OFFICIAL STATEMENT

Dated February 3, 2020

Ratings:
S&P: "AA-"
(See "OTHER INFORMATION – Ratings" herein)

NEW ISSUE - Book-Entry-Only

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

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

$1,095,000
CITY OF WOLFFORTH, TEXAS
(Lubbock County)
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020

Dated Date: February 1, 2020;
Interest Accrues from the Date of Initial Delivery

Due: February 15, as shown on page 2

PAYMENT TERMS . . . Interest on the $1,095,000 City of Wolfforth, Texas General Obligation Refunding Bonds, Series 2020 (the "Bonds"), will accrue from the date of the initial delivery, will be payable August 15 and February 15 of each year commencing August 15, 2020, 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 Bonds 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 Bonds may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds 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 Bonds (see "THE OBLIGATIONS - Book-Entry-Only System" herein). The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas (see "THE OBLIGATIONS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, (the "State") including particularly Texas Government Code, Chapter 1207, as amended ("Chapter 1207"), and are direct obligations of the City of Wolfforth, Texas (the "City"), payable from a direct annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the ordinance authorizing the Bonds (the "Bond Ordinance", and together with the Note Ordinance (hereinafter defined), the "Ordinances"). See "THE OBLIGATIONS - Authority for Issuance of the Obligations" and "THE OBLIGATIONS – Security and Source of Payment for the Obligations").

PURPOSE . . . Proceeds from the sale of the Bonds will be used to refund a portion of the City's outstanding debt, as shown on SCHEDULE I hereto, for debt service savings, and to pay the costs of issuing the Bonds.

SEPARATE ISSUES . . . The Bonds are being offered by the City concurrently with the "City of Wolfforth, Texas, Tax Notes, Series 2020" (the "Notes"), under a common Official Statement, and such Notes and Bonds are hereinafter sometimes referred to collectively as the "Obligations." The Notes and Bonds are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, the federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations and other features.

CUSIP PREFIX: 977810
MATURITY SCHEDULE & 9 DIGIT CUSIP, See Schedule on Page 2

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the initial purchaser identified below (the "Underwriter") and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P. Bond Counsel, Dallas, Texas (see APPENDIX C - "Forms of Bond Counsel's Opinions"). Certain legal matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas.

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on March 4, 2020.

SAMCO CAPITAL MARKETS, INC.

CUSIP [1]: 977810

MATURITY SCHEDULE

Principal Amount	Maturity (February 15)	Interest Rate	Initial Yield	CUSIP Suffix [1]
$ 120,000	2021	4.00%	0.89%	HC7
130,000	2022	4.00%	0.95%	HD5
135,000	2023	4.00%	1.00%	HE3
145,000	2024	4.00%	1.06%	HF0
85,000	2025	4.00%	1.09%	HG8
40,000	2026	4.00%	1.17%	HH6
40,000	2027	4.00%	1.25%	HJ2

$140,000 4.00% Term Bonds due February 15, 2030 Priced to Yield 1.50% [2] - CUSIP Suffix [1]: HM5
$260,000 4.00% Term Bonds due February 15, 2032 Priced to Yield 1.64% [2] - CUSIP Suffix [1]: HP8

(Interest Accrues from the date of Initial Delivery)

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(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC 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. None of the City, the Financial Advisor or the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers shown herein.

(2) Yield shown is yield to first call date, February 15, 2029.

REDEMPTION OF BONDS . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2030, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2029, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE OBLIGATIONS – Optional Redemption of Bonds"). In addition, the Bonds maturing on February 15 in the years 2030 and 2032 are subject to mandatory sinking fund redemption, as further described herein (see "THE OBLIGATIONS – Mandatory Sinking Fund Redemption").

OFFICIAL STATEMENT

Dated February 3, 2020

Ratings:
S&P: "AA-"
(See "OTHER INFORMATION – Ratings" herein)

NEW ISSUE - Book-Entry-Only

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

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

$1,435,000
CITY OF WOLFFORTH, TEXAS
(Lubbock County)
TAX NOTES, SERIES 2020

Dated Date: February 1, 2020; **Due: February 15, as shown on page 2**
Interest Accrues from the Date of Initial Delivery

PAYMENT TERMS . . . Interest on the $1,435,000 City of Wolfforth, Texas Tax Notes, Series 2020 (the "Notes"), will accrue from the date of the initial delivery, will be payable February 15 and August 15 of each year commencing February 15, 2021, until maturity, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Notes 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 Notes may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. **No physical delivery of the Notes will be made to the beneficial owners thereof**. Principal of, premium, if any, and interest on the Notes 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 Notes (see "THE OBLIGATIONS - Book-Entry-Only System" herein). The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas (see "THE OBLIGATIONS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Notes are issued pursuant to the Constitution and general laws of the State of Texas, (the "State") including particularly Texas Government Code, Chapter 1431, as amended ("Chapter 1431"), and are direct obligations of the City of Wolfforth, Texas (the "City"), payable from a direct annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the ordinance authorizing the Notes (the "Note Ordinance", and together with the Bond Ordinance, the "Ordinances"). See "THE OBLIGATIONS - Authority for Issuance of the Obligations" and "THE OBLIGATIONS – Security and Source of Payment for the Obligations".

PURPOSE . . . Proceeds from the sale of the Notes will be used for (i) acquiring, constructing and equipping improvements at various municipal buildings, including technology improvements; (ii) acquiring vehicles and equipment for various City departments, including public safety and public works; (iii) emergency management vehicles and equipment; (iv) designing, acquiring, constructing and equipping improvements to City's water and sewer system, including electrodialysis reversal water treatment facilities, wastewater treatment plant, lines, pumps, drives, lift station, and aerators; and (v) improvements at City parks; and (vi) paying the costs of issuing the Notes.

SEPARATE ISSUES . . . The Notes are being offered by the City concurrently with the "City of Wolfforth, Texas, General Obligation Refunding Bonds, Series 2020" (the "Bonds"), under a common Official Statement, and such Notes and Bonds are hereinafter sometimes referred to collectively as the "Obligations." The Notes and Bonds are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, the federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations and other features.

CUSIP PREFIX: 977810
MATURITY SCHEDULE & 9 DIGIT CUSIP, See Schedule on Page 2

LEGALITY . . . The Notes are offered for delivery when, as and if issued and received by the initial purchaser identified below (the "Underwriter") and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P. Bond Counsel, Dallas, Texas (see APPENDIX C - "Forms of Bond Counsel's Opinions"). Certain legal matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas.

DELIVERY . . . It is expected that the Notes will be available for delivery through DTC on March 4, 2020.

SAMCO CAPITAL MARKETS, INC.

CUSIP [1]: 977810

MATURITY SCHEDULE

Principal Amount	Maturity (February 15)	Interest Rate	Initial Yield	CUSIP Suffix [1]
$ 145,000	2021	5.00%	0.89%	HQ6
190,000	2022	5.00%	0.95%	HR4
200,000	2023	5.00%	1.00%	HS2
210,000	2024	5.00%	1.06%	HT0
220,000	2025	5.00%	1.09%	HU7
230,000	2026	5.00%	1.17%	HV5
240,000	2027	5.00%	1.25%	HW3

(Interest Accrues from the date of Initial Delivery)

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC 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. None of the City, the Financial Advisor or the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers shown herein.

NO OPTIONAL REDEMPTION OF NOTES . . . The Notes are not subject to redemption prior to their stated maturity.

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 Financial Advisor. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy Obligations in any jurisdiction in which, or to any person to whom, it is unlawful to make such offer or solicitation.

The information set forth or included in this Official Statement has been provided by the City or obtained from other sources believed by the City to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the City described herein since the date hereof. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

The cover page contains certain information for general reference only and is not intended as a summary of this offering. Investors should read the entire Official Statement, including all appendices attached hereto, to obtain information essential to making an informed investment decision.

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 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 THESE SECURITIES HAVE BEEN REGISTERED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

NONE OF THE CITY, ITS FINANCIAL ADVISOR OR THE UNDERWRITER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM.

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The cover page hereof, this page, the appendices and schedule 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 Wolfforth, Texas is a political subdivision and general law municipal corporation of the State of Texas (the "State"), located in Lubbock County, Texas. The City covers approximately 2.8 square miles (see "INTRODUCTION - Description of the City").

THE OBLIGATIONS .... The Bonds are issued as $1,095,000 General Obligation Refunding Bonds, Series 2020. The Bonds are issued as serial bonds maturing on February 15 in the years 2021 through 2027, inclusive, and as Term Bonds maturing on February 15 in the years 2030 and 2032.

The Notes are issued as $1,435,000 Tax Notes, Series 2020. The Notes are issued as serial notes maturing on February 15 in the years 2021 through 2027, inclusive.

See "THE OBLIGATIONS – Description of the Obligations".

PAYMENT OF INTEREST .... Interest on the Bonds accrues from the date of initial delivery and is payable on August 15, 2020, and each February 15 and August 15 thereafter until maturity or prior redemption.

Interest on the Notes accrues from the date of initial delivery and is payable on February 15, 2021, and each August 15 and February 15 thereafter until maturity.

See "THE OBLIGATIONS – Description of the Obligations".

AUTHORITY FOR ISSUANCE .... The Bonds are issued pursuant to the Constitution and general laws of the State, including particularly Chapter 1207, Texas Government Code, as amended ("Chapter 1207"), as provided in the ordinance authorizing the Bonds (the "Bond Ordinance" and together with the Note Ordinance, the "Ordinances").

The Notes are issued pursuant to the Constitution and general laws of the State of Texas, (the "State") including particularly Texas Government Code, Chapter 1431, as amended ("Chapter 1431"), as provided in the ordinance authorizing the Notes (the "Note Ordinance", and together with the Bond Ordinance, the "Ordinances").

See "THE OBLIGATIONS – Authority for Issuance".

SECURITY FOR THE OBLIGATIONS.... The Obligations constitute direct obligations of the City, payable from a direct annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the Ordinances. See "THE OBLIGATIONS - Security and Source of Payment for the Obligations".

REDEMPTION OF BONDS .... The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2030, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2029, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption maturities (see "THE OBLIGATIONS – Optional Redemption of Bonds"). In addition, the Bonds maturing on February 15 in the years 2030 and 2032 are subject to mandatory sinking fund redemption, as further described herein (see "THE OBLIGATIONS – Mandatory Sinking Fund Redemption").

NO OPTIONAL REDEMPTION OF NOTES .... The Notes are not subject to optional redemption prior to their stated maturity (see "THE OBLIGATIONS – No Optional Redemption of Notes").

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 "TAX MATTERS" herein.

USE OF PROCEEDS .... Proceeds from the sale of the Bonds will be used to refund a portion of the City's outstanding debt, as shown on SCHEDULE I hereto, for debt service savings, and to pay the costs of issuing the Bonds.

Proceeds from the sale of the Notes will be used for (i) acquiring, constructing and equipping improvements at various municipal buildings, including technology improvements; (ii) acquiring vehicles and equipment for various City departments, including public safety and public works; (iii) emergency management vehicles and equipment; (iv) designing, acquiring, constructing and equipping improvements to City's water and sewer system, including electrodialysis reversal water treatment facilities, wastewater treatment plant, lines, pumps, drives, lift station, and aerators; and (v) improvements at City parks; and (vi) paying the costs of issuing the Notes.

RATING .... The Obligations are rated "AA-" by S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P") (see "OTHER INFORMATION - Ratings").

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. 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 the payment of its ad valorem tax debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated Population (1)	Taxable Assessed Valuation (2)	Taxable Assessed Valuation Per Capita	Net 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	% of Total Tax Collections
2016	4,417	$ 260,347,057	$ 58,942	$ 13,356,000	5.13%	$ 3,024	101.98%
2017	4,500	283,654,519	63,034	14,831,000	5.23%	3,296	101.30%
2018	4,622	309,949,749	67,060	13,684,000	4.41%	2,961	99.65%
2019	4,622	354,743,951	76,751	12,497,000	3.52%	2,704	99.06%
2020	4,622	390,321,196	84,449	12,699,000 (4)	3.25%	2,748	91.73% (5)

(1) Source: the City.
(2) As reported by the Lubbock Central Appraisal District on the City's annual State Property Tax Board Reports; subject to change during the ensuing year.
(3) Includes self-supporting debt.
(4) Projected. Includes the Obligations and excludes the Refunded Obligations.
(5) Collections as of December 31, 2019.

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Length of Service	Term Expires	Occupation
Charles Addington, D.O. Mayor	19 Years	May, 2020	Physician
Julie Merrill Councilmember	8 Years	May, 2020	Homemaker
Mike Bickle Councilmember	3 ½ Years	May, 2020	Sales
Randy Gross Councilmember	12 Years	May, 2021	Self-Employed
Rod Moore Councilmember	6 Months	May, 2021	Retired
Chris Powers Councilmember	6 Months	May, 2021	Self-Employed

SELECTED ADMINISTRATIVE STAFF

Name	Position	Time in Current Position	Years in City Government
Darrell Newsom	City Manager	10 Years	10 Years
Lauren Murphey	City Secretary	7 Months	7 Months
Michael Guevara	City Attorney	9 Years	19 Years

CONSULTANTS AND ADVISORS

Auditors .... David L Hettler PC
Lubbock, Texas

Bond Counsel .... McCall, Parkhurst & Horton L.L.P.
Dallas, Texas

Financial Advisor.. Specialized Public Finance Inc.
Dallas, Texas

For additional information regarding the City, please contact:

Mr. Darrell Newsom City Manager City of Wolfforth P.O. Box 36 Wolfforth, Texas 79382 Phone: (806) 855-4120	or	Mr. Vince Viaille Managing Director Specialized Public Finance Inc. 4925 Greenville Avenue, Suite 1350 Dallas, Texas 75206 Phone: (214) 373-3911

OFFICIAL STATEMENT
RELATING TO

CITY OF WOLFFORTH, TEXAS

$1,095,000 GENERAL OBLIGATION REFUNDIING BONDS, SERIES 2020	$1,435,000 TAX NOTES, SERIES 2020

INTRODUCTION

This Official Statement, which includes the Schedule and Appendices hereto, provides certain information regarding the issuance of the $1,095,000 City of Wolfforth, Texas General Obligation Refunding Bonds, Series 2020 (the "Bonds") and $1,435,000 City of Wolfforth, Texas Tax Notes, Series 2020 (the "Notes"). The Bonds and the Notes (collectively the "Obligations") are separate and distinct securities offerings being authorized for issuance under separate ordinances (the "Bond Ordinance" and "Note Ordinance", respectively, and collectively the "Ordinances") approved by the City Council on February 3, 2020. Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Ordinances, except as otherwise indicated herein.

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 document. Copies of such documents may be obtained from the City's Financial Advisor, Specialized Public Finance Inc., Dallas, Texas, by electronic mail or upon payment of reasonable copying, handling, and delivery charges.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. Copies of the Final Official Statement pertaining to the Obligations will be deposited with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system. See "CONTINUING DISCLOSURE OF INFORMATION" herein for a description of the City's undertaking to provide certain information on a continuing basis.

DESCRIPTION OF THE CITY . . . The City is a political subdivision and municipal corporation of the State of Texas (the "State"), duly organized and existing under the laws of the State. The City was incorporated in 1950. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and five Councilmembers. The term of office is two years with the terms of the Mayor and two of the Councilmembers' terms expiring in even-numbered years and the other terms of the three Councilmembers expiring in odd-numbered years. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, water and sanitary sewer utilities, sanitation services, public improvements, planning and zoning, and general administrative services. The 2010 Census population for the City was 3,670. The City covers approximately 2.8 square miles.

PLAN OF FINANCING

REFUNDED OBLIGATIONS . . . The payments due on the Refunded Obligations are to be paid on the redemption date of such Refunded Obligations from funds to be deposited pursuant to a Deposit Agreement (the "Deposit Agreement") between the City and BOKF, NA, Dallas, Texas (the "Deposit Agent"). The Bond Ordinance provides that from the proceeds of the sale of the Bonds received from the Underwriter, the City will deposit with the Deposit Agent the amount necessary to accomplish the discharge and final payment of the Refunded Obligations on their redemption date. Such funds will be held by the Deposit Agent in a special account (the "Deposit Account"). Under the Deposit Agreement, the Deposit Account is irrevocably pledged to the payment of the Refunded Obligations.

By the deposit of the cash described above with the Deposit Agent pursuant to the Deposit Agreement, the City will have effected the defeasance of the Refunded Obligations pursuant to the terms of the ordinance authorizing the issuance of the Refunded Obligations, and the City will have no further responsibility with respect to amounts available in the Deposit Account for the payment of the Refunded Obligations. Specialized Public Finance Inc. will provide a sufficiency certificate which Bond Counsel will rely upon as to the sufficiency of funds to be deposited with the Deposit Agent for the redemption of the Refunded Obligations. Upon defeasance of the Refunded Obligations, the payment of such Refunded Obligations will be deemed to be fully paid and no longer outstanding except for the purpose of receiving payments from the funds provided therefor in the Deposit Agreement.

PURPOSE . . . Proceeds from the sale of the Bonds will be used to refund a portion of the City's outstanding debt, as shown on SCHEDULE I hereto, for debt service savings, and to pay the costs of issuing the Bonds.

Proceeds from the sale of the Notes will be used for (i) acquiring, constructing and equipping improvements at various municipal buildings, including technology improvements; (ii) acquiring vehicles and equipment for various City departments, including public safety and public works; (iii) emergency management vehicles and equipment; (iv) designing, acquiring, constructing and equipping improvements to City's water and sewer system, including electrodialysis reversal water treatment facilities, wastewater treatment plant, lines, pumps, drives, lift station, and aerators; and (v) improvements at City parks; and (vi) paying the costs of issuing the Notes.

THE OBLIGATIONS

DESCRIPTION OF THE OBLIGATIONS . . . The Obligations are dated February 1, 2020. The Obligations mature on February 15 in each of the years and in the amounts shown on page 2 and page 4 hereof. Interest on the Bonds will accrue from the date of the initial delivery to the Underwriter (anticipated to be March 4, 2020) and will be computed on the basis of a 360-day year consisting of twelve 30-day months, the Bonds will be payable on August 15 and February 15 of each year, commencing August 15, 2020, until maturity or prior redemption. Interest on the Notes will accrue from the date of the initial delivery to the Underwriter (anticipated to be March 4, 2020) and will be computed on the basis of a 360-day year consisting of twelve 30-day months, the Notes will be payable on February 15 and August 15 of each year, commencing February 15, 2021, 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 ("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 OF THE OBLIGATIONS . . . The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapter 1207, Texas Government Code, as amended ("Chapter 1207"), as provided in the Bond Ordinance.

The Notes are issued pursuant to the Constitution and general laws of the State, including particularly Texas Government Code, Chapter 1431, as amended ("Chapter 1431"), as provided in the Note Ordinance.

SECURITY AND SOURCE OF PAYMENT FOR THE OBLIGATIONS . . . The Obligations constitute direct obligations of the City, payable from a direct annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the Ordinances.

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 sufficient to provide for 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 $1.00 of the $1.50 maximum tax rate for all general obligation debt service, as calculated at the time of issuance.

NO OPTIONAL REDEMPTION OF NOTES . . . The Notes are not subject to optional redemption prior to their stated maturity.

OPTIONAL REDEMPTION OF BONDS . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2030 in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2029, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the City may select the maturities of Bonds to be redeemed.

If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (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 Bonds maturing on February 15 in the years 2030 and 2032 (the "Term Bonds") are subject to mandatory sinking fund redemption in part prior to maturity on the dates and in the amounts as follows:

Term Bonds Maturing February 15, 2030	
Redemption Date	Principal Amount
February 15, 2028	$ 45,000
February 15, 2029	45,000
February 15, 2030 *	50,000

Term Bonds Maturing February 15, 2032	
Redemption Date	Principal Amount
February 15, 2031	$ 55,000
February 15, 2032 *	205,000

* Stated Maturity.

The particular Term Bonds to be redeemed shall be chosen by the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) at random by lot or other customary method; provided, however, that the principal amount of the Term Bonds of a stated maturity required to be redeemed pursuant to the operation of the mandatory redemption provisions shall be reduced, at the option of the City, by the principal amount of said Term Bonds of like maturity which, at least 45 days prior to mandatory redemption date, (1) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, 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 Bonds 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 Bonds, 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 Bonds 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 AND ANY OTHER CONDITION TO REDEMPTION SATISFIED, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS OR ANY PORTION THEREOF CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Bond Ordinance have been met and money sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice will state that said redemption may, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the City will not redeem such Bonds, and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that such Bonds have not been redeemed.

DEFEASANCE . . . The Ordinances provide 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 the Paying Agent/Registrar, or authorized escrow agent, in trust (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Obligations shall have become due and payable, 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 Defeasance Securities. The Ordinances provide that "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharges obligations such as the Obligations. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The City has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

There is no assurance that the current 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 Ordinances do not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or that for any other Defeasance Security will be maintained at any particular rating category.

Upon defeasance, 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 the 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.

Upon making such deposit in the manner described, such defeased Obligations shall no longer be deemed outstanding obligations secured by the Ordinances, but will be payable only from the funds and Defeasance Securities deposited in 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 or for any other purpose.

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

The Ordinances further provide that the holders of the respective Obligations aggregating in principal amount 51% of the outstanding Obligations shall have the right from time to time to approve any amendment not described above to the respective Ordinance if it is deemed necessary or desirable by the City; provided, however, that without the consent of 100% of the holders in original principal amount of the then outstanding Obligations, no amendment may be made for the purpose of: (i) making any change in the maturity of any of the outstanding Obligations; (ii) reducing the rate of interest borne by any of the outstanding Obligations; (iii) reducing the amount of the principal of, or redemption premium, if any, payable on any outstanding Obligations; (iv) modifying the terms of payment of principal or of interest or redemption premium on outstanding Obligations, or imposing any condition with respect to such payment; or (v) changing the minimum percentage of the principal amount of the Obligations necessary for consent to such amendment.

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 The Depository Trust Company ("DTC"), New York, New York, while the Obligations are registered in its nominee's 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 believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Obligations, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Obligations), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the 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 Obligations 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 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 securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's 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.

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 purchaser 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. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 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 registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds 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 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 Obligations 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, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 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, certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but neither the City nor the Underwriter take any responsibility for the accuracy thereof.

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 by the City, the Financial Advisor, or the Underwriter.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. Interest on and principal of the Obligations will be payable, and transfer functions will be performed, at the office for payment of the Paying Agent/Registrar in Dallas, Texas (the "Designated Payment/Transfer Office"). In the Ordinances, 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 or trust company organized under the laws of the State or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Obligations. 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 the Obligations by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Obligations may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender 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 "Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Obligations. Neither the City nor the Paying Agent/Registrar will be required to make any transfer, conversion, or exchange of Obligations (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) with respect to any Obligation or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

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

OBLIGATIONHOLDERS' REMEDIES . . . The Ordinances establish specific events of default with respect to the Obligations. If the City defaults in the payment of the principal of or interest on the Obligations when due, or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospect or ability to be repaid in accordance with the Ordinances, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the Ordinances provide that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Obligations or the Ordinances and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so 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 Ordinances do not provide for the appointment of a trustee to represent the interest of the Obligationholders upon any failure of the City to perform in accordance with the terms of the Ordinances, 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 June 30, 2006, the Texas Supreme Court 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, Obligationholders may not be able to bring such a suit against the City for breach of the Obligations or covenants in the Ordinances. 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 Obligationholders 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 Obligations are qualified with respect to the customary rights of debtors relative to their creditors, by principles of governmental immunity, and by general principles of equity that permit the exercise of judicial discretion.

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

SOURCES OF FUNDS:	The Bonds	The Notes
Par Amount	$ 1,095,000.00	$ 1,435,000.00
Reoffering Premium	145,039.50	226,973.65
Total Sources of Funds	$ 1,240,039.50	$ 1,661,973.65
USES OF FUNDS:		
Deposit to Project Construction Fund	$ -	$ 1,600,000.00
Deposit to Escrow Fund	1,177,822.67	-
Underwriter's Discount	12,497.59	14,193.43
Costs of Issuance/Rounding Amount	49,719.24	47,780.22
Total Uses of Funds	$ 1,240,039.50	$ 1,661,973.65

AD VALOREM TAX PROCEDURES

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

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

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property (the "10% Homestead Cap"). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised.

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

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

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

LOCAL OPTION HOMESTEAD EXEMPTIONS . . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the market value of all homesteads (but not less than $5,000) and (2) an additional exemption of the market value of the homesteads of persons 65 years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable.

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

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

Freeport Exemptions . . . Certain goods detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1,1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue to tax Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal. Certain goods, principally inventory, that are stored for the purposes of assembling, storing, manufacturing, processing or fabricating the goods in a location that is not owned by the owner of the goods and are transferred from that location to another location within 175 days ("Goods-in-Transit"), are exempt from ad valorem taxation unless a taxing unit takes official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax Goods-in-Transit beginning the following tax year. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include special inventories such as motor vehicles or boats in a dealer's retail inventory. A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

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

Tax Increment Financing Zones . . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment financing zones ("TIRZ") within its boundaries, and other overlapping taxing units may agree to contribute taxes levied against the "Incremental Value" in the TIRZ to finance or pay for project costs, as defined in Chapter 311, Texas Government Code, general located within the TIRZ. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "Incremental Value," and during the existence of the TIRZ, all or a portion of the taxes levied by each participating taxing unit against the Incremental Value in the TIRZ are restricted to paying project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units. See "AD VALOREM PROPERTY TAXATION – City Application of Property Tax Code" for descriptions of any TIRZ created in the City.

Tax Abatement Agreements . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. See "AD VALOREM PROPERTY TAXATION – City Application of Property Tax Code" for descriptions of any of the City's tax abatement agreements.

For a discussion of how the various exemptions described above are applied by the City, see "AD VALOREM PROPERTY TAXATION – City Application of Property Tax Code" herein.

Tax Rate Limitations . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax-supported debt within the limits prescribed by law. Article XI, Section 4 of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $1.50 per $100 of Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of $1.00 of the $1.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

Public Hearing and Maintenance and Operation Tax Rate Limitations…The following terms as used in this section have the meanings provided below:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

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

Owners of certain property with a taxable value of at least $50 million and situated in a county with a population of one million or more as of the most recent federal decennial census may additionally protest the determinations of appraisal district directly to a three-member special panel of the appraisal review board, selected by a State district judge, consisting of highly qualified professionals in the field of property tax appraisal.

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

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. Oil and gas reserves are assessed on the basis of a valuation process which uses pricing information contained in either the standard edition of the Annual Energy Outlook published by the United States Energy Information Administration or, if the most recently published edition of the Annual Energy Outlook was published before December 1 of the preceding calendar year, the Short-Term Energy Outlook report published in January of the current calendar year. 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.

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 penalty 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% may be added to the total tax penalty and interest charge. A taxpayer who is 65 years of age or older or is disabled may defer the collection of delinquent property taxes on his or her residence homestead and prevent the filing of a lawsuit to collect delinquent taxes until the 181st day after the taxpayer no longer owns and occupies the property as a residence homestead. However, taxes and interest continue to accrue against the property, and the delinquent taxes incur a penalty of 8% per annum with no additional penalties or interest assessed. The lien securing such taxes and interest remains in existence during the deferral or abatement period. 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's Rights in the Event of Tax Delinquencies . . . Taxes levied by the City are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all State and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each local taxing unit, including the City, having power to tax the property. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes. At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two (2) years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

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 $25,000; the disabled are also granted an exemption.

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

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

The City does not tax nonbusiness personal property; and Lubbock Central Appraisal District collects taxes for the City.

The City has adopted the tax freeze for citizens who are disabled or are 65 years of age or older, which became a local option and subject to local referendum on January 1, 2004.

The City does not permit split payments, and discounts are not allowed.

The City does not tax freeport property.

The City does not collect an additional one-half cent sales tax for reduction of ad valorem taxes.

The City has established a formal tax abatement policy.

TABLE 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT [(1)]

2019/2020 Market Valuation Established by the Lubbock Central Appraisal District (excluding exempt property)		$ 402,424,649
Less Exemptions/Reductions at 100% Market Value:		
Veterans Exemptions	$ 5,186,958	
Homestead Cap	3,833,589	
Productivity Loss	1,299,580	
Miscellaneous	1,783,326	
2019/2020 Net Taxable Assessed Valuation		$ 390,321,196
City Funded Debt Payable from Ad Valorem Taxes (as of 12/31/19)		$ 11,322,000 [(2)]
The Bonds		1,095,000
The Notes		1,435,000
		13,852,000
Less Self-Supporting Debt:		
Water and Sewer System General Obligation Debt		$ 6,873,000 [(3)]
General Purpose Funded Debt Payable from Ad Valorem Taxes		$ 6,979,000
General Obligation Interest and Sinking Fund (as of 12/31/19)		$ 584,359
Ratio General Obligation Debt to Taxable Assessed Valuation		1.79%

2019 Estimated Population - 4,622
Per Capita Taxable Assessed Valuation - $84,449
Per Capita Net Funded Debt - $1,510

(1) Valuations shown are certified taxable assessed values reported by the Lubbock Central Appraisal District. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.
(2) Excludes the Refunded Obligations.
(3) General obligation debt in the amounts shown for which repayment is provided from revenues of the respective revenue systems. The amount of self-supporting debt is based on the percentages of revenue support as shown in Table 10. It is the City's current policy to provide these payments from respective system revenues; this policy is subject to change in the future.

TABLE 2 – TAXABLE ASSESSED VALUATION

Fiscal Year Ended 9/30	Estimated Population (1)	Taxable Assessed Valuation (2)	Taxable Assessed Valuation Per Capita	Net G.O. Tax Debt Outstanding at End of Year (3)	Ratio of General Purpose G.O. Tax Debt to Taxable Assessed Valuation	General Purpose G.O. Tax Debt Per Capita
2016	4,417	$ 260,347,057	$ 58,942	$ 13,356,000	5.13%	$ 3,024
2017	4,500	283,654,519	63,034	14,831,000	5.23%	3,296
2018	4,622	309,949,749	67,060	13,684,000	4.41%	2,961
2019	4,622	354,743,951	76,751	12,497,000	3.52%	2,704
2020	4,622	390,321,196	84,449	12,699,000 (4)	3.25%	2,748

(1) Source: the City.
(2) As reported by the Lubbock Central Appraisal District on the City's annual State Property Tax Board Reports; subject to change during the ensuing year.
(3) Includes self-supporting debt.
(4) Projected. Includes the Obligations and excludes the Refunded Obligations.

TABLE 3 – TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	Distribution: General Fund	Distribution: Interest and Sinking Fund	Tax Levy	% of Current Tax Collections to Tax Levy	% of Total Tax Collections to Tax Levy
2016	$ 0.7773	$ 0.5246	$ 0.2527	$ 1,960,238	98.49%	101.98%
2017	0.7773	0.4933	0.2840	1,973,536	97.83%	101.30%
2018	0.7618	0.5085	0.2533	2,292,477	99.20%	99.65%
2019	0.7618	0.5233	0.2385	2,702,535	95.73%	99.06%
2020	0.7618	0.5660	0.1958	2,973,506	91.73% (1)	91.73% (1)

(1) Collections as of December 31, 2019.

TABLE 4 – TEN LARGEST TAXPAYERS

Name of Taxpayer	2019/2020 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Treze Alcove LLC	$ 7,338,325	1.88%
Omaha Ranch LLC Fluegel & Co LLC	6,926,391	1.77%
Wolfforth Land Company LLC	4,815,580	1.23%
Presidential Hotel LTD	4,568,499	1.17%
OPG Preston Trails Partners LLC	3,580,536	0.92%
United Supermarkets LLC	2,604,223	0.67%
American Bank of Commerce	2,547,002	0.65%
Pearson Robert Construction LLC	2,117,984	0.54%
SCP Distributors LLC	1,990,002	0.51%
Wolfforth I Enterprises LLC	1,764,420	0.45%
	$ 38,252,962	9.80%

GENERAL OBLIGATION DEBT LIMITATION . . . The City has no legal debt limit established under state law. For a description of limitations on the City's maximum ad valorem tax rate (see "THE OBLIGATIONS – Tax Rate Limitation").

TABLE 5 – TAX ADEQUACY [(1)]

Maximum Annual Principal and Interest Requirements, 2022	$ 966,958
$0.2608 Tax Rate at 95% Collection Produces	$ 967,060

(1) Includes the Obligations and excludes the Refunded Obligations and self-supporting debt.

TABLE 6 - ESTIMATED OVERLAPPING DEBT

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 obligations since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional obligations, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Jurisdiction	Total Funded Debt As of 12/31/19	Estimated % Applicable	City's Overlapping Funded Debt As of 12/31/19
City of Wolfforth	$ 6,979,000 (1)	100.00%	$ 6,979,000 (1)
Lubbock County	31,725,000	1.51%	479,048
Frenship ISD	217,847,136	8.68%	18,909,131
Total Direct and Overlapping G.O. Debt			$ 26,367,179
Ratio of Direct and Overlapping G.O. Debt to Taxable Assessed Valuation			6.76%
Per Capita Overlapping G.O. Debt			$ 5,705

(1) Includes the Obligations and excludes the Refunded Obligations and self-supporting debt.

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DEBT INFORMATION

TABLE 7 - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ended 9/30	Outstanding Debt [(1)] Principal	Outstanding Debt [(1)] Interest	Outstanding Debt [(1)] Total	The Bonds [(2)] Principal	The Bonds [(2)] Interest	The Bonds [(2)] Total	The Notes [(3)] Principal	The Notes [(3)] Interest	The Notes [(3)] Total	Total Debt Service Requirements	Less: Self-Supporting Debt	Net Debt Service Requirements
2020	$ 1,153,000	$ 290,356	$ 1,443,356	$ -	$ 19,588	$ 19,588	$ -	$ -	$ -	$ 1,462,945	$ 683,330	$ 779,615
2021	980,000	247,977	1,227,977	120,000	41,400	161,400	145,000	100,213	245,213	1,634,591	677,764	956,827
2022	998,000	228,922	1,226,922	130,000	36,400	166,400	190,000	59,750	249,750	1,643,072	676,114	966,958
2023	951,000	209,268	1,160,268	135,000	31,100	166,100	200,000	50,000	250,000	1,576,368	684,455	891,913
2024	805,000	190,488	995,488	145,000	25,500	170,500	210,000	39,750	249,750	1,415,738	519,250	896,488
2025	665,000	173,925	838,925	85,000	20,900	105,900	220,000	29,000	249,000	1,193,825	515,575	678,250
2026	685,000	157,375	842,375	40,000	18,400	58,400	230,000	17,750	247,750	1,148,525	520,500	628,025
2027	705,000	139,650	844,650	40,000	16,800	56,800	240,000	6,000	246,000	1,147,450	519,775	627,675
2028	725,000	120,156	845,156	45,000	15,100	60,100	-	-	-	905,256	517,900	387,356
2029	745,000	98,475	843,475	45,000	13,300	58,300	-	-	-	901,775	519,775	382,000
2030	770,000	75,750	845,750	50,000	11,400	61,400	-	-	-	907,150	516,275	390,875
2031	795,000	52,275	847,275	55,000	9,300	64,300	-	-	-	911,575	517,400	394,175
2032	485,000	33,075	518,075	205,000	4,100	209,100	-	-	-	727,175	518,075	209,100
2033	500,000	18,300	518,300	-	-	-	-	-	-	518,300	518,300	-
2034	85,000	9,525	94,525	-	-	-	-	-	-	94,525	94,525	-
2035	90,000	6,900	96,900	-	-	-	-	-	-	96,900	96,900	-
2036	90,000	4,200	94,200	-	-	-	-	-	-	94,200	94,200	-
2037	95,000	1,425	96,425	-	-	-	-	-	-	96,425	96,425	-
	$ 11,322,000	$ 2,058,042	$ 13,380,042	$ 1,095,000	$ 263,288	$ 1,358,288	$ 1,435,000	$ 302,463	$ 1,737,463	$ 16,475,793	$ 8,286,538	$ 8,189,255

(1) Excludes the Refunded Obligations.
(2) Interest on the Bonds has been calculated at the rates set forth on the inside cover.
(3) Interest on the Notes has been calculated at the rates set forth on the inside cover.

TABLE 8 - INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/20		$ 1,462,945
Interest & Sinking Fund Balance, Fiscal Year Ending 9/30/19	$ 484,311	
Less: Self-supported debt	683,429	
2019 Interest & Sinking Fund Tax Levy @ 95% collections	726,036	$ 1,893,776
Estimated Balance, Fiscal Year Ending 9/30/20		$ 430,831

TABLE 9 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

The City does not have any authorized but unissued general obligation bonds or other obligations.

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT . . . The City does not anticipate the issuance of additional general obligation debt within the next twelve months.

OTHER OBLIGATIONS . . . The City does not have any other obligations.

TABLE 10 – COMPUTATION OF SELF-SUPPORTING DEBT

Net System Revenue Available as of 9/30/19	$ 818,262
Less: Requirements for Revenue Bonds	-
Balance Available for Other Purposes	$ 818,262
Requirements for System Tax Bonds	$ 683,429
Percentage of System General Obligation Bonds Self-Supporting	100.00%

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.

Employees for the City were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 11.76% and 11.21% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018 were $158,132.09, and were equal to the required contributions.

For more detailed information concerning the retirement plan, see APPENDIX B, "Excerpts from the City's Annual Financial Report" – Note 7.A.

OTHER POST-EMPLOYMENT BENEFITS . . . The City provides life insurance benefits for both active employees and retirees through the Supplemental Death Benefits Fund ("SDBF"), a cost sharing multiple-employer defined benefit group-term life insurance plan operated by TMRS. 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.

The City's contributions to the TMRS SDBF for the years ended September 30, 2018, 2017 and 2016 were $2,463, $2,227, and $1,739, respectively, which equaled the required contributions each year. The rate was 0.17% for October through December 2017 and 0.18% for January through September 2018 of the covered payroll for the period.

For more detailed information concerning the retirement plan, see APPENDIX B, "Excerpts from the City's Annual Financial Report" – Note 7.B.

FINANCIAL INFORMATION

TABLE 11 – CHANGE IN NET POSITION

	Fiscal Year Ended September 30,				
	2018	2017	2016	2015	2014
REVENUES					
Program Revenues:					
Charges for Services	$ 272,805	$ 424,709	$ 469,547	$ 341,070	$ 380,122
Operating Grants and Contributions	106,932	85,465	110,818	91,932	95,717
Capital Grants and Contributions	29,211	239,123	33,358	100,487	1,258
General Revenues:					
Property Taxes	2,219,823	2,041,698	1,993,998	1,698,305	1,572,613
Sales Tax	605,246	460,106	427,882	316,975	285,405
Franchise Fees	263,276	247,154	231,950	241,485	277,261
Interest Income	28,250	18,908	19,562	12,035	9,969
Transfers	(281,699)	(354,365)	(105,266)	(350,243)	25,390
Other	183,582	171,718	172,122	248,027	145,117
Total Revenues	3,427,425	3,334,516	3,353,971	2,700,073	2,792,852
EXPENDITURES					
City Government	$ 38,060	$ 67,937	$ 62,483	$ 34,541	$ 19,906
Municipal Court	104,322	56,734	57,880	61,978	74,960
Financial Administration	425,120	410,196	429,029	435,503	278,306
Building and Grounds	323,724	295,350	267,527	208,108	196,201
Code Enforcement	7,398	6,981	2,661	7,284	13,614
Public Safety-Police Department	1,060,804	1,037,753	940,800	964,383	746,316
Public Safety-Fire Department and EMS	704,658	698,342	661,405	522,950	594,749
Miscellaneous Public Service	1,546	9,541	7,550	21,224	5,470
Emergency Management	55,681	33,987	48,029	45,316	24,320
Public Works-Street Department	236,955	188,557	135,429	118,841	100,626
Park	66,341	57,594	54,566	35,895	52,322
Library	190,939	193,043	164,553	156,405	133,043
Interest	81,996	76,155	80,883	88,781	95,182
Total Expenditures	$ 3,297,544	$ 3,132,169	$ 2,912,794	$ 2,701,210	$ 2,335,016
Increase (Decrease) in Net Assets	$ 129,881	$ 202,347	$ 441,177	$ (1,137)	$ 457,836
Net Position, October 1,	$ 4,026,299	$ 3,823,953	$ 3,382,776	$ 3,626,838	$ 3,169,002
Prior period adjustment	(25,169)	-	-	(242,925)	-
Net Position, September 30,	$ 4,131,012	$ 4,026,299	$ 3,823,953	$ 3,382,776	$ 3,626,838

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TABLE 11A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended September 30,				
	2018	2017	2016	2015	2014
REVENUES					
Property taxes	$ 1,525,050	$ 1,354,566	$ 1,351,221	$ 1,146,104	$ 1,179,683
Penalties and interest	7,671	9,709	25,039	7,856	10,807
Sales tax	605,246	460,106	427,882	316,975	285,405
Fire department	80,380	79,438	66,567	65,612	66,631
Permits and licenses	103,904	140,737	181,856	81,911	56,184
Municipal court revenue	103,319	71,844	96,287	106,887	112,263
Franchise fees	263,276	247,154	231,950	241,485	277,261
EMS revenue	158,150	193,583	210,874	183,472	246,723
EMS subsidy	19,875	85,465	87,825	83,235	88,340
Library revenue	11,633	10,923	11,328	11,399	11,208
Park revenue	10,050	10,951	10,250	10,075	10,584
Interest Revenue	22,935	14,726	17,037	9,046	7,876
Grant proceeds	29,211	34,123	47,089	100,487	1,258
Miscellaneous revenue	81,619	122,313	71,355	120,142	33,843
Total Revenues	$ 3,022,320	$ 2,835,638	$ 2,836,560	$ 2,484,687	$ 2,388,067
EXPENDITURES					
City Government	$ 38,060	$ 67,937	$ 62,483	$ 34,541	$ 19,906
Municipal Court	104,322	56,734	57,880	61,978	74,960
Financial administration	411,449	393,391	411,419	366,449	265,720
Building and grounds	212,987	184,299	157,031	97,819	85,733
Code enforcement	7,398	6,981	2,661	7,284	13,614
Public Safety-Police Department	933,327	901,304	828,801	765,395	684,640
Public Safety-Fire and EMS	621,842	590,595	537,003	414,013	477,633
Miscellaneous public service	987	9,541	7,550	21,224	5,470
Emergency management	40,424	26,083	40,593	37,091	23,534
Public Works-Street Department	73,024	46,546	13,324	11,280	8,762
Park	66,341	57,594	54,566	35,895	52,322
Library	169,503	172,730	146,074	133,713	123,872
Capital Outlay	905,345	249,273	562,527	301,342	497,784
Debt Service Interest	-		-		-
Total Expenditures	$ 3,585,009	$ 2,763,008	$ 2,881,911	$ 2,288,025	$ 2,333,950
Excess (Deficiency) of Revenues over Expenditures	$ (562,689)	$ 72,630	$ (45,351)	$ 196,662	$ 54,117
OTHER FINANCING SOURCES (USES)					
Proceeds from Sale of Assets	$ 7,349	$ -	$ -	$ -	$ 475,600
Non-Current Loan Proceeds	211,840	-	927,165	-	-
Payments on long-term debt	-	680,762	(541,950)	(5,598)	(46,130)
Other financing sources (uses)	(71,494)	(106,153)	-	-	-
Operating Transfers in	182,798		-	-	-
Operating Transfers Out	$ (45,522)	$ (67,124)	$ (159,666)	$ (243,716)	$ (38,732)
Total Other Financing Sources (Uses)	$ 284,972	$ 507,486	$ 225,549	$ (249,314)	$ 390,738
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	$ (277,717)	$ 580,116	$ 180,198	$ (52,653)	$ 444,855
Fund Balance at Beginning of Year	$ 1,824,856	$ 1,244,740	$ 1,064,542	$ 1,117,195	$ 672,340
Adjustments					
Fund Balance at End of Year	$ 1,547,139	$ 1,824,856	$ 1,244,740	$ 1,064,542	$ 1,117,195

Unaudited General Fund Balance as of September 30, 2019 $1,547,137.

TABLE 12 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, V.T.C.A., 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 Bonds. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly.

Fiscal Year Ended 9/30	Total Collected [1]	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2016	$ 427,882	21.83%	$ 0.1644	$ 97
2017	460,106	23.31%	0.1622	102
2018	605,246	26.40%	0.1953	131
2019	683,298	26.54%	0.1926	148
2020	191,824 [2]	6.45%	0.0491	42

(1) Excludes additional one-half percent (1/2%) sales and use tax for economic development.
(2) Collections through December 31, 2019.

FINANCIAL POLICIES

Basis of Accounting . . .The Governmental Fund Types (General, Special Revenue, Debt Service and Capital Projects Funds), use a 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. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recorded as fund liabilities when due or when amounts have been accumulated in the Debt Service Fund for payments to be made early in the following year, and accrued vacation and sick leave which is recorded when payable from current available financial resources.

General Fund Balance . . .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 improvements costs that are not paid through other funds are paid from the General Fund.

Debt Service Fund Balance . . .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 reserved to signify the amounts that are restricted exclusively for debt service expenditures.

Budgetary Procedures . . .The City operates on a twelve-month fiscal year that begins on October 1. The City Administrator is the budget officer and submits a budget of estimated revenues and expenditures to the City Council. Upon receipt of the budget estimates the City Council holds a budget workshop and public budget hearing. Prior to October 1, the budget is legally enacted through approval by the City Council. The Council can amend the budget by a majority vote. Budgeted amounts are as originally adopted, or as amended by the City Council. Unused appropriations for all annually budgeted funds lapse at the end of the fiscal year.

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INVESTMENTS

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

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE CITY . . . Under State law, the City is authorized to make investments meeting the requirements of the PFIA, which currently include (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (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 is 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) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the District selects from a list the governing body or designated investment committee of the District adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the District selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the District's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the District appoints as the District's custodian of the banking deposits issued for the District's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission (the "SEC") and operating under SEC Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of the Public Funds Investment Act (Chapter 2256, Texas Government Code) (the "PFIA") that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for District deposits, or (ii) certificates of deposits where (a) the funds are invested by the District through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the District as required by law, or (B) a depository institution that has its main office or branch office in the State that is selected by the District, (b) the broker or the depository institution selected by the District 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 District, (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 District 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 SEC and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the District with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1) above, clause (12) below, require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 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 United States SEC that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with federal SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and (14) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and either (a) a duration of one year or more and invest exclusively in obligations described in under this heading, or (b) 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, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the City and deposited with the City or a third party selected and approved by the City.

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

Political subdivisions such as the City are authorized to implement 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 (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, 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.

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

ADDITIONAL PROVISIONS . . . Under State law, the District is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt by written instrument 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 District to disclose the relationship and file a statement with the Texas Ethics Commission and the Board; (4) require the qualified representative of firms offering to engage in an investment transaction with the District to: (a) receive and review the District's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the District and the business organization that are not authorized by the District's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the entity's entire portfolio, requires an interpretation of subjective investment standards or relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority), and (c) deliver a written statement in a form acceptable to the District and the business organization attesting to these requirements; (5) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the District'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 District'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 District.

TABLE 13 - CURRENT INVESTMENTS

As of December 31, 2019, the City's investable funds were invested in the following categories:

Description	Book Value	% of Total
TexPool	$ 1,567	0.14%
Money Market Accounts	1,096,508	99.86%
Total	$ 1,098,075	100.00%

TAX MATTERS

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

In rendering the foregoing opinion, Bond Counsel will rely upon (a) certain information and representations of the City, including information and representations contained in the City's federal tax certificate, (b) covenants of the City contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the Refunded Obligations, respectively, and the property financed or refinanced therewith, and (iii) the certification by Specialized Public Finance Inc. verifying the sufficiency of the amounts deposited with the Deposit Agent to redeem the Refunded Obligations. Failure by the City to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Obligations in order for interest on the Obligations to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Obligations to be included in gross income retroactively to the date of issuance of the Obligations. The opinion of Bond Counsel is conditioned on compliance by the City with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Obligations.

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

A ruling was not sought from the Internal Revenue Service by the City with respect to the Obligations or the property financed or refinanced with proceeds of the Obligations. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Obligations, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the Obligationholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT . . . The initial public offering price to be paid for one or more maturities of the Obligations may be less than the principal amount thereof or one or more periods for the payment of interest on the Obligations may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Obligations"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Obligations, and (ii) the initial offering price to the public of such Original Issue Discount Obligation would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Obligations less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Obligation in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Obligation equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Obligation prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue 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 Original Issue Discount Obligation was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Obligation is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Obligation and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Obligation for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Obligation.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Obligations which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Obligations should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Obligations and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Obligations.

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES . . . The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Obligations. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE OBLIGATIONS.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Obligations, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Obligations, if such obligation was acquired at a “market discount” and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to “market discount bonds” to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A “market discount bond” is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the “revised issue price” (i.e., the issue price plus accrued original issue discount). The “accrued market discount” is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

INFORMATION REPORTING AND BACKUP WITHHOLDING . . . Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Obligations will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to backup withholding under Section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner’s social security number or other taxpayer identification number (“TIN”), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient’s federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

STATE, LOCAL AND FOREIGN TAXES . . . Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Obligations under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

FUTURE AND PROPOSED LEGISLATION . . . Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Obligations under Federal or state law and could affect the market price or marketability of the Obligations. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Obligations should consult their own tax advisors regarding the foregoing matters.

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

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

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the 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 specified events to the Municipal Securities Rulemaking Board ("MSRB"). This information will be available free of charge from the MSRB via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org.

ANNUAL REPORTS . . . The City will provide certain updated financial information and operating data to the MSRB annually. 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 5 and 7 through 13 and in APPENDIX B, which is the City's annual audited financial report. The City will update and provide the information in the numbered tables referred to above within six months after the end of each fiscal year ending in and after 2019. The City will additionally provide audited financial statements within 12 months after the end of each fiscal year ending in or after 2019. 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 information of the type described in the numbered tables above by the required time and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any such 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.

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

The City's current fiscal year end is September 30. Accordingly, it must provide updated financial and operating data by March 31 of each year and financial statements 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.

NOTICES 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 Bonds 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 Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional Paying Agent/Registrar or the change of name of a Paying Agent/Registrar, if material; (15) incurrence of a debt obligation or derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation of the City, or a guarantee of any such debt obligation or derivative instrument, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the City, any of which reflect financial difficulties.

In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under "Annual Reports."

For these purposes, any event described in (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. For purposes of the events described in (15) and (16) above, "Financial Obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

AVAILABILITY OF INFORMATION FROM MSRB . . . The City has agreed to provide the foregoing information only as described above. The information will be available free of charge via the MSRB's Electronic Municipal Market Access ("EMMA") system 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 Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the City to comply with its agreement.

The continuing disclosure agreement may be amended by the City 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, but only if (1) the provisions, as amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretation of the Rule since such offering as well as such changed circumstances and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of the Ordinance that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized Bond Counsel) determines that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Bonds. The City may also amend or repeal the provisions of the 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 Bonds in the primary offering of the Bonds. If the City amends its agreement, it must 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 information and data provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the City has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

OTHER INFORMATION

RATING . . . The Obligations are rated "AA-" by S&P. The City also has various issues outstanding which are rated by various commercial insurance companies. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the respective view of such organization and the City makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that they will not be revised downward or withdrawn entirely by one or more of such rating company, if in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of any of such rating may have an adverse effect on the market price of the Obligations. In addition, due to the ongoing uncertainty regarding the economy and debt of the United States of America, including, without limitation, general economic conditions and political developments that may affect the financial condition of the United States government, the United States debt limit, and bond and credit ratings of the United States and its instrumentalities, the ratings of obligations issued by state and local governments, such as the Obligations, could be adversely affected.

LITIGATION . . . It is the opinion of the City Attorney and City Staff that there is no pending litigation against the City that would 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 Securities Procedures Act (Chapter 1201, Texas Government Code), provides that the Obligations constitute negotiable instruments, and are investment securities governed by Chapter 8, Texas Uniform Commercial Code, notwithstanding any provisions of law or court decision to the contrary, and are legal and authorized investments for banks, savings banks, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries, and for the sinking funds of cities, towns, villages, school districts, and other political subdivisions or public agencies of the State. The Obligations are eligible to secure deposits of any public funds of the State, its agencies and political subdivision, and are legal security for those deposits to the extent of their market value. For political subdivisions in the State which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Chapter 2256, Texas Government Code), the Obligations may have to be assigned a rating of "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. See "OTHER INFORMATION – Rating" 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 at least $1 million of capital, 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.

The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the obligations for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Obligations for such purposes. The City has made no review of laws in other states to determine whether the Obligations are legal investments for various institutions in those states.

Legal Opinions . . . The City will furnish to the Underwriter a complete transcript of proceedings had incident to the authorization and issuance of the Obligations, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Bond and to the effect that the Obligations are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the approving legal opinion of 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. Though it may represent the Underwriter from time to time in matters unrelated to the issuance of the Obligations, Bond Counsel has been engaged by and only represents the City in the issuance of the Obligations. Bond Counsel was not requested to participate, and 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 therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under captions "PLAN OF FINANCING – Refunded Obligations," "THE OBLIGATIONS" (exclusive of subcaptions "Book-Entry-Only System" and "Obligationholders' Remedies"), "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" (exclusive of the subcaption "Compliance with Prior Undertakings") and the subcaptions "Legal Opinions" (excluding 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" in the Official Statement and such firm is of the opinion that the information relating to the Obligations and the legal issues 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 Ordinances. The legal opinion will accompany the Obligations deposited with DTC or will be printed on the 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, Orrick, Herrington & Sutcliffe LLP, Austin, Texas. The legal fees of such firm are contingent upon the sale and delivery of the Obligations.

The 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 that 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 . . . Specialized Public Finance 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. Specialized Public Finance Inc., in its capacity as Financial Advisor, has not verified and 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.

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.

UNDERWRITING . . . The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the City, at a price equal to the initial offering prices to the public, as shown on page 2 of this Official Statement, less an underwriting discount of $12,497.59. The Underwriter will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriter and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter has agreed, subject to certain conditions, to purchase the Notes from the City, at a price equal to the initial offering prices to the public, as shown on page 4 of this Official Statement, less an underwriting discount of $14,193.43. The Underwriter will be obligated to purchase all of the Notes if any Notes are purchased. The Notes to be offered to the public may be offered and sold to certain dealers (including the Underwriter and other dealers depositing Notes into investment trusts) at prices lower than the public offering prices of such Notes, and such public offering prices may be changed, from time to time, by the Underwriter.

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

FORWARD-LOOKING STATEMENTS . . . The statements contained in this Official Statement 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 forward-looking statements 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, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would 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.

This Official Statement has been approved by the City Council of the City for distribution in accordance with the provisions of the Securities and Exchange Commission's rule codified at 17 C.F.R. Section 240.15c2-12, as amended.

Charles Addington, D.O.
Mayor
City of Wolfforth, Texas

SCHEDULE I

SCHEDULE OF REFUNDED OBLIGATIONS

Tax and Waterworks & Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2010

Original Dated Date	Original Maturity	Interest Rates	Principal Amount
9/15/2020	2/15/2021	3.10%	$ 130,000
	2/15/2022	3.20%	140,000
	2/15/2023	3.30%	145,000
	2/15/2024	3.40%	150,000
	2/15/2025	3.50%	90,000
	2/15/2026	3.60%	45,000
	2/15/2027	3.70%	45,000
	2/15/2028	3.85%	50,000
	2/15/2029	3.95%	50,000
	2/15/2030	4.05%	55,000
	2/15/2031	4.10%	60,000
	2/15/2032	4.15%	215,000
			$1,175,000

Redemption Date: March 9, 2020
Redemption Price: 100%

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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THE CITY

The City of Wolfforth is located on U.S. Highway 62/82 and shares a boundary with the City of Lubbock. The 2010 U.S. Census population for the City was 3,670. Area of the City is approximately 2.8 square miles.

The 2010 U.S. Census population of Lubbock County was 278,831. The County, located on the South Plains of West Texas, comprises the Lubbock Metropolitan Statistical Area and is traversed by Interstate Highway 27, U.S. Highways 62/82, 84, 87 and 385, State Highway 114 and a well-developed network of farm-to-market roads.

ECONOMY

Lubbock County is a highly mechanized agricultural area with a majority of the crops irrigated, approximately 230,000 acres, with water from underground sources. Principal crops are cotton (leading cotton producing County in Texas), grain sorghum, wheat, sunflowers, soybeans, hay, nursery and vegetables. Additional agricultural income comes for fed beef, cow-calf operations, poultry, eggs and hogs. Lubbock County is among the world's largest cotton seed processing centers. Several major seed companies are headquartered in Lubbock.

Over 200 manufacturing plants in Lubbock produce such products as semiconductors, vegetable oils, irrigation equipment and pipe, plastics products, farm equipment, paperboard boxes, custom millwork/shutters, foodstuffs, prefabricated homes, poultry and livestock feeds, boilers and pressure vessels, automatic sprinkler system heads, and structural steel fabrication.

LABOR FORCE ESTIMATES – LUBBOCK COUNTY

	November	Annual Averages			
	2019	2018	2017	2016	2015
Civilian Labor Force	160,355	157,225	156,160	152,876	149,110
Total Employment	156,187	152,414	151,185	147,693	144,032
Total Unemployment	4,168	4,811	4,975	5,183	5,078
Percent Unemployment	2.6%	3.1%	3.2%	3.4%	3.4%

Source: Texas Labor Market Information.

EDUCATION

Frenship Independent School District serves the City of Wolfforth providing curriculum for grades K-12. Higher education in Lubbock County is offered by Texas Tech University with law and medical schools; Lubbock Christian University, South Plains College; and Wayland Baptist University off-campus center.

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APPENDIX B

EXCERPTS FROM THE
CITY OF WOLFFORTH, TEXAS
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2018

The information contained in this APPENDIX consists of excerpts from the City of Wolfforth, Texas Annual Financial Report for the Year Ended September 30, 2018, 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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Member
Texas Society
Certified Public Accountants

DAVID L HETTLER PC

CERTIFIED PUBLIC ACCOUNTANT
4216 102ND STREET
LUBBOCK, TEXAS 79423
FAX (806)686-1003
(806)780-7700

Member
American Institute
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, Members of the City Council
City of Wolfforth, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wolfforth, Texas as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wolfforth, Texas as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Schedule of Changes in Net Pension Liability and Required Ratios, and Schedule of Pension Contributions, Schedule of Changes in OPEB Liability and Required Ratios, and the Schedule of OPEB Contributions on pages 2 through 10 and 53 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

As discussed in Note 16 to the financial statements, in 2017 the City adopted new accounting guidance, GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

David L Hettler, PC
David L Hettler PC
Lubbock, Texas
December 28, 2018

As management of the City of Wolfforth (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, 2018. This discussion and analysis is designed to provide an objective and easy to read analysis of the City's financial activities based on currently known facts, decisions or conditions. It is intended to provide a broad overview using a short-term and long-term analysis of the City's activities based on information presented in the financial report and fiscal policies that have been adopted by the Council. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the adopted budget) and identify individual fund issues or concerns. As with other sections of this financial report, the information contained within this MD&A should be considered only as a part of the greater whole. The reader of this statement should take time to read and evaluate all sections of this report, including the notes that are provided in addition to this MD&A.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ending September 30, 2018 by $7,629,723 (net position).

- The City's assets and deferred outflows decreased by $459,786 during the year while the liabilities decreased by $1,029,763.

- The City's net position increased by $569,977 for the year.

- The City started operating its Emergency Medical Services independently and purchased a new ambulance during the year.

Overview of the Financial Statements

This annual report consists of two parts - management's discussion and analysis (this section) and the basic financial statements. This discussion and analysis serves as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The two government-wide statements report the City's net position and how it has changed. The *Statement of Net Position* includes all of the City's assets and liabilities. Net position is one way to measure the City's financial health or position. Over time, increases or decreases in the City's net position is an indicator of whether its financial position is improving or deteriorating. The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of the timing of the 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 not used vacation leave). Both the Statement of Net Position and the Statement of Activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in governmental fund financial statements.

Other nonfinancial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e. roads and streets, sidewalks, etc.) to assess the overall health or financial condition of the City.

In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities:

- Governmental Activities – Distinguish functions of the City that are principally supported by taxes and intergovernmental revenues. Most of the City's basic services are reported here, including the general administration, police, fire, streets, library, and parks. Property taxes, sales tax and franchise fees finance most of these services.

- Business-type Activities – Report functions of the City that are intended to recover all or a significant portion of their costs through user fees and charges. The City's water and sewer system and sanitation solid waste collection are reported here.

All of these activities are collectively referred to in the financial statements as those of the *primary government*.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's two kinds of funds – governmental and proprietary – utilize different accounting approaches.

- Governmental funds – The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending.

- Essentially the same functions are reported in the governmental funds as in the governmental activities section of the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on the 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. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide statements, readers may better understand the long-term effect 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 balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

- The City maintains two governmental funds. Information is presented in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund which is considered to be a major fund. The other governmental fund is the Debt Service Fund.

- Proprietary funds – Services for which the City charges customers a fee generally are reported in proprietary funds. Proprietary fund financial statements, like the government-wide statements, provide both short-term and long-term financial information. The City maintains two types of proprietary funds. The enterprise fund, which is used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The second type is the internal service fund which is an accounting device used to accumulate and allocate costs internally among the City's various functions. The internal service fund is used to account for the health insurance for City employees. Because the internal service fund predominantly benefits governmental rather than business-type functions the fund is included within governmental activities in the government-wide financial statements.

- The City maintains a single individual enterprise fund. The City uses the enterprise fund to account for its water and sewer services and sanitation (solid waste disposal) services.

Notes to the Financial Statements

The notes provide disclosures and additional information that is essential to a full understanding of the financial information presented in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information regarding the City's budgetary comparative information for the general fund and pension funding progress. This information follows the notes to the financial statements.

THE CITY AS A WHOLE – Government-wide Financial Analysis

As stated above, the government-wide statements provide information on the City as a whole in a manner similar to businesses. The net position statement demonstrates the differences between the City's assets and liabilities and serves as an indicator of the City's growth or decline in financial position. The statement of activities demonstrates the amount of growth or decline in the City's financial position.

The City's combined net position was $7.6 million as of September 30, 2018. Analyzing the governmental and business-type activities separately, the business-type activities net position was $3.5 million. This analysis focuses on the net position (table 1) and changes in general revenues (table 2) and significant expense of the City's governmental and business-type activities.

The largest portion of the City's net position (approximately 80%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related 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 capital assets themselves cannot be used to liquidate these liabilities. Additionally, a significant portion of the City's net position is restricted for capital improvements and debt service.

CITY OF WOLFFORTH
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Table 1
Summary of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2018	2017	2018	2017	2018
Current and other assets	$ 2,725,022	$ 2,352,668	$ 2,225,546	$ 1,957,191	$ 4,950,568	$ 4,309,859
Capital assets	5,072,980	5,442,507	13,153,755	13,158,132	18,226,735	18,600,639
Total assets	7,798,002	7,795,175	15,379,301	15,115,323	23,177,303	22,910,498
Deferred outflows of resources	224,547	95,829	162,690	98,427	387,237	194,256
Current liabilities	590,629	686,848	1,050,378	1,166,795	1,641,007	1,853,643
Long-term liabilities	3,430,788	3,073,143	11,432,999	10,548,245	14,863,787	13,621,388
Total liabilities	4,021,417	3,759,991	12,483,377	11,715,040	16,504,794	15,475,031
Net position						
Net investment in capital assets	2,782,081	2,883,492	2,923,704	3,318,753	5,705,785	6,202,245
Restricted	1,339,558	773,235	1,601,729	1,163,002	2,941,287	1,936,237
Unrestricted	(120,507)	474,286	(1,466,819)	(983,045)	(1,587,326)	(508,759)
Total net position	$ 4,001,132	$ 4,131,013	$ 3,058,614	$ 3,498,710	$ 7,059,746	$ 7,629,723

Governmental Activities

The City's governmental activities revenues were up approximately $20,242 over the prior fiscal year. Revenues were up significantly for property taxes and sales tax. Donated assets showed the largest decline from the prior fiscal year. Expenditures were up $165,374 (5.3%) from the previous year.

Table 2
Governmental Activity Revenues

	2017	2018
Property taxes including P & I	$ 2,041,698	$ 2,219,823
Sales tax	460,106	605,246
Fire department revenue	79,438	80,380
EMS revenue	279,048	178,025
Franchise fees	247,154	263,276
Municipal court revenue	71,844	103,319
Permits and licenses	140,737	103,904
Library revenue	10,923	11,633
Park revenue	10,951	10,050
Interest revenue	18,908	28,250
Grant proceeds	34,123	29,211
Donated assets	205,000	2,522
Other revenues	88,952	73,485
	$ 3,688,882	$ 3,709,124

Table 3 explains the changes in net position for the City for the years ended September 30, 2017 and 2018. The governmental activities show an increase in net position for the year in the amount of $129,881 while the business-type activities show an increase in net position in the amount of $440,096 for a total net increase of $569,977.

Table 3

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
Revenues:						
Program revenues						
Charges for services	$ 424,709	$ 272,805	$ 2,243,474	$ 2,718,777	$ 2,668,183	$ 2,991,582
Operating grants and contributions	85,465	106,932			85,465	106,932
Capital grants and contributions	239,123	29,211			239,123	29,211
General revenues						
Property taxes	2,041,698	2,219,823			2,041,698	2,219,823
Sales tax	460,106	605,246			460,106	605,246
Franchise fees	247,154	263,276			247,154	263,276
Other	190,627	211,831	123,037	110,121	313,664	321,952
Total Revenues	3,688,882	3,709,124	2,366,511	2,828,898	6,055,393	6,538,022
Expenses:						
City government	67,937	38,060			67,937	38,060
Municipal court	56,734	104,322			56,734	104,322
Financial administration	410,196	425,120			410,196	425,120
Building and grounds	295,350	323,724			295,350	323,724
Code enforcement	6,981	7,398			6,981	7,398
Public safety - police depart	1,037,753	1,060,804			1,037,753	1,060,804
Public safety - fire & EMS	698,342	704,658			698,342	704,658
Miscellaneous public service	9,541	1,546			9,541	1,546
Emergency management	33,987	55,681			33,987	55,681
Public works - street depart	188,557	236,955			188,557	236,955
Park	57,594	66,341			57,594	66,341
Library	193,043	190,939			193,043	190,939
Water, sewer and sanitation			2,561,691	2,775,726	2,561,691	2,775,726
Interest	76,155	81,996	233,973	266,460	310,128	348,456
Total Expenses	3,132,170	3,297,544	2,795,664	3,042,186	5,927,834	6,339,730
Increase (decrease) in net assets before transfers	556,712	411,580	(429,153)	(213,288)	127,559	198,292
Contributions			59,899	57,994	59,899	57,994
Grant				313,691		313,691
Transfers	(354,365)	(281,699)	354,365	281,699	-	-
Change in net position	202,347	129,881	(14,889)	440,096	187,458	569,977
Net position, October 1	3,823,954	4,001,132	3,084,940	3,058,614	6,908,894	7,059,746
Implementation of GASB No. 75	(25,169)	-	(11,437)	-	(36,606)	-
Net position, September 30	$ 4,001,132	$ 4,131,013	$ 3,058,614	$ 3,498,710	$ 7,059,746	$ 7,629,723

The most significant governmental expense for the City is public safety. Public safety expenses are offset by traffic fines, fire call revenue from Lubbock County, and EMS revenue from patients.

Business-type Activities

Revenues of the City's business-type activities were $2,828,898 for the year ended September 30, 2018. Expenses for the City's business-type activities were $3,042,186 for the year, resulting in a loss before transfers of $213,288.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the 2018 fiscal year, the City had $18.6 million invested in a broad range of fixed assets (net of accumulated depreciation), including buildings, streets, water and sewer lines and equipment, vehicles, police and fire department equipment.

Table 4 details the investment in capital assets at September 30, 2017 and 2018.

Table 4
Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
Land	$ 403,537	$ 403,537	$ 486,271	$ 486,271	$ 889,808	$ 889,808
Buildings and improvements	2,538,362	2,473,647	59,971	52,833	2,598,333	2,526,480
Street and infrastructure	1,106,355	1,119,520			1,106,355	1,119,520
Office furniture, equipment	20,165	28,585			20,165	28,585
Vehicles and equipment	892,325	1,292,692	312,808	410,500	1,205,133	1,703,192
Library books and equipment	68,165	80,455			68,165	80,455
Construction in progress	44,071	44,071			44,071	44,071
Water and sewer system			12,294,705	12,208,528	12,294,705	12,208,528
Totals	$ 5,072,980	$ 5,442,507	$ 13,153,755	$ 13,158,132	$ 18,226,735	$ 18,600,639

Depreciation expense for the year ended September 30, 2018 was $535,818 and $988,699 in the governmental activities and the business-type activities respectively.

Debt

At year-end, the City had $13,850,319 in debt outstanding as compared to $14,831,000 at the end of the prior fiscal year, a decrease of $980,681 or 6.6%. Table 5 indicates the outstanding debt at September 30, 2017 and 2018.

Table 5
Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
Note Payable - Ambulance	$	$ 166,319	$	$	$	$ 166,319
Certificates of Obligation Series 2010	1,550,000	1,430,000			1,550,000	1,430,000
Certificates of Obligation Series 2013			5,500,000	5,205,000	5,500,000	5,205,000
Tax Notes Series 2013	113,160	76,260	24,840	16,740	138,000	93,000
Tax Notes Series 2015	201,760	162,760	186,240	150,240	388,000	313,000
Tax Notes Series 2016			594,000	500,000	594,000	500,000
Tax Notes Series 2016A			331,000	278,000	331,000	278,000
Certificates of Obligation Series 2017A			1,445,000	1,400,000	1,445,000	1,400,000
Tax Notes Series 2017B	652,800	537,600	367,200	302,400	1,020,000	840,000
General Obligation Refunding Bonds Series 2015	505,000	475,000	3,360,000	3,150,000	3,865,000.00	3,625,000
Totals	$ 3,022,720	$ 2,847,939	$ 11,808,280	$ 11,002,380	$ 14,831,000	$ 13,850,319

General Fund Budgetary Highlights

The originally adopted budget was amended at the end of the fiscal year to reflect unexpected changes in expenditures that arose during the year. Budgeted revenues were increased by $125,770 and budgeted expenses increased $94,380 when amended. Revenues came in over the budget amount by $12,435. Expenses were under budget by $52,581.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2018-2019 budget, tax rate, and fees that will be charged for the business-type activities. The City experienced growth in the tax base during the past year that is reflected in higher property tax revenues.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Darrell Newsom, at the City of Wolfforth,
PO Box 36, Wolfforth, Texas 79382.

CITY OF WOLFFORTH, TEXAS
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Wolfforth EDC
Assets				
Cash and cash in bank	$ 1,408,566.59	$ 508,731.40	$ 1,917,297.99	$ 800,042.29
Cash equivalent - Texpool		1,527.60	1,527.60	
Receivables				
Taxes, net	62,179.00		62,179.00	
Customer accounts, net		264,583.37	264,583.37	
Other governments	78,638.72		78,638.72	
Miscellaneous sources	30,048.20		30,048.20	
City of Wolfforth				26,095.79
Notes receivable				173,604.61
Prepaid insurance		19,347.02	19,347.02	
Restricted Assets				
Cash and cash in bank	773,235.40	1,163,001.73	1,936,237.13	
Capital Assets, nondepreciable				
Land	403,537.07	486,270.40	889,807.47	
Construction in progress	44,070.98		44,070.98	
Capital Assets, depreciable, net				
Buildings and improvements	2,473,646.65	52,833.55	2,526,480.20	
Streets and infrastructure	1,119,519.68		1,119,519.68	
Office furniture and equipment	28,585.50		28,585.50	
Equipment and vehicles	1,292,691.98	410,500.13	1,703,192.11	
Library books and equipment	80,455.18		80,455.18	
Water and sewer system		12,208,527.80	12,208,527.80	
Total Assets	7,795,174.95	15,115,323.00	22,910,497.95	999,742.69
Deferred Outflows of Resources				
Deferred charge on refunding	19,617.31	71,677.88	91,295.19	
Deferred pension contribution	73,055.03	25,311.23	98,366.26	
Deferred OPEB contribution	3,156.58	1,438.10	4,594.68	
Total Deferred Outflows of Resources	95,828.92	98,427.21	194,256.13	-

The accompanying notes are an integral part of these financial statements.

CITY OF WOLFFORTH, TEXAS
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Wolfforth EDC
Liabilities				
Accounts payable	$ 123,186.21	$ 123,334.84	$ 246,521.05	$
Accounts payable - EDC	26,095.79		26,095.79	
Accrued compensation payable	66,914.65	29,166.81	96,081.46	
Accrued interest payable		33,189.15	33,189.15	
Deposits and utility deposits	19,560.00	149,744.68	169,304.68	
Internal balances	16,475.90	(16,475.90)	-	
Payable from restricted assets				
Accrued interest payable	10,224.28		10,224.28	
Non-current Liabilities				
Unamortized premium on certificates of obligation	29,423.21	118,081.09	147,504.30	
Due within one year:				
Note payable	39,327.84		39,327.84	
Tax notes payable	195,640.00	261,360.00	457,000.00	
Certificates of obligation payable	125,000.00	360,000.00	485,000.00	
Refunding bonds payable	35,000.00	210,000.00	245,000.00	
Due in more than one year:				
Net pension liability	590,794.41	262,265.74	853,060.15	
OPEB liability	29,377.36	13,353.65	42,731.01	
Note payable	126,991.10		126,991.10	
Tax notes payable	580,980.00	986,020.00	1,567,000.00	
Certificates of obligation payable	1,305,000.00	6,245,000.00	7,550,000.00	
Refunding bonds payable	440,000.00	2,940,000.00	3,380,000.00	
Total Liabilities	3,759,990.75	11,715,040.06	15,475,030.81	-
Net Position				
Net investment in capital assets	2,883,492.21	3,318,753.61	6,202,245.82	
Unrestricted	474,285.51	(983,045.19)	(508,759.68)	999,742.69
Restricted for capital improvements	288,924.11	1,163,001.73	1,451,925.84	
Restricted for debt service	484,311.29		484,311.29	
Total Net Position	$ 4,131,013.12	$ 3,498,710.15	$ 7,629,723.27	$ 999,742.69

The accompanying notes are an integral part of these financial statements.

CITY OF WOLFFORTH, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

		Program Revenues			Net (Expenses) Revenue and Changes in Net Position			
					Primary Government			Component Unit
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Wolfforth EDC
Primary Government:								
Governmental Activities:								
City government	$ 38,060.08	$ 103,904.15	$	$	$ 65,844.07	$	$ 65,844.07	$
Municipal court	104,322.26				(104,322.26)		(104,322.26)	
Financial administration	425,120.20				(425,120.20)		(425,120.20)	
Building and grounds	323,723.94				(323,723.94)		(323,723.94)	
Code enforcement	7,397.53				(7,397.53)		(7,397.53)	
Public safety - police department	1,060,803.91				(1,060,803.91)		(1,060,803.91)	
Public safety - fire and EMS	704,657.63	158,850.48	99,555.00	29,210.60	(417,041.55)		(417,041.55)	
Miscellaneous public service	1,545.69				(1,545.69)		(1,545.69)	
Emergency management	55,681.19				(55,681.19)		(55,681.19)	
Public works - street department	236,955.47				(236,955.47)		(236,955.47)	
Park	66,341.10	10,050.00			(56,291.10)		(56,291.10)	
Library	190,939.20		7,377.00		(183,562.20)		(183,562.20)	
Interest on long-term debt	81,995.78				(81,995.78)		(81,995.78)	
Total Governmental Activities	3,297,543.98	272,804.63	106,932.00	29,210.60	(2,888,596.75)	-	(2,888,596.75)	-
Business-type Activities:								
Water, sewer and sanitation	3,042,185.92	2,718,776.64				(323,409.28)	(323,409.28)	
Total Business-type Activities	3,042,185.92	2,718,776.64	-	-	-	(323,409.28)	(323,409.28)	-
Total Primary Government	$ 6,339,729.90	$ 2,991,581.27	$ 106,932.00	$ 29,210.60	(2,888,596.75)	(323,409.28)	(3,212,006.03)	-
Component Unit:								
Wolfforth Economic Development	$ 151,662.82	$ -	$ -	$ -	-	-	-	(151,662.82)
Property taxes					2,219,822.90		2,219,822.90	
Sales tax					605,246.14		605,246.14	302,802.14
Franchise fees					263,275.92		263,275.92	
Interest income					28,250.18	16,531.77	44,781.95	9,469.88
Gain on sale of assets					7,349.12		7,349.12	
Insurance recoveries					7,529.81		7,529.81	
Transfers					(281,699.09)	281,699.09	-	
Other					168,703.16	465,274.08	633,977.24	(33,593.72)
Total general revenues and transfers					3,018,478.14	763,504.94	3,781,983.08	278,678.30
Change in net position					129,881.39	440,095.66	569,977.05	127,015.48
Net position, October 1 unadjusted					4,026,300.30	3,070,051.67	7,096,351.97	872,727.21
Implementation of GASB No. 75					(25,168.57)	(11,437.18)	(36,605.75)	
Net position, October 1 adjusted					4,001,131.73	3,058,614.49	7,059,746.22	872,727.21
Net position, September 30					$ 4,131,013.12	$ 3,498,710.15	$ 7,629,723.27	$ 999,742.69

CITY OF WOLFFORTH, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2018

	General Fund	Debt Service Fund	Total Governmental Funds
Assets			
Cash and cash in bank	$ 941,658.76	$	$ 941,658.76
Cash in MMA	416,746.21		416,746.21
Cash in MMA - restricted	288,924.11	484,311.29	773,235.40
Receivables (net of allowance for uncollectibles)			
Taxes	45,342.14	16,836.86	62,179.00
Due from other governments	78,638.72		78,638.72
Miscellaneous sources	30,048.20		30,048.20
Total Assets	$ 1,801,358.14	$ 501,148.15	$ 2,302,506.29
Liabilities and Fund Balance			
Liabilities			
Accounts payable	$ 140,188.04	$	$ 140,188.04
Accrued compensation payable	50,130.23		50,130.23
Deposits	19,560.00		19,560.00
Total Liabilities	209,878.27	-	209,878.27
Deferred Inflows of Resources			
Unavailable revenue - property taxes	44,342.14	16,836.86	61,179.00
Total Deferred Inflows of Resources	44,342.14	16,836.86	61,179.00
Fund Balance			
Restricted for capital projects	288,924.11		288,924.11
Restricted for debt service		484,311.29	484,311.29
Unassigned	1,258,213.62		1,258,213.62
Total Fund Balance	1,547,137.73	484,311.29	2,031,449.02
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,801,358.14	$ 501,148.15	$ 2,302,506.29

The accompanying notes are an integral part of these financial statements.

CITY OF WOLFFORTH, TEXAS
RECONCILIATION OF THE STATEMENT OF NET POSITION
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
AS OF SEPTEMBER 30, 2018

Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balance per balance sheet		$ 2,031,449.02
Capital assets used in the operation of governmental funds are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Construction in progress	44,070.98	
Land	403,537.07	
Buildings and improvements	4,039,261.50	
Streets and infrastructure	4,859,091.70	
Office furniture and equipment	229,423.37	
Vehicles, equipment and machinery	4,335,124.95	
Library books and equipment	325,458.08	
Accumulated depreciation	(8,793,460.61)	
		5,442,507.04
Other long-term assets are not available to pay for current period expenditures and are therefore unavailable in the funds and recognized as revenue in the statement of activities.		
Unavailable property taxes		61,179.00
Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Deferred charge on refunding	19,617.31	
Unamortized bond refunding premium	(29,423.21)	
		(9,805.90)
Internal service funds are used by management to charge the cost of certain activities, such as the medical self-insurance program to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position (net of amount allocated to business-type activities of $16,475.90).		24,591.76
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position		76,211.61
Long-term liabilities of governmental funds are not due and payable in the current period and therefore, are not reported in the funds. These consist of:		
Accrued interest	10,224.28	
Accrued vacation payable	16,784.42	
Net pension and OPEB liability	620,171.77	
Note payable	166,318.94	
Tax notes payable	776,620.00	
Certificates of obligation payable	1,430,000.00	
Refunding bonds payable	475,000.00	
		(3,495,119.41)
Net position of governmental activities		$ 4,131,013.12

The accompanying notes are an integral part of these financial statements.

CITY OF WOLFFORTH, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General Fund	Debt Service Fund	Total Governmental Funds
Revenues			
Property taxes	$ 1,525,050.49	$ 759,395.99	$ 2,284,446.48
Penalties and interest	7,671.09	3,565.21	11,236.30
Sales tax	605,246.14		605,246.14
Fire department revenue	80,380.00		80,380.00
Permits, licenses and fees	103,904.15		103,904.15
Municipal court revenue	103,318.59		103,318.59
Franchise fees	263,275.92		263,275.92
EMS revenue	158,150.48		158,150.48
EMS subsidy	19,875.00		19,875.00
Library revenue	11,632.64		11,632.64
Park revenue	10,050.00		10,050.00
Interest revenue	22,935.43	4,774.34	27,709.77
Grant proceeds	29,210.60		29,210.60
Rent income	50,300.04		50,300.04
Donations	2,521.80		2,521.80
Miscellaneous	28,797.14		28,797.14
Total Revenues	3,022,319.51	767,735.54	3,790,055.05
Expenditures			
Current--			
City government	38,060.08		38,060.08
Municipal court	104,322.26		104,322.26
Financial administration	411,448.61	524.50	411,973.11
Building and grounds	212,986.60		212,986.60
Code enforcement	7,397.53		7,397.53
Public safety - police department	933,327.17		933,327.17
Public safety - fire and EMS	621,842.09		621,842.09
Miscellaneous public service	987.36		987.36
Emergency management	40,424.22		40,424.22
Public works - street department	73,024.31		73,024.31
Park	66,341.10		66,341.10
Library	169,502.93		169,502.93
Capital outlay	905,344.65		905,344.65
Debt service --			
Principal retirement		386,621.54	386,621.54
Interest		85,040.33	85,040.33
Total Expenditures	3,585,008.91	472,186.37	4,057,195.28
Excess (Deficiency) of Revenues Over (Under) Expenditures	(562,689.40)	295,549.17	(267,140.23)
Other Financing Sources (Uses)			
Proceeds of long-term debt	211,840.48		211,840.48
Sale of capital assets	7,349.12		7,349.12
Insurance recoveries	7,529.81		7,529.81
Tax abatement	(79,023.36)		(79,023.36)
Transfers in	182,797.74	45,521.54	228,319.28
Transfers out	(45,521.54)	(464,496.83)	(510,018.37)
Total Other Financing Sources and Uses	284,972.25	(418,975.29)	(134,003.04)
Net Change in Fund Balance	(277,717.15)	(123,426.12)	(401,143.27)
Fund Balance, October 1	1,824,854.88	607,737.41	2,432,592.29
Fund Balance, September 30	$ 1,547,137.73	$ 484,311.29	$ 2,031,449.02

The accompanying notes are an integral part of these financial statements.

CITY OF WOLFFORTH, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balance -- total governmental funds		$ (401,143.27)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay	905,344.65	
Depreciation expense	(535,817.97)	
		369,526.68
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	3,163.48	
		3,163.48
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Issuance of new debt	(211,840.48)	
Repayment of debt which decreases long-term liabilities in the Statement of Net Position	386,621.54	
		174,781.06
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued interest	(249.26)	
Accrued vacation payable	(1,328.53)	
Retirement expense	1,787.06	
Amortization of premium on refunding	4,802.84	
Amortization of deferred amount on refunding	(1,509.03)	
		3,503.08
Internal service funds are used by management to charge the costs of health claims to individual funds. The net revenue of the internal service fund is reported with governmental activities (net of amount allocated from business-type activities of $11,287.77).		(19,949.64)
Change in net position of governmental activities		$ 129,881.39

The accompanying notes are an integral part of these financial statements.

CITY OF WOLFFORTH, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2018

	Business-type Activities -- Enterprise Fund	Governmental Activities -- Internal Service Fund
Assets		
Current Assets		
Cash and cash in bank	$ 508,731.40	$ 50,161.62
Cash equivalent - Texpool	1,527.60	
Receivables (net of allowance for uncollectibles)		
Customer accounts	264,583.37	
Total Current Assets	774,842.37	50,161.62
Noncurrent Assets		
Prepaid insurance	19,347.02	
Restricted Assets		
Cash and cash in bank	1,163,001.73	
Total Noncurrent Assets	1,182,348.75	-
Capital Assets		
Land	486,270.40	
Buildings	257,903.37	
Equipment and vehicles	1,018,798.48	
Water and sewer system	19,485,231.40	
Accumulated depreciation	(8,090,071.77)	
Total Capital Assets	13,158,131.88	-
Total Non-current Assets	14,340,480.63	-
Total Assets	15,115,323.00	50,161.62
Deferred Outflows of Resources		
Deferred charge on refunding	71,677.88	
Deferred pension contribution	25,311.23	
Deferred OPEB contribution	1,438.10	
Total Deferred Outflows of Resources	98,427.21	-

The accompanying notes are an integral part of these financial statements.

CITY OF WOLFFORTH, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2018

	Business-type Activities -- Enterprise Fund	Governmental Activities -- Internal Service Fund
Liabilities		
Current Liabilities (payable from current assets)		
Accounts payable	$ 123,334.84	$
Accrued compensation payable	29,166.81	
Claims payable		9,093.96
Utility deposits	149,744.68	
Total Current Liabilities (payable from current assets)	302,246.33	9,093.96
Current Liabilities (payable from restricted assets)		
Accrued interest payable	33,189.15	
General obligation refunding bonds, current	210,000.00	
Certificates of obligation	360,000.00	
Tax notes, current	261,360.00	
Total Current Liabilities (payable from restricted assets)	864,549.15	-
Non-current Liabilities		
Net pension liability	262,265.74	
OPEB liability	13,353.65	
Unamortized premium on certificates of obligation	118,081.09	
Tax notes, non-current	986,020.00	
Certificates of obligation payable, non-current	6,245,000.00	
General obligation refunding bonds, non-current	2,940,000.00	
Total Non-current Liabilities	10,564,720.48	-
Total Liabilities	11,731,515.96	9,093.96
Net Position		
Net investment in capital assets	3,318,753.61	
Restricted for capital improvements	1,163,001.73	
Unrestricted	(999,521.09)	41,067.66
Total Net Position	$ 3,482,234.25	$ 41,067.66
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the enterprise fund over time	16,475.90	
Net position of business-type activities	$ 3,498,710.15	

The accompanying notes are an integral part of these financial statements.

CITY OF WOLFFORTH, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Business-type Activities -- Enterprise Fund	Governmental Activities -- Internal Service Fund
Revenues		
Water	$ 1,509,138.72	$
Water treatment / EDR fee	116,192.05	
Sewer	419,009.80	
Sanitation	547,483.52	
Penalty revenue	88,252.55	
Water and sewer taps	38,700.00	
Rent income	53,042.00	
Charges for insurance		192,637.67
Miscellaneous	51,834.63	
Total Operating Revenues	2,823,653.27	192,637.67
Operating Expenses		
Salaries and benefits	606,775.27	
Supplies	182,669.13	
Purchased and contracted services	376,389.76	
Operating expense	621,193.31	
Insurance premiums and claims paid		224,415.49
Depreciation	988,698.80	
Total Operating Expenses	2,775,726.27	224,415.49
Operating Income	47,927.00	(31,777.82)
Non-operating Revenue (Expense)		
Interest income	16,531.77	540.41
Interest expense	(266,459.65)	
Total Non-operating Revenue (Expense)	(249,927.88)	540.41
Income Before Operating Transfers	(202,000.88)	(31,237.41)
Operating transfers in	281,699.09	
Contribution from EDC	57,993.72	
Grant	313,691.50	
Change in Net Position	451,383.43	(31,237.41)
Total Net Position, October 1 unadjusted	3,042,288.00	72,305.07
Implementation of GASB No. 75	(11,437.18)	
Total Net Position, October 1 adjusted	3,030,850.82	72,305.07
Total Net Position, September 30	$ 3,482,234.25	$ 41,067.66

Reconciliation to government-wide statement of net position:	
Change in net position	$ 451,383.43
Adjustment to reflect consolidation of internal service fund activities related to the enterprise fund	(11,287.77)
Change in net position of business-type activities	$ 440,095.66

The accompanying notes are an integral part of these financial statements.

CITY OF WOLFFORTH, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Business-type Activities -- Enterprise Fund	Governmental Activities -- Internal Service Fund
Cash Flows From Operating Activities		
Cash received from customers	$ 2,804,473.63	$
Cash received for premiums and claims	-	192,637.67
Cash payments to suppliers	(1,101,909.86)	(224,803.02)
Cash payments to employees	(601,340.80)	
Net Cash Provided by Operating Activities	1,101,222.97	(32,165.35)
Cash Flows From Non-capital Financing Activities		
Operating transfers in and contributions	339,692.81	
Operating transfers out		
Net Cash Provided By (Used For) Non-capital Financing Activities	339,692.81	-
Cash Flows From Capital and Related Financing Activities		
Grants received	313,691.50	
Acquisition and construction of capital assets	(993,075.34)	
Repayment of long-term debt	(805,900.00)	
Interest payment long-term debt	(269,189.09)	
Net Cash Provided By (Used For) Capital and Related Financing Activities	(1,754,472.93)	-
Cash Flows From Investing Activities		
Interest received	16,531.77	540.41
Net Cash Provided By Investing Activities	16,531.77	540.41
Net Increase (Decrease) in Cash and Cash Equivalents	(297,025.38)	(31,624.94)
Cash and cash equivalents, October 1	1,970,286.11	81,786.56
Cash and cash equivalents, September 30	$ 1,673,260.73	$ 50,161.62
Cash and cash in bank	$ 508,731.40	$ 50,161.62
Restricted cash in bank	1,163,001.73	
Cash equivalent - Texpool	1,527.60	
Total cash and cash equivalents	$ 1,673,260.73	$ 50,161.62

The accompanying notes are an integral part of these financial statements.

CITY OF WOLFFORTH, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Business-type Activities -- Enterprise Fund	Governmental Activities -- Internal Service Fund
Reconciliation of operating income to net cash provided by (used for) operating activities		
Operating income (loss)	$ 47,927.00	$ (31,777.82)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	988,698.80	
Changes in operating assets and liabilities		
(Increase) decrease in accounts receivable	(30,016.37)	
(Increase) decrease in prepaid insurance	1,345.88	
(Increase) decrease in deferred pension contribution	60,401.01	
(Increase) decrease in deferred OPEB contribution	(1,651.73)	
Increase (decrease) in accounts payable	76,996.46	(387.53)
Increase (decrease) in accrued expenses	1,358.12	
Increase (decrease) in net pension liability	(56,803.03)	
Increase (decrease) in OPEB liability	2,130.10	
Increase (decrease) in meter deposits	10,836.73	
Net cash provided by operating activities	$ 1,101,222.97	$ (32,165.35)

The accompanying notes are an integral part of these financial statements.

1. Summary of Significant Accounting Policies

The financial statements of the City of Wolfforth, Texas (the City) have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board, the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The significant accounting and reporting policies and practices used by the City are described below.

A. Financial Reporting Entity

The City of Wolfforth, Texas was established in 1916 under the Constitution of the State of Texas (Home Rule Amendment). The City is a municipal corporation governed by an elected mayor and a five-member council form of government. The City provides the following services: Public Safety (Police, Fire, and Ambulance), Highways and Streets, Sanitation, Public Improvements (Water and Sewer Systems), Planning and Zoning, and General Administrative Services. Volunteers staff the fire department.

The City's financial statements include the accounts of all City operations. As required by generally accepted accounting principles, these financial statements present the City (the primary government) and its component units, entities for which the City is considered to be financially accountable. The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. Component units are organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organizations to provide specific financial benefits to, or impose specific financial burdens on, the City. The City may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The financial statements of the component units may be discretely presented in a separate column from the primary government or blended with the financial statements of the primary government. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The City holds the corporate powers of the organization
- The City appoints a voting majority of the organization's board
- The City is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the City
- There is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City of Wolfforth has a single component unit, the Wolfforth Economic Development Corporation (EDC). The EDC was formed to provide economic growth in the City. The governing board of the EDC is appointed by the City Council. The City has assigned one-third of its sales tax revenues to the EDC for future economic development of the City. The EDC is a discretely presented component unit which does not issue separate financial statements.

B. Government-wide and Fund Financial Statements

Financial information of the City is presented as follows:

- *Management's Discussion and Analysis* introduces the basic financial statements and provides an analytical overview of the City's financial activities.

- *Basic Financial Statements*: The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

- *Government-wide financial statements* consist of a statement of net position and a statement of activities. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. For the most part, the effect of Interfund activity has been removed from these statements.

  These statements report all of the non-fiduciary activities of the government. Governmental activities are reported separately from business-type activities. Governmental activities are normally supported by taxes and intergovernmental revenues where as business-type activities are normally supported by fees and charges from services and are usually intended by management to be financially self-sustaining.

  The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are clearly identifiable with a specific program or function. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Revenues that are not classified as program revenues, including all taxes and other items, are presented as general revenues.

- *Fund Financial Statements* consist of a series of statements focusing on information about the City's major governmental and enterprise funds. Separate financial statements are presented for the governmental and enterprise funds.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. 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 previous reporting model emphasized fund types (the total of all funds of a particular type), in the new reporting model as defined by GASB Statement No. 34 the focus is either the City as a whole or major individual funds (within the fund financial statements).

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public Works, etc.) or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Indirect expenses are allocated based on the annual cost allocation plan. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property taxes, sales tax, franchise taxes, intergovernmental revenues, interest income, etc.).

Separate fund based financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The major governmental funds are the general fund and the debt service fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The City has elected to present the debt service fund as a major fund. The nonmajor funds are combined in a column in the fund financial statements, if applicable.

The City has established an internal service fund for employee health insurance. The purpose of an internal service fund is "to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis. The City's policy is to partially self-fund the health insurance program offered to City employees. The costs of the program are accounted for in the internal service fund and these services are billed to the funds benefiting from the service. The amounts billed to each fund are based on estimates of future claims and on the number of active employees who participate in the City health insurance program. If the fund incurs a deficit that is not expected to be eliminated over a reasonable period of time, additional premiums will be billed to the participating funds to cover the full cost of claims recognized as expenses. The amounts billed to the funds and the expense recognized by the internal service fund should be approximately the same over a reasonable period of time. The revenue of the internal service fund comes from the City's contribution for active employees and from active employees' contributions for dependent coverage through payroll deductions.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

C. Measurement Focus and 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 financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues availability period is generally considered to be one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

Ad valorem, franchise and sales tax revenues in the General Fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash as the resulting receivable is immaterial. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirement of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Business-type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. 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. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund includes the cost of sales and services, administrative expense, and depreciation on capital assts. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The following major funds are used by the City:

1. Governmental Funds:

   The following is a description of the Governmental Funds of the City:

   a. General Fund accounts for several of the City's primary services (Public Safety, Public Works, General Administration, etc.) and is the primary operating unit of the City.

   b. Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

   c. Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

2. Proprietary Funds:

   The following is a description of the major Proprietary Funds of the City:

   a. The Enterprise Fund accounts for the operation of the City's water and sewer utility and trash collection and disposal. Activities of the fund include administration, operation and maintenance of the water and sewer system, solid waste pickup as well as 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 revenue bonds and obligations under capital leases when due throughout the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Fund.

   b. The Internal Service Fund was established to account for the resources utilized to provide limited self-insurance for the employee's health insurance. The fund receives monies from the general and enterprise funds to pay claims and premiums for the benefit of the employees.

3. Non-Current Governmental Assets/Liabilities:

   GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide Statement of Net Position.

D. Encumbrances

The City does not use an encumbrance system of accounting.

E. Cash, Cash Equivalents and Investments

The City maintains pooled cash accounts that are shared by the General Fund, Debt Service Fund, and the Enterprise Fund. Each fund's portion of this pooled cash is allocated through its cash and cash in bank accounts on the balance sheet or statement of net position. The funds pool their operating cash for the purpose of cash management and to increase income through combined investment activities. In addition, non-pooled cash is separately held and reflected in each fund's balance sheet when applicable.

The cash and cash equivalents reflected in the statement of cash flows for the Proprietary Funds are made up of cash on hand, cash in the City's depository bank, and certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition. Each fund whose monies are deposited in the pooled cash accounts has an equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. Cash deposits and investments are reported at carrying amount (cost), which equals fair value, in accordance with GASB Statement No. 31. The Texas Public Funds Investment Act governs items such as investment strategies and policies, training for investment officers, reporting requirements, and types of investments allowed. See Note 2.

F. Prepaid Items

Prepaid balances, if applicable, are for payments made by the City in the current year to provide services occurring in subsequent fiscal years.

G. Inventories

Inventories in Governmental and Proprietary Funds consist of expendable supplies. These amounts are not significant and thus no provision has been made for these amounts in the financial statements.

H. Interfund Receivables and Payables

Interfund receivables and payables are eliminated at the end of the fiscal year by reclassifying them as operating transfers if management does not expect the receiving fund to be able to repay the payable within a reasonable time. These transfers are treated as operating transfers and are included in the results of operations of both Governmental and Proprietary Funds.

I. Capital Assets

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed fixed assets are carried at estimated fair market value on the date donated. Public domain (infrastructure) fixed assets consisting of roads, streets and sidewalks have been recorded at estimated historical cost. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. Assets capitalized have an original cost of $2,500 or more and a life expectancy of over three years. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and land improvements	7 – 40 years
Streets	25 years
Water and sewer system	5 – 50 years
Vehicles, machinery and equipment	5 – 15 years

J. Compensated Absences

All regular full-time employees of the City are eligible to accrue paid vacation leave. After the completion of the first year of employment 80 hours of vacation leave are credited to the employee's account. Full-time employees continue to earn vacation leave at the rate of 80 hours per year through the first ten years of service. After 10 years of service the employee will earn 120 hours of vacation leave per year. Certified full-time police officers receive 84 hours of vacation leave annually. Upon separation of service from the City employees are paid for any unused vacation leave in his or her account.

Regular full-time employees are also entitled to paid sick leave. Full-time employees accrue sick leave at the rate of two hours per bi-weekly pay period. Sick leave not used by employees during the year in which it accrues, accumulates and is available for use in succeeding years up to a maximum of 720 hours. Annually, on the employee's anniversary date, any sick leave balance in excess of the maximum is reduced to the maximum without compensation. Employees who have in excess of 208 hours of accumulated sick leave on December 31 of each year, may, at their option, sell back to the City those hours in excess of 208 hours of accumulated sick leave not to exceed 52 hours each year. Unused sick leave is canceled upon termination of employment without compensation to the employee. Accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. Restricted Assets

Certain resources of the City have been set aside for the repayment of debt or for capital improvements and are classified as restricted on the balance sheet or statement of net position. The City records these restrictions to indicate that a portion of cash and fund equity is legally segregated for a specific future use. At September 30, 2018 the governmental funds had $484,311.29 restricted for debt service and $288,924.11 restricted for capital improvements while the enterprise fund had $1,163,001.73 restricted for capital improvement projects. When an expense is incurred for which both restricted and unrestricted net position are available it is the City's policy to first apply restricted resources to the expense.

L. Bond Issuance Costs

Bond and certificate of obligation issuance costs are expensed at the time of the bond or certificate of obligation issue with the exception of the cost of insurance on the issue. Insurance cost, if any, is recorded as prepaid insurance and amortized over the term of the respective bonds and certificates of obligation using the straight-line method.

M. Capitalized Interest

In conformity with Financial Accounting Standards No. 34, "Capitalization of Interest Cost," the City capitalized interest costs for business-type activities only, net of related interest earned, from the date of borrowing until the projects acquired with those funds are ready for their intended use. For the fiscal year ended September 30, 2018, the City had no capitalized interest costs.

N. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

O. Reclassifications

Certain reclassifications have been made to fiscal year 2017 amounts to conform to the fiscal year 2018 presentation.

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has two items which qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period when the amounts become available.

Q. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance – Generally, fund balance represents the difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by the City Council. Approval of a resolution after a formal vote of the City Council is required to establish a commitment of fund balance. Similarly, the City Council may only modify or rescind the commitment by formal vote and adoption of a subsequent resolution.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Council, through City Ordinance, has expressly delegated to the City Administrator the authority to assign funds for particular purposes or through adoption or amendment of the budget as intended for a specific purpose.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund.

Flow Assumptions – When both restricted and unrestricted fund balances are available for use, it is the City's policy to use restricted fund balance first, then unrestricted fund balance as needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: (1) Committed, (2) Assigned, (3) Unassigned.

Net Position – Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, in reporting which utilizes the economic resources measurement focus. In the government-wide financial statements, net position is classified in the following categories:

Net investment in capital assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduces this category.

Restricted net position - This category represents external restrictions imposed either: 1) by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This category represents the net position of the City which are not restricted for any project or other purpose.

Flow Assumptions – The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Proprietary fund equity is classified the same as in the government-wide statements.

R. Liability for Incurred Claims

The liability for incurred claims represents estimated claims incurred but unpaid for the employee's group medical insurance at September 30, 2018. The estimate includes claims reported as well as claims incurred but not reported at year end. The City bases its estimate on prior claims history.

S. 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 reported at fair value.

The City also provides for the volunteer firefighters pension which is administered through the Texas Emergency Services Retirement System (TESRS) and is accounted for in a similar manner.

2. Deposits and Investments

The City's cash and investments can be subject to six types of risk which are examined in more detail as follows:

CUSTODIAL CREDIT RISK OF BANK DEPOSITS – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of the State of Texas and its agencies that have a market value of not less than the deposit amounts to prevent loss of public funds. At year-end, the carrying amount of the City's deposits was $3,853,335.12 and the respective bank balances totaled $3,958,029.86. The City's investments usually consist of certificates of deposit held by the City's depository and an investment in Texpool. The City's deposits and certificates of deposit were fully insured, up to $250,000 by the Federal Deposit Insurance Corporation (FDIC), or collateralized by securities held by the pledging financial institution's agent as required by the state statutes at September 30, 2018. The pledged securities had a market value at September 30, 2018 of $4,999,205.16.

CUSTODIAL CREDIT RISK OF INVESTMENTS – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's minimizes this risk by investing in certificates of deposit which are fully insured or collateralized and the Texpool investment which is rated AAAm by Standard & Poors.

INTEREST RATE RISK – Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's certificates of deposit are not subject to interest rate risk and the Texpool investment minimizes this risk by investing in securities with short-term maturities.

CREDIT RISK – Credit risk is defined as the risk that an issuer or other counterparts to an investment in debt securities will not fulfill its obligation. The City's investment policy minimizes credit risk by limiting investments to the safest types of securities.

CONCENTRATION OF CREDIT RISK – Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. This type of risk is minimized by investing in certificates of deposit and the highly rated Texpool.

FOREIGN CURRENCY RISK – This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk because none of the investments were denominated in foreign currencies.

Investments - Texas statutes authorize the types of investments allowable by the City. The City is authorized to invest in U.S. Government obligations and its agencies or instrumentalities, fully collateralized certificates of deposit, repurchase agreements, commercial paper, and direct obligations of cities within the State of Texas. The City is also authorized to invest in direct obligations of the State of Texas or its agencies, obligations of states, agencies, counties, and other political subdivisions, reverse repurchase agreements, prime domestic bankers' acceptances, money market funds, and government pools.

The City pools cash resources of its various funds in order to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements.

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool, the Texas Local Government Investment Pool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAAm by Standard & Poors. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poors, as well as the office of the Comptroller of Public Accounts for review.

TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

Amounts invested in the TexPool are recorded at cost which is also the fair market value. Government Pool investments are not categorized, in accordance with GASB No. 3, because they are not evidenced by securities that exist in physical or book entry form. At September 30, 2018 the City had $1,527.60 invested in Texpool.

3. Property Taxes

Property taxes are levied each October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the City. Taxable assessed value represents the appraisal value less applicable exemptions authorized by law. In Texas, central appraisal districts are required under the Property Tax Code to access all property within the appraisal district on the basis of 100% of its market value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, legal action. The Lubbock Central Appraisal District establishes appraised values at 100% of estimated fair market value for the City. The 2017 certified tax roll for the City was $309,391,418 as adjusted.

Taxes are due on October 1 immediately following the levy date and are delinquent after the following January 31. Tax liens are automatic on January 1 of each year. The tax lien is part of a lawsuit for property that can be filed any time after taxes become delinquent (February 1). The 2017 tax rate was $0.761827 per $100 valuation. Current tax collections for the year ended September 30, 2018 were 99.20% of the tax levy.

Property taxes are recorded as receivables and unavailable tax revenue at the time the tax levy is billed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue.

4. Interfund Transfers

Interfund transfers during the year ended September 30, 2018 were as follows:

Fund	Operating Transfers In	Operating Transfers Out
Governmental Funds:		
General Fund	$ 182,797.74	$ 45,521.54
Debt Service Fund	45,521.54	464,496.83
Proprietary Funds:		
Enterprise Fund	281,699.09	
Internal Service Fund		
	$ 510,018.37	$ 510,018.37

Interfund transfers are made between funds to cover expenses in the receiving fund.

5. Individual Fund Disclosures

The water and sewer system of the City services approximately 1,860 properties. During the year ended September 30, 2018 the City sold approximately 201,958,000 gallons of water.

The City provides solid waste pickup and disposal services for its citizens with revenues and expenses recorded in the enterprise fund. The City contracts with a private company for waste collection and disposal. This waste is disposed of at the City of Lubbock's regional landfill or a landfill owned by a private company where the City is charged a fee based on weight to dispose of its waste. These fees will cover the City's share of any post-closure expenses and thus no provision is made in the financial statements for future costs associated with the landfill. Citizens are charged a monthly fee to cover the costs of these services.

6. Debt

At September 30, 2018 outstanding debt consisted of the following individual issues:

Business-type Activities

Series 2013 Certificates of Obligation issued at variable interest rates ranging from 1.25% to 3%. Principal is due in annual payments on February 15 and interest is due in semi-annual payments on February 15 and August 15. The balance at September 30, 2018 was $5,205,000 of which $300,000 is due within one year.

Series 2013 Tax Notes issued at an interest rate of 1.69%. Principal is due in annual payments on February 15 and interest is due in semi-annual payments on February 15 and August 15. The balance at September 30, 2018 was $16,740 of which $8,280 is due within one year.

Series 2015 General Obligation Refunding Bonds issued at variable interest rates ranging from 2.00% to 3.00%. Principal is due in annual payments on February 15 and interest is due in semi-annual payments on February 15 and August 15. The balance at September 30, 2018 was $3,150,000 of which $210,000 is due within one year.

Series 2015 Tax Notes issued at an interest rate of 1.80%. Principal is due in annual payments on February 15 and interest is due in semi-annual payments on February 15 and August 15. The balance at September 30, 2018 was $150,240 of which $36,480 is due within one year.

Series 2016 Tax Notes issued at an interest rate of 1.90%. Principal is due in annual payments on February 15 and interest is due in semi-annual payments on February 15 and August 15. The balance at September 30, 2018 was $500,000 of which $96,000 is due within one year.

Series 2016A Tax Notes issued at an interest rate of 1.64%. Principal is due in annual payments on February 15 and interest is due in semi-annual payments on February 15 and August 15. The balance at September 30, 2018 was $278,000 of which $54,000 is due within one year.

Series 2017A Certificates of Obligation issued at variable interest rates ranging from 2.00% to 3.00%. Principal is due in annual payments on February 15 and interest is due in semi-annual payments on February 15 and August 15. The balance at September 30, 2018 was $1,400,000 of which $60,000 is due within one year.

Series 2017B Tax Notes issued at an interest rate of 3.00%. Principal is due in annual payments on February 15 and interest is due in semi-annual payments on February 15 and August 15. The balance at September 30, 2018 was $302,400 of which $66,600 is due within one year.

Governmental Activities

Series 2010 Certificates of Obligation issued at variable interest rates ranging from 3.0% to 4.15%. Principal is due in annual payments on February 15 and interest is due in semi-annual payments on February 15 and August 15. The balance at September 30, 2018 was $1,430,000 of which $125,000 is due within one year.

Series 2013 Tax Notes issued at an interest rate of 1.69%. Principal is due in annual payments on February 15 and interest is due in semi-annual payments on February 15 and August 15. The balance at September 30, 2018 was $76,260 of which $37,720 is due within one year.

Series 2015 General Obligation Refunding Bonds issued at variable interest rates ranging from 2.00% to 3.00%. Principal is due in annual payments on February 15 and interest is due in semi-annual payments on February 15 and August 15. The balance at September 30, 2018 was $475,000 of which $35,000 is due within one year.

Series 2015 Tax Notes issued at an interest rate of 1.80%. Principal is due in annual payments on February 15 and interest is due in semi-annual payments on February 15 and August 15. The balance at September 30, 2018 was $162,760 of which $39,520 is due within one year.

Series 2017B Tax Notes issued at an interest rate of 3.00%. Principal is due in annual payments on February 15 and interest is due in semi-annual payments on February 15 and August 15. The balance at September 30, 2018 was $537,600 of which $118,400 is due within one year.

A note payable for the purchase of an ambulance with interest at 3.724%. Principal and interest are due in annual installments on April 25. The balance at September 30, 2018 was $166,318.94 of which $39,327.84 is due within one year.

Interest Expense

Interest expense in the enterprise fund was $266,459.65. Interest expense in the governmental activities was $81,995.78.

Revenue Bonds

Water and Sewer Revenue Bonds constitute special obligations of the City solely secured by a lien on and pledge of the net revenues of the water and sewer system. The Revenue Bonds are collateralized by the revenue of the water and sewer system. The bond ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the Revenue Bond funds. Remaining revenues may then be used for any lawful purpose. The City is in compliance with all significant financial requirements as of September 30, 2018.

General Obligation Bonds

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.

Certain General Obligation Certificates of Obligation are to be repaid by revenues of the Enterprise Fund. Enterprise Fund General Obligation Certificates of Obligation are secured both by a pledge of ad valorem taxes levied on all taxable property within the City and by a lien on and pledge of revenues to be generated by the Enterprise Fund.

Changes in Outstanding Debt

Transactions for the year ended September 30, 2018 are summarized as follows:

	Balance 10/1/2017	Additions	Retirements	Balance 9/30/2018	Due Within One Year
Business-type Activities					
Certificates of Obligation	$ 6,945,000.00		$ (340,000.00)	$ 6,605,000.00	$ 360,000.00
Refunding Bonds	3,360,000.00		(210,000.00)	3,150,000.00	210,000.00
Tax Notes	1,503,280.00		(255,900.00)	1,247,380.00	261,360.00
Subtotal	11,808,280.00	-	(805,900.00)	11,002,380.00	831,360.00
Net premium on issuance	128,090.06		(10,008.97)	118,081.09	10,008.97
Total Business-Type Activities	$ 11,936,370.06	$ -	$ (815,908.97)	$ 11,120,461.09	$ 841,368.97
Governmental Activities					
Certificates of Obligation	$ 1,550,000.00	$	$ (120,000.00)	$ 1,430,000.00	$ 125,000.00
Refunding Bonds	505,000.00		(30,000.00)	475,000.00	35,000.00
Tax Notes	967,720.00		(191,100.00)	776,620.00	195,640.00
Note Payable - Ambulance		211,840.48	(45,521.54)	166,318.94	39,327.84
Subtotal	3,022,720.00	211,840.48	(386,621.54)	2,847,938.94	394,967.84
Net premium on issuance	34,226.05		(4,802.84)	29,423.21	4,802.84
Total Governmental Activities	$ 3,056,946.05	$ 211,840.48	$ (391,424.38)	$ 2,877,362.15	$ 399,770.68

Annual Requirements to Retire Debt Obligations

The annual aggregate maturities of bonds, certificates of obligation, and tax notes payable for the years subsequent to September 30, 2018 are as follows:

Year Ending	Governmental Activities		Business-type Activities		
September 30	Principal	Interest	Principal	Interest	Total
2019	$ 394,967.84	$ 83,343.76	$ 831,360.00	$ 258,154.84	$ 1,567,826.44
2020	364,892.40	73,030.22	828,900.00	243,225.17	1,510,047.79
2021	328,391.51	63,389.83	823,920.00	228,122.60	1,443,823.94
2022	343,687.19	53,697.16	838,200.00	212,928.69	1,448,513.04
2023	266,400.00	43,822.53	829,600.00	196,882.87	1,336,705.40
2024-2028	644,600.00	135,194.86	3,320,400.00	750,138.89	4,850,333.75
2029-2033	505,000.00	47,307.10	3,170,000.00	272,275.40	3,994,582.50
2034-2037			360,000.00	22,050.00	382,050.00
	$ 2,847,938.94	$ 499,785.46	$ 11,002,380.00	$ 2,183,778.46	$ 16,533,882.86

The general and debt service funds have been used in the past to liquidate long-term liabilities, including compensated absences.

7. Defined Benefit Pension Plans

A. Texas Municipal Retirement System

Plan Description

The City of Wolfforth participates as one of 883 plans in the non-traditional, 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 public employee 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 publically available comprehensive annual financial report (CAFR) that can obtained at *www.tmrs.com*.

All eligible employees (full-time and employees who work in excess of 1,000 hours per year) of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the governing 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 payment options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution (PLSD) in an amount equal to 12, 24, or 36 monthly payments which cannot exceed 75% of the total member deposits and interest.

	Plan Year 2017	Plan Year 2018
Employee deposit rate	5.0%	5.0%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility		
(expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Employees covered by benefit terms

At the December 31, 2016 and 2017 valuation and measurement dates, the following employees were covered by the benefit terms:

	12/31/2016	12/31/2017
Inactive employees or beneficiaries currently receiving benefits	5	5
Inactive employees entitled to but not yet receiving benefits	14	16
Active employees	30	29
Total	49	50

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 state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Wolfforth were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Wolfforth were 11.76% and 11.21% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018 were $158,132.09, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2017 actuarial valuations 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%, 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 addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.90%
Real Return	10.00%	3.80%
Real Estate	10.00%	4.50%
Absolute Return	10.00%	3.75%
Private Equity	5.00%	7.50%
Total	100.00%	

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.

Change in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/16	$ 3,581,588	$ 2,623,882	$ 957,706
Changes for the year:			
Service cost	161,933		161,933
Interest	243,771		243,771
Change of benefit terms			-
Difference between expected and actual experience	21,340		21,340
Changes of assumptions			-
Contributions - employer		162,852	(162,852)
Contributions - employee		69,280	(69,280)
Net investment income		363,708	(363,708)
Benefit payments, including refunds of employee contributions	(102,272)	(102,272)	-
Administrative expense		(1,885)	1,885
Other changes		(96)	96
Net changes	324,772	491,587	(166,815)
Balance at 12/31/17	$ 3,906,360	$ 3,115,469	$ 790,891

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75)
City's net pension liability	$ 1,355,900	$ 790,891	$ 326,769

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2018, the city recognized pension expense of $178,341 (excluding the pension expense for the volunteer fire fighters).

At September 30, 2018, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 53,791.00	$
Changes in actuarial assumptions	(5,537.00)	
Difference between projected and actual investment earnings	(81,787.00)	
Contributions subsequent to the measure date December 31, 2017	110,832.78	
Total	$ 77,299.78	$ -

$110,832.78 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date is recognized as a reduction of the pension expense 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 Dec 31:	
2018	$ 13,054.00
2019	7,677.00
2020	(25,725.00)
2021	(31,609.00)
2022	3,070.00
Thereafter	-
Total	$ (33,533.00)

B. Supplemental Death Benefits Plan

Plan Description

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 Benefits Fund (SDBF). The City elected by ordinance to provide group-term life insurance coverage to both current and retired employees. Although it has no plans to do so, 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.

The following summarizes the SDBF coverage provided by the City for the prior two years:

	Plan Year 2017	Plan Year 2018
Active Employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

Benefits Provided

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

Employees covered by benefit terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

	12/31/2017
Inactive employees currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	1
Active employees	29
Total	34

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. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect.

Contributions are made monthly to the SDBF based on the covered payroll of the City. The City's contribution to the TMRS SDBF for the years ended September 30, 2018, 2017 and 2016 were $2,463, $2,227, and $1,739, respectfully, which equaled the required contributions each year. The rate was 0.17% for October through December 2017 and 0.18% for January through September 2018 of the covered payroll for the period covered by this report. Any contributions made for retirees which would be considered an other post-employment benefit are insignificant.

Plan/Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2012	0.11%	0.11%	100%
2013	0.12%	0.12%	100%
2014	0.13%	0.13%	100%
2015	0.14%	0.14%	100%
2016	0.15%	0.15%	100%
2017	0.17%	0.17%	100%
2018	0.18%	0.18%	100%

Other Post-Employment Benefit (OPEB) Liability

The City's OPEB Liability was determined by an actuarial valuation as of that date.

Summary of Actuarial Assumptions:

Inflation	2.5%
Salary increases	3.5% to 10.5% including inflation
Discount rate	3.31%
Retirees' share of benefit-related costs	$ 0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
Mortality rates -- service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates -- disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017. The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in Total OPEB Liability

Total OPEB Liability - beginning of year	$ 35,922
Changes for the year:	
Service cost	2,470
Interest on Total OPEB Liability	1,399
Change of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	3,214
Benefit payments	(274)
Net changes	6,809
Total OPEB Liability - end of year	$ 42,731

Sensitivity of the Total OPEB Lability to Changes in the Discount Rate

	1% Decrease in Discount Rate (2.31%)	Discount Rate (3.31%)	1% Increase in Discount Rate (4.31%)
Total OPEB liability	$ 51,099	$ 42,731	$ 36,181

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

OPEB Expense:		
Service cost	$	2,470
Interest on Total OPEB Liability		1,399
Change of benefit terms		-
Employer administrative costs		-
Recognition of deferred outflows/inflows of resources:		
Differences between expected and actual experience		-
Changes in assumptions or other inputs		399
Total OPEB expense	$	4,268

Deferred (Inflows)/Outflows or Resources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual economic experience	$ -	$ -
Changes in assumptions and other inputs		2,815.00
Contributions subsequent to the measurement date December 31, 2017	-	1,779.68
Total	$ -	$ 4,594.68

$1,779.68 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date is recognized as a reduction of the OPEB expense for the year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended Dec 31:		
2018	$	399.00
2019		399.00
2020		399.00
2021		399.00
2022		399.00
Thereafter		820.00
Total	$	2,815.00

C. Texas Emergency Services Retirement System

The City provides volunteer firefighters with pension coverage through the Texas Emergency Services Retirement System (TESRS).

Plan Description

The TESRS administers a cost-sharing multiple employer pension system (the System) established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. The System is governed by a nine member board of trustees, with at least five of the trustees being active members of the pension system. The System issues a stand-alone financial report that is available to the public at www.tesrs.org. The System operates on a fiscal year ending August 31 with the fiscal year ended August 31, 2017 being the latest available financial data. At August 31, 2017, there were 235 contributing fire and/or emergency services department members participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department. On August 31, 2017, the pension system membership consisted of:

	System	City of Wolfforth
Retirees and beneficiaries currently receiving benefits	3,104	-
Terminated members entitled to benefits but not yet receiving them	2,208	-
Active participants (vested and nonvested)	4,046	24

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payment to a member's surviving spouse and dependent children.

Funding Policy

Contributions are made by the City for the emergency services personnel. No contributions are required from the individuals who are members of the System, nor are they allowed. The City is required to make contributions for each month a member performs emergency services (this minimum contribution is $36 per member and the City may make a higher monthly contribution for its volunteers). This is referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impact future retiree annuities.

The State of Texas is required to contribute an amount necessary to make the System "actuarially sound" each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

The board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the State are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted every two years based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2016, the Part Two contributions were established by the board to be 2% of the Part One contributions beginning September 1, 2017.

Additional contributions may be made by governing bodies within two years of joining the System, to grant up to ten years of credit for service per member. Prior service purchased must have occurred before the department began participation in the System.

Contributions Required and Contributions Made

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2017, total contributions of $5,012,131 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The State appropriated $1,583,825 for the fiscal year ending August 31, 2017. The City contributed $14,294.88 to the System during its fiscal year ending September 30, 2018.

The purpose of the biennial actuarial valuation is to determine if the contribution arrangement is adequate to pay the benefits that are promised. Actuarial assumptions are disclosed below.

The most recently completed biennial actuarial valuation as of August 31, 2016 stated that TESRS has an adequate contribution arrangement for the benefit provisions recognized in the valuation based on the expected total contributions, including the expected contributions both from the governing body of each participating department and from the state. The expected contributions from the state are state appropriations equal to (1) the maximum annual contribution (one-third of all contributions to TESRS by governing bodies of participating departments in a year) as needed in accor4dance with state law governing TESRS and (2) approximately $725,000 each year to pay for part of the System's administrative expenses.

Net Pension Liability

The System's net pension liability was measured as of August 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2016 and rolled forward to August 31, 2017.

	System	City of Wolfforth
Total pension liability	$ 129,121,466	$ 334,450
Plan fiduciary net position	105,119,788	272,281
Net pension liability	$ 24,001,678	$ 62,169
Fiduciary net position as a percentage of the total pension liability	81.41%	81.41%

Actuarial Assumptions

The total pension liability in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00% per year
Overall payroll growth	N/A
Investment Rate of Return	7.75% net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2024 by scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components 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 (currently 4.97%) and by adding expected inflation (3.00%). In addition, the final 7.75% assumption was selected by "rounding down" and thereby reflects a reduction of 0.22% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities		
Large cap domestic	32%	5.72%
Small cap domestic	10%	5.96%
Developed international	21%	6.21%
Emerging markets	6%	7.18%
Master limited partnership	5%	7.61%
Fixed income		
Domestic	21%	1.61%
International	5%	1.81%
Cash	0%	0.00%
Total	100%	
Weighted average		4.97%

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. No projection of cash flows was used to determine the discount rate because the August 31, 2016 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. 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.

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

The following presents the net pension liability of the System, calculated using the discount rate of 7.75%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate:

	1% Decrease in Discount Rate (6.75%)	Discount Rate (7.75%)	1% Increase in Discount Rate (8.75)
System's net pension liability	$ 44,821,241	$ 24,001,678	$ 10,867,631
City's net pension liability	$ 116,096	$ 62,169	$ 28,149

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TESRS annual financial report. That report may be obtained on the internet at www.tesrs.org.

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

$14,294.88 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date is recognized as a reduction of the pension expense 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 Aug 31:	
2018	$ 2,925.40
2019	5,366.28
2020	(257.56)
2021	(1,262.54)
2022	-
Thereafter	-
Total	$ 6,771.58

Change in Net Pension Liability

The change in net pension liability is as follows:

	Fiscal Year Ending 08/31/2015		Fiscal Year Ending 08/31/2016		Fiscal Year Ending 08/31/2017	
	System	City of Wolfforth	System	City of Wolfforth	System	City of Wolfforth
		0.23474%		0.29467%		0.25902%
Total Pension Liability						
Service cost	$ 1,694,230	$ 3,977	$ 1,694,230	$ 4,992	$ 1,593,479	$ 4,127
Interest	8,470,723	19,884	8,901,986	26,231	9,468,133	24,524
Changes of benefit terms			722,024	2,128		
Difference between expected and actual experience			64,648	190		
Assumption changes			890,002	2,623		
Adjustment due to change in % of system		(27,749)		69,232		(43,881)
Benefit payments	(4,498,761)	(10,560)	(4,701,770)	(13,855)	(5,032,257)	(13,035)
Net change in total pension liability	5,666,192	(14,448)	7,571,120	91,541	6,029,355	(28,265)
Total pension liability - beginning	109,854,799	285,622	115,520,991	271,174	123,092,111	362,715
Total pension liability - ending	$ 115,520,991	$ 271,174	$ 123,092,111	$ 362,715	$ 129,121,466	$ 334,450
Plan Fiduciary Net Position						
Contributions for members	$ 3,515,546	$ 8,252	$ 3,463,603	10,206	5,012,131	12,982
Contributions by the State	1,637,308	3,843	1,583,825	4,667	1,583,825	4,102
Net investment income	(3,292,889)	(7,730)	4,956,730	14,606	9,776,395	25,323
Benefit payments	(4,498,761)	(10,560)	(4,701,770)	(13,855)	(5,032,257)	(13,035)
Administrative expense	(215,900)	(507)	(166,840)	(492)	(184,314)	(477)
Adjustment due to change in % of system		(23,159)		53,235		(33,497)
Net change in fiduciary net position	(2,854,696)	(29,860)	5,135,548	68,367	11,155,780	(4,602)
Plan fiduciary net position - beginning	91,683,156	238,376	88,828,460	208,516	93,964,008	276,883
Plan fiduciary net position - ending	$ 88,828,460	$ 208,516	$ 93,964,008	$ 276,883	$ 105,119,788	$ 272,281
Net pension liability - ending	$ 26,692,531	$ 62,658	$ 29,128,103	$ 85,832	$ 24,001,678	$ 62,169
Plan fiduciary net position as a percentage of the total pension liability	76.9%	76.9%	76.3%	76.3%	81.4%	81.4%
Number of active members	4,016	24	3,634	29	4,046	24
Net pension liability per active member	$ 6,647	$ 2,611	$ 8,015	$ 2,960	$ 5,932	$ 2,590

Schedule of Investment Returns

Fiscal Year Ending	Annual Money-Weighted Net Real Rate of Return
August 31, 2013	13.84%
August 31, 2014	14.92%
August 31, 2015	-3.58%
August 31, 2016	5.57%
August 31, 2017	10.32%

8. Accounts Receivable and Due From Other Governments

Accounts receivable for the City's governmental and business-type activities, including the applicable allowance for uncollectible accounts at September 30, 2018 are as follows:

	General Fund	Debt Service Fund	Enterprise Fund	Total
Receivables:				
Property taxes	$ 50,626.63	$ 17,597.57	$	$ 68,224.20
Customers			699,036.60	699,036.60
Other governments	78,638.72			78,638.72
Other	30,048.20			30,048.20
Gross receivables	159,313.55	17,597.57	699,036.60	875,947.72
Less: Allowance for uncollectibles	(9,646.56)	(760.71)	(434,453.23)	(444,860.50)
Net total receivables	$ 149,666.99	$ 16,836.86	$ 264,583.37	$ 431,087.22

Due from other governments for the City's governmental activities at September 30, 2018 are as follows:

State of Texas -- sales tax	$ 78,287.37
Lubbock Central Appraisal District	351.35
Total due from other governments	$ 78,638.72

The property taxes receivable account represents the current and past years uncollected tax levies on real property. Customer accounts receivable consists of amounts owed from organizations or private individuals for good or services. Receivables from other governments consist primarily of sales tax owed to the City by the State of Texas.

9. Risk Management

The City is exposed to various risks of loss related to torts, theft, damage and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City insures against these risks of loss as part of a comprehensive risk management program. The City purchases property, liability, and workers compensation insurance through the Texas Municipal League Intergovernmental Risk Pool (the Pool). The Pool's mission is to provide Texas municipalities and other units of local government with a stable source of risk financing and loss prevention services at the lowest cost consistent with sound business practices. The Pool provides property, liability and workers' compensation coverage for certain governmental entities of the State of Texas. Member entities include municipalities, housing authorities, councils of governments, hospital districts, water districts and tax appraisal districts. The Pool consists of separate funds: the Workers' Compensation Fund, the Liability Fund, the Property Fund, the Reinsurance Fund, the Stability Fund, the Large Loss Fund, Property Improvements Fund, and the Lifetime Benefits Fund. The financial results of these coverages are accounted for in separate funds by the Pool.

The Texas Workers' Compensation Joint Insurance Fund (the Workers' Compensation Fund) was created in 1974 by the Texas Municipal League. This Fund provides coverage that conforms to the workers' compensation law of Texas. The Texas Municipal League Joint-Self Insurance Liability and Property Funds (the Liability Fund and Property Fund) were created in October 1981 by TML. The coverages provided by these Funds include comprehensive general liability, comprehensive automobile liability, automobile physical damage, law enforcement liability, public officials' errors and omissions, hangar-keepers liability, chartered aircraft and airport liability, real and personal property, mobile equipment and boiler and machinery. As part of the coverage, the Pool provides risk management services with emphasis on loss control.

On August 26, 1990, the Board of Trustees of the Pool (the Board) created the Texas Municipal League Intergovernmental Risk Pool Stability Fund (the Stability Fund). The Stability Fund provides protection for the Workers' Compensation Fund, the Liability Fund and Property Fund for each program year to offset cash short falls due to unexpected and/or catastrophic loss experience. Payments from each fund were based on 2% of each Fund's member contributions from inception of the respective fund. On January 23, 1994, the Board reduced the payments from each fund to 1% effective October 1, 1993. On July 30, 1994, the Board again reduced the payments from each fund to ½% effective October 1, 1994. Distributions from the Stability Fund are only made upon Board authorization and are limited to the Stability Fund's assets. Contributions to the Stability Fund will be accumulated until such accumulated equity equals one third of contributions for all members for all related programs for the most recent completed fiscal year. Equity in the Stability Fund shall not be considered excessive unless the equity in the Stability Fund exceeds ½ of total contributions for the last completed fiscal year of the Workers' Compensation, Liability and Property Funds.

On August 26, 1990 the Board also agreed to establish the Reinsurance Fund. The purpose of the Reinsurance Fund is to provide additional self-funded layers of risk. The initial amounts of member's equity classified for the Reinsurance Fund are based upon a special allocation of contributions for years 1985-86 through 1988-89. Equity in the Reinsurance Fund shall be used solely for reinsurance protection for coverages provided by the Pool. If the Board determines that excess equity exists in the Reinsurance Fund, such excess equity will be returned to the participating Funds on a percentage basis of all contributions paid to the Reinsurance Fund or on any other basis determined by the Board to be equitable. On July 19, 2003 the Board authorized the separation of the Large Loss Fund from the Reinsurance Fund and established it as a separate fund effective September 30, 2003. The Large Loss Fund was created to provide additional protection against large losses. Utilizing the Pool's Reinsurance Fund and Large Loss Fund, the Pool purchased reinsurance protection from its own Funds. The use of these funds, combined with the increased level of retention that the Funds are accepting has allowed the Pool to reduce the amount of reinsurance that the Pool needs to purchase from outside sources. By accepting more risk, the Pool has been able to pass these savings on to its members.

The Pool purchases excess insurance to protect against catastrophic losses that exceed the Pool's self-insurance retention. This excess insurance is purchased from domestic A-rated companies.

The City carried property insurance through the Pool in the amount of $20,364,676 and liability insurance in the amount of $1,000,000 or $2,000,000 depending on the policy area covered for the fiscal year ended September 30, 2018. The City's coverage includes fire and windstorm with flood and earthquake coverage excluded. The premiums paid for Workers' Compensation Coverage are based on estimated payroll amounts and are subject to fluctuations based upon an audit of payroll costs by the insurer. Any increase or decrease is not expected to be material to the financial statements.

There have been no significant reductions in insurance coverage during the fiscal year ended September 30, 2018. Settled claims have not exceeded coverage in any of the past three years.

The City has established an internal service fund to account for health insurance benefits for City employees. Health benefits are self-insured up to a stop loss amount with coverage from a private insurance company for losses in excess of the stop loss amount. All claims handling procedures are performed by a third party claims administrator. Incurred but not reported (IBNR) have been accrued as a liability. The estimated liability does not include any allocated or unallocated claims adjustment expense. Settled claims have not exceeded commercial coverage in any of the last three fiscal years.

The General Fund and the Enterprise Fund of the City participate in the program and make payments to the internal service fund to pay claims. The claims payable reported as a liability in the internal service fund is based on management's estimate of the future claims as of the year ended September 30, 2018.

Changes in reported liabilities for the fiscal years ended September 30, 2017 and 2018 are summarized as follows:

Claims Liabilities	9/30/2017	9/30/2018
Unpaid claims, beginning	$ 6,136.92	$ 9,481.49
Incurred claims & changes in estimate	85,416.16	52,967.85
Claims paid	(82,071.59)	(53,355.38)
Unpaid claims, ending	$ 9,481.49	$ 9,093.96

10. Related Parties

The City from time to time purchases services from related parties in arms-length transactions. During the fiscal year ended September 30, 2018 no related party transactions were noted.

11. Leases

The City, as a lessor, has leased administration offices and two buildings to the Texas Forest Service. The monthly rental payment is $3,766.67. Collections for the year ended September 30, 2018 were $45,200.04. The expected rental receipts for these leases which expire June 30, 2019 are as follows:

FYE 9/30/2019	$ 33,900.03

The City, as a lessor, has also leased office space to two businesses that are currently on month to month leases with no future commitments. The monthly rental payments for these two leases are $1,353 and $3,346. Collections for these leases totaled $53,042 for the year ended September 30, 2018.

12. Commitments and Contingencies

Grant Audits

In the normal course of operations, the City receives grant funds from various Federal and State agencies as well as private foundations. These grant programs are subject to compliance audits by the grantors or their representatives, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as the result of these audits, is not believed to be significant.

Litigation

From time to time the City is party to various legal proceedings which normally occur in governmental operations. Although the outcome of these lawsuits is not presently determinable, in the opinion of City management, after consultation with legal counsel, these legal proceedings are not likely to have a significant adverse impact on the affected funds of the City.

Construction Commitments

The City has issued various debt obligations for future construction projects and capital improvements. As of September 30, 2018 the funds remaining totaled $1,451,925.84 and are reported on the balance sheet as restricted cash.

13. Capital Assets

Capital asset activity for the year ended September 30, 2018 was as follows:

	Balance 10/1/2017	Transfers and Additions	Transfers and Retirements	Balance 9/30/2018
Governmental activities:				
Capital assets, not being depreciated				
Land	$ 403,537.07	$	$	$ 403,537.07
Construction in progress	44,070.98			44,070.98
Total capital assets, not being depreciated	447,608.05	-	-	447,608.05
Capital assets, being depreciated				
Buildings and improvements	3,994,488.56	44,772.94		4,039,261.50
Streets and infrastructure	4,759,108.45	99,983.25		4,859,091.70
Office furniture and equipment	211,923.37	17,500.00		229,423.37
Vehicles, equipment and machinery	3,716,723.37	710,652.58	(92,251.00)	4,335,124.95
Library books and equipment	293,022.20	32,435.88		325,458.08
Total capital assets, being depreciated	12,975,265.95	905,344.65	(92,251.00)	13,788,359.60
Less accumulated depreciation for:				
Buildings and improvements	1,456,126.79	109,488.06		1,565,614.85
Streets and infrastructure	3,652,753.47	152,510.18		3,805,263.65
Office furniture and equipment	191,757.63	9,080.24		200,837.87
Vehicles, equipment and machinery	2,824,398.62	244,593.72	(92,251.00)	2,976,741.34
Library books and equipment	224,857.13	20,145.77		245,002.90
Total accumulated depreciation	8,349,893.64	535,817.97	(92,251.00)	8,793,460.61
Total capital assets, being depreciated, net	4,625,372.31	369,526.68	-	4,994,898.99
Governmental activities capital assets, net	$ 5,072,980.36	$ 369,526.68	$ -	$ 5,442,507.04

	Balance 10/1/2017	Transfers and Additions	Transfers and Retirements	Balance 9/30/2018
Business-type Activities				
Capital assets, not being depreciated				
Land	$ 486,270.40	$	$	$ 486,270.40
Total capital assets, not being depreciated	486,270.40	-	-	486,270.40
Capital assets, being depreciated				
Buildings	257,903.37			257,903.37
Water and sewer system	18,674,425.02	810,806.38		19,485,231.40
Vehicles, equipment and machinery	836,529.52	182,268.96		1,018,798.48
Total capital assets, being depreciated	19,768,857.91	993,075.34	-	20,761,933.25
Less accumulated depreciation for:				
Buildings	197,932.12	7,137.70		205,069.82
Water and sewer system	6,379,719.17	896,984.43		7,276,703.60
Vehicles, equipment and machinery	523,721.68	84,576.67		608,298.35
Total accumulated depreciation	7,101,372.97	988,698.80	-	8,090,071.77
Total capital assets, being depreciated, net	12,667,484.94	4,376.54	-	12,671,861.48
Enterprise fund assets, net	$ 13,153,755.34	$ 4,376.54	$ -	$ 13,158,131.88

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

Governmental activities:	
Financial administration	$ 9,080.24
Building and grounds	109,488.06
Public safety - police department	122,810.66
Public safety - fire and EMS	96,421.15
Public works - street department	163,931.16
Emergency management	13,382.60
Miscellaneous public service	558.33
Library	20,145.77
Total depreciation expense -- governmental activities	$ 535,817.97
Business-type activities:	
Buildings	$ 7,137.70
Water and sewer system	896,984.43
Vehicles, equipment and machinery	84,576.67
Total depreciation expense -- business-type activities	$ 988,698.80

14. Tax Abatements

The City enters into property tax abatement agreements with local businesses to grant tax abatements for the purpose of attracting or retaining businesses within its jurisdiction. The abatements may be granted to any business located within or promising to relocate to the City. For the year ended September 30, 2018 the City abated property taxes totaling $79,023.36 under this program.

15. Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to September 30, 2018 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended September 30, 2018. Management has performed their analysis through December 28, 2018, the date the financial statements were available for issuance.

16. New Accounting Principle and Restatement of Prior Year Net Position

Effective October 1, 2017, the City adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB Statement No. 75).* The statement is effective for fiscal years beginning after June 15, 2017. The statement covers death benefits with coverage for retirees and requires reporting of the long term obligation and the deferred outflows/inflows of resources related to this benefit. Due to the adoption of GASB No. 75 the beginning net position has been restated as follows:

	Governmental Activities	Business-type Activities	Total
Beginning Net Position	$ 4,026,300.30	$ 3,070,051.67	$ 7,096,351.97
Adjustment to record total OPEB liability	(25,168.57)	(11,437.18)	(36,605.75)
Beginning Net Position - restated	$ 4,001,131.73	$ 3,058,614.49	$ 7,059,746.22

<u>APPENDIX C</u>

FORMS OF BOND COUNSEL'S OPINIONS

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

$1,095,000
CITY OF WOLFFORTH, TEXAS
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020

AS BOND COUNSEL FOR THE CITY OF WOLFFORTH, TEXAS, (the "Issuer") in connection with the issuance of the General Obligation Refunding Bonds, Series 2020, described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which bear interest from the dates and mature on the dates, and are subject to redemption, in accordance with the terms and conditions stated in the text of the Bonds. Terms used herein and not otherwise defined shall have the meaning given in the ordinance of the Issuer authorizing the issuance and sale of the Bonds (the "Ordinance").

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

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been duly authorized, issued and delivered in accordance with law; and except as may be limited by laws applicable to the Issuer relating to governmental immunity, bankruptcy, reorganization and other similar matters affecting creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion, the Bonds constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Bonds have been levied and pledged for such purpose, within the limit prescribed by law, as provided in the Ordinance.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual or corporate alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith, and the certification by Specialized Public Finance Inc. verifying the sufficiency of the amounts deposited to the escrow fund to pay the principal of and interest on the refunded obligations on their redemption date. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the Issuer to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds.

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

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of, and assessed valuation of taxable property within, the Issuer. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

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

Very truly yours,

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

$1,435,000
CITY OF WOLFFORTH, TEXAS
TAX NOTES, SERIES 2020

AS BOND COUNSEL FOR THE CITY OF WOLFFORTH, TEXAS (the "Issuer") in connection with the issuance of the Tax Notes, Series 2020, described above (the "Notes"), we have examined into the legality and validity of the Notes, which bear interest from the dates and mature and are subject to redemption on the dates, in accordance with the terms and conditions stated in the text of the Notes. Terms used herein and not otherwise defined shall have the meaning given in the ordinance of the Issuer authorizing the issuance and sale of the Notes (the "Ordinance").

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

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Notes have been duly authorized, issued, and delivered in accordance with law, and that the Notes, except as may be limited by laws applicable to the Issuer relating to principles of governmental immunity, bankruptcy, reorganization and other similar matters affecting creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Notes have been levied and pledged for such purpose, within the limit prescribed by law, as provided in the Ordinance.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Notes is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Notes are not "specified private activity bonds" and that, accordingly, interest on the Notes will not be included as an individual or corporate alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Notes and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the Issuer to comply with such covenants, interest on the Notes may become includable in gross income retroactively to the date of issuance of the Notes.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Notes.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Notes, is included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on corporations by section 55 of the Code.

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

OUR SOLE ENGAGEMENT in connection with the issuance of the Notes is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering our opinions with respect to the legality and validity of the Notes under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Notes for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Notes, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Notes and have relied solely on Notes executed by officials of the Issuer as to the current outstanding indebtedness of, and assessed valuation of taxable property within, and the sufficiency of the pledged revenues of, the Issuer.

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

Very truly yours,

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SPECIALIZED PUBLIC FINANCE INC.
FINANCIAL ADVISORY SERVICES