
2038	180,000	22,434	202,434	185,000	51,700	236,700	264,659	174,475	
2039	55,000	14,939	69,939	195,000	43,375	238,375	271,364	36,950	
2040	55,000	13,421	68,421	205,000	34,600	239,600	267,421	40,600	
2041	55,000	11,892	66,892	215,000	26,400	241,400	269,092	39,200	
2042	55,000	10,363	65,363	220,000	17,800	237,800	265,363	37,800	97.78%
2043	60,000	8,834	68,834	225,000	9,000	234,000	266,434	36,400	
2044	60,000	7,118	67,118	-	-	-	67,118	-	
2045	60,000	5,402	65,402	-	-	-	65,402	-	
2046	65,000	3,692	68,692	-	-	-	68,692	-	
2047	65,000	1,846	66,846	-	-	-	66,846	-	100.00%
	$ 13,970,000	$ 5,290,169	$ 19,260,169	$ 1,985,000	$ 1,497,792	$ 3,482,792	$ 13,044,550	$ 9,698,411	

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/2018		$ 457,525
Interest and Sinking Fund, Fiscal Year Ending 9/30/2017	229,558	
Budgeted Interest and Sinking Fund Tax Collection	439,008	
Delinquent Taxes, Penalty and Interest	5,200	
Interest Earnings	1,500	$ 675,266
Estimated Balance, Fiscal Year Ending 9/30/2018		$ 217,741

TABLE 10 – COMPUTATION OF SELF-SUPPORTING DEBT

Net Revenue from Waterworks and Sewer System, Fiscal Year Ended 9-30-17 (1)	$ 484,290
Less: Revenue Bond Debt Service for Fiscal Year Ended 9-30-18	-
Balance Available for Other Purposes	484,290
Less: General Obligation Revenue Debt Service	466,686
Total Excess Cash after Debt Service Payment	$ 17,604
Percentage of System General Obligation Bonds Self-Supporting	100%

(1) Includes tap fees and impact fees.

TABLE 11 – OTHER OBLIGATIONS DEBT

Below is a summary of the City's outstanding leases:

	Summary of Outstanding Leases	
Lessor:	Motorola	Kubota Leasing
Description:	Communications Equipment	Tractor
First Payment Date:	January 1, 2018	November 10, 2016
Final Payment Date	January 1, 2022	November 10, 2019
Term:	5 years	4 years
Annual Payment:	$29,914	$17,395
Total Payment:	$149,572	$69,680

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT. . . The City has no authorized but unissued General Obligation Debt.

ANTICIPATED ISSUANCE OF ADDITIONAL GENERAL OBLIGATION DEBT. . . The City has no plans on issuing additional general obligation debt within the next twelve months.

PENSION FUND. . . The City provides pension benefits for all of its full-time employees through the Texas Municipal Retirement System ("TMRS"), a State-wide administered pension plan. The City makes annual contributions to the plan equal to the amounts accrued for pension expense. (For more detailed information concerning the retirement plan, see "APPENDIX B - Excerpts from the City's Comprehensive Annual Financial Report".)

OTHER POST-EMPLOYMENT BENEFITS . . . The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the TMRS known as the Supplemental Death Benefit Fund ("SDBF"). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. For more detailed information regarding the City's OPEB obligations, see "APPENDIX B – Excerpts from the City's Comprehensive Annual Financial Report – *Note 7*".

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FINANCIAL INFORMATION

TABLE 12 - GENERAL FUND REVENUES AND EXPENDITURES HISTORY

	Fiscal Years Ended September 30,				
	2017	2016	2015	2014	2013
Revenues:					
Taxes & Franchise Fees	$ 2,166,619	$ 2,019,306	$ 1,849,513	$ 1,720,116	$ 1,825,151
Licenses and Permits	151,543	85,837	70,318	78,538	69,078
Charges for Services	88,104	116,179	116,566	133,905	96,598
Fines and Forfeiture	293,427	344,929	454,842	505,697	525,487
Federal Grant	-	266,809	8,191	59,805	255,600
Interest Income	8,587	6,133	3,741	3,568	4,872
Miscellaneous	98,826	150,925	81,682	85,532	99,158
Total Revenues	$ 2,807,106	$ 2,990,118	$ 2,584,853	$ 2,587,161	$ 2,875,944
Expenditures:					
General Government	$ 1,160,521	$ 1,273,306	$ 1,017,239	$ 1,281,606	$ 1,088,658
Public Safety	1,073,620	916,383	924,449	906,215	976,694
Service Department	52,596	56,732	59,219	53,537	51,069
Highway and Streets	395,172	697,552	216,316	249,147	275,198
Parks & Recreation	179,653	193,537	168,945	169,179	159,223
Total Expenditures	$ 2,861,562	$ 3,137,510	$ 2,386,168	$ 2,659,684	$ 2,550,842
Excess (Deficiency)	$ (54,456)	$ (147,392)	$ 198,685	$ (72,523)	$ 325,102
Other Sources (Uses):					
Proceeds from Bond Issue	$ -	$ -	$ -	$ -	$ 139,531
Proceeds from Capital Leases	134,721	75,574	-	-	60,157
Operating Transfers In	232,506	65,163	-	-	-
Operating Transfers Out	-	-	(94,711)	(4,400)	(252,935)
Total Other Financing Sources	$ 367,227	$ 140,737	$ (94,711)	$ (4,400)	$ (53,247)
Net Increase (Decrease)	$ 312,771	$ (6,655)	$ 103,974	$ (76,923)	$ 271,855
Beginning Fund Balance	1,737,096	1,743,751	1,639,777	1,716,700	1,444,845
Ending Fund Balance	$ 2,049,867	$ 1,737,096	$ 1,743,751	$ 1,639,777	$ 1,716,700

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TABLE 12A - CHANGES IN NET ASSETS

	Fiscal Year Ended September 30,				
Revenues:	2017	2016	2015	2014	2013
Program Revenues					
Fees, Fines and Charges for Service	$ 533,074	$ 546,945	$ 641,726	$ 718,140	$ 691,163
Capital Grants and Contributions	-	266,809	8,191	64,805	317,714
General Revenues					
Property Taxes	1,000,056	964,090	899,335	891,583	865,443
Sales Taxes	1,317,894	1,177,065	1,054,918	927,422	955,348
Franchise Taxes	304,846	335,217	347,398	339,933	315,919
Penalties and Interest	12,166	8,588	12,158	13,548	11,505
Interest on Investments	15,511	11,567	5,051	4,532	6,582
Gain (Loss) on Disposal of Assets	-	-	-	-	-
Miscellaneous	107,524	233,524	87,344	90,595	63,443
Total Revenues	$ 3,291,071	$ 3,543,805	$ 3,056,121	$ 3,050,558	$ 3,227,117
Expenses:					
General Government	$ 1,207,579	$ 1,282,111	$ 1,002,632	$ 1,009,977	$ 947,028
Public Safety	906,884	929,545	954,575	933,037	969,116
Service Department	51,475	56,197	58,245	53,537	51,069
Highways and Streets	697,252	701,505	730,269	772,638	664,174
Park & Recreation	164,627	191,710	166,165	169,179	159,223
Interest on Long-Term Debt	210,474	185,917	192,478	199,669	151,625
Total Expenses	$ 3,238,291	$ 3,346,985	$ 3,104,364	$ 3,138,037	$ 2,942,235
Change in Net Postion Before Transfers	$ 52,780	$ 196,820	$ (48,243)	$ (87,479)	$ 284,882
Transfers	-	(266,809)	(94,711)	(4,400)	(252,935)
Change in Net Position	$ 52,780	$ (69,989)	$ (142,954)	$ (91,879)	$ 31,947
Change in Accounting Principle		-	64,701	(296,877)	-
Net Position - Beginning	8,214,551	8,284,540	8,362,793	8,751,549	8,719,602
Net Position - Ending	$ 8,267,331	$ 8,214,551	$ 8,284,540	$ 8,362,793	$ 8,751,549

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Table 13 - Municipal Sales Tax History

The City has adopted the Municipal Sales and Use Tax Act, Texas Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Obligations. Collections and enforcements are effected through the offices of the State Comptroller of Public Accounts, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. The voters of the City approved the imposition of an additional sales and use tax of one-half of one percent (1/2 of 1%) for property tax reduction.

Fiscal Year Ended 9/30	Total 1.5% Collected[(1)(4)]	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita[(2)]
2014	$ 893,412	100.25%	$0.6231	$ 324.88
2015	1,049,258	116.58%	0.7276	381.55
2016	1,142,662	118.01%	0.7238	415.51
2017	1,343,506	134.15%	0.8327	488.55
2018	1,111,046 [(3)]	107.76%	0.6358	387.12

(1) Includes ½ cent collections for property tax reduction.
(2) Based on City population estimates.
(3) Collections through July, 2018.
(4) As per the State Comptroller.

INVESTMENTS

The City invests its investable funds in investments authorized by Texas law and in accordance with investment policies approved by the City Council. Both state law and the City's investment policies are subject to change.

Legal Investments . . . Available City funds are invested as authorized by Texas law and in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change. Under State law, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor, (8) certificates of deposit and share certificates (i) issued by or through an institution that either has its main office or a branch office in the State of Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Insurance Fund, or are secured as to principal by obligations described in the clauses (1) through (7) or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (9) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (10) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (7) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (7) above, clauses (12) through (14) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less, (11) certain bankers' acceptances with a stated maturity of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (12) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that comply with federal Securities and Exchange Commission Rule 2a-7, and (14) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and have a duration of one year or more and are invested exclusively in obligations described in this paragraph or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAm or an equivalent by at least one nationally recognized rating service. The City is specifically prohibited from investing in (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal, (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest, (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years, and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

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

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

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

TABLE 14 - CURRENT INVESTMENTS

As of June 30, 2018 the City's investable funds were invested in the following categories.

Type of Investment	% of Portfolio	Market Value	Book Value
TexPool	36.13%	$ 1,473,111	$ 1,473,111
TexSTAR	29.58%	1,206,105	1,206,105
Pinnacle Bank	20.24%	825,232	825,232
Certificates of Deposit	14.04%	572,586	572,586
	100.00%	$ 4,077,033	$ 4,077,033

TAX MATTERS

TAX EXEMPTION . . .The delivery of the Obligations is subject to the opinion of Bond Counsel to the effect that interest on the Obligations for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations. A form of Bond Counsel's opinion is reproduced as Appendix C. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

For taxable years that began before January 1, 2018, interest on the Obligations owned by a corporation will be included in such corporation's adjusted current earnings for purposes of computing the alternative minimum tax on such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust ("FASIT"). The alternative minimum tax on corporations has been repealed for taxable years beginning on or after January 1, 2018.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the City made in a certificate dated the date of delivery of the Obligations pertaining to the use, expenditure, and investment of the proceeds of the Obligations and will assume continuing compliance by the City with the provisions of the Ordinance subsequent to the issuance of the Obligations. The Ordinance contains covenants by the City with respect to, among other matters, the use of the proceeds of the Obligations and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Obligations are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Obligations to be includable in the gross income of the owners thereof from the date of the issuance of the Obligations.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Obligations is commenced, under current procedures the IRS is likely to treat the City as the "taxpayer," and the owners of the Obligations would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Obligations, the City may have different or conflicting interests from the owners of the Obligations. Public awareness of any future audit of the Obligations could adversely affect the value and liquidity of the Obligations during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Obligations. Prospective purchasers of the Obligations should be aware that the ownership of tax-exempt obligations such as the Obligations may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Obligations from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Obligations. Prospective purchasers of the Obligations should consult with their own tax advisors with respect to any proposed or future changes in tax law.

TAX ACCOUNTING TREATMENT OF DISCOUNT AND PREMIUM ON CERTAIN OBLIGATIONS . . The initial public offering price of certain Obligations (the "Discount Obligations") may be less than the amount payable on such Obligations at maturity. An amount equal to the difference between the initial public offering price of a Discount Obligation (assuming that a substantial amount of the Discount Obligations of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Obligation. A portion of such original issue discount allocable to the holding period of such Discount Obligation by the initial purchaser will, upon the disposition of such Discount Obligation (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Obligations described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Obligation, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Obligation and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the alternative minimum tax on corporations for taxable years that began before January 1, 2018, for purposes of calculating a corporation's alternative minimum tax imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Obligation by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Obligation in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Obligation was held) is includable in gross income.

Owners of Discount Obligations should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Obligations. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Obligations may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Obligations (the "Premium Obligations") may be greater than the amount payable on such Obligations at maturity. An amount equal to the difference between the initial public offering price of a Premium Obligation (assuming that a substantial amount of the Premium Obligations of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Obligations. The basis for federal income tax purposes of a Premium Obligation in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Obligation. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity.

Purchasers of the Premium Obligations should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Obligations.

QUALIFIED TAX-EXEMPT OBLIGATIONS FOR FINANCIAL INSTITUTIONS . . . Section 265 of the Code provides, in general, that interest expense to acquire or carry tax-exempt obligations is not deductible from the gross income of the owner of such obligations. In addition, section 265 of the Code generally disallows 100% of any deduction for interest expense which is incurred by “financial institutions” described in such section and is allocable, as computed in such section, to tax-exempt interest on obligations acquired after August 7, 1986. Section 265(b) of the Code provides an exception to this interest disallowance rule for interest expense allocable to tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) which are designated by an issuer as “qualified tax-exempt obligations.” An issuer may designate obligations as “qualified tax-exempt obligations” only if the amount of the issue of which they are a part, when added to the amount of all other tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) obligations and other than certain refunding bonds) issued or reasonably anticipated to be issued by the issuer during the same calendar year, does not exceed $10,000,000.

The City has designated the Obligations as “qualified tax-exempt obligations” and will certify its expectation that the above-described $10,000,000 ceiling will not be exceeded. Accordingly, it is anticipated that financial institutions which purchase the

Obligations will not be subject to the 100% disallowance of interest expense allocable to interest on the Obligations under section 265(b) of the Code. However, the deduction for interest expense incurred by a financial institution which is allocable to the interest on the Obligations will be reduced by 20% pursuant to section 291 of the Code.

CONTINUING DISCLOSURE OF INFORMATION

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

ANNUAL REPORTS. . . The City will provide certain updated financial information and operating data to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 6 and 8 through 14 and in Appendix B. The City will update and provide the information in Tables 1 through 6 and 8 through 14 within six months after the end of each fiscal year ending in and after 2018. The City will additionally provide audited financial statements when and if available, and in any event, within 12 months after the end of each fiscal year ending in or after 2018. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City will file unaudited financial statements within such 12 month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation. The City may provide updated information in full text or may incorporate by reference documents available on EMMA or filed with the U.S. Securities and Exchange Commission (the "SEC").

The City's current fiscal year end is September 30. Accordingly, the City must provide updated information in the above referenced tables by March 31 in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) by September 30 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

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

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

AVAILABILITY OF INFORMATION. . . In connection with its continuing disclosure agreement entered into with respect to the Obligations, the City will file all required information and documentation with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS. . . The City has agreed to update information and to provide notices of certain specified events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Obligations at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although the registered and beneficial owners of Obligations may seek a writ of mandamus to compel the City to comply with its agreement. The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Obligations in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the registered and beneficial owners of a majority in aggregate principal amount of the outstanding Obligations consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the registered and beneficial owners of the Obligations. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Obligations in the primary offering of the Obligations. If the City so amends the continuing disclosure agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS. . . During the last five years the City believes it has complied in all material respects with its previous continuing disclosure undertakings entered into pursuant to the Rule.

OTHER INFORMATION

RATINGS . . . The Obligations are rated "AA", by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") by virtue of a municipal bond insurance policy to be issued by AGM concurrently with the delivery of the Obligations to the Underwriter with an underlying rating of "A2" by Moody's. An explanation of the significance of each rating may be obtained from the company furnishing the rating. Each rating reflects only the view of such organization and the City makes no representation as to the appropriateness of the rating. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of any rating may have an adverse effect on the market price of the Obligations.

LITIGATION . . . There are currently no lawsuits, claims or other legal matters which if decided adversely to the City, would, in the opinion of the City Attorney and City Staff, have a material adverse financial impact upon the City or its operations.

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS . . . Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) provides that the Obligations are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, as amended, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Obligations by municipalities or other political subdivisions or public agencies of the State, the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, requires that the Obligations be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency (see "OTHER INFORMATION - Ratings" herein). In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Obligations are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Obligations are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Obligations are legal investments for various institutions in those states. No representation is made that the Obligations will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes.

LEGAL MATTERS . . . The delivery of the Obligations is subject to the approval of the Attorney General of Texas to the effect that the Obligations are valid and legally binding obligations of the City payable from the proceeds of an annual ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City and a limited pledge (not to exceed $1,000) of the net revenues of the City's waterworks and sewer system and the approving legal opinion of Norton Rose Fulbright US LLP, Bond Counsel, to like effect and to the effect that the interest on the Obligations will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein. The form of Bond

Counsel's opinion is attached hereto as Appendix C. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Obligations is contingent upon the sale and delivery of the Obligations. The legal opinions of Bond Counsel will accompany the Obligations deposited with DTC or will be printed on the definitive Obligations in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriter by its counsel, McCall, Parkhurst & Horton L.L.P., Dallas, Texas. The legal fee of such firm is contingent upon the sale and delivery of the Obligations.

Although it represents the Financial Advisor and the Underwriter from time to time in matters unrelated to the issuance of the Obligations, in connection with the Obligations, Bond Counsel was engaged by, and only represents, the City. Except as noted below, Bond Counsel did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein except that in its capacity as Bond Counsel, such firm has reviewed the information appearing under captions "PLAN OF FINANCING" (except under the subcaption "Sources and Uses of Proceeds"), "THE OBLIGATIONS" (except under the subcaptions "Book-Entry-Only System" and "Obligationholders' Remedies" and the last sentence under "Tax Rate Limitation"), "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION" (except under the subcaption "Compliance with Prior Undertakings") and the subcaptions "Legal Matters" (except for the last two sentences of the first paragraph thereof), "Registration and Qualification of Obligations for Sale" and "Legal Investments and Eligibility To Secure Public Funds in Texas" under the caption "OTHER INFORMATION" and such firm is of the opinion that the information relating to the Obligations and legal matters contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Obligations, such information conforms to the Certificate Ordinance.

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

FINANCIAL ADVISOR . . . Hilltop Securities Inc. is employed as Financial Advisor to the City in connection with the issuance of the Obligations. The Financial Advisor's fee for services rendered with respect to the sale of the Obligations is contingent upon the issuance and delivery of the Obligations. Hilltop Securities Inc. in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Obligations, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies or rating agencies.

The Financial Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information. Hilltop Securities Inc. has or may have other business relationships with the City. The participation of Hilltop Securities Inc. should not be seen as a recommendation to buy or sell the Obligations, and investors should seek the advice of their accountants, lawyers and registered representatives for advice as appropriate.

UNDERWRITER OF THE OBLIGATIONS . . . The Underwriter has agreed, subject to certain conditions, to purchase the Obligations from the City, at a price equal to the initial offering price to the public, as shown on page 2 herein, less an underwriting discount of $21,040.81. The Underwriter will be obligated to purchase all of the Obligations if any Obligations are purchased. The Obligations to be offered to the public may be offered and sold to certain dealers (including the Underwriter and other dealers depositing Obligations into investment trusts) at prices lower than the public offering prices of such Obligations and such public offering prices may be changed, from time to time, by the Underwriter.

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

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

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

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

The Ordinance authorized the issuance of the Obligations and approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorizes its further use in the reoffering of the Obligations by the Underwriter.

/s/ Michele Kelley
Mayor Pro Tem
City of Springtown, Texas

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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THE CITY

LOCATION AND POPULATION . . . The City of Springtown is a retail center located 27 miles northwest of Fort Worth on State Highway 199 with an area of approximately 2.9 square miles. Population at the 2010 Census was 2,750. The estimated 2018 population is 2,870.

ECONOMY . . . The area economy is based on varied manufacturing, agribusiness and mineral production. Principal manufacturers produce such goods as vinyl siding, silicone rubber, oil field equipment, and crushed limestone. There is also a winery located near the City. Principal crops include peanuts, peaches, watermelons, hay and vineyards. The City's principal employers are listed as the following:

Name	Name of Business	Number of Employees
Springtown Independent School District	School District	373
Brookshire's	Retail Grocery	150
Procycle Metals	Battery and Oil Recycler	53
David's Patio	Garden Supply	49
City of Springtown	Government	49
Enbridge	Oil & Gas	38
Roadside Grocery	Fuel and Retail Sales	25
U.S. Post Office	Government	23
Sonic	Restaurant	20
Chicken Express	Restaurant	20
Springtown Building Center	Retail Sales/Hardware	10

BUILDING PERMITS

Fiscal Year Ended	Commercial		Residential		
9/30	Number	Amount	Number	Amount	Grand Total
2014	4	$ 1,262,125	3	$ 274,000	$ 1,536,125
2015	1	81,000	8	824,000	905,000
2016	4	614,850	10	1,011,400	1,626,250
2017	3	830,000	41	5,015,039	5,845,039
2018 (1)	7	1,313,569	20	2,039,820	3,353,389

(1) Through May 31, 2018.

LABOR FORCE . . . Parker County employment figures, as reflected by the Texas Workforce Commission are as follows:

	Average Annual				
	2018 (1)	2017	2016	2015	2014
Civilian Labor Force	63,899	62,302	60,534	59,379	59,016
Total Employed	61,979	60,152	58,055	56,911	56,322
Total Unemployed	1,920	2,150	2,479	2,468	2,694
Unemployment Rate	3.0%	3.5%	4.1%	4.2%	4.6%

(1) Data as of May 2018.

TRANSPORTATION . . . Motor freight service is provided by four companies: United Parcel Service, Tex Pack, Federal Express, and Central Freight Lines. Kezer Air Services, a privately owned airport, is located near the City. The nearest commercial airline service is Meacham Field, located in Fort Worth 38 miles from the City.

MEDICAL . . . The City is served by three hospitals, Wise Regional Medical Center in Decatur, Harris Northwest Hospital of Azle and Weatherford Regional Medical Center of Weatherford. Both of these facilities are located within an 18-mile distance of the City.

EDUCATION . . . The Springtown Independent School District is fully accredited by the Accreditation Division of the Texas Education Agency on a K through 12 basis. Presently, six schools serve the District with a combined enrollment of 3,210 students. The District employs 373 persons. Students are instructed by 221 professional faculty members of which 20% hold master's degrees. Courses of study are provided for general education and comprehensive programs, including fine arts, humanities, vocational education, athletics and special education.

Higher education facilities within 45 miles of the City include Weatherford Community College, Tarrant County College, Texas Christian University, Texas Wesleyan College, University of Texas at Arlington, Texas Women's University and the University of North Texas.

FINANCIAL INSTITUTIONS . . . Pinnacle Bank and Wells Fargo Bank serve the City.

RECREATION . . . The City is located near numerous large lakes for fishing and water sports. There are parks, four tennis courts and four baseball fields located in the City.

APPENDIX B

EXCERPTS FROM THE

CITY OF SPRINGTOWN, TEXAS

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2017

The information contained in this Appendix consists of excerpts from the City of Springtown, Texas Annual Financial Report for the Year Ended September 30, 2017, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

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Independent Auditor's Report

Honorable Mayor, City Council and City Administrator
City of Springtown, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Springtown, Texas (the City) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 3 through 10, and 49 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
February 13, 2018

Management's Discussion and Analysis (unaudited)

As management of the City of Springtown (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2017.

Financial Highlights

- The assets of the City of Springtown exceeded its liabilities at the close of the most recent fiscal year by $12,350,680 (net position). Of this amount, $2,959,803 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by $100,012. This decrease is due to business-type operational revenue being slightly less than operational costs and interests on debt payments.
- As of the close of the current fiscal year, the City of Springtown's governmental funds reported combined ending fund balances of $2,855,434, an increase of $181,564 in comparison with the prior year. Approximately 71% of this total amount is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was $2,037,694 or 71% of total general fund expenditures.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the City of Springtown'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 of Springtown's finances, in a manner similar to a private-sector business.

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

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

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

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

The City maintains three 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 Capital Projects funds.

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 15-18 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 19-21 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 23-45 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and a budgetary comparison schedule for the General Fund. Required supplementary information can be found on pages 49-53 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2017, the City of Springtown's assets exceeded liabilities by $12,350,680.

A significant portion of the City's net position (73%) reflects its investment in capital assets (e.g., land, building, equipment, improvements, 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 services 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 Springtown's Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	$ 3,362,389	$ 3,091,350	$ 1,046,513	$ 706,787	$ 4,408,902	$ 3,798,137
Capital assets	11,843,121	12,070,333	9,742,459	10,102,511	21,585,580	22,172,844
Total Assets	15,205,510	15,161,683	10,788,972	10,809,298	25,994,482	25,970,981
Deferred outflows of resources	287,788	330,290	73,403	77,765	361,191	408,055
Long term liabilites	6,694,532	6,742,744	6,483,465	6,403,200	13,177,997	13,145,944
Other liabilities	293,588	337,795	232,101	195,448	525,689	533,243
Total liabilities	6,988,120	7,080,539	6,715,566	6,598,648	13,703,686	13,679,187
Deferred inflows of resources	237,847	196,883	63,460	52,274	301,307	249,157
Net Position:						
Net investment in capital assets	5,737,110	6,136,127	3,261,478	3,697,097	8,998,588	9,833,224
Restricted for governmental	287,986	199,478	-	-	287,986	199,478
Restricted for impact fees	-	-	104,303	83,916	104,303	83,916
Unrestricted	2,242,235	1,878,946	717,568	455,128	2,959,803	2,334,074
Total Net Position	$ 8,267,331	$ 8,214,551	$ 4,083,349	$ 4,236,141	$ 12,350,680	$ 12,450,692

An additional portion of the City's net position (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position ($2,959,803) may be used to meet the government's ongoing obligations to citizens and creditors.

- Overall, there is a decrease of $100,012 in total net position during the fiscal year as mentioned above.

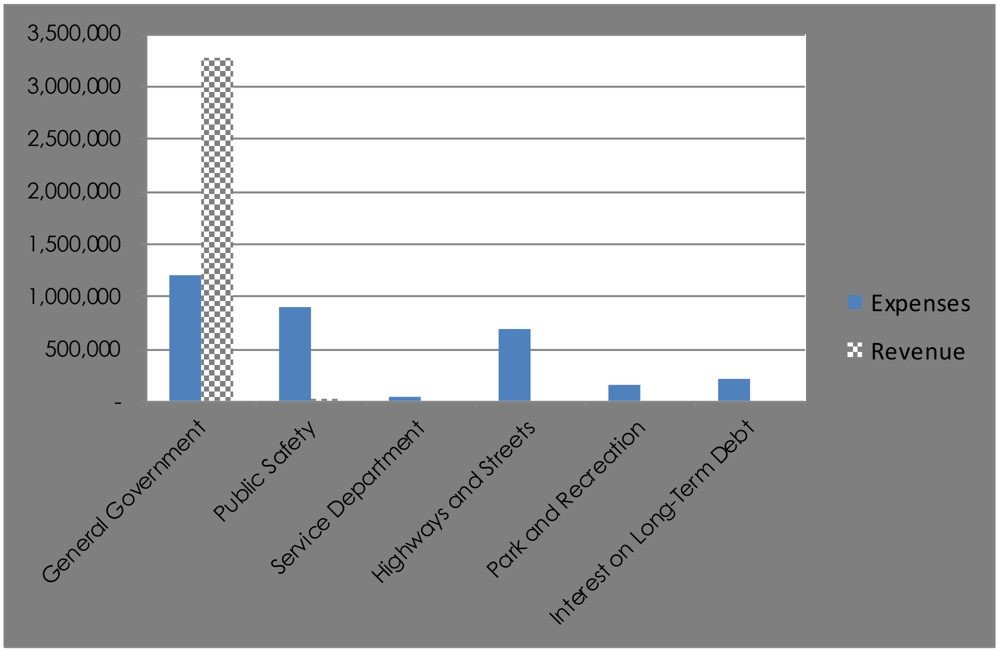
Governmental Activities. Governmental activities increased the City's net position by $52,780. Key highlights include an increase of $140,829 in sales tax revenue compared to 2016, a $266,809 decrease in capital grants and contributions, and a $129,711 decrease in miscellaneous revenues. Management aimed to maintain expenses under revenues to ensure a consistent net position from 2016.

Business-type Activities. Revenues in the City's business-type activities totaled $1,760,606 for the fiscal year ending September 30, 2017. Expenses for these activities were $1,909,687 resulting in a net loss of $149,081 from business-type activities before transfers. The net position of business-type activities decreased by $152,792 to $4,083,349 in 2017, compared to $4,236,141 in 2016. Generally, the City can only use this net position to finance the continuing operations of the water and sewer operations.

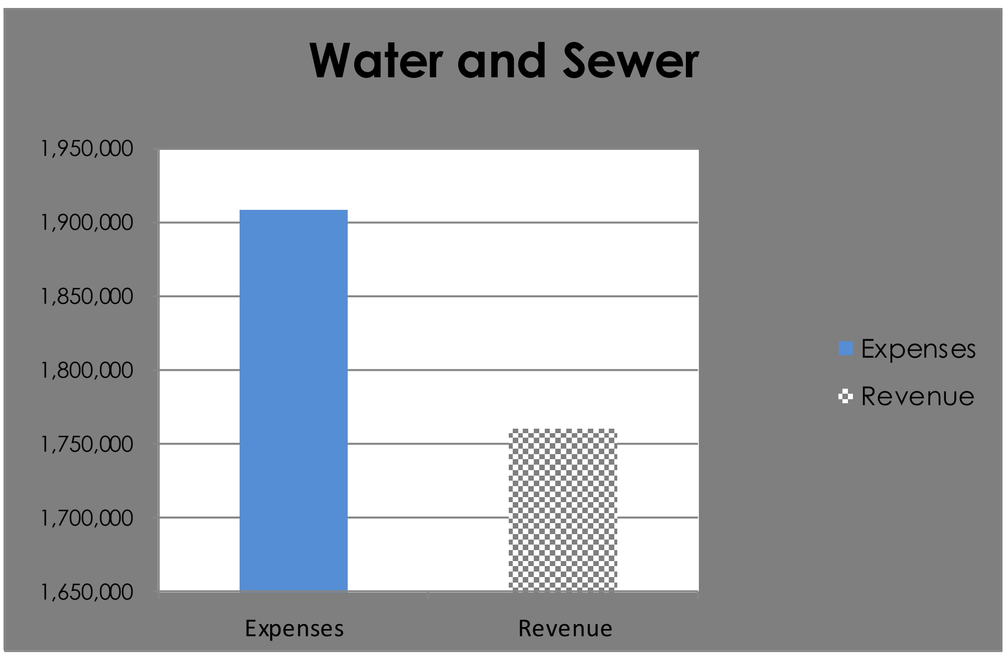
City of Springtown's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Fees, fines and charges for services	$ 533,074	$ 546,945	$ 1,639,758	$ 1,533,449	$ 2,172,832	$ 2,080,394
Capital grants and contributions	-	266,809	-	-	-	266,809
General revenues:						
Property taxes	1,000,056	964,090	-	-	1,000,056	964,090
Sales taxes	1,317,894	1,177,065	-	-	1,317,894	1,177,065
Franchise taxes	304,846	335,217	-	-	304,846	335,217
Penalties and interest on property taxes	12,166	8,588	-	-	12,166	8,588
Interest	15,511	11,567	4,538	1,978	20,049	13,545
Miscellaneous	103,813	233,524	116,310	12,627	220,123	246,151
Total revenues	3,287,360	3,543,805	1,760,606	1,548,054	5,047,966	5,091,859
Expenses:						
General government	1,207,579	1,282,111	-	-	1,207,579	1,282,111
Public safety	906,884	929,545	-	-	906,884	929,545
Service department	51,475	56,197	-	-	51,475	56,197
Highway and Recreation	697,252	701,505	-	-	697,252	701,505
Parks and Recreation	164,627	191,710	-	-	164,627	191,710
Interest on long-term debt	210,474	185,917	251,433	174,582	461,907	360,499
Water and sewer operations	-	-	1,658,254	1,554,927	1,658,254	1,554,927
Total expenses	3,238,291	3,346,985	1,909,687	1,729,509	5,147,978	5,076,494
Increase (decrease) in net position before transfers	49,069	196,820	(149,081)	(181,455)	(100,012)	15,365
Transfers	3,711	(266,809)	(3,711)	266,809	-	-
Increase (decrease) in net position	52,780	(69,989)	(152,792)	85,354	(100,012)	15,365
Net position - October 1	8,214,551	8,284,540	4,236,141	4,150,787	12,666,612	12,651,247
Net position - September 30	$ 8,267,331	$ 8,214,551	$ 4,083,349	$ 4,236,141	$ 12,566,600	$ 12,666,612

Expenses and Program Revenues – Governmental Activities



Expenses and Program Revenue – Business-type Activities



Financial Analysis of the Government's Funds

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

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

At the end of the current fiscal year, the City of Springtown's governmental funds reported combined ending fund balances of $2,855,434, an increase of $181,564 in comparison with the prior year. Approximately 71% constitutes unassigned, undesignated fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved. This indicates that it is not available for new spending because it has already been committed to pay debt service in the amount of $229,558 and capital projects in the amount of $588,182.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance was $2,037,694. The fund balance of the General Fund increased by $312,771 during the fiscal year. This increase is mainly attributable to a transfer from the capital projects fund to reimburse the general fund for construction costs.

The Debt Service Fund had an increase of $92,235 in fund balance. Funds are reserved for the payment of debt service. This increase is due to the City lowering debt payments from refunding bonds. The Capital Projects Fund experienced a decrease of $223,442 due to reimbursements to the general fund for capital projects in prior years. The remaining balance of $576,009 will be utilized for street resurfacing and other projects as designated by city council.

In the General Fund, the City adjusted the original budget for $174,531 in June 2017.

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

Unrestricted net position of the proprietary fund is $717,568. The water and sewer fund has a net position decrease of $152,792.

General Fund Budgetary Highlights

The general funds actual revenues were $53,610 more than expected. Actual expenditures were within budget by $39,855. The City notes the following highlights:

- City collected $68,424 more in property tax revenues then expected
- Receiving $31,034 extra in licenses and permit fees for development
- A $46,872 negative variance in fines and forfeitures collections
- The City spending $37,369 less for public safety

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of September 30, 2017, amount to $21,585,580 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, office equipment, infrastructure and construction in progress. The total decrease in the City's investment in capital assets for the current fiscal year was $587,264 which included total current depreciation of $1,107,006.

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

- New software for the City departments totaling $198,393.
- Construction in progress in water and sewer and governmental activities for $154,879.
- Construction and completion of streets totaling $141,273.

City of Springtown's Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total	
Asset	2017	2016	2017	2016	2017	2016
Land	$ 5,301,794	$ 5,302,014	$ 210,649	$ 210,649	$ 5,512,443	$ 5,512,663
Building and improvements	1,004,435	1,075,469	77,776	91,904	1,082,211	1,167,373
Office Equipment	62,733	43,419	-	-	62,733	43,419
Machinery and equipment	261,292	147,464	39,030	63,980	300,322	211,444
Waterworks and sewer system	-	-	9,260,230	9,275,284	9,260,230	9,275,284
Infrastructure	5,212,867	5,385,025	-	-	5,212,867	5,385,025
Construction in progress	-	116,942	154,774	460,694	154,774	577,636
	$ 11,843,121	$12,070,333	$ 9,742,459	$10,102,511	$21,585,580	$22,172,844

Additional information on the City's capital assets can be found in note 3 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of $12,580,000. All of the debt is backed by the full faith and credit of the government.

City of Springtown's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
Type of Debt	2017	2016	2017	2016	2017	2016
General Obligation	$2,261,950	$1,865,000	$2,518,050	$ 175,000	$ 4,780,000	$ 2,040,000
Certificates of Obligations	4,075,000	4,651,546	3,725,000	6,158,454	7,800,000	10,810,000
Total	$6,336,950	$6,516,546	$6,243,050	$6,333,454	$12,580,000	$12,850,000

During the current fiscal year the City's total long-term debt decreased by $270,000. This decrease is a result of principal payments and refunding of debt. The City also issued a capital lease for $134,721 and will begin paying down lease in January 2018.

Additional information on the City's long-term debt can be found in Note 4.

Economic Factors and Next Year's Budgets and Rates

The City's water rates for FY2017-2018 will be consistent with FY2016-2017 except for C1-commerical rates with more than 2000 gallons of water usage. Commercial customers such as these will see a 20% increase in base rates and 3% increase in consumption". The property tax rate shall have a slight decrease, 5% to .59000000 per $100 valuation, compared to .62170264 for fiscal year 2016-2017. Overall general fund revenues are expected to be lower in fiscal year 2017-2018 by $89,380, not including any transfers. This can be attributed to an anticipated decrease in licenses and permits fees and municipal court fines. This year 44% of property tax collections have been designated for the Interest & Sinking fund for repayment of the City's outstanding debt obligation. This is lower than last year's designation of 47%. This is attributed to increased property values and new property added to the tax roll.

Request for Information

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need additional information, contact the Finance Department, Attn: Finance Manager, at PO Box 444, Springtown, Texas 76082, call (817) 220-4834, or e-mail dtaylor@cityofspringtown.com.

Basic Financial Statements

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City Of Springtown, Texas
Government-Wide Statement of Net Position
September 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 2,873,356	$ 617,215	$ 3,490,571
Receivables (net of allowances for uncollectibles)	279,397	152,300	431,697
Net investment in direct financing lease	30,600	-	30,600
Internal balances	3,729	(3,729)	-
Capital assets, net			
Land	5,301,794	210,649	5,512,443
Buildings and improvements	1,004,435	77,776	1,082,211
Office equipment	62,733	-	62,733
Machinery and equipment	261,292	39,030	300,322
Waterworks and sanitary sewer system	-	9,260,230	9,260,230
Infrastructure	5,212,867	-	5,212,867
Construction in progress	-	154,774	154,774
Restricted deposits and investments	-	234,549	234,549
Net pension asset	175,307	46,178	221,485
Total assets	15,205,510	10,788,972	25,994,482
DEFERRED OUTFLOWS OF RESOURCES			
Deferred gain on refunding	46,213	9,074	55,287
Deferred outflows related to pensions	241,575	64,329	305,904
Total deferred outflows of resources	287,788	73,403	361,191
LIABILITIES			
Accounts payable and accrued liabilities	253,890	89,372	343,262
Accrued payroll and related liabilities	39,698	12,482	52,180
Deposits	-	130,247	130,247
Noncurrent liabilities			
Due within one year	345,960	318,224	664,184
Due in more than one year	6,348,572	6,165,241	12,513,813
Total liabilities	6,988,120	6,715,566	13,703,686
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	237,847	63,460	301,307
NET POSITION			
Net investment in capital assets	5,737,110	3,261,478	8,998,588
Restricted for debt service	275,813	-	275,813
Restricted for impact fees	-	104,303	104,303
Restricted for capital projects	12,173	-	12,173
Unrestricted	2,242,235	717,568	2,959,803
Total net position	$ 8,267,331	$ 4,083,349	$ 12,350,680

The Notes to Basic Financial Statements are an integral part of this statement.

City Of Springtown, Texas

Government-Wide Statement of Activities

Year Ended September 30, 2017

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Program Activities	**Expenses**	**Fees, Fines and Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Primary government							
Governmental activities							
General government	$ 1,207,579	$ 517,093	$ -	$ -	$ (690,486)	$ -	$ (690,486)
Public safety	906,884	15,981	-	-	(890,903)	-	(890,903)
Service department	51,475	-	-	-	(51,475)	-	(51,475)
Highways and streets	697,252	-	-	-	(697,252)	-	(697,252)
Parks and recreation	164,627	-	-	-	(164,627)	-	(164,627)
Interest on long-term debt	210,474	-	-	-	(210,474)	-	(210,474)
Total governmental activities	3,238,291	533,074	-	-	(2,705,217)	-	(2,705,217)
Business-type activities							
Water and sewer	1,909,687	1,639,758	-	-	-	(269,929)	(269,929)
Total business-type activities	1,909,687	1,639,758	-	-	-	(269,929)	(269,929)
Total primary government	$ 5,147,978	$ 2,172,832	$ -	$ -	$ (2,705,217)	$ (269,929)	$ (2,975,146)
General revenues and transfers							
Taxes							
Property taxes					1,000,056	-	1,000,056
Sales taxes					1,317,894	-	1,317,894
Franchise taxes on gross receipts					304,846	-	304,846
Penalties and interest on property taxes					12,166	-	12,166
Interest on investments					15,511	4,538	20,049
Tap fees					-	52,165	52,165
Miscellaneous					103,813	64,145	167,958
Transfers					3,711	(3,711)	-
Total general revenues and transfers					2,757,997	117,137	2,875,134
Change in net position					52,780	(152,792)	(100,012)
NET POSITION, beginning of year					8,214,551	4,236,141	12,450,692
NET POSITION, end of year					$ 8,267,331	$ 4,083,349	$ 12,350,680

The Notes to Basic Financial Statements are an integral part of this statement.

City of Springtown, Texas
Balance Sheet – Governmental Funds
September 30, 2017

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 2,067,966	$ 229,381	$ 576,009	$ 2,873,356
Receivables				
Property taxes, net of allowance for doubtful accounts of $1,244	20,209	15,832	-	36,041
Accounts receivable, net of allowance for doubtful accounts of $8,151	13,961	-	-	13,961
Due from other governments	229,395	-	-	229,395
Due from other funds	3,729	-	-	3,729
Net investment in direct financing lease	-	30,600	-	30,600
TOTAL ASSETS	$ 2,335,260	$ 275,813	$ 576,009	$ 3,187,082
LIABILITIES				
Accounts payable and accrued liabilities	$ 226,396	$ -	$ -	$ 226,396
Accrued payroll and related liabilities	39,698	-	-	39,698
Total liabilities	266,094	-	-	266,094
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property tax	19,299	15,655	-	34,954
Unavailable revenue - lease receivable	-	30,600	`	30,600
Total deferred inflows of resources	19,299	46,255	-	65,554
FUND BALANCES				
Restricted				
Debt service	-	229,558	-	229,558
Capital projects	12,173	-	576,009	588,182
Unassigned	2,037,694	-	-	2,037,694
Total fund balances	2,049,867	229,558	576,009	2,855,434
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 2,335,260	$ 275,813	$ 576,009	$ 3,187,082

The Notes to Basic Financial Statements are an integral part of this statement.

City Of Springtown, Texas
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
September 30, 2017

Total fund balances - governmental funds	$ 2,855,434
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	11,843,121
Net pension asset on the statement of net position does not provide current financial resources and therefore is not reported in the governmental funds balance sheet.	175,307
Deferred outflows and inflows of resources are not current financial resources and therefore are not reported in the governmental funds balance sheet.	49,941
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.	(27,494)
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.	65,554
Long-term liabilities, including bonds payable and related items and compensated absences, are not due and payable in the current period and therefore are not reported in the fund financial statements.	(6,694,532)
Net position of governmental activities	$ 8,267,331

The Notes to Basic Financial Statements are an integral part of this statement.

City Of Springtown, Texas

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended September 30, 2017

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Taxes and franchise fees	$ 2,166,619	$ 473,330	$ -	$ 2,639,949
Licenses and permits	151,543	-	-	151,543
Charges for services	88,104	-	-	88,104
Fines and forfeitures	293,427	-	-	293,427
Interest income	8,587	1,571	5,353	15,511
Proceeds from direct financing lease	-	15,900	-	15,900
Miscellaneous	98,826	-	-	98,826
Total revenues	2,807,106	490,801	5,353	3,303,260
EXPENDITURES				
Current				
General government	1,160,521	-	-	1,160,521
Public safety	1,073,620	-	-	1,073,620
Service department	52,596	-	-	52,596
Highways and streets	395,172	-	-	395,172
Parks and recreation	179,653	-	-	179,653
Debt service	-	512,916	-	512,916
Total expenditures	2,861,562	512,916	-	3,374,478
Excess (deficiency) of revenues over expenditures	(54,456)	(22,115)	5,353	(71,218)
Other financing sources (uses)				
Payment to escrow	-	(574,742)	-	(574,742)
Proceeds from bond issuance	-	636,950	-	636,950
Premium on bond proceeds	-	52,142	-	52,142
Capital lease proceeds	134,721	-	-	134,721
Transfers in/(out)	232,506	-	(228,795)	3,711
Total other financing sources (uses)	367,227	114,350	(228,795)	252,782
Net change in fund balances	312,771	92,235	(223,442)	181,564
FUND BALANCES, beginning of year	1,737,096	137,323	799,451	2,673,870
FUND BALANCES, end of year	$ 2,049,867	$ 229,558	$ 576,009	$ 2,855,434

The Notes to Basic Financial Statements are an integral part of this statement.

City Of Springtown, 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, 2017

Net change in fund balances - total governmental funds	$	181,564
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period net of disposal of capital assets not being depreciated.		433,711
Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.		(660,923)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The transaction, however, has no effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the 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.		53,371
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.		(15,900)
Current year changes in long-term liability for compensated absences do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		2,483
Current year changes in net pension position, deferred inflows and deferred outflows of resources from pensions do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		58,474
Change in net position of governmental activities	$	52,780

The Notes to Basic Financial Statements are an integral part of this statement.

City Of Springtown, Texas
Statement of Net Position – Proprietary Funds
September 30, 2017

		Enterprise Fund Water and Sewer
ASSETS AND DEFERRED OUTFLOWS		
Current assets		
Cash and cash equivalents	$	617,215
Accounts receivable, net of allowance for doubtful accounts of $9,955		152,300
Total current assets		769,515
Noncurrent assets		
Property, plant and equipment		
Land		210,649
Buildings and improvements		559,695
Waterworks and sanitary sewer system		14,757,172
Machinery and equipment		407,450
Office equipment		23,353
Construction in progress		154,774
		16,113,093
Less accumulated depreciation		(6,370,634)
Net property, plant and equipment		9,742,459
Cash and cash equivalents - restricted		234,549
Net pension asset		46,178
Total noncurrent assets		10,023,186
Total assets		10,792,701
Deferred Outflows of Resources		
Deferred outflows from debt refunded		9,074
Deferred outflows related to pensions		64,329
		73,403
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
Current liabilities		
Accounts payable and accrued liabilities		66,871
Accrued payroll and related liabilities		12,482
Accrued interest		22,501
Due to other funds		3,729
Current portion of bonds payable		293,239
Current portion of compensated absences		24,985
Deposits		130,247
Total current liabilities		554,054
Noncurrent liabilities		
Bonds payable		6,165,241
Total noncurrent liabilities		6,165,241
Total liabilities		6,719,295
Deferred Inflows of Resources		
Deferred inflows related to pensions		63,460
Net position		
Net investment in capital assets		3,261,478
Restricted for impact fees		104,303
Unrestricted		717,568
TOTAL NET POSITION	$	4,083,349

The Notes to Basic Financial Statements are an integral part of this statement.

City Of Springtown, Texas
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
Year Ended September 30, 2017

	Enterprise Fund Water and Sewer
OPERATING REVENUES	
Water and sewer service	$ 1,639,758
Total operating revenues	1,639,758
OPERATING EXPENSES	
Personnel services	419,001
Materials and supplies	360,889
Contractual services	432,281
Depreciation	446,083
Total operating expenses	1,658,254
Operating income (loss)	(18,496)
NON-OPERATING REVENUES (EXPENSES)	
Tap fees	52,165
Investment income	4,538
Miscellaneous	64,145
Interest and fiscal agent fees	(251,433)
Total nonoperating revenues (expenses), net	(130,585)
Income (loss) before transfers and capital contributions	(149,081)
Transfers out	(3,711)
Change in net position	(152,792)
NET POSITION, beginning of year, as originally reported	4,236,141
NET POSITION, end of year	$ 4,083,349

The Notes to Basic Financial Statements are an integral part of this statement.

City of Springtown, Texas
Statement of Cash Flows – Proprietary Funds
Year Ended September 30, 2017

	Enterprise Fund Water and Sewer
OPERATING ACTIVITIES	
Cash received from customers	$ 1,613,298
Cash payments to suppliers for goods and services	(762,640)
Cash payments to employees for services	(430,057)
Net cash provided by operating activities	420,601
NONCAPITAL FINANCING ACTIVITIES	
Transfers out	(3,711)
Net cash used in noncapital financing activities	(3,711)
CAPITAL AND RELATED FINANCING ACTIVITIES	
Insurance proceeds	64,145
Tap fees	52,165
Proceeds received from the issuance of bonds	2,739,490
Acquisition and construction of capital assets	(86,031)
Payment to escrow agent for refunding of bonds	(2,440,690)
Debt service payments for principal, interest and fiscal agent fees	(483,740)
Net cash used in capital and related financing activities	(154,661)
INVESTING ACTIVITIES	
Investment income	4,538
Net cash provided by investing activities	4,538
Net change in cash and cash equivalents	266,767
Cash and cash equivalents, beginning of year	584,997
Cash and cash equivalents, end of year	$ 851,764
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	$ (18,496)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation	446,083
Change in assets and liabilities	
Accounts receivable	(32,385)
Accounts payable and accrued liabilities	30,728
Net changes in pension balances	(15,970)
Net change in compensated absences	4,698
Due to other funds	18
Deposits	5,925
Net cash provided by operating activities	$ 420,601
RECONCILIATION TO STATEMENT OF NET POSITION	
Cash and cash equivalents	$ 617,215
Cash and cash equivalents - restricted	234,549
	$ 851,764

The Notes to Basic Financial Statements are an integral part of this statement.

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Note 1. Summary of Significant Accounting Policies

The City of Springtown, Texas (the City) is a "general law city" and operates under a Mayor-Council form of government.

The accounting and reporting policies of the City included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for state and local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*. The more significant accounting policies of the City are described below.

Financial Reporting Entity

The basic financial statements of the City include the primary government organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

There are no entities that were found to be component units of the City.

Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. 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.

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

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources. The City has presented the following major governmental funds:

General Fund

The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

Debt Service Fund

The debt service fund is used to account for the accumulation of financial resources for the payment of principal, interest, and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the debt service fund is restricted to signify the amounts that are exclusively for debt service expenditures.

Capital Projects Fund

The capital projects fund is used to account for funds received and expended for the construction and renovation of thoroughfares, arterial streets and drainage improvements in the City and construction, renovation, expansion and major improvement of various city facilities, acquisition of land and other large nonrecurring projects.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets and liabilities are included in the statement of net position. The City has presented the following major proprietary fund:

Water and Sewer Fund

The water and sewer fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations, and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services, which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income, and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

Taxes

Property taxes are levied for appropriation for the fiscal year beginning on October 1, are due October 1, attach as an enforceable lien on property as of January 1, and become delinquent on February 1. Property taxes are accrued based on the period for which they are levied and available. Delinquent taxes estimated not to be available are treated as deferred revenue in the governmental fund financial statements. Property taxes for cities, including those applicable to debt service, are limited by the Texas Constitution to $2.50 per $100 of assessed valuation. The City's current tax rate is $0.6217 per $100 of assessed valuation and assessed valuation is approximately 100% of estimated value.

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both governmental and proprietary funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized, not including infrastructure assets, have an original cost of $1,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and improvements	10-20 Years
Office equipment	5-10 Years
Machinery and equipment	3-20 Years
Infrastructure	9-50 Years
Waterworks and sanitary sewer system	5-40 Years

Deferred Outflows/Inflows of Resources

In addition to assets, the government wide and proprietary fund statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/ expenditure) until then. In addition to liabilities, the government wide and proprietary fund statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Compensated Absences

City employees are granted vacation and sick pay in varying amounts. In the event of termination, an employee is reimbursed for accumulated unused vacation days up to maximum accrual depending on years of service. Employees are reimbursed for one-third of accumulated unused sick leave if the employee has at least five years of service and began employment prior to June 1, 2004. Compensated absences are paid out of the General Fund, and the liability is accrued with long-term liabilities in the government-wide financial statements. Employees also receive sick incentive pay each November. In the event of termination, an employee who has at least one year of service is reimbursed for accumulated unused vacation days up to one and one half times what is eligible to be earned in one year, based on years of service. Sick incentive pay is a liability included with accrued liabilities in the government-wide and fund financial statements.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When expense is incurred for purposes for which both restricted and unrestricted net positions are available, the City's policy is to apply restricted net position first.

Nature and Purpose of Designations of Fund Balance

Fund balance categories are nonspendable and spendable. Classifications under the spendable category are restricted, committed, assigned, and unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

The City classifies governmental fund balances as follows:

1. Nonspendable Fund Balance – Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements. Examples include inventories, long-term receivables, endowment principal, and/or prepaid/deferred items.

2. Spendable Fund Balance

a. Restricted Fund Balance – Includes amounts that can be spent only for the specific purposes as imposed by law, or imposed by creditors, grantors, contributors, or other governments' laws and regulations. Examples include federal and state grant programs, retirement of long-term debt, and construction.

   i. The aggregate fund balance of the debt service fund is legally restricted for payment of bonded indebtedness and is not available for other purposes until all bonded indebtedness is liquidated.
   ii. The fund balance of the capital projects fund reflects an amount restricted for construction and major renovation projects, and it usually represents unexpended proceeds from the sale of bonds, which primarily have restricted use.
   iii. The proceeds of specific revenue sources which are restricted to expenditures for specified purposes as designated by grantors, contributors, by vote of citizens, or governmental entities over state or local program grants.

b. Committed Fund Balance – Includes amounts that can be used only for the specific purposes as determined by the governing body by formal action recorded in the minutes of the governing body. Commitments may be changed or lifted only by the governing body taking the same formal action that imposed the constraint originally. Examples include, but are not specifically limited to, council action items, retirement of loans/notes payable, and capital expenditures. The City Council must take action to commit funds for a specific purpose prior to the end of the fiscal year, but the amount of the commitment may be determined after the end of the fiscal year.

c. Assigned Fund Balance – Includes amounts intended to be used by the City for specific purposes. This intent can be expressed by an official or body to which the governing body delegates that authority. The City has delegated to the City Administrator the ability to determine and define the amounts of those components of fund balance that are classified as assigned. Examples take on the similar appearance as those enumerated for committed fund balance, including the appropriation of existing fund balance to eliminate a deficit in next year's budget.

d. Unassigned Fund Balance – Includes the residual classification of the general fund and includes all amounts not contained in other classifications. By accounting for amounts in other funds, the City has implicitly assigned the funds for the purposes of those particular funds.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be extended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly unassigned fund balance.

Based on criteria set forth by the City Council, at the end of each fiscal year, the general fund should maintain unassigned fund balance that is no less than 120 days (32.88%) of general fund expenditures. This target amount has been established in order to provide a reasonable level of assurance that the City's day-to-day operations will be able to continue even if circumstances occur where revenues are insufficient to cover expenditures.

Pensions

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

Note 2. Deposits and Investments

Cash and cash equivalents as of September 30, 2017, are classified in the accompanying financial statements as follows:

Cash and cash equivalents	$ 3,490,571
Cash and cash equivalents - restricted	234,549
	$ 3,725,120

Cash and investments as of September 30, 2017, consist of the following:

Demand deposits with financial institutions	657,041
Certificates of deposit and investment pools	3,068,079
	$ 3,725,120

The City invests in two investment pools during the year ended September 30, 2017. The City's investment in TexPool meets the requirements of GASB 79 to be reported at amortized cost, which approximates fair value. The City's investment in TexSTAR is reported at net asset value (NAV) determined by the pool, which also approximates fair value.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no formal policy related to interest rate risk.

As of September 30, 2017, the City had the following positions subject to interest rate risk:

Investment Type		Amount	Weighted Average Maturity
TexPool	$	609,365	35 days
TexSTAR		1,585,356	32 days
Certificates of deposit		873,358	190 days
Total	$	3,068,079	78 days

Disclosures Relating to Credit Risk

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 (where applicable) the Public Funds Investment Act, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type. Certificates of deposit are unrated.

Investment Type		Amount	Minimum Legal Rating	Rating as of September 30, 2017
TexPool	$	609,365	AAA	AAAm
TexSTAR		1,585,356	AAA	AAAm
Total	$	2,194,721		

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. As of September 30, 2017, other than external investment pools and certificates of deposit, the City did not have 5% or more of its investments with one issuer.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

At September 30, 2017, the carrying amount of the City's cash on hand and deposits was $657,041 and the bank balance was $713,340. The bank balance was covered by federal depository insurance or collateral held by the bank in the name of the City.

Texpool is an external investment pool that is measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pool transacts at a net asset value of $1.00 per share, have weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. Texpool has a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

TexStar is an external investment pool measured at their net asset value. TexStars' strategy are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The City has no unfunded commitments related to the investment pool. TexStar has a redemption notice period of one day and may redeem daily. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

Restricted assets in the enterprise fund are held for the following purposes in accordance with refundable deposits, and other legal restrictions:

Refundable deposits	$	130,247
Impact fees		104,302
Total restricted assets	$	234,549

For purposes of the statement of cash flows, the City considers all highly liquid investments with maturities at the date of purchase of three months or less to be cash equivalents.

City of Springtown, Texas
Notes to Basic Financial Statements

Note 3. Capital Assets

Capital asset activity for the year ended September 30, 2017, was as follows:

	Balance Beginning of Year	Additions/ Completions	Retirements/ Adjustments	Balance End of Year
Governmental activities				
Capital assets not being depreciated				
Land	$ 5,302,014	$ -	$ (220)	$ 5,301,794
Construction in progress	116,942	68,848	(185,790)	-
Total capital assets not being depreciated	5,418,956	68,848	(186,010)	5,301,794
Capital assets being depreciated				
Buildings and improvements	1,755,271	10,180	(8,994)	1,756,457
Office equipment	280,572	38,874	(109,106)	210,340
Machinery and equipment	1,352,596	174,756	(54,609)	1,472,743
Infrastructure	9,145,297	327,063	-	9,472,360
Total capital assets being depreciated	12,533,736	550,873	(172,709)	12,911,900
Less accumulated depreciation				
Buildings and improvements	679,802	81,214	(8,994)	752,022
Office equipment	237,153	19,560	(109,106)	147,607
Machinery and equipment	1,205,132	60,928	(54,609)	1,211,451
Infrastructure	3,760,272	499,221	-	4,259,493
Total accumulated depreciation	5,882,359	660,923	(172,709)	6,370,573
Total capital assets being depreciated, net	6,651,377	(110,050)	-	6,541,327
Governmental activities capital assets, net	$ 12,070,333	$ (41,202)	$ (186,010)	$ 11,843,121

	Balance Beginning of Year	Additions/ Completions	Retirements/ Adjustments	Balance End of Year
Business-type activities				
Capital assets not being depreciated				
Land	$ 210,649	$ -	$ -	$ 210,649
Construction in progress	460,694	86,031	(391,951)	154,774
Total capital assets not being depreciated	671,343	86,031	(391,951)	365,423
Capital assets being depreciated				
Buildings and improvements	559,695	-	-	559,695
Office equipment	23,353	-	-	23,353
Machinery and equipment	451,150	-	(43,701)	407,449
Waterworks and sewer system	14,365,223	391,951	-	14,757,174
Total capital assets being depreciated	15,399,421	391,951	(43,701)	15,747,671
Less accumulated depreciation				
Buildings and improvements	467,791	14,128	-	481,919
Office equipment	23,353	-	-	23,353
Machinery and equipment	387,170	24,950	(43,701)	368,419
Waterworks and sewer system	5,089,939	407,005	-	5,496,944
Total accumulated depreciation	5,968,253	446,083	(43,701)	6,370,635
Total capital assets being depreciated, net	9,431,168	(54,132)	-	9,377,036
Business-type activities capital assets, net	$ 10,102,511	$ 31,899	$ (391,951)	$ 9,742,459

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

Governmental activities		
General government	$	119,463
Public safety		40,529
Highways and streets		500,931
Total depreciation expense - governmental activities	$	660,923
Business-type activities		
Water and sewer	$	446,083
Total depreciation expense - business-type activities	$	446,083

Note 4. Long-Term Debt

Bonds payable and note payable at September 30, 2017 are comprised of the following individual issues:

	Governmental	Business-type
$2,680,000 Series 2012 General Obligation Refunding Bonds due in annual installments of $120,000 to $185,000 through August 15, 2029, with interest at 2.0% to 3.5%.	$ 1,710,000	$ 165,000
$255,000 Series 2017 Tax Notes due in annual installments of $35,000 to $40,000 through September 30, 2024, with interest at 2.0% to 3.0%.	85,000	170,000
$2,905,000 Series 2017 General Obligation Refunding Bonds due in annual installments of $35,000 to $405,000 through September 30, 2037, with interest at 2.0% to 4.0%.	551,950	2,353,050
$3,930,000 Series 2012A Tax and Revenue Certificates of Obligation due in annual installments of $80,000 to $270,000 through August 15, 2032, with interest at 2.0% to 3.0%.	-	3,555,000
$2,230,000 Series 2012B Tax and Revenue Certificates of Obligation due in annual installments of $15,000 to $320,000 through August 15, 2035, with interest at 2.0% to 3.0%.	2,155,000	-
$2,075,000 Series 2013 Tax and Revenue Certificates of Obligation due in annual installments of $60,000 to $130,000 through August 15, 2038, with interest at 1.0% to 4.8%.	1,835,000	-
$139,531 note payable to a local government, maturing June 30, 2018, with interest at 2.75%, to be settled with services provided by the City to the seller annually through the maturity date.	20,858	-
	$ 6,357,808	$ 6,243,050

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2017:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Due Within One Year
Governmental activities					
Certificates of obligation	$ 4,651,546	$ 85,000	$ 661,546	$ 4,075,000	$ 86,633
General obligation refunding bonds	1,865,000	551,950	155,000	2,261,950	161,650
Note payable	49,467	-	28,609	20,858	20,858
Capital lease	10,776	134,721	10,776	134,721	25,078
Bond premium	149,771	52,142	19,707	182,206	12,865
Bond discount	(21,338)	-	(1,130)	(20,208)	(1,129)
Compensated absences	37,522	45,286	42,803	40,005	40,005
Total governmental activities	6,742,744	869,099	917,311	6,694,532	345,960
Business-type activities					
General obligation refunding bonds	175,000	2,353,050	10,000	2,518,050	38,350
Certificates of obligation	6,158,454	170,000	2,603,454	3,725,000	243,367
Bond premium	49,458	216,440	50,468	215,430	11,522
Compensated absences	20,288	27,439	22,742	24,985	24,985
Total business-type activities	6,403,200	2,766,929	2,686,664	6,483,465	318,224
Total government-wide activities	$ 13,145,944	$ 3,636,028	$ 3,603,975	$ 13,177,997	$ 664,184

The total interest incurred for business-type activities for the year ended September 30, 2017 was $137,009 and was charged to expense.

General Obligation Bonds and Certificates of Obligation

General obligation bonds and certificates of obligation are issued periodically to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General obligation bonds and certificates of obligation require the City to compute, at the time other taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity. The City is in compliance with this requirement.

The City issued general obligation refunding bonds and tax notes for $3,160,000 at a premium of $268,582 in May of 2017 with coupon interest rates ranging from 2 to 4%. The 2017 Tax Notes of $255,000 was issued for capital projects for business-type and governmental-type activities. The General Obligation Refunding Bond Series 2017 of $2,905,000 were used to refund the General Obligation Bond Series 2007 reported in business-type and governmental-type activities. The General Obligation Bond Series 2007 which was originally scheduled to be paid down in 2027 is no longer outstanding as of September 30, 2017 and is considered defeased. The reaquisition price exceeded the net carrying amount of the refunded debt by $19,171 and will be amortized over the remaining life of the Bond Series 2017. The City's debt service payment requirements (principal and interests) for the General Obligation Bond Series 2017 is $729,955 more than the refunded debt and has an economic gain of $163,624 over the life of the debt which matures in 2037.

Annual Requirements to Retire Debt Obligations

The annual aggregate maturities for each bond type are as follows for fiscal years ending September 30:

General obligation bonds:

	Governmental Activities		Business-type Activities		
	Principal	Interest	Principal	Interest	Total
2018	$ 161,650	$ 71,443	$ 38,350	$ 95,832	$ 367,275
2019	162,600	68,020	42,400	94,255	367,275
2020	135,450	64,768	54,550	93,407	348,175
2021	141,400	62,059	63,600	92,316	359,375
2022	136,400	59,117	63,600	90,558	349,675
2023-2027	786,450	226,136	433,550	417,814	1,863,950
2028-2032	380,800	97,193	299,200	344,082	1,121,275
2033-2037	357,200	43,928	1,522,800	187,272	2,111,200
	$ 2,261,950	$ 692,664	$ 2,518,050	$ 1,415,536	$ 6,888,200

Certificates of obligation:

	Governmental Activities		Business-type Activities		
	Principal	Interest	Principal	Interest	Total
2018	$ 86,633	$ 148,127	$ 243,367	$ 59,059	$ 537,186
2019	91,633	146,114	243,367	56,846	537,960
2020	91,634	143,860	248,366	54,972	538,832
2021	91,690	141,513	248,310	52,364	533,877
2022	96,690	139,107	253,310	49,190	538,297
2023-2027	496,720	646,077	1,243,280	188,493	2,574,570
2028-2032	1,490,000	504,625	1,245,000	78,935	3,318,560
2033-2037	1,500,000	179,526	-	-	1,679,526
2038-2042	130,000	6,174	-	-	136,174
	$ 4,075,000	$ 2,055,123	$ 3,725,000	$ 539,859	$ 10,394,982

Notes payable:

	Governmental Activities	
	Principal	Interest
2018	$ 20,858	$ 228
	$ 20,858	$ 228

Note 5. Capital Leases

The City issued a capital lease for $134,721 for the purchase of police communication equipment. The first payment for the capital lease will be made during 2018.

The following is a schedule by fiscal year of the future minimum lease payments under capital leases together with the present value of the minimum lease payments as of September 30, 2017:

2018	29,915
2019	29,915
2020	29,915
2021	29,915
2022	29,911
Minimum lease payments	149,571
Less amount representing interest	(14,850)
Present value of net minimum lease payments	$ 134,721

Included in capital assets is $134,721 of equipment related to capital leases and $13,472 in accumulated depreciation. Amortization expense has been included in depreciation expense for the year ended September 30, 2017.

Note 6. Interfund Balances and Transfers

All interfund transfers between the various funds are approved supplements to the operations of those funds.

Transfers In	Transfers Out	Amount
General Fund	Enterprise Fund	$ 3,711
General Fund	Capital Projects Fund	228,795

The City's enterprise fund reimbursed the general fund for benefits paid by the General Fund. The capital projects fund reimbursed the general fund for construction costs that were paid by the General Fund.

The enterprise fund owes the general fund $3,729 at September 30, 2017. The interfund balance is related to employee benefits paid by the general fund, and is to be repaid or collected in the normal course of business, within one year of the fiscal year-end.

Note 7. Employee Retirement System

Plan Description

The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member board of trustees. Although the Governor, with the advice and consent of the Senate, appoints the board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

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. Plan provisions for the City were as follows:

	Plan Year 2016	Plan Year 2015
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 : 1	2 : 1
Years required for vesting	5 yrs	5 yrs
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Benefits

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

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

Employees Covered by Benefit Terms

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	18
Inactive employees entitled to but not yet receiving benefits	46
Active employees	44
Total	108

Contributions

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

Employees of the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rate for the City was 10.14% and 9.94% in calendar years 2016 and 2017, respectively. The city's contributions to TMRS for the year ended September 30, 2017, were $173,407, and were equal to required contributions.

Net Pension Liability

The City's net pension asset (NPA) was measured as of December 31, 2016 and the total pension liability (TPL) used to calculate the NPA was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75% per year, net of pension plan investment expense, including inflation

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

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

The TMRS Board approved a new portfolio target allocation, this allocation and best estimates of real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	17.5%	4.55%
International equity	17.5%	6.35%
Core fixed income	10.0%	1.00%
Non-core fixed income	20.0%	4.15%
Real return	10.0%	4.15%
Real estate	10.0%	4.75%
Absolute return	10.0%	4.00%
Private equity	5.0%	7.75%

Discount Rate

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

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance at December 31, 2015	$ 3,751,618	$ 3,783,870	$ (32,252)
Changes for the year			
Service cost	256,950	-	256,950
Interest	258,990	-	258,990
Difference between expected and actual experience	(199,281)	-	(199,281)
Contributions - employer	-	148,734	(148,734)
Contributions - employee	-	104,512	(104,512)
Changes in assumptions	-		-
Net investment income	-	255,690	(255,690)
Benefit payments, including refunds of employee contributions	(86,406)	(86,406)	-
Administrative expense	-	(2,888)	2,888
Other changes	-	(156)	156
Net changes	230,253	419,486	(189,233)
Balance at December 31, 2016	$ 3,981,871	$ 4,203,356	$ (221,485)

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability (asset)	$ 424,361	$ (221,485)	$ (737,704)

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in a separately issued TMRS financial report that may be obtained online at www.tmrs.com.

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

For the year ended September 30, 2017, the City recognized pension expense of $79,435.

At September 30, 2017, deferred outflows of resources and deferred inflows of resources related to pensions consisted of the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ -	$ 301,307
Changes in actuarial assumptions	22,862	-
Difference between projected and actual investment earnings	164,764	-
Contributions subsequent to the measurement date	118,278	-
Total	$ 305,904	$ 301,307

$118,278 reported as deferred outflows related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows.

Year ended December 31:	
2018	$ (79,626)
2019	(41,613)
2020	7,614
2021	(56)

Other Postemployment Benefits

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit," or OPEB.

Other Postemployment Benefits Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers. The City's contributions to the TMRS SDBF for fiscal years 2017, 2016 and 2015 were $177, $177, and $177, respectively, which equaled the required contributions each year.

Note 8. 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 participates in the Texas Municipal League Joint Self Insurance Fund (TMLIF) to provide both general liability and property insurance. The City, along with other participating entities, contributes annual amounts determined by TMLIF management. As claims arise, they are submitted to and paid by TMLIF. The City is not liable for payments beyond their annual contributions to TMLIF.

The City had no significant changes in insurance coverage from the year ended September 30, 2017. Settlement amounts have not exceeded insurance coverage for the year ended September 30, 2017, nor any of the three preceding years.

Note 9. Net Investment in Direct Financing Lease

In 1999, the City entered into a lease agreement with the Springtown Volunteer Fire Department for the lease of the new fire station constructed in 1999 with the proceeds of bonds issued by the City. The annual lease payments due from the Volunteer Fire Department are equal to the annual debt service payments on the related bonds. The lease expires on February 1, 2019, at which time title to the fire station transfers to the Volunteer Fire Department. The City has recorded its net investment in the direct financing lease and related deferred inflow in the Debt Service Fund at an amount equal to the total minimum lease payments to be received over the term of the lease. The City received $33,118 under this lease in fiscal year 2017. The following is a schedule by fiscal years of future minimum lease payments to be received as of September 30, 2017:

2019	15,600
2020	15,000
	$ 30,600

Note 10. Operating Leases

The City is committed under various noncancelable operating leases for copiers and postage equipment. Future minimum operating lease commitments are as follows for years ending September 30:

2018	$	26,121
2019		22,481
2020		17,385
2021		1,449
Total	$	67,436

Operating lease expenditures were $24,163 for the year ended September 30, 2017.

Note 11. Budget Compliance

For the year ended September 30, 2017, the City exceed budgeted expenditures in the General Fund for highway and streets expenditures by $23,477. In total the General Fund was in compliance by $39,855.

Note 12. Subsequent Event

On October 12, 2017, the City issued Combination Tax and Surplus Revenue Certificates from the Texas Water Development Board for $1,390,000. The bonds were issued for construction of water and sewer system. Payments on debt principal begins in 2019 with interest on principal of 2.8010%. The debt is scheduled to be paid down in 30 years.

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APPENDIX C

FORM OF BOND COUNSEL'S OPINION

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[CLOSING DATE]

Norton Rose Fulbright US LLP
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Dallas, Texas 75201-7932
United States

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IN REGARD to the authorization and issuance of the "City of Springtown, Texas Combination Tax and Revenue Certificates of Obligation, Series 2018," dated June 1, 2018, in the principal amount of $1,985,000 (the "Certificates"), we have examined into their issuance by the City of Springtown, Texas (the "City"), solely to express legal opinions as to the validity of the Certificates and the exclusion of the interest on the Certificates from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Certificates, or the sufficiency of the security for or the value or marketability of the Certificates.

THE CERTIFICATES are issued in fully registered form only and in denominations of $5,000 or any integral multiple thereof (within a maturity). The Certificates mature on August 15 in each of the years specified in the ordinance adopted by the City Council of the City authorizing the issuance of the Certificates (the "Ordinance"), unless redeemed prior to maturity in accordance with the terms stated on the Certificates. The Certificates accrue interest from the dates, at the rates, and in the manner and interest is payable on the dates, all as provided in the Ordinance.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Certificates, including the Ordinance and an examination of the initial Certificate executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Certificates and certain other funds of the City and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Certificates, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Certificates have been duly authorized by the City and, when issued in compliance with the provisions of the Ordinance, are valid, legally binding and enforceable obligations of the City, payable from an ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the City, and are additionally payable from and secured by a limited pledge of the Net Revenues (as defined in the Ordinance) of the City's waterworks and sewer system in the manner and to the extent provided in the Ordinance, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or

other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with the general principles of equity.

2. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance relating to sections 141 through 150 of the Code, interest on the Certificates for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of individuals or, except as hereinafter described, corporations. For taxable years that began before January 1, 2018, interest on the Certificates owned by a corporation will be included in such corporation's adjusted current earnings for purposes of computing the alternative minimum tax on such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust ("FASIT"). The alternative minimum tax on corporations has been repealed for taxable years beginning on or after January 1, 2018.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Certificates. Ownership of tax-exempt obligations such as the Certificates may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a FASIT, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

APPENDIX D

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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ASSURED GUARANTY® MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)

Financial Advisory Services
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