OFFICIAL STATEMENT
Dated April 16, 2020

Rating:
S&P: "AA-" (stable outlook)
(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 existing statues, regulations, published rulings, and court decisions existing on the date hereof, subject to the matters described under "TAX MATTERS" herein.

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

$5,635,000
CITY OF PLAINVIEW, TEXAS
(Hale County)
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020

Dated Date: May 14, 2020; Interest Accrues from Date of Initial Delivery **Due: March 1, as shown on page 2**

PAYMENT TERMS . . . Interest on the $5,635,000 City of Plainview, Texas General Obligation Refunding Bonds, Series 2020 (the "Bonds") will accrue from the date of initial delivery, will be payable on March 1 and September 1 of each year commencing September 1, 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 BONDS - Book-Entry-Only System").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapter 1207, as amended, Texas Government Code and an ordinance (the "Ordinance") adopted by the City Council of the City, in which the City Council delegated authority to a Pricing Officer to execute a "Pricing Certificate" which contains the final sale terms of the Bonds (the "Ordinance" and the "Pricing Certificate" are collectively referred to herein as the "Bond Ordinance"). The initial Paying Agent/Registrar is UMB Bank, N.A., Austin, Texas (see "THE BONDS - Paying Agent/Registrar"). See "THE BONDS - Authority for Issuance" herein.

The Bonds are direct obligations of the City, payable from a continuing annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the Ordinance (see "THE BONDS - Authority for Issuance").

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

CUSIP PREFIX: 726719
SEE MATURITY SCHEDULE, 9 DIGIT CUSIP AND REDEMPTION PROVISIONS ON NEXT PAGE

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by 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, "Form of Bond Counsel's Opinion"). 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 May 14, 2020.

SAMCO Capital Markets, Inc.

CUSIP Prefix [1]: 726719

MATURITY SCHEDULE

Principal Amount	Maturity (March 1)	Interest Rate	Initial Yield	CUSIP Suffix [1]
$ 1,105,000	2021	4.000%	1.000%	HN0
410,000	2022	4.000%	1.100%	HP5
425,000	2023	4.000%	1.210%	HQ3
460,000	2024	4.000%	1.260%	HR1
485,000	2025	4.000%	1.320%	HS9
500,000	2026	4.000%	1.380%	HT7
520,000	2027	4.000%	1.400%	HU4
555,000	2028	4.000%	1.430%	HV2
575,000	2029	4.000%	1.460% [2]	HW0
600,000	2030	4.000%	1.500% [2]	HX8

(Interest Accrues from Date of Initial Delivery)

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the City, the Underwriter or the Financial Advisor is responsible for the selection or correctness of the CUSIP numbers set forth herein.
(2) Yield shown is yield to first call date, March 1, 2028.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after March 1, 2029, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - Optional Redemption").

THE REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Preliminary Official Statement, and, if given or made, such other information or representations must not be relied upon.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), this document constitutes a preliminary official statement of the City with respect to the Bonds that has been "deemed final" by the City as of its date except for the omission of no more than the information permitted by the Rule.

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor. This Preliminary Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

NONE OF THE CITY, ITS FINANCIAL ADVISOR, OR THE UNDERWRITER MAKES 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.

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

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

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

TABLE OF CONTENTS

The cover page hereof, this page, the appendices included herein and any addenda, supplement, or amendment hereto, are part of the Preliminary 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 Bonds 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 Plainview is a political subdivision and home rule municipal corporation of the State, located in Hale County, Texas. The City covers approximately 13.71 square miles; 2010 U.S. Census population was 22,194 (see "Introduction - Description of the City").
THE BONDS	The City's $5,635,000 General Obligation Refunding Bonds, Series 2020 are scheduled to mature on March 1 in the years 2021 through 2030 (see "THE BONDS - Description of the Bonds").
PAYMENT OF INTEREST	Interest on the Bonds accrues from the date of initial delivery, and is payable on September 1, 2020, and each March 1 and September 1 thereafter until maturity or prior redemption (see "THE BONDS - Description of the Bonds").
AUTHORITY FOR ISSUANCE	The Bonds are issued pursuant to the Constitution and general laws of the State, including particularly Chapter 1207, as amended, Texas Government Code and an ordinance (the "Ordinance") adopted by the City Council of the City authorizing the issuance of the Bonds (see "THE BONDS - Authority for Issuance").
SECURITY FOR THE BONDS	The Bonds are direct obligations of the City, payable from a continuing annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the Bond Ordinance (see "THE BONDS - Security and Source of Payment").
REDEMPTION	The City reserves the right, at its option, to redeem Bonds having stated maturities on and after March 1, 2029, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - Optional Redemption").
QUALIFIED TAX-EXEMPT OBLIGATIONS	The City has designated the Bonds as "qualified tax-exempt obligations" for financial institutions.
USE OF PROCEEDS	Proceeds from the sale of the Bonds will be used (i) to refund a portion of the City's outstanding debt (the "Refunded Obligations"), as shown on SCHEDULE I hereto, for debt service savings, and (ii) to pay the costs of issuing the Bonds.
RATINGS	The Bonds have been assigned an unenhanced underlying rating of "AA-" (stable outlook) without regard to credit enhancement by S&P Global Ratings, a division of S&P Global Inc. ("S&P"). The presently outstanding tax supported debt of the City is rated "AA-" by S&P without regard to credit enhancement (see "OTHER INFORMATION – Ratings").

THE REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY

BOOK-ENTRY-ONLY SYSTEM...... The definitive Bonds 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 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 BONDS - Book-Entry-Only System").

PAYMENT RECORD .... The City has never defaulted on the payment of its bonded indebtedness.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated Population (1)	Taxable Assessed Valuation (2)	Taxable Assessed Valuation Per Capita	General Obligation Tax Debt Outstanding at End of Year (3)	Ratio G.O. Tax Debt to Taxable Assessed Valuation	Per Capita G.O. Tax Debt	% of Total Tax Collections
2016	22,194	$ 790,948,105	$ 35,638	10,420,000	1.32%	469	99.47%
2017	22,194	860,332,366	38,764	9,405,000	1.09%	424	99.22%
2018	22,194	861,281,222	38,807	33,610,000	3.90%	1,514	98.90%
2019	22,194	871,302,571	39,258	31,565,000	3.62%	1,422	97.85%
2020	22,194	881,326,569	39,710	29,090,000 (4)	3.30%	1,311	89.20% (5)

(1) Source: City CAFR.
(2) As reported by Hale County Appraisal District on City's annual State Property Tax Board Reports; subject to change during the ensuing year.
(3) Includes self-supporting debt.
(4) Includes the Bonds and excludes the Refunded Obligations.
(5) Collections as of February 29, 2020.

For additional information regarding the City, please contact:

Ms. Sarianne Beversdorf Director of Finance City of Plainview 901 Broadway Plainview, Texas 79072 Phone: (806) 296-1130	or	Mr. Vince Viaille Managing Director Specialized Public Finance Inc. 4925 Greenville Avenue, Suite 1350 Dallas, Texas 75206 Phone: (214) 373-3911

CITY OFFICIALS, STAFF, AND CONSULTANTS

ELECTED OFFICIALS

City Council	Length of Service	Term Expires	Occupation
Wendell Dunlap Mayor	16 Years	May, 2020	Retired/Self-Employed
Ms. Nelda VanHoose Council District 1	2 Years	May, 2022	Retired Educator
Larry Williams Council District 2	6 Years	May, 2022	Self-Employed
Norma Juarez Council District 3	6 Years	May, 2022	Insurance Specialist
Teressa King Council District 4	6 Years	May, 2022	President, King Carpet Plus, Inc. and Furniture Expressions Royal Splash LLC, Managing Member
Susan Blackerby Council District 5	6 Years	May, 2020	Retired
Evan Weiss Council District 6	1 Year	May, 2020	Minister
Eric Hasty Council District 7	4 Years	May, 2020	Self-Employed Crane Services

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service with the City
Jeffrey Snyder	City Manager	9 Years
Sarianne Beversdorf	Director of Finance	10 Years
Belinda Hinojosa	City Secretary	18 Years

CONSULTANTS AND ADVISORS

Auditors .... Eide Bailly LLP
Plainview, Texas

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

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

OFFICIAL STATEMENT

RELATING TO

$5,635,00
CITY OF PLAINVIEW, TEXAS
(Hale County)
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of $5,635,000 City of Plainview, Texas, General Obligation Refunding Bonds, Series 2020 (the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Ordinance adopted on the date of sale of the Bonds except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Bonds 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.

DESCRIPTION OF THE CITY . . . The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in 1907, and first adopted a Home Rule Charter in 1920; the present Charter was adopted in 1995. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and seven Councilmembers. The Mayor is elected at-large and Councilmembers are elected from single-member Council districts with terms of four years. Beginning with the 1998 election four Councilmembers were elected for four year terms (2002 expiration); beginning with the 2000 election the Mayor and three Councilmembers were elected for four year terms (2004 expiration); as a result four terms expire every even year. The Mayor and Councilmembers may not serve more than two consecutive full terms. 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, health, parks and recreation, public improvements, planning and zoning, and general administrative services. The 2010 Census and 2019 estimated population for the City was 22,194. The City covers approximately 13.71 square miles.

PLAN OF FINANCING

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

REFUNDED OBLIGATIONS . . . The principal and interest due on the Refunded Obligations will be paid on the redemption date of the Refunded Obligations, from funds to be deposited with the Escrow Agent (as defined herein) pursuant to an Escrow Deposit Agreement by and between the City and UMB Bank, N.A., Austin, Texas (the "Escrow Agent"). The Ordinance provides that from the proceeds of the sale of the Bonds received from the Purchaser and other available City funds, if any are necessary, the City will deposit with the Escrow Agent the full cash amount required to pay all amounts coming due on the Refunded Obligations on the redemption date and to accomplish the discharge and final payment of the Refunded Obligations on the redemption date. Such funds will be held by the Escrow Agent in a trust clearing account pending their disbursement to redeem the Refunded Obligations on the redemption date. By the deposit with the Escrow Agent in such trust clearing account, the City will have effected the defeasance of the Refunded Obligations in accordance with the applicable law.

Specialized Public Finance Inc., acting as Financial Advisor to the City, will provide a sufficiency certificate (the "Certificate") verifying at the time of delivery of the Bonds to the Purchaser that the full cash amount deposited into the Escrow Fund will be sufficient to pay on the redemption date the principal of and interest on the Refunded Obligations. The Certificate will be relied upon by Bond Counsel in rendering its opinion with respect to the defeasance of the Refunded Obligations.

By the deposit of the Bond proceeds and cash, if any, with the Escrow Agent, the City will have effected the defeasance of the Refunded Obligations pursuant to the terms of Chapter 1207, Texas Government Code, as amended, and the ordinance authorizing the issuance of the Refunded Obligations. As a result of such defeasance, the Refunded Obligations will be outstanding only for the purpose of receiving payments from the cash held for such purpose by the Escrow Agent, and the Refunded Obligations will not be deemed as being outstanding obligations of the City payable from the sources and secured in the manner provided in the ordinance authorizing their issuance or for any other purpose.

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THE BONDS

Description of The Bonds. . . The Bonds are dated May 14, 2020 and mature on March 1 in each of the years and in the amounts shown on page 2 hereof. Interest will accrue from the date of initial delivery, will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on March 1 and September 1 of each year, commencing September 1, 2020, until maturity or prior redemption. The definitive Bonds 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 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 BONDS - Book-Entry-Only System" herein.

Authority for Issuance . . . 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"); and an ordinance adopted by the City Council (the "Ordinance"), in which the City Council delegated authority to a Pricing Officer to execute a "Pricing Certificate" which contains the final sale terms of the Bonds (the "Ordinance" and the "Pricing Certificate" are collectively referred to herein as (the "Bond Ordinance").

Security and Source of Payment . . . The Bonds are direct obligations of the City, payable from a continuing annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the Bond Ordinance.

Tax Rate Limitation . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax 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 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $2.50 per $100 Taxable Assessed Valuation for all City purposes. The Home Rule Charter of the City adopts the constitutionally authorized maximum tax rate of $2.50 per $100 Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of $1.50 of the $2.50 maximum tax rate for all General Obligation debt service, as calculated at the time of issuance and based on a 90% collection rate.

The City's Charter provides certain limitations for debt within Section 5.07(e). "The aggregate debt of the City of Plainview shall not exceed five percent (5%) of the aggregate ad valorem taxable value of the City of Plainview as ascertained by the tax assessor. . . No issuance of Certificates of Obligation or other debts, however designated, which are payable or guaranteed with tax revenue from any source shall exceed two percent (2%) of the aggregate ad valorem taxable value of the City as ascertained by the tax assessor, without voter approval."

Optional Redemption . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after March 1, 2029, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2028, 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.

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

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and accredited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City 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 Bonds, or redemption or other notices, to DTC Direct Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), 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 Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Bond will be issued for each maturity of the Bonds in the aggregate principal amount of each 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 and www.dtc.org.

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

To facilitate subsequent transfers, all Bonds 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 Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participant to whose account such Bonds are credited, which may or may not be the Beneficial Owners. The 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.

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. will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to 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 dates 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 in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to DTC are the responsibility of the City, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT . . . In reading this Official Statement it should be understood that while the Bonds 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 Bonds, 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 or the Financial Advisor.

EFFECT OF TERMINATION OF BOOK-ENTRY-ONLY SYSTEM . . . In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the City, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "THE BONDS - Transfer, Exchange and Registration" below.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar for the Bonds is UMB Bank, N.A., Austin, Texas. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a bank, trust company, financial institution or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds affected by the changes 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, printed Bonds will be delivered to the beneficial owners and thereafter the Bonds 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. Bonds may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds 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 Bonds issued in an exchange or transfer of Bonds 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 Bonds 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 Bonds 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 Bonds surrendered for exchange or transfer. See "THE BONDS - Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation on transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the 15th calendar 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 holder of a Bond 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.

Remedies . . . The Bond Ordinance establishes specific events of default with respect to the Bonds. If the City defaults in the payment of the principal or interest on the Bonds 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 Bond Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the Bond Ordinance provides 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. Such right is in addition to any other rights the registered owners of the Bonds may be provided by the laws of the State. Under Texas law, there is no right to the acceleration of maturity of the Bonds upon the failure of the City to observe any covenant under the Bond Ordinance. Such registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the City to assess and collect an annual ad valorem tax sufficient to pay principal and interest on the Bonds as due. The enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis.

On June 30, 2006, the Texas Supreme Court ruled in Tooke v. City of Mexia, 197 S.W.3rd 325 (Tex. 2006) ("Tooke") that a waiver of sovereign immunity must be provided for by statute in "clear and unambiguous" language. In so ruling, the Court declared that statutory language such as "sue and be sued," in and of itself, did not constitute a clear and unambiguous waiver of sovereign immunity. Because it is not clear that the Texas Legislature has effectively waived the City's immunity from suit for money damages, a Bondholder may not be able to bring such a suit against the City for breach of the Bonds or the Bond Ordinance. In Tooke, the Court noted the enactment in 2005 of sections 271.151-.160, Texas Local Government Code (the "Local Government Immunity Waiver Act"), which, according to the Court, waives "immunity from suit for contract claims against most local governmental entities in certain circumstances." The Local Government Immunity Waiver Act covers cities and relates to contracts entered into by local governments for providing goods or services to public school districts. The City is not aware of any Texas court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings of local governments that relate to their borrowing powers are contracts covered by the Act. As noted above, the Bond Ordinance provides that Registered Owners may exercise the remedy of mandamus to enforce the obligations of the City under the Bond Ordinance. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in Tooke, and it is unclear whether Tooke will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract).

The Bond Ordinance does not provide for the appointment of a trustee to represent the interests of the Registered Owners upon any failure of the City to perform in accordance with the terms of the Bond Ordinance, or upon any other condition. The enforcement of a claim for payment of principal of or interest on the Bonds or the enforcement of other covenants of the City contained in the Bond Ordinance would be subject to the applicable provisions of federal bankruptcy laws and to other laws affecting the rights of creditors of political subdivisions generally. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bond Ordinance and the Bonds are subject to bankruptcy and other laws affecting creditors' rights or remedies generally, by principles of governmental immunity, and by general principles of equity that permit the exercise of judicial discretion

Defeasance . . . The Bond Ordinance provides for the defeasance of the Bonds when the payment of the principal of and premium, if any, on the Bonds, 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 Bonds 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 Bonds, 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 Bond Ordinance provides that "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharges obligations such as the Bonds. 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 the defeasance is approved by the City Council of 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 the defeasance is approved by the City Council of 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 Bonds. Because the Bond Ordinance does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under 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 Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds 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 Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds 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 Bonds shall no longer be deemed outstanding obligations secured by the Bond Ordinance, 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 Bond Ordinance, the City has reserved the right to amend the Bond Ordinance without the consent of any owners for the purpose of amending or supplementing such Bond Ordinance to (1) cure any ambiguity, defect or omission therein that does not materially adversely affect the interests of the owners, (2) grant additional rights or security for the benefit of the owners, (3) add events of default as shall not be inconsistent with the provisions of the Bond Ordinance that do not materially adversely affect the interests of the owners, (4) qualify the Bond Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (5) make such other provisions in regard to matters or questions arising under the Bond Ordinance 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 interest of the owners.

The Bond Ordinance further provides that the owners of the respective Bonds aggregating in principal amount 51% of the outstanding Bonds shall have the right from time to time to approve any amendment not described above to the Bond Ordinance if it is deemed necessary or desirable by the City; provided, however, that without the consent of 100% of the owners in original principal amount of the then outstanding Bonds no amendment may be made of the purpose of: (1) making any change in the maturity of any of the outstanding Bonds; (2) reducing the rate of interest borne by any of the outstanding Bonds; (3) reducing the amount of the principal of, or redemption premium, if any, payable on any outstanding Bonds; (4) modifying the terms of payment of principal or of interest or redemption premium on outstanding Bonds, or imposing any condition with respect to such payment; or (5) changing the minimum percentage of principal amount of the Bonds necessary for consent to such amendment. Reference is made to the Bond Ordinance for further provisions relating to the amendment thereof.

SOURCES AND USES OF PROCEEDS . . . The proceeds from the sale of the Bonds, along with other lawfully available funds of the City, will be applied as follows:

SOURCES OF FUNDS:		
Par Amount of Bonds	$	5,635,000.00
Reoffering Premium	$	668,840.25
Transfers from Prior Issue Debt Service Funds		35,000.00
Total Sources of Funds	$	6,338,840.25
USES OF FUNDS:		
Escrow Fund Deposit	$	6,195,365.66
Underwriter's Discount	$	39,047.91
Costs of Issuance/Rounding Amount		104,426.68
Total Uses of Funds	$	6,338,840.25

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TAX INFORMATION

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 Hale County 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 "TAX INFORMATION – 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 "TAX INFORMATION" 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.

The City has established a tax abatement program to encourage economic development. In order to be considered for tax abatement, a project must meet several criteria pertaining to job creation and property value enhancement. Generally, projects are eligible for a tax abatement of up to 100% for a period of ten years. The City has no outstanding abatement agreements.

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

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 Bonds.

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.

DEBT 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 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $2.50 per $100 of Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of $1.50 of the $2.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

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.

EFFECTIVE TAX RATE AND ROLLBACK TAX RATE . . . By each September 1 or as soon thereafter as practicable, the City Council adopts a tax rate per $100 taxable value for the current year. Under current law, the governing body of a taxing unit is required to adopt the annual tax rate for the unit before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the taxing unit, and a failure to adopt a tax rate by such required date will result in the tax rate for the taxing unit for the tax year to be the lower of the effective tax rate calculated for that tax year or the tax rate adopted by the taxing unit for the preceding tax year. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service.

Under the Property Tax Code, the City Council is prohibited from adopting a tax that exceeds the lower of the rollback tax rate or the effective tax rate until two public hearings are held on the proposed tax rate following a notice of such public hearings (including the requirement that notice be posted on the City's website if the City owns, operates, or controls an internet website and public notice be given by television if the City has free access to a television channel) and the City Council has otherwise complied with the legal requirements for the adoption of such tax rate. Each year the City must calculate and publicize certain information concerning its proposed tax rate, including its "rollback tax rate." The rollback tax rate is the rate that will produce last year's maintenance and operation levy multiplied by 1.08 plus a rate that will produce the current year's debt service, with such rates adjusted to take into account new exemptions and property additions to the tax roll. If the adopted rate exceeds the rollback tax rate, the qualified voters of the City may petition the City Council to call an election to determine whether to reduce the tax rate adopted for the City to the rollback tax rate.

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

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

PROPERTY ASSESSMENT AND TAX PAYMENT . . . Property within the City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of a valuation process which uses an average of the daily price of oil and gas for the prior 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 is to compensate the taxing unit for revenue lost because of the delinquency. In addition, a taxing unit may contract with an attorney for the collection of delinquent taxes and the amount of compensation as set forth in such contract may provide for a fee up to 20% of the amount of delinquent tax, penalty, and interest collected. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

CITY APPLICATION OF TAX CODE . . . The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of $3,000.

The City has not granted an additional exemption of 20% of the market value of residence homesteads; minimum exemption of $5,000.

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

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

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

The City does tax freeport property.

The City has opted to continue taxing "goods-in-transit" in tax year 2008.

The City does collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The City has adopted a tax abatement policy.

The City has created Tax Increment Reinvestment Zone #1, Historic Downtown Plainview, Texas (the "TIRZ") in order to encourage economic development in the TIRZ.

TAX ABATEMENT POLICY . . . The City has established a tax abatement program to encourage economic development. In order to be considered for tax abatement, a project must meet several criteria pertaining to job creation and property value enhancement. Generally, projects are eligible for a tax abatement of up to 100% for a period of ten years. The City has no outstanding abatement agreements.

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TABLE 1 - VALUATION, EXEMPTIONS AND AD VALOREM TAX DEBT

2019/2020 Market Valuation Established by the Hale County Appraisal District (excluding exempt property)		$ 901,726,748
Less Exemptions/Reductions at 100% Market Value:		
Residence Homestead Exemptions (Over 65)	$ 4,463,000	
Productivity Loss Reduction	9,968,442	
Disabled Persons & Veterans Exemptions	5,458,808	
Residential Homestead Cap Reduction	365,275	
Other	144,654	$ 20,400,179
2019/2020 Net Taxable Assessed Valuation		$ 881,326,569
General Obligation Debt Payable from Ad Valorem Taxes as of 3/1/20		
General Obligation Debt(1)	$ 23,455,000	
The Bonds	5,635,000	
Total Debt Payable from Ad Valorem Taxes		$ 29,090,000
Less: Self Supporting Debt (2)		5,635,000
Waterworks and Sewer System General Obligation Debt		$ 23,455,000
General Purpose Funded Debt Payable from Taxation (as of 3/1/20)		$ 23,455,000
General Obligation Interest and Sinking Fund (as of 3/10/20)		$ 371,014
Ratio General Obligation Debt to Taxable Assessed Valuation		3.30%
Ratio General Purpose Funded Debt to Taxable Assessed Valuation		2.66%

2019 Estimated Population - 22,194

Per Capita Taxable Assessed Valuation - $39,710

Per Capita General Obligation Debt Payable from Ad Valorem Taxes - $1,311

Per Capita General Purpose Funded Debt - $1,057

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(1) Excludes the Refunded Obligations.

(2) The City has historically provided and continues to provide for debt service on general obligation debt issued to fund Waterworks and Sewer System improvements from surplus revenues of the Waterworks and Sewer System. The City has no outstanding Waterworks and Sewer System Revenue Bonds, but has obligated revenues of the System under water supply contracts.

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TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2020		2019		2018	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 479,173,951	53.14%	$ 470,673,854	52.83%	$ 463,238,700	52.63%
Real, Residential, Multi-Family	25,532,975	2.83%	24,782,256	2.78%	24,535,974	2.79%
Real, Vacant Lots/Tracts	6,358,933	0.71%	6,830,120	0.77%	7,358,166	0.84%
Real, Acreage (Land Only)	10,450,412	1.16%	9,993,439	1.12%	9,953,398	1.13%
Real, Farm and Ranch Improvements	1,077,604	0.12%	1,058,227	0.12%	1,100,447	0.13%
Real, Commercial & Industrial	147,190,258	16.32%	147,176,416	16.52%	159,451,020	18.11%
Real and Tangible Personal, Utilities	37,023,237	4.11%	33,834,397	3.80%	31,662,777	3.60%
Tangible Personal, Commercial & Industrial	184,215,966	20.43%	182,490,597	20.48%	170,045,134	19.32%
Tangible Personal, Other	737,172	0.08%	796,111	0.09%	843,481	0.10%
Special Inventory	9,966,240	1.11%	13,352,834	1.50%	12,051,923	1.37%
Total Appraised Value Before Exemptions	$ 901,726,748	100.00%	$ 890,988,251	100.00%	$ 880,241,020	100.00%
Less: Total Exemptions/Reductions	(20,400,179)		(19,685,580)		(19,246,747)	
Taxable Assessed Value	$ 881,326,569		$ 871,302,671		$ 860,994,273	

	'axable Appraised Value for Fiscal Year Ended September 30			
	2017		2016	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 457,105,766	52.03%	$ 445,720,262	55.10%
Real, Residential, Multi-Family	24,521,011	2.79%	21,366,017	2.64%
Real, Vacant Lots/Tracts	6,437,968	0.73%	6,566,319	0.81%
Real, Acreage (Land Only)	10,096,240	1.15%	10,654,098	1.32%
Real, Farm and Ranch Improvements	2,305,640	0.26%	1,833,155	0.23%
Real, Commercial & Industrial	144,831,584	16.49%	138,407,019	17.11%
Real and Tangible Personal, Utilities	30,250,267	3.44%	27,012,587	3.34%
Tangible Personal, Commercial & Industrial	190,193,467	21.65%	148,701,481	18.38%
Tangible Personal, Other	822,203	0.09%	868,746	0.11%
Special Inventory	11,934,764	1.36%	7,799,061	0.96%
Total Appraised Value Before Exemptions	$ 878,498,910	100.00%	$ 808,928,745	100.00%
Less: Total Exemptions/Reductions	(18,166,544)		(17,973,140)	
Taxable Assessed Value	$ 860,332,366		$ 790,955,605	

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

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TABLE 3A - VALUATION AND TAX SUPPORTED DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population[(1)]	Taxable Assessed Valuation[(2)]	Taxable Assessed Valuation Per Capita	General Obligation Tax Debt Outstanding at End of Year[(3)]	Ratio G.O. Tax Debt to Taxable Assessed Valuation	Per Capita G.O. Tax Debt
2016	22,194	$ 790,955,605	$ 35,638	$ 10,420,000	1.32%	$ 469
2017	22,194	860,332,366	38,764	9,405,000	1.09%	$ 424
2018	22,194	860,994,273	38,794	33,105,000	3.84%	$ 1,492
2019	22,194	871,302,571	39,258	31,565,000	3.62%	$ 1,422
2020	22,194	881,326,569	39,710	29,090,000 (4)	3.30%	$ 1,311

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

TABLE 3B - SELF-SUPPORTING GENERAL OBLIGATION DEBT (1)

Fiscal Year Ended 9/30	Total Funded Tax Debt Outstanding At End of Year	Less: Self-Supporting Waterworks and Sewer System General Obligation Debt (1)	Less: Self-Supporting Solid Waste Disposal System General Obligation Debt (1)	General Purpose Funded Tax Debt
2016	$ 10,420,000	$ 10,420,000	$ -	$ -
2017	9,405,000	9,405,000	-	-
2018	33,105,000	8,355,000	-	24,750,000
2019	31,565,000	7,265,000	-	24,300,000
2020	29,090,000	5,635,000 (2)	-	23,455,000 (2)

(1) For all years shown debt service on the City's general obligation debt was and will be provided from revenues of the Waterworks and Sewer System and the Solid Waste Disposal System as shown above (see "Table 1 – Valuation, Exemptions and General Obligation Debt").
(2) Includes the Bonds.

TABLE 4 - TAX RATE, LEVY, AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	Distribution: General Fund	Distribution: Interest and Sinking Fund	Adjusted Tax Levy	% of Current Tax Collections to Tax Levy	% of Total Tax Collections to Tax Levy
2016	$ 0.6288	$ 0.6288	$ -	4,973,529	97.93%	99.47%
2017	0.6288	0.6288	-	5,402,925	97.94%	99.22%
2018	0.6312	0.6312	-	5,417,818	97.03%	98.90%
2019	0.8318	0.6312	0.2006	5,499,662	97.75%	97.85% (1)
2020	0.8418	0.6312	0.2106	7,419,007	83.10%	89.20% (2)

(1) Unaudited, as of September 30, 2019.
(2) Collections through February 29, 2020.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	2019/2020 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Wal-Mart Distribution Center	$ 76,343,270	8.66%
Higher Power Electrical	42,010,403	4.77%
Wal-Mart Stores East	13,673,990	1.55%
Southwestern Public Service Co	13,331,412	1.51%
Atmos Energy/Wes-Tex Division	8,128,190	0.92%
BNSF Railway Company	8,107,571	0.92%
Walmart Real Estate Business Trust	7,803,438	0.89%
Wal-Mart Store Texas LLC	5,161,894	0.59%
Reagor Dykes Plainview LP	4,601,326	0.52%
Cebridge Aquistion LP	4,119,530	0.47%
	$ 183,281,024	20.80%

GENERAL OBLIGATION DEBT LIMITATION . . . No general obligation debt limitation is imposed on the City under current State law. The City's Home Rule Charter limits the aggregate (general obligation) debt of the City to 5% of the aggregate ad valorem taxable value of the City. In addition, no one issue of general obligation debt can exceed 2% of the aggregate ad valorem taxable value of the City without voter approval (see "The Bonds - Tax Rate Limitation")

The City's Charter provides certain limitations for debt within Section 5.07(e). "The aggregate debt of the City of Plainview shall not exceed five percent (5%) of the aggregate ad valorem taxable value of the City of Plainview as ascertained by the tax assessor. . . No issuance of Certificates of Obligation or other debts, however designated, which are payable or guaranteed with tax revenue from any source shall exceed two percent (2%) of the aggregate ad valorem taxable value of the City as ascertained by the tax assessor, without voter approval."

TABLE 6 - TAX ADEQUACY (1)

Maximum Annual Principal and Interest Requirements, 2022...............................	$	1,752,863
$0.2051 Tax Rate at 97% Collection Produces	$	1,753,373

(1) Includes the Bonds and excludes the Refunded Obligations.

TABLE 7 - 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 Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Jurisdiction	Total Tax Debt	Estimated % Applicable	City's Overlapping Tax Debt As of 2/29/2020
City of Plainview	$ 23,455,000 (1)	100.00%	$ 23,455,000 (1)
Hale County	1,270,000	41.71%	529,717
Plainview ISD	67,155,000	70.25%	47,176,388
Total Direct and Overlapping Tax Debt			$ 71,161,105
Ratio of Direct and Overlapping Tax Debt to Taxable Assessed Valuation			8.07%
Per Capita Overlapping Tax Debt			$ 3,206

(1) General Purpose Funded Debt; excludes self-supporting debt (see "Table 1 – Valuation, Exemptions and General Obligation Debt").

DEBT INFORMATION

TABLE 8 - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ended 9/30	Outstanding Debt[1] Principal	Outstanding Debt[1] Interest	Outstanding Debt[1] Total	The Bonds Principal	The Bonds Interest	The Bonds Total	Less: Waterworks and Sewer System General Obligation Requirements	General Purpose General Obligation Requirements
2020	$ 1,960,000	$ 1,030,168	$ 2,990,168		$ 66,994	$ 66,994	$ 1,305,550	$ 1,751,613
2021	885,000	863,363	1,748,363	$ 1,105,000	203,300	1,308,300	1,308,300	1,748,363
2022	935,000	817,863	1,752,863	410,000	173,000	583,000	583,000	1,752,863
2023	980,000	769,988	1,749,988	425,000	156,300	581,300	581,300	1,749,988
2024	1,030,000	719,738	1,749,738	460,000	138,600	598,600	598,600	1,749,738
2025	1,085,000	666,863	1,751,863	485,000	119,700	604,700	604,700	1,751,863
2026	1,140,000	611,238	1,751,238	500,000	100,000	600,000	600,000	1,751,238
2027	1,195,000	552,863	1,747,863	520,000	79,600	599,600	599,600	1,747,863
2028	1,250,000	497,988	1,747,988	555,000	58,100	613,100	613,100	1,747,988
2029	1,295,000	453,563	1,748,563	575,000	35,500	610,500	610,500	1,748,563
2030	1,335,000	414,113	1,749,113	600,000	12,000	612,000	612,000	1,749,113
2031	1,375,000	373,463	1,748,463			-		1,748,463
2032	1,420,000	331,538	1,751,538			-		1,751,538
2033	1,465,000	287,347	1,752,347			-		1,752,347
2034	1,510,000	240,863	1,750,863			-		1,750,863
2035	1,560,000	191,919	1,751,919			-		1,751,919
2036	1,610,000	140,406	1,750,406			-		1,750,406
2037	1,665,000	86,147	1,751,147			-		1,751,147
2038	1,720,000	29,025	1,749,025			-		1,749,025
	$ 25,415,000	$ 9,078,449	$ 34,493,449	$ 5,635,000	$ 1,143,094	$ 6,778,094	$ 8,016,650	$ 33,254,894

(1) Excludes the Refunded Obligations.

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/20		$ 3,057,162
Interest & Sinking Fund Balance, Fiscal Year Ending 9/30/19	$ (9,759) *	
Interest & Sinking Fund tax levy @ 100% collection	1,856,074	
Budgeted Transfer from Waterworks and Sewer Fund	1,305,550	$ 3,151,864
Estimated Balance, Fiscal Year Ending 9/30/20		$ 94,702

*I&S tax rate increased to cover future debt service.

TABLE 10 - COMPUTATION OF SELF-SUPPORTING DEBT (1)

	Waterworks and Sewer System
Net Revenue, Fiscal Year Ended September 30, 2019	$ 3,497,355
Less: Revenue Bond Requirements, 2019/20	774,836 (1)
Balance Available for Other Purposes	$ 2,722,519
Less: System General Obligation Requirements, 2019/20	1,343,246
Balance	$ 1,379,273
Percentage of System General Obligation Debt Self-Supporting	100.00%

(1) Represents payment due to Canadian River Municipal Water authority for contract revenue bonds, which is included in operating expenses.

TABLE 11 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS . . . None.

ANTICIPATED ISSUANCE OF ADDITIONAL GENERAL OBLIGATION DEBT . . . The City does not anticipate issuing additional general obligation debt within the next 12 months.

TABLE 12 - OTHER OBLIGATIONS

A significant portion of the City's water is supplied by a series of underground wells, together with surface water, which is purchased from the Canadian River Municipal Water Authority (CRMWA). CRMWA is a water district that was created in 1953 by the Texas legislature to construct a dam, water reservoir, and aqueduct system for the purpose of supplying water to surrounding cities. Its geographic area includes the surface water in the Texas Panhandle known as Lake Meredith, a series of underground wells, and the aqueduct system, which supplies 11 cities. See "Note 8: Long-Term Obligations" of the City's annual financial report attached hereto as APPENDIX B.

EMPLOYEE RETIREMENT BENEFITS

PENSION FUND . . . The City provides pension benefits for all of its full-time employees (except firefighter) 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.

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

Firefighters are covered by the Fireman's Relief and Retirement Fund of Plainview, Texas, a single-employer defined benefit pension plan.

(For more detailed information concerning the retirement plans, see APPENDIX B, "Excerpts from the City's Annual Financial Report" - Note 9.)

OTHER POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described above, the City provides certain other post-retirement benefits to retired employees and their dependents that fall within the scope of Governmental Accounting Standards Board's Statement of General Accounting Standards No. 45 ("GASB 45"), Accounting by Employers for Other Post-Employment Benefits ("OPEB").

GASB 45, which sets forth standards for the measurement, recognition, and display of post-employment benefits other than pensions (such as health and life insurance for current and future retirees), applies to the City and requires implementation by the City for the fiscal year that began October 1, 2008. GASB 45 requires the City to: (i) measure the cost of benefits, and recognize other post-employment benefits expense, on the accrual basis of accounting over the working lifetime of the employees; (ii) provide information about the actuarial liabilities for promised benefits associated with past services and whether, or to what extent, the future costs of those benefits have been funded; and provide information useful in assessing potential demands on the employer's future cash flows. The employer's contributions to OPEB costs that are less than an actuarially determined annual required contribution will result in a net OPEB cost, which under GASB 45 must be recorded as a liability in the employer's financial statements.

As a result of the implementation of GASB 45, the City engaged an independent actuary to calculate the City's initial post-employment health care benefit liability using the City's then-current post-employment health care benefits.

Currently, the City pays on a pay-as-you-go basis for post-employment health care benefits.

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by $1,135,516 at December 31, 2018, which is the date of the last actuarial valuation.

(For more detailed information concerning the retirement plans, see APPENDIX B, "Excerpts from the City's Annual Financial Report" - Note 11.)

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FINANCIAL INFORMATION

TABLE 13 – CHANGES IN NET POSITION

	Fiscal Year Ended September 30,				
Revenues	2019	2018	2017	2016	2015
Charges for Services	$ 1,020,084	$ 1,314,650	$ 1,223,461	$ 1,387,942	$ 1,188,446
Operating Grants and Contributions	277,343	271,468	544,817	553,279	529,894
Capital Grants and Contributions	9,799	1,232,716	1,041	17,314	2,091,336
Property Taxes	7,313,848	5,329,657	5,398,266	4,966,991	4,645,789
Sales Taxes	4,270,560	4,052,315	4,096,627	4,180,786	4,237,638
Selective Sales and Use Taxes	389,837	375,810	397,059	439,039	434,508
Franchise Taxes	1,285,790	1,364,528	1,354,941	1,300,049	1,425,060
Penalty and Interest	98,006	75,327	84,963	75,004	77,588
Contribution not restricted for specific program	3,000,000	-	-	-	-
Miscellaneous Revenue	862,508	1,499,604	262,346	293,360	140,649
Investment Earnings	1,322,777	601,309	242,204	85,669	42,615
Special Item	-	-	126,800	-	-
Transfers	1,189,480	(1,360,808)	(164,376)	601,320	521,117
Total General Revenues	$ 21,040,032	$ 14,756,576	$ 13,568,149	$ 13,900,753	$ 15,334,640
Expenditures					
General Government	$ 3,103,742	$ 4,148,443	$ 2,975,247	$ 2,602,622	$ 2,257,021
Public Safety	8,726,259	7,596,988	8,320,861	8,470,261	8,168,151
Public Works	1,287,308	1,738,861	1,570,443	1,640,759	1,008,914
Health	401,879	302,667	384,885	390,773	413,803
Recreation and Culture	1,322,898	1,240,301	1,210,356	1,286,453	1,219,629
Interest on long-term debt	1,087,353	-	-	-	-
Total Expenditures	$ 15,929,439	$ 15,027,260	$ 14,461,792	$ 14,390,868	$ 13,067,518
Change in Net Position	$ 5,110,593	$ (270,684)	$ (893,643)	$ (490,115)	$ 2,267,122
Net Position - Beginning	$ 22,087,420	$ 22,509,833	$ 23,403,476	$ 23,893,591	$ 30,413,572
Prior Period Adjustments	$ -	$ (151,729)	$ -	$ -	$ (8,787,103)
Net Position- Ending	$ 27,198,013	$ 22,087,420	$ 22,509,833	$ 23,403,476	$ 23,893,591

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TABLE 13-A - GENERAL FUND REVENUES AND EXPENDITURES HISTORY

	Fiscal Year Ended September 30,				
Revenues	2019	2018	2017	2016	2015
Taxes and Special Assessments	$ 11,218,325	$ 10,856,759	$ 10,959,569	$ 10,542,236	$ 10,457,182
Licenses, Fees, and Permits	69,980	85,562	90,856	101,180	121,432
Intergovernmental	190,311	189,612	188,980	191,133	202,829
Charges for Services	698,805	882,141	817,081	835,382	646,425
Fines and Forfeitures	330,147	282,371	298,369	332,266	342,244
Miscellaneous	518,088	389,876	441,763	220,184	206,317
Total Revenues	$ 13,025,656	$ 12,686,321	$ 12,796,618	$ 12,222,381	$ 11,976,429
Expenditures					
General Government	$ 2,627,348	$ 3,050,979	$ 2,280,309	$ 1,922,690	$ 1,837,158
Public Safety	7,788,243	7,922,692	7,690,479	7,586,831	7,399,843
Public Works	893,605	932,631	1,241,287	1,039,615	684,113
Health	396,049	381,364	407,333	379,824	401,300
Recreation and Culture	1,157,596	1,051,122	1,090,193	1,111,519	1,054,980
Capital Outlay	119,749	174,593	650,006	728,236	1,071,499
Total Expenditures	$ 12,982,590	$ 13,513,381	$ 13,359,607	$ 12,768,715	$ 12,448,893
Excess (Deficiency) of Revenues over Expenditures	$ 43,066	$ (827,060)	$ (562,989)	$ (546,334)	$ (472,464)
Other Financing Sources (Uses):					
Operating Transfers from (to) Other Funds	$ 798,716	$ 371,240	$ 605,177	$ 636,552	$ 714,721
Total Other Financing Sources (Uses)	$ -	$ -	$ -	$ (222,100)	$ -
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	$ 841,782	$ (455,820)	$ 42,188	$ (131,882)	$ 242,257
Fund Balance - October 1 (Beginning)	$ 15,430,839	$ 15,886,659	$ 15,844,471	$ 15,976,353	$ 15,734,096
Fund Balance - September 30 (Ending)	$ 16,272,621	$ 15,430,839	$ 15,886,659	$ 15,844,471	$ 15,976,353

TABLE 14 - 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; in addition the City levies a sales and use tax of ½ of 1% for property tax reduction. Proceeds of these sales and use taxes are credited to the General Fund and are not pledged to 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. Revenue from this source, for the years shown, has been:

Fiscal Year Ended 9/30	1.50% Sales Tax Collections	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita (1)
2015	$ 4,237,638	91.12%	$ 0.5491	$ 191
2016	4,180,786	84.06%	0.5286	188
2017	4,096,627	75.82%	0.4762	185
2018	4,052,315	74.80%	0.4705	183
2019	4,270,560	77.65%	0.4901	192

(1) See "Estimated Population" under "Table 3 – Valuation and Funded Debt History".

The sales tax breakdown for the City is as follows:

City of Plainview	
Sales and Use Tax	1.00¢
Property Tax Relief	0.50¢
Hale County - Economic Development	0.50¢
State Sales and Use Tax	6.25¢
Total	8.25¢

Infectious Disease Outbreak – COVID-19

A respiratory disease named "coronavirus disease 2019" (COVID-19) has recently spread to many parts of the world, including Texas and elsewhere in the U.S. On March 11, 2020, COVID-19 was declared a pandemic by the World Health Organization. The U.S. Centers for Disease Control and Prevention (CDC) has warned that widespread transmission of COVID-19 in the United States is likely to occur. To slow the spread of COVID-19 in the U.S., the U.S. government has imposed bans on travel from various countries, including China and many countries in Europe. Many companies, including some in Texas, have imposed restrictions on business travel and employee gatherings and/or have encouraged or required their employees to telecommute. Some local Texas governments have banned large gatherings. Some schools and universities have altered their schedules or closed temporarily.

Potential Impact of COVID-19

A continued spread of COVID-19, and measures taken to prevent or reduce it, could adversely impact state, national and global economic activities and, accordingly, adversely impact the financial condition and performance of the City, and the extent of impact could be material.

Businesses and individuals appear to be altering their behaviors in a manner that is having negative impacts on global and local economies. Stock values and crude oil prices, in the U.S. and globally, have seen significant declines attributed to COVID-19 concerns. Texas may be particularly at risk from any global slowdown, given the prevalence of international trade in the state and the risk of contraction in the oil and gas industry and spillover effects into other industries, including manufacturing.

Measures taken to prevent or reduce the spread of COVID-19 could limit the growth of or reduce economic activity in the State and the City, which in turn could limit the growth of or reduce the City's ad valorem and sales tax collections. In addition, further or extended reductions in the value of stocks and other investments could impact employee retirement plans or other funds and could require actions by the State. Due to the recent and unprecedented nature of the spread of COVID-19, the duration and extent of the potential impact of COVID-19 on the Texas economy and the City's revenues, expenses, and cash flow are uncertain and cannot be quantified at this time.

Federal Actions

On March 13, 2020, the President declared the coronavirus pandemic a national emergency and announced up to $50 billion for state and local governments to respond to the outbreak.

State Actions

The Texas Department of State Health Services (DSHS) is the lead state agency responding to and coordinating the State's response to COVID-19, and it has provided information available at https://www.dshs.texas.gov/coronavirus/

The State has taken various steps intended to safeguard communities and protect public health, including:

- On March 19, 2020, the Governor issued the following executive orders:

  Order No. 1 - Every person in Texas shall avoid social gatherings in groups of more than 10 people.

  Order No. 2 - People shall avoid eating or drinking at bars, restaurants, and food courts, or visiting gyms or massage parlors; provided, however, that the use of drive-thru, pickup, or delivery options is allowed and highly encouraged throughout the limited duration of this executive order.

  Order No. 3 - People shall not visit nursing homes or retirement or long-term care facilities unless to provide critical assistance.

  Order No. 4 - Schools shall temporarily close.

- On March 18, 2020, the Governor issued a proclamation authorizing all political subdivisions holding general or special elections on May 2, 2020 to postpone their elections to the November 3, 2020 uniform election date.

- On March 13, 2020, the Governor issued a disaster proclamation, certifying that COVID-19 poses an imminent threat of disaster for all counties in the state of Texas.

- On March 10, 2020, the Governor and the Texas Department of Insurance announced that health insurers and health maintenance organizations operating in Texas have been asked to waive certain costs associated with COVID-19 for individuals covered by state regulated insurance plans.

- On March 5, 2020, the Governor and DSHS announced that six public health labs within Texas' Laboratory Response Network were equipped to perform COVID-19 testing and that four additional labs in the network were directed to become similarly equipped.

- On March 3, 2020, the Governor announced twice-weekly multi-agency state planning and emergency response meetings with the Texas Emergency Management Council on COVID-19.

CITY'S RESPONSE TO COVID-19

City Management continues to monitor and evaluate the impacts that COVID-19 may have on the City's revenue sources and local economy. Staff is developing a COVID-19 Financial Strategy to respond in the short term that includes: freeze vacant positions, limit employee travel, limit non-essential purchases (office materials and supplies) and delay small capital projects.

FINANCIAL POLICIES

Basis of Accounting . . . The City's policy is to adhere to accounting principles as established by the Governmental Accounting Standard Board. For governmental funds this is the modified accrual basis of accounting and for proprietary funds the accrual basis of accounting (see "Appendix B – Excerpts from the City of Plainview Comprehensive Annual Report" – Note #A.1.).

General Fund Balance . . . The City's policy is to maintain an undesignated General Fund Balance of not less than two months General Fund budgeted operating costs.

Debt Service Fund Balance . . . A reasonable debt service fund balance is maintained in order to compensate for unexpected contingencies.

Budgetary Procedures . . . The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In July, the City Manager submits a proposed operating budget to the City Council for the fiscal year beginning the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device for the General Fund, certain Special Revenue Funds, and Proprietary Funds.
6. Budgets for these funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Capital outlay provisions are included in each fund's budget.
7. Budgeted amounts are as originally adopted or as amended by the City Council.
8. An appropriation in furtherance of public improvements or public works which will not be completed within the budget year continues in force until the purpose for which it was made is accomplished. All other appropriations lapse at year end and are subject to reappropriation.

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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 15 - CURRENT INVESTMENTS

As of February 29, 2020, the City's investable funds were invested in the following categories:

Description	Book Value
Certificates of Deposit/Texpool	$ 36,512,988
Demand Deposit Accounts	32,504,739
Total	$ 69,017,727

TAX MATTERS

OPINIONS . . . On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel to the City, 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 Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds 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 (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 Bonds. See APPENDIX C – Form of Bond Counsel's Opinion.

In rendering the foregoing opinion, Bond Counsel to the City 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 property financed or refinanced therewith, and (c) the certification of Specialized Public Finance Inc. verifying the sufficiency of the cash deposited with the Escrow Agent to pay the amounts due on 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 Bonds in order for interest on the Bonds 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 Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The foregoing 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 Issue.

The foregoing opinion of Bond Counsel represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. None of the aforementioned opinions is a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such 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 Bonds.

A ruling was not sought from the Internal Revenue Service by the City with respect to the Bonds or the projects financed with the proceeds of the Bonds. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with any of aforementioned opinions 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 holders of the Bonds 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 Bonds may be less than the maturity amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds 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 Bond 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 Bond 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 Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond 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 Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond 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 issue 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 Bond 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 Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds 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 Bonds 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 Bonds 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 Bonds.

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 Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are 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 excessive passive income, foreign corporation 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 WITH THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM RECENTLY ENACTED LEGISLATION OR THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE BONDS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, 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 Bonds, 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.

STATE, LOCAL AND FOREIGN TAXES . . . Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds 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 Bonds under Federal or state law and could affect the market price or marketability of the Bonds. 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 Bonds 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 Bonds as "qualified tax-exempt obligations" within the meaning of section 265(b) of the Code. In furtherance of that designation, the City has covenanted to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Bonds 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 Bonds would not be "qualified tax-exempt obligations."

CONTINUING DISCLOSURE OF INFORMATION

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

ANNUAL REPORTS . . . The City will provide certain updated financial information and operating data to the MSRB on an annual basis. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 6 and 8 through 15 and in Appendix B. The City will update and provide the information in the numbered tables above within six months after the end of each fiscal year ending in and after 2020, and the City will update and provide the information contained in Appendix B with twelve months after the end of each fiscal year ending in and after 2020.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide audited financial statements when and if such audited financial statements become 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.

The City's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 and September 30 in each year, respecitively, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

EVENT NOTICES . . . The City will also provide to the MSRB notices of certain events on a timely basis no later than 10 business days after the event. The City will provide notice of any of the following events with respect to the Bonds: (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; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, 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 trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the City (as defined by the Rule, which includes certain debt, debt-like, and debt-related obligations), 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.

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 the purposes of the above describe event notices (15) and (16), the term "financial obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii); provided however, that a "financial obligation" shall not include municipal securities 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 . . . Effective July 1, 2009 (the "EMMA Effective Date"), the SEC implemented amendments to the Rule which approved the establishment by the MSRB of EMMA, which is now the sole successor to the nationally recognized municipal securities information repositories with respect to filings made in connection with undertakings made pursuant to the Rule after the EMMA Effective Date. In connection with its continuing disclosure agreement entered into with respect to the Bonds, the City will file all required information and documentation with the MSRB in electronic format in accordance with MSRB guidelines. Investors will be able to access this continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of material 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 City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

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

OTHER INFORMATION

RATINGS . . . The Bonds have been assigned an unenhanced underlying rating of "AA-" (stable outlook) without regard to credit enhancement by S&P Global Ratings, a division of S&P Global Inc. ("S&P"). The presently outstanding tax supported debt of the City is rated "AA-" by "S&P" without regard to credit enhancement. An explanation of the significance of such rating may be obtained from S&P. The rating reflects only the view of S&P 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 it will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

LITIGATION . . . The City periodically becomes a party to various lawsuits in the normal course of business. It is the opinion of the City Attorney and City Staff that there is no pending litigation against the City that if decided adversely to the City, would have a material adverse financial impact upon the City or its operations.

The City will furnish to the Underwriter a certificate, dated as of the date of delivery of the Bonds, executed by both the Mayor and City Secretary, to the effect that no litigation of any nature has been filed or is then pending or threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the issuance, execution or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the Bonds; or affecting the validity of the Bonds.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE . . . The sale of the Bonds 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 Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds 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 . . . Under the Texas Public Security Procedures Act (Texas Government Code, Chapter 1201), the Bonds (i) are negotiable instruments, (ii) are investment securities to which Chapter 8 of the Texas Business and Commerce Code applies, and (iii) are legal and authorized investments for (A) an insurance company, (B) a fiduciary or trustee, or (C) a sinking fund of a municipality or other political subdivision or public agency of the State of Texas. The Bonds are eligible to secure deposits of any public funds of the State, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256), the Bonds may have to be assigned a rating of not less than "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. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least $1 million of capital and savings and loan associations.

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 Bonds to any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. No review by the City has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL OPINIONS . . . The issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Bonds 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 Bonds 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. Bond Counsel will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds.

Although it may represent the Underwriter in matters unrelated to the issuance of the Bonds, in connection with the issuance of the Bonds, Bond Counsel has been engaged by, and only represents, the City. Bond Counsel was not requested to participate, and did not take part, in the preparation of 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 the captions or subcaptions "PLAN OF FINANCING – Refunded Obligations," "THE BONDS" (except under the subcaptions "Book-Entry-Only System," "Remedies," and "Sources and Uses of Proceeds"), "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION" (except under the subcaption "Compliance with Prior Undertakings"), and the subcaptions "Registration and Qualification of Bonds for Sale," "Legal Investments and Eligibility to Secure Public Funds in Texas," and "Legal Opinions" under the caption "OTHER INFORMATION" in the Official Statement and such firm is of the opinion that the information relating to the Bonds 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 Bonds, such information conforms to the Ordinance. Such firm has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the City for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon such firm's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to the accuracy or completeness of any of the information contained herein.

FINANCIAL ADVISOR . . . Specialized Public Finance Inc. is employed as Financial Advisor to the City in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Specialized Public Finance Inc., in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, 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.

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

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

UNDERWRITING . . . The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the City at the initial offering prices set forth on the inside cover page of this Official Statement, less an underwriting discount of $39,047.91. 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 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.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriter and its respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the City for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

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

Reference is made to original documents in all respects. The Ordinance authorizing the issuance of the Bonds approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorized its further use in the reoffering of the Bonds by the Underwriter.

Jeffrey Snyder
Pricing Officer
City of Plainview, Texas

SCHEDULE I

SCHEDULE OF REFUNDED OBLIGATIONS

General Obligation Refunding Bonds, Series 2009

Amount	Maturity	Coupon
$715,000	3/01/2021	3.500%

Redemption Date: 5/19/2020
Redemption Price: 100%

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

Amount	Maturity	Coupon
$450,000	3/01/2021	3.000%
465,000	3/01/2022	3.000%
480,000	3/01/2023	3.100%
515,000	3/01/2024	3.200%
535,000	3/01/2025	3.300%
550,000	3/01/2026	3.400%
570,000	3/01/2027	3.500%
600,000	3/01/2028	3.600%
620,000	3/01/2029	3.700%
650,000	3/01/2030	3.800%

Redemption Date: 5/19/2020
Redemption Price: 100%

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

THE CITY

LOCATION

The City of Plainview (the "City"), County Seat of Hale County, Texas, is located on the Central Plains of Northwest Texas, 46 miles north of Lubbock and 75 miles south of Amarillo. Plainview is the agribusiness, financial and transportation center of this highly developed farming area. The U.S. Census population for 2000 was 22,336 and the 2010 population was 22,194.

AGRICULTURE

The City is located in Hale County, one of the most intensively farmed counties in the State with crops irrigated from water produced from the Ogallala Formation aquifer. Cotton is the major crop; other crops include grain sorghums, corn, wheat and vegetables; livestock and swine are additional agri-business income sources.

BUSINESS AND INDUSTRY

Manufacturing and processing plants in the City produce meat products, fertilizer, irrigation equipment and mesa flour. Large grain storage facilities, cotton gins, cotton compresses and cotton seed oil plants serve area farmers and Azteca Milling Company produces mesa flour, used in the preparation of tortillas. A Wal-Mart regional distribution center is located in the City.

HALE COUNTY LABOR FORCE ESTIMATES

	December	Annual Averages				
	2019	2018	2017	2016	2015	2014
Civilian Labor Force	12,106	12,540	12,527	12,554	12,846	13,505
Total Employment	11,624	11,936	11,886	11,839	12,030	12,236
Total Unemployment	482	604	641	715	816	1,269
Percent Unemployment	4.0%	4.8%	5.1%	5.7%	6.4%	9.4%

Source: Texas Workforce Commission.

MAJOR EMPLOYERS

Company/Employer	Product/Service	Estimated Employees December, 2019
Wal-Mart Supercenter	Regional Distribution Center	1,500
Plainview Independent School District	Public School	750
Texas Department of Criminal Justice	State Prison; State Transfer Facility	450
Wayland Baptist University	Higher Education	350
Covenant Hospital	Hospital	320
Azteca Milling Company	Masa Corn Flour	300
City of Plainview	City Government	212
Hi Plains Millwright	Metal Fabricator	61
Gebo's Distribution	Distribution Center	50
Larson Manufacturing	Amusement Ride Products/Services	49

Chamber of Commerce, Plainview Texas.

EDUCATION

Plainview Independent School District includes the City of Plainview and operates seven elementary schools, three junior high schools and two high schools for grades K-12. The District has an estimated 750 employees; current enrollment is approximately 5,375. There is one private school offering grades Pre-K – 12.

HIGHER EDUCATION

Wayland Baptist University, established in 1908, is located on an 80-acre campus in the City and is an accredited liberal arts coeducational university with 11 off-campus locations. Enrollment is approximately 5,700.

South Plains College Plainview Center opened in September 2005, and offers selected technical education programs, academic transfer courses and other workforce development programs.

Higher education is also available at Texas Tech University in Lubbock, Texas A&M University – Canyon and South Plains College in Levelland and Lubbock.

TEXAS DEPARTMENT OF CRIMINAL JUSTICE ("TDCJ") FACILITIES

TDCJ operates two facilities on a 600 acre site two miles east of the City. The Wheeler Unit is a transfer facility with an inmate capacity of 500. The Formby Unit is a minimum custody state jail utilized as a transfer facility and has an inmate capacity of 1,100. TDCJ's regional headquarters and a regional training center are also located in Plainview. Water and sewer service is provided by the City.

TRANSPORTATION

The City is served by Interstate 27 (U.S. Highway 87) on its north/south route, U.S. Highway 70, State Highway 27, and a paved system of farm-to-market roads. The Burlington Northern Santa Fe Railroad furnishes freight service; motor freight lines and a bus line provide service.

Hale County Airport, owned jointly by Hale County and the City of Plainview, is located in the City of Plainview and is a first class, all weather airport. One fixed base operator (two locations) and over 100 private aircraft are based at the airport. The primary runway is 5,200 feet with medium intensity lighting.

HEALTH CARE

Medical care is provided through Covenant Hospital, Plainview, owned by the Hale County Hospital Authority and operated by Covenant Hospital, a joint ministry of St. Mary's Hospital, Lubbock, Texas and Lubbock Methodist Hospital System, under a management contract, with 100 licensed beds and several clinics. There are 41 physicians and 8 dentists in the City. Central Plains Center for Mental Health, Mental Retardation and Substance Abuse is located in the City; the Center serves a nine county area.

MISCELLANEOUS

There is a daily newspaper, radio Stations and cable television; approximately 50 churches in the City represent major denominations. Recreation is provided by City parks with tennis courts, playground equipment and baseball diamonds, a swimming pool, a country club with an 18-hole golf course, a civic center, civic theater, a symphony orchestra and Museum. Area recreation includes hunting, fishing, boating and water sports at area lakes and Palo Duro Canyon.

APPENDIX B

EXCERPTS FROM THE

CITY OF PLAINVIEW, TEXAS

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2019

The information contained in this Appendix consists of excerpts from the City of Plainview, Texas Annual Financial Report for the Year Ended September 30, 2019, 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.

Comprehensive Annual Financial Report

City of Plainview, Texas

For the Fiscal Year Ended September 30, 2019

PLAINVIEW, TX
explore the opportunities

Financial Statements
September 30, 2019

City of Plainview, Texas

PLAINVIEW, TX
explore the opportunities

INTRODUCTORY SECTION

FINANCIAL SECTION

PLAINVIEW, TX
explore the opportunities

Introductory Section

PLAINVIEW.TX
explore the opportunities

March 10, 2020

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Plainview:

The City of Plainview's Comprehensive Annual Financial Report (CAFR) for the year ended September 30, 2019, is hereby submitted. This report consists of management's representations concerning the finances of the City of Plainview. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Plainview has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Plainview's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the City of Plainview's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Plainview's financial statements have been audited by Eide Bailly LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Plainview for the fiscal year ended September 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Plainview's financial statements for the fiscal year ended September 30, 2019, are fairly presented in conformity with generally accepted accounting principles in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

The City of Plainview, incorporated in 1907, is located on the Central Plains of Northwest Texas, 46 miles north of Lubbock and 75 miles south of Amarillo. The City of Plainview is the County seat of Hale County, one of the most intensively farmed counties in the state with crops irrigated from water produced from the Ogallala Aquifer. Cotton is the major crop. Other crops include corn, soybeans, sorghum, wheat, peanuts, vegetables, as well as, dairy cows, swine, sheep, and beef cattle production. The City of Plainview is the agribusiness, financial and transportation center of this highly developed farming area.

The City of Plainview currently occupies a land area of 13 square miles and serves a population of 22,194. The City of Plainview is empowered to levy tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City of Plainview, a home rule city, has operated under the council-manager form of government since 1964. Policy-making and legislative authority are vested in a governing council consisting of the mayor and seven other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the government's manager and attorney. The government's manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of various departments. The council is elected on a non-partisan basis. Council members serve four-year staggered terms with four members elected every two years. The mayor is elected at large and the other seven members are elected by district.

City Services

The City of Plainview provides a full range of services. These services include police and fire protection, maintenance of streets and infrastructure, emergency medical service, parks and recreation, cultural events, library, health, vector control, zoning, code administration, building inspection, and general administrative services.

The City of Plainview also provides utility services which include water supply and distribution, storm water, waste water collection and treatment, and solid waste collection and disposal.

Financial Information

The City of Plainview's accounting records for general government operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's utilities and other proprietary activities are maintained on the accrual basis.

Annual Budget. The City charter provides that the City Council shall adopt the annual budget by the passage of a budget ordinance. This budget, prepared by City management, is reviewed by the City Council subsequent to a public hearing. The City Manager may transfer budgeted amounts among programs within a department or major organizational unit; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

Budgetary control has been established at the individual fund level. Financial reports are produced displaying budget and actual expenditures by line item, and are distributed monthly to

City departmental and divisional management and to others upon request. Summary financial reports for the operating funds are also displayed on the website.

Individual line items are reviewed and analyzed for budgetary compliance. Personnel expenditures are monitored and controlled at a position level and capital expenditures are monitored and controlled item by item. Revenue projections are reviewed monthly.

Cash management. The City of Plainview awards its depository contract through official bidding procedures for a three-year period with a provision for two one-year continuations under the same contract. The current contract is with Centennial Bank commencing October 1, 2016 through September 30, 2019 with the option for two one-year renewals. The first one-year renewal has been obtained that goes through September 30, 2020.

The current contract with Centennial Bank guarantees the City of Plainview the 91-day Treasury Bill rate plus 35 basis points on all funds held on deposit. Idle cash is placed in certificates of deposit and TexPool. At the end of the first quarter of the current fiscal year the City held $36.4 million in investments with an average maturity of 218 days and an average yield of 2.5%.

It is the City of Plainview's policy that all demand deposits and time deposits be secured by pledged collateral or other approved instruments with a market value equal to no less than 102% of the deposits less an amount insured by FDIC. Evidence of the pledged collateral is maintained by the finance department and a third party financial institution. The finance department retains the irrevocable letters of credit. Collateral and irrevocable letters of credit are reviewed monthly by the finance staff to assure the market value of the securities pledged and the letters of credit are adequate.

All safekeeping arrangements are in accordance with a safekeeping agreement approved by the City Manager which defines the procedural steps for gaining access to pledged collateral on deposit should the City of Plainview determine that the City's funds are in jeopardy. The safekeeping institution, or Custodian's, are Federal Home Loan Bank and TIB-The Independent Bankers Bank. The safekeeping agreement is a three-party contract between the City of Plainview, the depository bank, and the Custodian. Additional information on the City's banking and investing activities can be found in Note 2 of the financial statements.

Risk management. The City of Plainview has joined together with other governmental agencies in the State as a member of the Texas Municipal League Intergovernmental Risk Pool (TML-IRP) for insurance coverage. The City pays an annual premium for coverage of worker's compensation liability, general liability, law enforcement liability, errors and omissions liability, auto liability, and property damage. The City of Plainview is generally self-insured for physical damage to vehicles. Additional information on the City's risk management activities can be found in Note 12 of the financial statements.

Employee health plan. The City of Plainview provides health insurance for employees, their dependents and retirees and their dependents who are not eligible for Medicare or Medicaid. On January 1, 2015 the city switched from being self-insured to a fully insured health plan.

On October 1, 2017 the City adopted GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions(OPEB). This requires the City to report the cost and obligations associated with providing retirees access to the City's health insurance plan. The OPEB liability measured at December 31, 2018 was $1,135,516.

Additional information on the City's health coverage can be found in Notes 10 and 11 of the financial statements.

Pension benefits. The City participates in two retirement plans. Firefighters are provided benefits through the City's single employer defined benefit pension plan and all other employees are provided benefits through a non-institutional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS).

The City implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, during the year ended September 30, 2015, which requires recognition of its net pension liability and a more comprehensive measure of pension expense.

The Firefighters Retirement System is administered by a board of trustees. The actuarial valuation for the System was completed as of December 31, 2017. The funded ratio of actuarial accrued liability of this plan was 37.7%. As a matter of policy the City contributed 15% of firefighter salaries toward pension financing, while firefighters individually contributed 14%. Effective January 1, 2017 the firefighters contribute 15%. In an effort to strengthen the Firefighter Pension Plan the City has instituted a series of increases to the employer's contributions. October 1, 2010 the city increased the employer portion to 16.61%; October 1, 2011 to 18.26%; October 1, 2012 to 19.84%; October 1, 2013 to 21.45%; October 1, 2014 to 23.07%; and October 1, 2015 to 24.68%. The fiduciary net position as a percentage of total pension liability was 32.4% at December 31, 2018.

Each year TMRS engages an independent actuary to study the plan and calculate the City's required contribution. The last available study was completed as of December 31, 2018 and reported the fiduciary net position as a percentage of total pension liability was 89.71% at December 31, 2018. The City's contribution rate at year end was 13.07% of payroll and the employees individually contribute 7%.

Additional information on the City's pension arrangements and post-employment benefits can be found in Note 9 of the financial statements and in the required supplementary information.

Long-term financial planning.

The City meets annually to review the implementation of the Strategic Plan, Comprehensive Plan and evaluate the financial condition of the City. The City works to maintain a strong fund balance in its operating funds and sets aside funds to address major infrastructure projects.

Economic Condition and Outlook

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

Local economy

Plainview is located in the South Plains Region that serves as one of the most productive agricultural areas in the United States. The City serves as a small regional hub for employment opportunities, retail trade, healthcare, education and government services.

Economic indicators including sales tax collections, hotel occupancy rates, construction activity at the local level and regional level as well as the unemployment rate suggest that the Plainview economy is stable.

Sales Tax. Sales Tax receipts through February 2020 are .62% more than for the same five-month period last year.

Employment. The unemployment rate has decreased from 4.4% in December 2018 to 4.0% in December 2019.

Healthcare. Covenant Hospital Plainview, as part of the Covenant Health System and Providence - St. Joseph Health System, serves as a small regional hub for medical care. The hospital is undergoing a $40.0 million renovation and expansion project. The surgical wing expansion was completed in 2016. The new radiology department features include state of the art equipment with everything from nuclear medicine and cardiovascular tests to basic radiology services, ultrasound, echocardiography, vascular and mammograms was completed in 2019. The basement and third floor are currently being renovated.

Plainview Independent School District. Voters passed a bond proposition totaling $76.62 million that includes new construction and renovation projects. The bond will provide for early childhood and pre-kindergarten programming at every elementary campus. All campuses will have secure entryways.

Higher Education. Wayland Baptist University (WBU), a four-year Christian university, has system wide enrollment of over 5,100 students; this includes the main campus and 16 satellite campuses located all over the United State. The main campus located in Plainview serves approximately 1,300 students. In addition, WBU is home to the Llano Estacado Museum and Jimmy Dean Museum.

South Plains College – Plainview Center is a part of the South Plains College System. Total enrollment is 300 students. The Center offers associate degrees, certification and skills training in the medical field, cosmetology, industrial manufacturing, wind and solar energy, welding, HVAC, electrical, plumbing, construction and other trades as well as customized workforce development training courses for businesses.

Construction Activity. Building Valuations totaled $19.74 million in 2018 compared to $20.68 million in 2019.

Economic Development

The City works in partnership with Hale County, the Chamber of Commerce and the Plainview-Hale County Economic Development Corporation to encourage business retention and expansion, business recruitment and workforce development. Funding provided for economic development activities is primarily through the City and County.

Business Park. The City and Hale County partnered together to develop the Plainview-Hale County Business Park. In 2016, the City and County received $1.0 million Public Works Construction grant from the U.S. Department of Commerce, Economic Development Administration to assist with the development of the business park. Construction was completed in March 2020. Phase 1 includes approximately 150 acres of shovel ready sites for business and industrial development. The first tenant, Western Equipment constructed a $4.0 million facility and added 20 new jobs to our local economy.

Airport. The Plainview-Hale County Airport is a joint venture between the City and County. The Fixed Based Operator is Rocket Aviation. The Airport has two major runways; Runway 4-22 (6,000 feet long) and Runway 13-31 (4,000 feet long). The Airport completed a Master Plan in September 2014. The City and County are in the process of acquiring the privately owned airport assets (Hangars, Terminal/Office Buildings, etc.) as a part of the Airport Master Plan. The City and County were awarded $600K from TXDOT Aviation to assist with the purchase of these assets and will close on the property in 2020.

Regional Wind Farm Construction. The City serves as a hub for wind farm construction in the region due to the large rail distribution center operated by BNSF Logistics in Plainview. This distribution center off loads wind turbine components for the planned wind farms. Xcel Energy started construction on a 478 MW wind farm in Hale County. The Xcel Hale Wind Farm has 239 turbines producing enough electricity to power 170,000 homes and created 22 new jobs for Hale County.

Downtown Revitalization. The City created a Downtown Tax Increment Reinvestment Zone (TIRZ) No. 1 in partnership with Hale County in May 2018. Conrad Lofts completed the renovations to the Historic Hilton Hotel to serve as a new downtown apartment complex in 2019. A new travel center was completed at the intersection of U.S. Highway 70 and Business 27 (Columbia Street) in February 2019. These projects will serve as catalyst projects for downtown redevelopment.

In addition, the Texas Department of Agriculture awarded a $250,000 grant from the Texas Capital Fund – Main Street Program for downtown sidewalk improvements in January 2019. This funding will be included with the bond funds allocated for the Downtown Streetscape Project approved by voters in 2017.

Water Planning. The City, through its membership in the Canadian River Municipal Water Authority (CRMWA), is in the planning process for more transmission lines to develop the additional water rights purchased in 2011. This acquisition doubled the amount of groundwater owned by CRMWA and available to its member cities including Plainview.

Water and Sewer. The Texas Department of Agriculture awarded a Community Development Block Grant in the amount of $275,000 for sewer collection system improvements and water line replacements. Construction will begin in 2019.

In addition, the City will complete an assessment on the Water Treatment Plant and a new long range Water Supply Plan in 2020 to identify future upgrades to the Water System.

2018 General Obligation Bond Program. In November 2017, voters authorized $25.0 million in General Obligations Bonds for various capital improvement projects. This includes the reconstruction of 24th Street, construction of a new Fire Station No. 2, renovation of a facility to serve as the new City Hall, renovation of the current City Hall facility to serve as the new Police Department, improvements to the baseball-softball fields, construction of a new aquatic complex and sidewalks improvements in the Downtown area. Construction has started on the new Aquatics Complex with an anticipated completion date in the Spring of 2020.

The 24th Street Reconstruction Project, Downtown Streetscape Project and the new City Hall Project are in design and will be bid in 2020.

Acknowledgements

The preparation of this report and the maintenance of the records upon which it is based could not have been accomplished without the efficient and dedicated services of the entire Finance Department. We would like to express our appreciation to staff members Tammy Adams and Vannesa Rincon for their insights and comments and to the independent auditors for their competent services.

In addition, we express our appreciation to the Mayor and members of the City Council for their interest and support in planning and conducting the financial operation of the City of Plainview in a responsible and progressive manner.

Respectfully submitted,

Jeffrey Snyder, ICMA-CM
City Manager

Sarianne Beversdorf, CPA, CGFO
Director of Finance

CITY OF PLAINVIEW, TEXAS

LISTING OF PRINCIPAL OFFICIALS

ELECTED OFFICIALS	NAME	YEARS SERVICE	OCCUPATION
MAYOR	WENDELL DUNLAP	16	RETIRED/SELF-EMPLOYED
COUNCIL MEMBER DISTRICT 1	NELDA A VAN HOOSE	2	RETIRED EDUCATOR
COUNCIL MEMBER DISTRICT 2	LARRY WILLIAMS	6	SELF-EMPLOYED
COUNCIL MEMBER DISTRICT 3	NORMA JUAREZ	6	INSURANCE SPECIALIST
COUNCIL MEMBER DISTRICT 4	TERESSA KING	6	PRESIDENT, KING CARPET PLUS, INC. & FURNITURE EXPRESSIONS ROYAL SPLASH LLC MANAGING MEMBER
COUNCIL MEMBER DISTRICT 5	SUSAN BLACKERBY	6	RETIRED
COUNCIL MEMBER DISTRICT 6	EVAN WEISS	1	MINISTER
COUNCIL MEMBER DISTRICT 7	ERIC HASTEY	1	SELF-EMPLOYED CRANE SERVICES

CITY OFFICIALS	NAME	# OF YEARS WITH CITY	# OF YEARS THIS POSITION
CITY MANAGER	JEFFREY SNYDER	9	10
ASSISTANT CITY MANAGER	JEFF JOHNSTON	2	2
DIRECTOR OF FINANCE	SARIANNE BEVERSDORF	10	19
DIRECTOR PUBLIC WORKS	TIM CROSSWHITE	8	4
FIRE CHIEF	TIM GIBSON	1	1
CHIEF OF POLICE	KEN COUGHLIN	6	11
MUNICIPAL COURT JUDGE	PAT HERNANDEZ	35	22
CITY SECRETARY	BELINDA HINOJOSA	19	19
DIRECTOR OF INFORMATION TECHNOLOGY	ISAURO GUTIERREZ	6	6
MAIN STREET MANAGER	MELINDA BROWN	5	5
DIRECTOR OF HUMAN RESOURCES	RACHAEL FOSTER	2	2

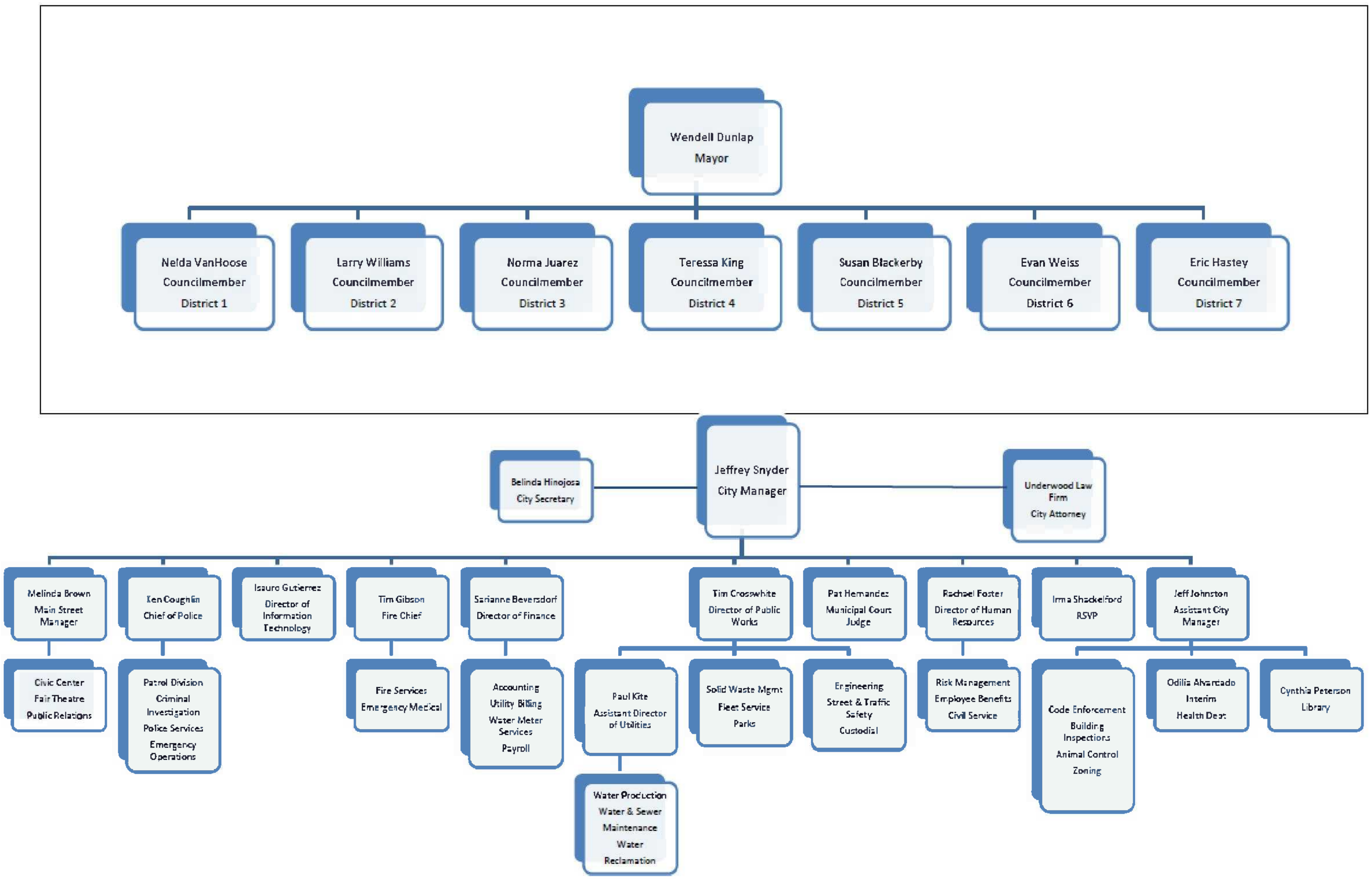
FINANCIAL CONSULTANT - SPECIALIZED PUBLIC FINANCE - AUSTIN, TEXAS

BOND COUNSEL - UNDERWOOD LAW FIRM - AMARILLO, TEXAS

INDEPENDENT AUDITORS - EIDE BAILLY, LLP PLAINVIEW, TEXAS

CITY ATTORNEY - UNDERWOOD LAW FIRM - AMARILLO, TEXAS

City of Plainview
Organizational Chart



PLAINVIEW, TX

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Financial Section

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Plainview, Texas

Report on the Financial Statements
We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Plainview, Texas (the City), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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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, each major fund and the aggregate remaining fund information of the City of Plainview, Texas as of September 30, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting priniciples 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, pension plan schedules and OPEB plan schedule on pages 4-16 and 59-69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The introductory section, combining financial statements, individual nonmajor fund budgetary comparision schedules, supporting schedules and general information section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 17, 2020 on our consideration of City of Plainview, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Eide Bailly LLP

Plainview, Texas
March 17, 2020

This section of the City of Plainview's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2019. Please read it in conjunction with the City's financial statements and disclosure, which follow this section.

FINANCIAL HIGHLIGHTS

Entity Wide

- The City's combined total assets were $128,077,184 at September 30, 2019 and $123,679,410 at September 30, 2018, increasing 3.6%.

- Total liabilities were $59,755,788 at September 30, 2019 and $59,024,480 at September 30, 2018, increasing 1.2%.

- The total assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows at the close of the fiscal year by $71,198,566, an increase of 9.9%. Of this amount, $28,212,447 in unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

- During the year, the City's total revenues from all sources exceeded expenses by $6,411,875.

Governmental Funds

- Total current assets were $43,235,049 at September 30, 2019 and $44,638,289 at September 30, 2018, decreasing 3.1%.

- All combined governmental funds reported an ending fund balance of $41,397,217 or a 1.2% decrease from the previous year.

- For the year ended September 30, 2019, total expenditures exceeded total revenues and other financing sources (uses) by $490,296.

Proprietary Funds

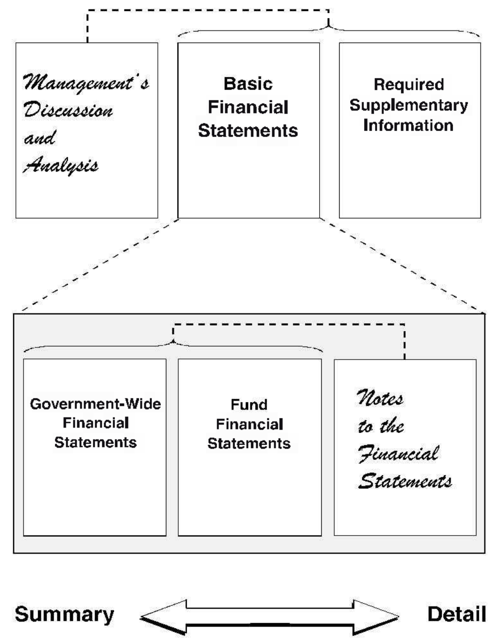
- Net position for combined enterprise funds grew by 3.0% to $43,826,641. Of this amount, $16,061,460 is unrestricted and available to be used to meet the ongoing obligations to citizens and creditors.

- The change in net position or net income generated from operations of the combined enterprise funds during the year ended September 30, 2019 is reported at $1,273,493.

- A net increase in cash and cash equivalents of $4,115,343 is reported for the combined enterprise funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Plainview's basic financial statements. This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the City:



- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the City's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short- and long-term financial information about the activities the government operates like businesses.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City government they cover

Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements

		Fund Statements		
Type of Statements	**Government-wide**	**Governmental Funds**	**Proprietary Funds**	**Fiduciary Funds**
Scope	Entire City's government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses	Instances in which the City is the trustee or agent for someone else's resources
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures & changes in fund balances	• Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows	• Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net position—the difference between the City's assets and liabilities—is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position may be an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional nonfinancial factors such as changes in the City's tax base.

The government-wide financial statements of the City include the Governmental activities. Most of the City's basic services are included here, such as general government, public safety, streets, economic development, parks and recreation, and interest on long-term debt. Property taxes and sales taxes finance most of these activities. The government-wide financial statements of the City also include the Business-type activities, the most significant being Water and Sewer operation and a Solid Waste Collection and Disposal operation. These are supported by user charges.

In fiscal year 2018, the City adopted the Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – which superseded GASB Statement No. 45. Statement No. 75 establishes financial reporting standards and/or accounting standards for state and local government defined other postemployment benefit (OPEB) plans and defined contribution OPEB plans. Statement No. 75 requires that, at transition, a government recognizes a beginning deferred outflow of resources for its OPEB contributions, if any, made subsequent to the measurement date of the beginning net OPEB liability. The effects of the adoption of this statement has no impact on the City's governmental fund financial statements. However, adoption has resulted in certain changes to the presentation of the City's government-wide financial statements. More information on the City's OPEB plan is available in Note 11.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council or management establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

- Governmental funds—Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- Proprietary funds—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.
- We use internal service funds to report activities that provide supplies and services for the City's other programs and activities.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position.

The City's combined net position totaled $71,198,567 at September 30, 2019, $6,411,876 more than the prior year. (See Table A-1).

(See Table A-1 Next Page)

Table A-1
City's Net Position
(In thousands dollars)

	Governmental Activities		Business -type Activities		Total		Total Percent
	2019	2018	2019	2018	2019	2018	Change
Current assets							
Cash and cash equivalents	$ 24,010	$ 8,049	$ 4,612	$ 693	$ 28,622	$ 8,742	227.4%
Investments	23,345	39,557	12,789	16,049	36,134	55,606	-35.0%
Receivables	1,946	1,710	1,377	1,367	3,323	3,077	8.0%
Grant receivable	26	448	10	-	36	448	-92.0%
Other assets	6	4	-	-	6	4	50.0%
Due from other governments	40	30	-	-	40	30	33.3%
Internal balances	(174)	(146)	174	146	-	-	0.0%
Inventories	140	153	141	111	281	264	6.4%
Total current assets	49,339	49,805	19,103	18,366	68,442	68,171	0.4%
Noncurrent assets	3,905	3,608	11,082	11,203	14,987	14,811	1.2%
Capital assets, net	15,073	10,437	29,578	30,262	44,651	40,699	9.7%
Total assets	68,317	63,850	59,763	59,831	128,080	123,681	3.6%
Deferred Outflows of Resources	3,010	1,307	1,014	571	4,024	1,878	114.3%
Accounts payable and accrued liabilities	1,895	2,827	349	334	2,244	3,161	-29.0%
Deposits and escrow held	-	-	570	551	570	551	3.4%
Compensated absences	956	923	97	93	1,053	1,016	3.6%
Pension and OPEB obligations	15,445	12,677	1,363	489	16,808	13,166	27.7%
Water contract obligations	-	-	4,847	5,340	4,847	5,340	-9.2%
Landfill closure/postclosure	-	-	1,627	1,553	1,627	1,553	4.8%
Bonds payable	24,986	25,474	7,624	8,766	32,610	34,240	-4.8%
Total liabilities	43,282	41,901	16,477	17,126	59,759	59,027	1.2%
Deferred Inflows of Resources	847	1,169	300	577	1,147	1,746	-34.3%
Net Position							
Net investment in capital assets	13,918	10,196	27,023	26,244	40,941	36,440	12.4%
Restricted	1,303	1,223	742	739	2,045	1,962	4.2%
Unrestricted	11,977	10,668	16,235	15,716	28,212	26,384	6.9%
Total net position	$ 27,198	$ 22,087	$ 44,000	$ 42,699	$ 71,198	$ 64,786	9.9%

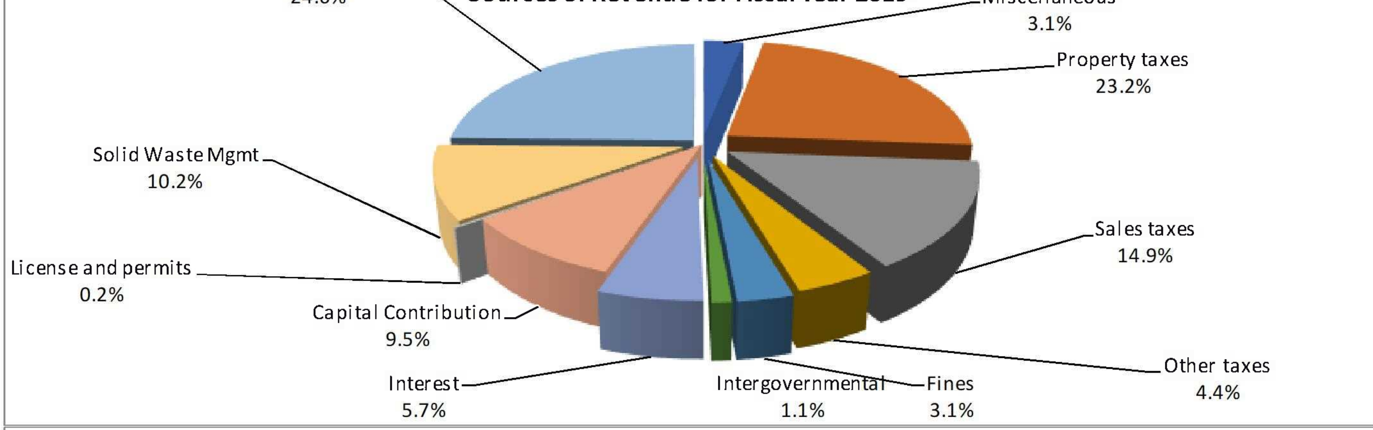
As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. A large portion of the City's net position (58 percent) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The City uses 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 the capital assets themselves cannot be used to liquidate these liabilities.

Changes in net position.

The City's total revenues for the year ended September 30, 2019 were $31,515,180. A significant portion, 42.4%, of the City's revenue comes from taxes (See Figure A-3) while 34.8% comes from charges for utility services. The total cost of all programs and services was $25,103,306.

Figure A-3
Sources of Revenue for Fiscal Year 2019



Expenses by Activity for Fiscal Year 2019

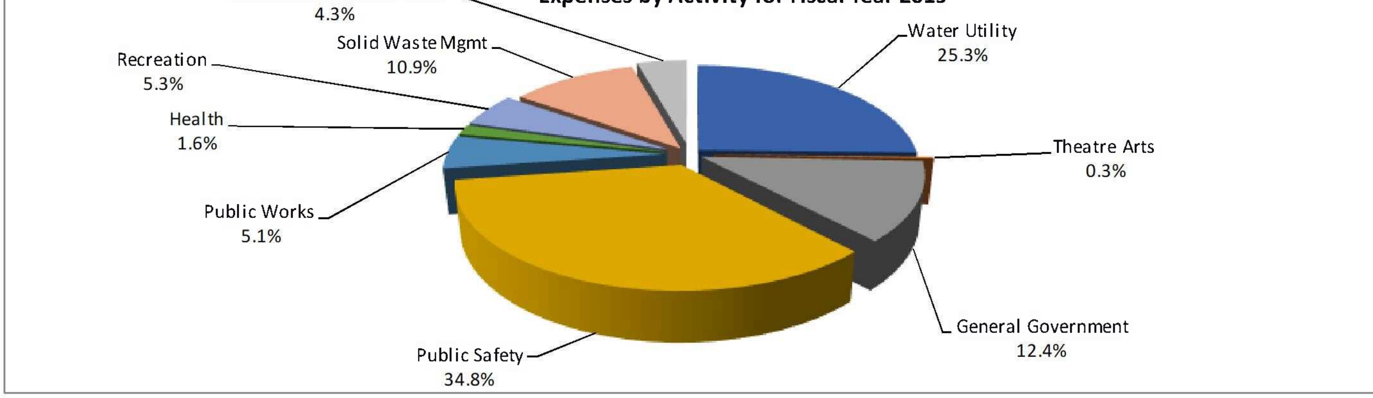


Table A-2
Changes in City's Net Position
(In thousands dollars)

	Governmental Activities		Business-type Activities		Total		Total Percent
	2019	2018	2019	2018	2019	2018	Change
Program revenues							
Charges for services	$ 1,020	$ 1,315	$11,013	$ 11,118	$ 12,033	$ 12,433	-3.2%
Grants and contributions							
Operating	277	271	60	-	337	271	24.4%
Capital	10	1,233	-	-	10	1,233	-99.2%
General revenues							
Property taxes	7,314	5,330	-	-	7,314	5,330	37.2%
Other taxes	6,044	5,868	-	-	6,044	5,868	3.0%
Capital contribution	3,000	-	-	-	3,000	-	
Other	2,185	2,101	592	554	2,777	2,655	4.6%
Total revenues	19,850	16,118	11,665	11,672	31,515	27,790	13.4%
Expenses							
General government	3,104	4,148	-	-	3,104	4,148	-25.2%
Public safety	8,726	7,597	-	-	8,726	7,597	14.9%
Public works	1,287	1,739	-	-	1,287	1,739	-26.0%
Recreation and culture	1,323	1,240	-	-	1,323	1,240	6.7%
Health	402	303	-	-	402	303	32.7%
Interest on long-term debt	1,087	-	-	-	1,087	-	NA
Solid waste management	-	-	2,740	2,422	2,740	2,422	13.1%
Water and sewer	-	-	6,365	6,032	6,365	6,032	5.5%
Theatre arts	-	-	70	54	70	54	29.6%
Total expenses	15,929	15,027	9,175	8,508	25,104	23,535	6.7%
Transfers	1,189	(1,361)	(1,189)	(632)	-	(1,993)	-100.0%
Change in Net Position	5,110	(270)	1,301	2,532	6,411	2,262	183.4%
Net Position, Beginning	22,088	22,510	42,699	40,167	64,787	62,677	3.4%
Prior Period Adjustment	-	(152)	-	-	-	(152)	-100.0%
Net Position, Ending	$ 27,198	$ 22,088	$44,000	$ 42,699	$ 71,198	$ 64,787	9.9%

Table A-2 above reflects a comparative detail of changes in net position of the City. A more detailed presentation about current year activities may be found in the financial statements (Exhibit A-2) of this report.

Governmental Activities

As shown in Table A-2, governmental activities increased net position by $5.1 million. Table A-3 presents the cost of each of the City's largest functions, as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by local tax dollars.

- Property tax rate stayed the same at .8318 per $100 valuation, of which, .2006 was for debt serivce. There was an increase in property taxes of $2 million or 37.2%.
- Capital contributions increased due to a $3 million contribution of the old Centennial Bank building to be renovated with bond funds for the new City Hall.
- The cost of all governmental activities this year was $15.9 million compared to the previous year of $15 million, a 6% increase.
- The amount that our taxpayers paid for these services was $11.2 million.
- Some of the cost was paid by those who directly benefited from the programs, $1.0 million, or by grants and contributions, $3.3 million.

Table A-3
Net Cost of City's Governmental Activities
(In thousand dollars)

	Total Cost of Services		Percent Change	Net Cost of Services		Percent Change
	2019	2018		2019	2018	
General government	$ 3,104	$ 4,148	-25.2%	$ 2,701	$ 2,799	-3.5%
Public safety	8,726	7,597	14.9%	8,171	6,853	19.2%
Public works	1,287	1,739	-26.0%	1,287	1,647	-21.9%
Recreation and culture	1,323	1,240	6.7%	1,286	911	41.2%
Health	402	303	32.7%	91	(1)	-9200.0%
Interest on long-term debt	1,087	-	NA	1,087	-	NA
Total governmental activities	$ 15,929	$ 15,027	6.0%	$ 14,623	$ 12,209	19.8%

Business-type Activities

As shown in Table A-2, business-type activities increased net position by $1.3 million.

- Charges for services generated revenues of $11.0 million for the period ended September 30, 2019 compared to $11.1 million for the previous period.
- Expenses totaled $9.2 million for 2019 and $8.5 million for 2018, a 7.8% increase.
- Transfers from business-type activities to support general government activities were $1.2 million for the period, an 88.1% increase from the previous period.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of $41,397,217, a decrease of $490,296. The decrease is mainly due to capital expenditures from bond proceeds.

Total assets of the Governmental Funds decreased 3.1%. This decrease is mainly attributable to the decrease in cash, cash equivalents, investments and restricted cash of $42,378,548 at the end of the prior period to $41,160,844 at the end of fiscal year 2019. This decrease is mainly due to the expenditure of bond proceeds.

Total liabilities of the Governmental Funds decreased 37.5% from $2,303,671 in 2018 to $1,439,764 in 2019. The change was mainly due to the decrease in accounts payable of $740,498 from the completion of grant projects and payment of grant funds to the Plainview-Hale County Business Park.

Of the combined ending fund balance, approximately $13.6 million constitutes unassigned fund balance which is available for spending at the government's discretion.

Proprietary Funds

The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. There are two types of funds presented – the business-type (enterprise) funds and the internal service funds. The purpose of internal service funds is to provide services within a government on a break-even basis. The net income or loss from these internal service funds has been allocated back to the user departments and activities for the government-wide financial statements. The internal service funds reflect a total net position amount of $8,025,546. Of this amount, $2,438,980 is invested in capital assets. The remainder of the unrestricted net position are generally used for property insurance and to replace capital assets.

Of the combined unrestricted net position of the enterprise funds at the end of fiscal year 2019, approximately $16.1 million was unrestricted. Factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The primary purpose of the General Fund is to account for general revenues such as property taxes, sales taxes and other taxes and expenditures related to essential city functions and programs. The General Fund is comprised of multiple departments that carry out many of the City's essential functions from street repair and maintenance, traffic, fire and police protection, health services and code compliance, and other administrative functions to name a few. The following is a brief review of the budgetary changes from the original to the final amended budget (See Exhibit B-1 of the Financial Statements).

- Significant budget amendments during the year included the following additional appropriations for interfund transfers:
  - $500,000 to Capital Improvement Fund
  - $356,500 to Economic Development Fund
  - $253,000 to Equipment Replacement Fund
  - $100,000 to Street Improvement Fund
- During the year, actual receipts exceeded budgeted revenues and expenditures were less than budgetary estimates, thus allowing the City Council to approve the aforementioned interfund transfers.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of September 30, 2019 amounts to $44,650,244 (net of accumulated depreciation). This investment in capital assets includes land, buildings, systems, system improvements, machinery, equipment, park facilities, and roadways (See Table A-4).

Table A-4
City's Capital Assets
(In thousands dollars)

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2019	2018	2019	2018	2019	2018	
Land	$ 670	$ 609	$ 552	$ 552	$ 1,222	$ 1,161	5.3%
Buildings	6,999	4,284	2,735	2,712	9,734	6,996	39.1%
System improvements	-	-	48,597	47,767	48,597	47,767	1.7%
Infrastructure	19,716	19,256	-	-	19,716	19,256	2.4%
Machinery and equipment	10,331	9,805	8,130	7,995	18,461	17,800	3.7%
Construction in progress	2,148	495	60	144	2,208	639	245.5%
Totals at historical cost	39,864	34,449	60,074	59,170	99,938	93,619	6.7%
Accumulated depreciation	(24,791)	(24,013)	(30,496)	(28,907)	(55,287)	(52,920)	4.5%
Net capital assets	$ 15,073	$ 10,436	$ 29,578	$ 30,263	$ 44,651	$ 40,699	9.7%

Additional information on the City's capital assets can be found in the financial statements (Exhibits F-1 thru F-3) as well as the notes to the financial statements (Note 6) of this report.

Long Term Debt

At year end the City had $31,565,000 outstanding in bonds and certificates of obligation outstanding. In addition, the City is one of 11 member cities of the Canadian River Municipal Water Authority (CRMWA) and is contractually obligated on its proportionate share of the Authority's debt (See Table A-5).

The CRMWA issued debt to finance the purchase of additional water rights, of which the City is contractually obligated for its portion of $4,846,623. More detail on the City's long-term obligations may be found in the notes to the financial statements (Note 8).

Table A-5
City's Outstanding Bond and Contract Debt
(In thousands dollars)

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2019	2018	2019	2018	2019	2018	
Bond and certificates of obligation	$ 24,986	$ 25,474	$ 7,624	$ 8,766	$ 32,610	$ 34,240	-4.8%
Water Supply Contract obligation	-	-	4,847	5,340	4,847	5,340	-9.2%
Total outstanding debt	$ 24,986	$ 25,474	$ 12,471	$ 14,106	$ 37,457	$ 39,580	-5.4%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic indicators including sales tax collections, hotel occupancy rates, construction activity at the local level and regional level as well as the unemployment rate suggest that the Plainview economy is stable.

- The unemployment rate was 4.4% in December 2018 compared to 4.0% in December 2019.
- Sales Tax Collections totaled $4,052,315 in FY 2018 compared to $4,270,560 in FY 2019.
- Hotel Occupancy Tax Collections totaled $346,078 in FY 2018 compared to $352,323 in FY 2019.
- Building Valuations totaled $19.75 million in FY 2018 compared to $20.68 million in FY 2019.

The City continues to take a conservative approach to the budget as the economic outlook improves and resources continue to be allocated for future development. The Strategic Plan, Economic Development Plan and the long-range Comprehensive Plan continue to guide the investments made by the City to encourage new growth, development and diversification in the local economy.

The following factors were considered when preparing the FYE 2020 Budget:

- The Property Tax Rate included in this budget is $0.6312 per $100 valuation for maintenance and operations and $0.2106 per $100 valuation for debt service for a total of $0.8418 per $100 valuation. The rate for maintenance and operations remained the same as last year. The City increased the debt service portion this year to service the debt shortage for FYE 2019. The effective tax rate this year was $ 0.8300.
- The General Fund expenditure budget for the upcoming year increased by 1.78%. The main increases included adjustments to employee compensation and benefits, funding for a new spay and neuter program for animal control and funding for the management of the new aquatics center. There is no budgeted reduction for services.
- Health Insurance Premium cost increase.
- In the Solid Waste Management Fund, the 2019-2020 operating budget increased by 1.37% from the previous year. This included funding to replace several pieces of equipment including a refuse truck with a different packer body style as part of a plan to reduce the number of trips to the landfill. No increase in the collection and disposal fees was proposed for the Solid Waste Management Fund.
- In the Utility (Water & Sewer) Fund, the 2019-2020 operating budget increased by 1.88%. The main increase included adjustments for employee compensation and benefits. There was no adjustment in the base water and sewer rates. The City did increase the tiered water conservation rate structure and sewer usage rates by three percent (3%) this year as a part of a water conservation strategy.

The following major projects are incorporated into the FY 2020 Budget:

- The City and Hale County partnered together to develop the Plainview-Hale County Business Park. In 2016, the City and County received a $1.0 million Public Works Construction grant from the U.S. Department of Commerce, Economic Development Administration to assist with the development of the business park. Construction began on Phase 1 of the project and $ 839,455 of the grant funds have been received. Construction will be completed in March 2020.
- In November 2017, voters authorized $25.0 million in General Obligations Bonds for various capital improvement projects. This includes the reconstruction of 24th Street, construction of a new Fire Station No. 2, renovation of a facility to serve as the new City Hall, renovation of the current City Hall facility to serve as the new Police Department, improvements to the baseball-softball fields, construction of a new aquatic complex and sidewalks improvements in the Downtown area. Construction has started on the new Aquatics Complex with an anticipated completion date in the Spring of 2020. The 24th Street Reconstruction Project, Downtown Streetscape Project and the new City Hall Project are in design and will be bid in 2020.
- The Plainview-Hale County Airport completed a Master Plan in September 2014. The City and County are in the process of acquiring the privately owned airport assets (Hangars, Terminal/Office Buildings, etc.) as a part of the Airport Master Plan. The City and County were awarded $600K from TXDOT Aviation to assist with the purchase of these assets and will close on the property in 2020.
- Funds for future renovation project to Kidsville in Regional Park and other park improvements in cooperation with the Parks Advisory Board.
- Cart path improvements at the Plainview Municipal Golf Course in cooperation with the Men's Golf Association.

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 demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Financial Services Department, Attn: Sarianne Beversdorf, CPA, Director of Finance, 121 West 7th, Plainview, Texas 79072, call (806) 296-1130, or e-mail sbeversdorf@plainviewtx.org.

Basic Financial Statements

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 24,009,740	$ 4,611,613	$ 28,621,353
Investments	23,344,620	12,789,320	36,133,940
Receivables, net	1,945,747	1,375,980	3,321,727
Due from other governments	40,011	-	40,011
Grant receivable	26,208	10,250	36,458
Internal balances	(173,912)	173,912	-
Inventories, at cost	139,788	141,259	281,047
Other assets	5,605	-	5,605
Investment in joint venture	3,304,881	-	3,304,881
Restricted assets			
Cash and cash equivalents	600,134	1,668,646	2,268,780
Capital assets			
Nondepreciable	2,818,316	611,944	3,430,260
Depreciable, net	12,254,345	28,965,639	41,219,984
Unamortized water contract costs and other assets	-	9,413,138	9,413,138
Total assets	68,315,483	59,761,701	128,077,184
Deferred outflows of resources			
Pension	2,915,604	848,052	3,763,656
OPEB	94,568	-	94,568
Deferred charge for debt refunding	-	166,115	166,115
Total outflows of resources	3,010,172	1,014,167	4,024,339
Liabilities			
Accounts and wages payable	1,628,093	328,579	1,956,672
Accrued interest payable	265,683	20,593	286,276
Payable from restricted assets	-	569,552	569,552
Noncurrent liabilities			
Due within one year	850,753	1,660,372	2,511,125
Due in more than one year	40,536,242	13,895,921	54,432,163
Total liabilities	43,280,771	16,475,017	59,755,788
Deferred inflows of resources			
Pension and OPEB	846,871	300,298	1,147,169
Total inflows of resources	846,871	300,298	1,147,169
Net position			
Net investment in capital assets	13,917,508	27,022,918	40,940,426
Restricted for			
Debt service	-	742,263	742,263
Public works	154,025	-	154,025
Tourism	840,275	-	840,275
PEG fund	203,890	-	203,890
Law enforcement	1,559	-	1,559
Municipal court	103,681	-	103,681
Unrestricted	11,977,075	16,235,372	28,212,447
Total net position	$ 27,198,013	$ 44,000,553	$ 71,198,566

Primary Government	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities				
General government - administration	$ 2,345,752	$ 89,711	$ 4,047	$ -
General government - other	757,990	222,086	87,032	-
Public safety	8,726,259	550,735	4,988	-
Public works	1,287,308	-	-	-
Health	401,879	130,079	181,276	-
Recreation and culture	1,322,898	27,473	-	9,799
Interest on long-term debt	1,087,353	-	-	-
Total governmental activities	15,929,439	1,020,084	277,343	9,799
Business-Type Activities				
Solid waste management	2,739,319	3,229,749	26,900	-
Water and sewer	6,364,527	7,768,103	33,076	-
Theatre arts	70,021	14,808	-	-
Total business-type activities	9,173,867	11,012,660	59,976	-
Total primary government	$ 25,103,306	$ 12,032,744	$ 337,319	$ 9,799

General revenues and transfers

Taxes

Property

Sales

Selective sales and use

Franchise

Penalty and interest

Contribution not restricted for specific programs

Miscellaneous

Investment income

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

See Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (2,251,994)		$ (2,251,994)
(448,872)		(448,872)
(8,170,536)		(8,170,536)
(1,287,308)		(1,287,308)
(90,524)		(90,524)
(1,285,626)		(1,285,626)
(1,087,353)		(1,087,353)
(14,622,213)		(14,622,213)
	$ 517,330	517,330
	1,436,652	1,436,652
	(55,213)	(55,213)
	1,898,769	1,898,769
	1,898,769	(12,723,444)
7,313,848	-	7,313,848
4,270,560	-	4,270,560
389,837	-	389,837
1,285,790	-	1,285,790
98,006	-	98,006
3,000,000		3,000,000
862,508	105,261	967,769
1,322,777	486,732	1,809,509
1,189,480	(1,189,480)	-
19,732,806	(597,487)	19,135,319
5,110,593	1,301,282	6,411,875
22,087,420	42,699,271	64,786,691
$ 27,198,013	$ 44,000,553	$ 71,198,566

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 7,935,453	$ -	$ 14,046,772	$ -	$ 21,982,225
Investments	7,763,405	-	10,132,728	682,352	18,578,485
Interest receivable	2,764	-	3,607	243	6,614
Accounts receivable (net)	905,914	-	-	-	905,914
Taxes receivable (net)	980,034	14,518	-	36,026	1,030,578
Due from other funds	11,434	-	-	-	11,434
Due from other governments	40,011	-	-	-	40,011
Grant receivable	20,674	-	-	5,534	26,208
Inventories	53,446	-	-	-	53,446
Restricted cash and cash equivalents	-	-	-	600,134	600,134
Total assets	$ 17,713,135	$ 14,518	$ 24,183,107	$ 1,324,289	$ 43,235,049
Liabilities, deferred inflows of resources and fund balance					
Liabilities					
Accounts payable	$ 680,806	-	352,182	$ 15,946	$ 1,048,934
Wages payable	370,342	-	-	4,733	375,075
Due to other funds	-	11,434	-	-	11,434
Compensated absences payable	4,141	-	-	180	4,321
Total liabilities	1,055,289	11,434	352,182	20,859	1,439,764
Deferred inflows of resources					
Unavailable revenue					
Property taxes	267,556	12,843	-	-	280,399
Fines and fees	93,669	-	-	-	93,669
Emergency medical services	24,000	-	-	-	24,000
Total deferred inflows of resources	385,225	12,843	-	-	398,068
Fund Balance					
Nonspendable	53,446	-	-	-	53,446
Restricted	-		23,830,925	1,303,430	25,134,355
Assigned	2,618,575	-	-	-	2,618,575
Unassigned	13,600,600	(9,759)	-	-	13,590,841
Total fund balance	16,272,621	(9,759)	23,830,925	1,303,430	41,397,217
Total liabilities, deferred inflows of resources and fund balance	$ 17,713,135	$ 14,518	$ 24,183,107	$ 1,324,289	$ 43,235,049

Total Fund Balances - Governmental Funds	$ 41,397,217
Amounts reported for *governmental activities* in the statement of net position are different because:	
The City uses internal service funds to charge the costs of certain activities, such as insurance, equipment replacement, and vehicle maintenance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	7,851,633
Capital assets used in governmental activities, net of assets included in internal service funds, are not financial resources and, therefore, are not reported in governmental funds.	12,633,681
The City's investment in joint venture is not reported in the governmental funds but is included in the statement of net position.	3,304,881
Other adjustments are necessary to convert the modified accrual basis of accounting to the accrual basis of accounting. Net property taxes receivable of $280,399, net fines receivable of $93,669 and net emergency medical services receivable of $24,000 were unavailable to pay for current period expenditures and are deferred in the governmental funds but included in the statement of net position.	398,068
Included in the items related to debt is the recognition of the City's net pension liability in the amount of $14,298,371, a deferred outflow of resources of $2,908,682, and a deferred inflow of resources of $795,864. This is net of the portion recorded in the internal service fund. The net effect is to decrease net position.	(12,185,553)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds but are included in the statement of net position. At the end of the year the liability for compensated absences was $950,153, the bond payable was $24,300,000, and unamortized bond premium was $686,078.	(25,936,231)
Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.	(265,683)
Net Position of Governmental Activities	$ 27,198,013

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes					
Property taxes	$ 5,526,455	$ 1,723,316	$ -	$ -	$ 7,249,771
Sales and use taxes	4,270,560	-	-	-	4,270,560
Selective sales and use taxes	37,514	-	-	352,323	389,837
Franchise tax	1,285,790	-	-	-	1,285,790
Penalty and interest on taxes	98,006	-	-	-	98,006
Licenses and permits	69,980	-	-	-	69,980
Intergovernmental revenue and grants	190,311	-	-	76,885	267,196
Charges for services	698,805	-	-	-	698,805
Fines, forfeitures and fees	330,147	-	-	58,265	388,412
Investment earnings	468,172	8,890	658,049	29,231	1,164,342
Rents and royalties	500	-	-	-	500
Contributions and donations	-	-	-	19,947	19,947
Other revenue	49,416	-	-	-	49,416
Total revenues	13,025,656	1,732,206	658,049	536,651	15,952,562
Expenditures					
Current					
General government - administration	1,995,129	-	-	251,185	2,246,314
General government - other	632,219	-	-	71,563	703,782
Public safety	7,788,243	-	-	3,717	7,791,960
Public works	893,605	-	6,949	-	900,554
Health	396,049	-	-	-	396,049
Recreation and culture	1,157,596	-	-	-	1,157,596
Debt Serivce					
Principal	-	450,000	-	-	450,000
Interest and other fees	-	1,299,404	-	-	1,299,404
Capital outlay	119,749	-	2,052,514	100,325	2,272,588
Total expenditures	12,982,590	1,749,404	2,059,463	426,790	17,218,247
Excess (Deficiency) of revenue over expenditures	43,066	(17,198)	(1,401,414)	109,861	(1,265,685)
Other financing sources (uses)					
Transfers in	1,113,639	-	-	11,923	1,125,562
Transfers out	(314,923)	-	-	(35,250)	(350,173)
Total other financing sources (uses)	798,716	-	-	(23,327)	775,389
Net change in fund balance	841,782	(17,198)	(1,401,414)	86,534	(490,296)
Fund balance, October 1	15,430,839	7,439	25,232,339	1,216,896	41,887,513
Fund balance, September 30	$ 16,272,621	$ (9,759)	$ 23,830,925	$ 1,303,430	$ 41,397,217

Total Net Change in Fund Balance - Governmental Funds	$	(490,296)
Amounts reported for *governmental activities* in the statement of activities are different because:		
The City uses internal service funds to charge the costs of certain activities to individual funds. Net change in net position of the internal service funds is reported with governmental activities.		698,188
Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements.		2,272,588
Assets donated to governmental funds by private parties are not recorded in the governmental fund financial statements whereas in the government-wide financial statements are recorded as capital contributions.		3,000,000
Assets were disposed of that were not fully depreciated. The remaining net book value is deducted from proceeds received to calculate the gain reported in the government wide financial statements. This is the remaining net book value.		(217,477)
Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources.		(788,262)
The net increase for the year in the investment in joint venture is not reported in the governmental funds but is included in the statement of activities.		788,592
Long-term liabilities for compensated absences are accrued in the government-wide financial statements, but are not reported in the fund financial statements.		(32,012)
Certain expenditures for the pension that are recorded to the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the changes in net position to increase. The City's unrecognized deferred inflows and outflows as of the measurement date must be amortized and the City's pension expense must be recognized. These cause the change in net position to decrease. The net effect is a decrease in net position.		(771,175)
Principal paid on long-term debt is expended in the governmental funds but is a reduction of debt in the government-wide financial statements.		450,000
Revenues from property taxes are deferred in the fund financial statements until they are considered available to fund current expenditures, but such revenues are recognized in the government-wide statements. This adjustment includes a net increase in property tax revenues of $64,077, a net decrease in fine revenues of $5,614 and a net decrease in emergency medical services of $107,500 which is a decrease to net position.		(49,037)
Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.		212,051
Bond premiums are recorded as expenditures when paid in the fund financial statements but are capitalized and amortized in the government-wide financial statements. This is the current year amortization.		37,433
Change in Net Position of Governmental Activities	$	5,110,593

	Business-Type Activities				Governmental Activities
	Solid Waste Management Fund	Water and Sewer Fund	Nonmajor Enterprise Fund	Total Enterprise Funds	Total Internal Service Funds
Assets					
Current assets					
Cash and cash equivalents	$ 1,783,110	$ 2,728,632	$ 99,871	$ 4,611,613	$ 2,027,515
Investments	7,280,296	5,509,024	-	12,789,320	4,766,135
Interest receivable	2,592	1,923	-	4,515	1,696
Accounts receivable, net	361,383	1,010,082	-	1,371,465	945
Grants receivable	-	10,250	-	10,250	-
Other assets	-	-	-	-	5,605
Inventories, at cost	-	140,903	356	141,259	86,342
Total current assets	9,427,381	9,400,814	100,227	18,928,422	6,888,238
Noncurrent Assets					
Restricted Assets					
Cash and cash equivalents	-	1,668,646	-	1,668,646	-
Capital Assets					
Nondepreciable	400,000	206,944	5,000	611,944	-
Depreciable, net	4,253,120	24,677,326	35,193	28,965,639	2,438,980
Unamortized water supply contract costs	-	9,413,138	-	9,413,138	-
Total noncurrent assets	4,653,120	35,966,054	40,193	40,659,367	2,438,980
Total assets	14,080,501	45,366,868	140,420	59,587,789	9,327,218
Deferred Outflows of Resources					
Pension	312,501	532,447	3,104	848,052	6,922
OPEB	-	-	-	-	94,568
Deferred charge for debt refunding	-	166,115	-	166,115	-
Total deferred outflows of resources	312,501	698,562	3,104	1,014,167	101,490
Liabilities					
Current liabilities					
Accounts payable	62,752	140,000	1,268	204,020	201,685
Wages payable	47,171	76,944	444	124,559	2,399
Accrued interest payable	-	20,593	-	20,593	-
Current portion of long-term liabilities					
Accrued compensated absences	1,943	3,355	-	5,298	-
Bonds and certificates of obligation	-	1,115,000	-	1,115,000	-
Water contract obligation	-	540,074	-	540,074	-
Total current liabilities	111,866	1,895,966	1,712	2,009,544	204,084

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Solid Waste Management Fund	Water and Sewer Fund	Nonmajor Enterprise Fund	Total Enterprise Funds	Total Internal Service Funds
Long-Term Liabilities (net of current portion)					
Accrued landfill closure / postclosure costs	1,626,633	-	-	1,626,633	-
Payable from restricted assets					
Deposits and escrow	-	569,552	-	569,552	-
Noncurrent portion of long-term liabilities					
Accrued compensated absences	31,999	59,474	-	91,473	1,432
Net pension liability	502,157	855,588	4,988	1,362,733	11,124
Total other postemployment benefits obligation	-	-	-	-	1,135,516
Bonds and certificates of obligation	-	6,150,000	-	6,150,000	-
Unamortized premiums and deferred losses on bonds	-	358,533	-	358,533	-
Water contract obligations	-	4,306,549	-	4,306,549	-
Total noncurrent liabilities	2,160,789	12,299,696	4,988	14,465,473	1,148,072
Total liabilities	2,272,655	14,195,662	6,700	16,475,017	1,352,156
Deferred Inflows of Resources					
Pensions and OPEB	110,658	188,541	1,099	300,298	51,007
Total deferred inflows of resources	110,658	188,541	1,099	300,298	51,007
Net Position					
Net investment in capital assets	4,653,120	22,329,605	40,193	27,022,918	2,438,980
Restricted for debt service	-	742,263	-	742,263	-
Unrestricted	7,356,569	8,609,359	95,532	16,061,460	5,586,565
Total net position	$ 12,009,689	$ 31,681,227	$ 135,725	$ 43,826,641	$ 8,025,545
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				173,912	
Net position of business type activities				$ 44,000,553	

	Business-Type Activities				Governmental Activities
	Solid Waste Management Fund	Water and Sewer Fund	Nonmajor Enterprise Fund	Total Enterprise Funds	Total Internal Service Funds
Operating revenue					
Charges for services	$ 3,229,749	$ 7,768,103	$ 14,808	$ 11,012,660	$ 3,045,578
Other revenue	37,421	50,731	850	89,002	5,427
Total operating revenues	3,267,170	7,818,834	15,658	11,101,662	3,051,005
Operating expenses					
Personnel services - salaries and wages	681,343	1,243,248	7,522	1,932,113	10,862
Personnel services - employee benefits	425,465	673,663	2,885	1,102,013	2,004,764
Purchased professional & technical services	296,871	676,700	-	973,571	41,264
Purchased property services	214,962	459,861	22,375	697,198	63,113
Other operating expenses	175,127	1,022,761	22,067	1,219,955	221,699
Supplies	309,413	506,932	12,091	828,436	26,076
Depreciation and amortization	647,452	1,302,083	2,747	1,952,282	532,871
Total operating expenses	2,750,633	5,885,248	69,687	8,705,568	2,900,649
Operating income (loss)	516,537	1,933,586	(54,029)	2,396,094	150,356
Nonoperating revenues (expenses)					
Gain (loss) on sale of property	-	16,259	-	16,259	3,095
Investment earnings	221,576	261,686	3,470	486,732	158,435
Bond premium accretion	-	52,716	-	52,716	-
Interest expense	-	(521,041)	-	(521,041)	-
Refunding loss amortization	-	(27,763)	-	(27,763)	-
Grant revenue	26,900	33,076	-	59,976	-
Total nonoperating revenues (expenses)	248,476	(185,067)	3,470	66,879	161,530
Income before contributions and transfers	765,013	1,748,519	(50,559)	2,462,973	311,886
Contributions and transfers					
Transfers in	-	-	35,250	35,250	414,091
Transfers out	(246,541)	(978,189)	-	(1,224,730)	-
Total contributions and transfers	(246,541)	(978,189)	35,250	(1,189,480)	414,091
Change in net position	518,472	770,330	(15,309)	1,273,493	725,977
Net position, beginning of year	11,491,217	30,910,897	151,034	42,553,148	7,299,568
Net position, end of year	$ 12,009,689	$ 31,681,227	$ 135,725	43,826,641	$ 8,025,545
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				27,789	
Change in net position of business type activities				$ 1,301,282	

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	Business-Type Activities				Governmental Activities
	Solid Waste Management Fund	Water and Sewer Fund	Nonmajor Enterprise Fund	Total Enterprise Funds	Total Internal Service Funds
Operating activities					
Cash received from user charges	$ 3,227,943	$ 7,757,804	$ 14,808	$ 11,000,555	$ -
Cash from operating transactions - other funds	-	-	-	-	3,181,044
Cash payments to employees for services	(1,048,908)	(1,829,480)	(10,248)	(2,888,636)	(2,052,441)
Cash payments for goods and services	(927,472)	(2,694,555)	(57,319)	(3,679,346)	(334,133)
Other operating cash receipts	37,421	50,731	850	89,002	5,427
Net cash from (used for) operating activities	1,288,984	3,284,500	(51,909)	4,521,575	799,897
Cash flows from noncapital financing activities					
Increase (decrease) in deposits and escrow held	-	18,085	-	18,085	-
Transfers to other funds	(246,541)	(978,189)	-	(1,224,730)	-
Transfers from other funds	-	-	35,250	35,250	414,091
Net cash from (used for) noncapital financing activities	(219,641)	(960,104)	35,250	(1,144,495)	414,091
Capital and related financing activities					
Acquisition of capital assets	(272,500)	(807,281)	(17,980)	(1,097,761)	(901,498)
Proceeds from sale of capital assets	-	22,826	-	22,826	3,095
Principal paid on long-term debt	-	(1,583,019)	-	(1,583,019)	-
Interest paid on long-term debt	-	(524,041)	-	(524,041)	-
Net cash used for capital and related financing activities	(272,500)	(2,891,515)	(17,980)	(3,181,995)	(898,403)
Investing activities					
Redemption (purchase) of investments	405,807	3,024,443	-	3,430,250	(10,029)
Interest on investments	222,700	263,838	3,470	490,008	159,221
Net cash from investing activities	628,507	3,288,281	3,470	3,920,258	149,192
Net change in cash and restricted cash	1,425,350	2,721,162	(31,169)	4,115,343	464,777
Cash and cash equivalents, October 1	357,760	1,676,116	131,040	2,164,916	1,562,738
Cash and cash equivalents, September 30	$ 1,783,110	$ 4,397,278	$ 99,871	$ 6,280,259	$ 2,027,515

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Solid Waste Management Fund	Water and Sewer Fund	Nonmajor Enterprise Fund	Total Enterprise Funds	Total Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities					
Operating income (loss)	$ 516,537	$ 1,933,586	$ (54,029)	$ 2,396,094	$ 150,356
Adjustments to reconcile operating income to net cash from (used for) operating activities					
Depreciation and amortization	647,452	1,302,083	2,747	1,952,282	532,871
Landfill closure/postclosure	73,719	-	-	73,719	-
(Increase) decrease in operating assets and liabilities					
Accounts receivable (net)	(1,806)	(10,299)	-	(12,105)	135,466
Prepaid expense	-	-	-	-	(2,048)
Inventories	-	(31,749)	44	(31,705)	25,593
Accounts payable	(4,818)	3,448	(830)	(2,200)	(5,526)
Wages payable	10,386	10,027	40	20,453	(10,240)
Net other postemployment benefits obligations	-	-	-	-	(38,338)
Net pension liability	324,876	546,362	2,976	874,214	(14,552)
Deferred outflows - pensions	(228,872)	(245,255)	(2,157)	(476,284)	5,802
Deferred outflows - OPEB	-	-	-	-	42,304
Deferred inflows - pensions	(47,880)	(228,529)	(700)	(277,109)	(21,791)
Accrued compensated absences	(610)	4,826	-	4,216	-
Net cash from (used for) operating activities	$ 1,288,984	$ 3,284,500	$ (51,909)	$ 4,521,575	$ 799,897
Reconciliation of total cash and cash equivalents					
Cash and cash equivalents - statement of net position	$ 1,783,110	$ 2,728,632	$ 99,871	$ 4,611,613	$ 2,027,515
Restricted cash - statement of net position	-	1,668,646	-	1,668,646	-
Total cash and cash equivalents	$ 1,783,110	$ 4,397,278	$ 99,871	$ 6,280,259	$ 2,027,515

Note 1 - Summary of Significant Accounting Policies

The accompanying financial statements of the City of Plainview (the City) have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The City's financial statements include the accounts of all its operations. The City evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the City's reporting entity, as set forth in accounting principles generally accepted in the United States of America (GAAP) include whether:

- the organization is legally separate (can sue and be sued in its 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
- the exclusion of the organization would result in misleading or incomplete financial statements

The City also evaluated any legally separate tax-exempt organizations whose resources are used principally to provide support to the City to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GAAP requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the City, its component units or its constituents; and 2) The City or its component units are entitled to, or have the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the City.

Based on these criteria, the City has no component units. Additionally, the City is not a component unit of any other reporting entity as defined by GAAP.

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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 specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

The City does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund: This is the City's primary operating fund. It accounts for all financial resources of the City except those required to be accounted for in another fund.

Debt Serivce Fund: This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund: This fund accounts for the financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisitions or construction of capital facilities and other capital assets.

The City reports the following major enterprise funds:

Solid Waste Management Fund: This fund accounts for the solid waste and disposal activities of the City, including the activities of the City of Plainview Municipal Solid Waste Landfill.

Water and Sewer Fund: This fund accounts for the water supply and distribution, sanitary sewer, storm water, and waste water treatment activities of the City.

In addition, the City reports the following fund types:

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the City. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the City's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Special revenue funds: These funds account for specific revenue sources that are legally restricted to expenditures for specialized purposes.

Measurement Focus, Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting and economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the City incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the City's policy to use restricted resources first, then unrestricted resources.

Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

Fair Value Measurements

The City adopted GASB Statement No. 72, Fair Value Measurement and Application, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

- Level 3 inputs are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities.
- Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).
- Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations.

The City has no recurring fair value measurements as of September 30, 2019 as the City's investments are not measured at fair value but rather the investment in TexPool and certificates of deposit are valued at amortized cost.

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Inventories

Inventories are stated at lower of cost or net realizable value using the first-in, first-out method. Inventory items are recorded as expenditures when they are consumed.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their acquisition value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of $5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

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Asset Class	Years
Infrastructure	20
Buildings	40
Building Improvements	20
System and Improvements	33-60
Vehicles	5-7
Office Equipment	10
Computer Equipment	3-5

Receivable and Payable Balances

The City believes that sufficient detail of payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances. Details of receivable balances are presented in Note 3.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred outflows/inflows of resources are separate elements of the financial statements. The City has deferred inflows of resources, included on the governmental fund financial statements, for unavailable revenue from property taxes and fines. Additionally, the City has deferred inflows of resources, included on the enterprise fund financial statements and government wide financial statements, for pension related items as described in Note 9. The City has deferred outflows of resources, included on the enterprise fund financial statements and government wide financial statements, for deferred charges on bond refundings, pension related items as described in Note 9 and OPEB related items as described in Note 11.

Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single “Transfers” line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single “Interfund Balances” line on the government-wide statement of net position.

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 revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Pension

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.

OPEB

The fiduciary net position has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources relating to other post employment benefits, and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms.

Fund Balance

Details of constraints on fund balances of governmental funds at September 30, 2019 are as follows:

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable					
Inventories	$ 53,446	$ -	$ -	$ -	$ 53,446
Restricted to					
Capital Projects	-	23,830,925	-	-	23,830,925
Tourism	-	-	-	840,275	840,275
PEG fund	-	-	-	203,890	203,890
Law Enforcement	-	-	-	1,559	1,559
Municipal Court	-	-	-	103,681	103,681
Downtown TIRZ	-	-	-	154,025	154,025
Assigned to					
Capital Improvement	1,713,597	-	-	-	1,713,597
Street Improvement	102,286	-	-	-	102,286
Economic Development	802,692	-	-	-	802,692
Unassigned	13,600,600	-	(9,759)	-	13,590,841
	$ 16,272,621	$ 23,830,925	$ (9,759)	$ 1,303,430	$ 41,397,217

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as Nonspendable at September 30, 2019 are nonspendable in form. The City has not reported any amounts that are legally or contractually required to be maintained intact.

Restricted – Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that can be used only for the specific purposes as established by the City Council's resolution. The City Council is the City's highest level of decision-making authority; and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the City's Council at the City Council's board meeting. As of September 30, 2019, the City had no committed funds.

Assigned – includes amounts that are constrained by the City Council, or by another city official or the finance division to which the City has delegated authority, that are to be used for specific purposes but are neither restricted nor committed.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

Minimum Fund Balance Policy

The City's goal is to have a sufficient fund balance in the general fund to address local and regional emergencies without borrowing. In addition the City will strive to maintain a minimum three months of operating expenditures in the general fund unassigned fund balance.

When the City incurs expenditures that can be made from either restricted or unrestricted fund balances, the expenditures should be charged to restricted fund balances. When the City incurs expenditures that can be made from either committed, assigned, or unassigned balances, the expenditures should be charged first to committed fund balances, second to assigned fund balances, and third to unassigned fund balances.

Compensated Absences

The estimated current portion of the liability for vested sick leave and vacation benefits attributable to the City's governmental funds is recorded as an expenditure and liability in the respective funds, while the non-current portion is not reflected in the governmental fund financial statements, but is reflected as a liability and expense in the Government-wide financial statements. Both the current and non-current amounts attributable to proprietary funds are charged to expense and a corresponding liability is recorded in the applicable funds. Details pertaining to both Sick Leave and Vacation are as follows:

All full-time employees (except Police, Fire and EMS employees) accumulate sick leave at the rate of one day per month for the first year of employment. Thereafter, six days per year are eligible for accumulation up to a maximum of 60 days. Employees are paid annually for unused sick leave days not eligible for accumulation at the rate of $30 per day. However, since no payment for accumulated unused sick leave days is made upon termination of employment, and therefore does not vest, no liability for such accumulated unused sick leave is recorded.

Certified Police officers accrue sick leave at the rate of ten hours per month, the equivalent of 15 days per year and may accumulate up to a maximum of 720 hours. Fire and EMS personnel accrue sick leave at the rate of 15 hours per month, the equivalent of 15 days per year, and may accumulate a maximum of 1,080 hours. Police, Fire and EMS employees are paid for unused accumulated sick leave upon termination of employment.

Certified Police officers, Fire and EMS personnel accrue vacation leave at the rate of 15 days per year. All other eligible employees with less than five years of continuous service accrue ten days per year, while those employees with five or more years of continuous service accrue 15 days per year. Generally, such vacation leave may be accumulated up to 20 days for employees with less than five years of continuous service and up to 25 days for employees with five or more years of continuous service.

Note 2 - Deposits and Investments

Custodial Credit Risk for Deposits

State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the City complied with this law for the year ended September 30, 2019, it had no custodial credit risk for deposits.

Compliance with the Public Funds Investment Act

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

These policies authorize the City to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) certificates of deposit by state and national banks doing business in Texas that are (a) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor or, (b) secured by obligations in a manner and amount provided by law for deposits of the City; (3) fully collateralized repurchase agreements with a bank in Texas or a primary dealer, executed under the Bond Market Master Repurchase Agreement in accordance with the PFIA not to exceed 120 days; (4) money market mutual funds that are (a) registered and regulated by the Securities and Exchange Commission, (b) have a dollar weighted average stated maturity of 90 days or less, (c) rated AAA by at least one nationally recognized rating service, and (d) seek to maintain a net asset value of $1.00 per share; (5) constant-dollar, Texas local government investment pools, which (a) meet the requirements of PFIA, (b) are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service, (c) are authorized by resolution or ordinance by the City Council.

As of September 30, 2019, the City had the following investments:

Investment Type	Amount	Percentage of Total	Credit Rating	Investment Maturity Less than 1 Year
TexPool	$ 105,325	0.29%	AAAm	$ 105,325
Certificate of Deposits	36,028,615	99.71%	N/A	36,028,615
Total Portfolio	$ 36,133,940	100.00%		$ 36,133,940

Investment pools are not categorized as to investment risk since specific securities relating to the government cannot be identified. The City utilizes Texas Local Government Investment Pool (TexPool). The value of the pool is reported at amortized cost.

Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. The reported value of the pool is the same as the fair value of the pool shares. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the Pool are available at First Public, 12008 Research Blvd., Austin, Texas 78759.

In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

Interest Rate Risk

In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to 365 days. The maximum allowable stated maturity of any individual investment owned by the City shall not exceed two years from the time of purchase.

Credit Risk

State law and City policy limit investments in local government investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. The City's investments are rated as to credit quality as shown in the above table.

Concentration of Credit Risk

The City's investment policy does not limit investments in any one issuer except that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and continuously investing a portion of the portfolio in readily available funds such as local government investment pools.

Note 3 - Receivables

The receivables detailed below are reported net of allowances for doubtful accounts in the fund financial statements as of September 30, 2019:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Solid Waste Management Fund	Water and Sewer Fund	Internal Service Funds	Total
Receivables								
Taxes	$ 1,076,580	$ 14,518	$ -	$ 36,026	$ -	$ -	$ -	$ 1,127,124
Accounts	1,272,441	-	-	-	362,864	1,015,156	945	2,651,406
Fines	624,459	-	-	-	-	-	-	624,459
Grants	20,674	-	-	5,534	-	10,250	-	36,458
Due from other governments	40,011	-	-	-	-	-	-	40,011
Interest	2,764	-	3,607	243	2,592	1,923	1,696	12,825
Gross receivables	3,036,929	14,518	3,607	41,803	365,456	1,027,329	2,641	4,492,283
Less allowance for uncollectibles	(1,087,532)	-	-	-	(1,481)	(5,074)	-	(1,094,087)
Net total receivables	$ 1,949,397	$ 14,518	$ 3,607	$ 41,803	$ 363,975	$ 1,022,255	$ 2,641	$ 3,398,196

Note 4 - Interfund Balances and Activity

Transfers to and from other funds:

Transfer From	Transfer To	Amount	Purpose
General fund	Internal service fund	$ 50,000	Fleet Services
General fund	Internal service fund	253,000	Equipment
General fund	Nonmajor governmental fund	11,923	Travis Trussell Duck Pond
Water and sewer fund	General fund	540,000	Economic development
Water and sewer fund	General fund	371,930	Transfer in lieu of franchise fees
Water and sewer fund	Internal service fund	16,259	Fleet Services
Water and sewer fund	Internal service fund	50,000	Insurance Premiums
Solid waste mgmt. fund	General fund	35,000	Economic development
Solid waste mgmt. fund	General fund	161,541	Transfer in lieu of franchise fees
Solid waste mgmt. fund	Internal service fund	50,000	Fleet Services
Nonmajor governmental fund	Nonmajor enterprise fund	35,250	Theatre arts
		$ 1,574,903	

Note 5 - Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consisted of the following at September 30, 2019:

Nonmajor governmental funds	
Special revenue funds cash	$ 600,134
	$ 600,134
Water and Sewer Fund	
Debt Service	$ 762,856
Customer Deposits / Escrow	569,552
Capital Projects (Unspent Bond Proceeds)	336,238
	$ 1,668,646

Note 6 - Capital Assets

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

Governmental Activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated				
Land	$ 608,901	$ 61,068	$ -	$ 669,969
Construction in progress	494,850	2,115,139	(461,642)	2,148,347
Total capital assets not being depreciated	1,103,751	2,176,207	(461,642)	2,818,316
Capital assets being depreciated				
Building and improvements	4,284,463	2,954,088	(239,485)	6,999,066
Machinery and equipment	9,805,105	993,547	(467,568)	10,331,084
Infrastructure	19,256,468	535,789	(76,727)	19,715,530
Total capital assets being depreciated	33,346,036	4,483,424	(783,780)	37,045,680
Less accumulated depreciation for				
Building and improvements	(2,701,389)	(152,666)	23,710	(2,830,345)
Machinery and equipment	(7,213,586)	(680,007)	442,307	(7,451,286)
Infrastructure	(14,097,627)	(488,458)	76,381	(14,509,704)
Total accumulated depreciation	(24,012,602)	(1,321,131)	542,398	(24,791,335)
Capital assets being depreciated, net	9,333,434	3,162,293	(241,382)	12,254,345
Governmental activities capital assets, net	$ 10,437,185	$ 5,338,500	$ (703,024)	$ 15,072,661

Business-Type Activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated				
Land	$ 552,359	$ -	-	$ 552,359
Construction in progress	143,547	59,585	(143,547)	59,585
Total capital assets not being depreciated	695,906	59,585	(143,547)	611,944
Capital assets being depreciated				
Building and improvements	2,711,505	23,500	-	2,735,005
Machinery and equipment	7,995,304	303,185	(168,615)	8,129,874
Improvements and system	47,766,598	877,289	(46,803)	48,597,084
Total capital assets being depreciated	58,473,407	1,203,974	(215,418)	59,461,963
Less accumulated depreciation for				
Building and improvements	(2,213,872)	(30,511)	-	(2,244,383)
Machinery and equipment	(4,406,614)	(607,779)	168,615	(4,845,778)
Improvements and system	(22,286,710)	(1,166,256)	46,803	(23,406,163)
Total accumulated depreciation	(28,907,196)	(1,804,546)	215,418	(30,496,324)
Capital assets being depreciated, net	29,566,211	(600,572)	-	28,965,639
Business-type activities capital assets, net	$ 30,262,117	$ (540,987)	$ (143,547)	$ 29,577,583

Depreciation was charged to functions as follows:

Governmental Activities	
General government - administration	$ 71,383
General government - other	56,759
Public safety	484,657
Public works	455,955
Health	27,158
Recreation and culture	225,219
	$ 1,321,131
Business-type Activities	
Solid Waste Management Fund	$ 647,452
Water and Sewer Fund	1,154,347
Theatre Arts	2,747
	$ 1,804,546

The estimated cost to complete the construction in progress as of September 30, 2019 was $1,369,537.

Note 7 - Other Assets

Other assets of the City's business-type activities consisted of the following at year end:

	Water and Sewer Fund
Water Supply Contract Costs	$ 12,556,915
(Less) Accumulated Amortization	(3,143,777)
Water Supply Contract Costs, net	$ 9,413,138

Note 8 - Long-Term Obligations

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2019 are as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities					
Bond payable	$ 24,750,000	$ -	$ (450,000)	$ 24,300,000	$ 845,000
Bond premium, net	723,511	-	(37,433)	686,078	-
Compensated absences	922,734	33,172		955,906	5,753
Net pension liability	11,502,939	2,806,556	-	14,309,495	-
Total OPEB obligation	1,173,854	-	(38,338)	1,135,516	-
Total governmental activities	$ 39,073,038	$ 2,839,728	$ (525,771)	$ 41,386,995	$ 850,753
Business-Type Activities					
Certificates of obligation and bonds	$ 8,355,000	-	$ (1,090,000)	$ 7,265,000	$ 1,115,000
Bond premium, net	410,530	-	(51,997)	358,533	-
Subtotal	8,765,530	-	(1,141,997)	7,623,533	1,115,000
Water contract obligations	5,339,642	-	(493,019)	4,846,623	540,074
Accrued landfill closure / postclosure costs	1,552,914	73,719	-	1,626,633	-
Compensated absences	92,555	4,216	-	96,771	5,298
Net pension liability	488,519	874,214	-	1,362,733	-
Total business-type activities	$ 16,239,160	$ 952,149	$ (1,635,016)	$ 15,556,293	$ 1,660,372

The funds primarily used to liquidate liabilities for compensated absences, net pension obligations and total OPEB obligations are as follows:

Activity Type	Fund
Governmental	General Fund
Business-type	Solid Waste Management Fund
Business-type	Water and Sewer Fund

The Solid Waste Management Fund includes funds used to liquidate the liability for accrued landfill closure post-closure cost.

Debt service requirements for long-term debt as of September 30, 2019 are as follows:

	Bonds Payable and Water Contract Obligations		
Year Ended September 30,	Principal	Interest	Total
2020	$ 2,500,075	$ 1,369,617	$ 3,869,692
2021	2,598,528	1,260,913	3,859,441
2022	1,975,449	1,162,414	3,137,863
2023	2,064,027	1,071,827	3,135,854
2024	2,179,763	975,831	3,155,594
2025-2029	10,472,698	3,437,165	13,909,863
2030-2034	8,066,083	1,677,176	9,743,259
2035-2038	6,555,000	447,496	7,002,496
	$ 36,411,623	$ 11,402,439	$ 47,814,062

Long-term debt interest cost incurred for Business-type Activities for the year ended September 30, 2019 was as follows:

Interest charged to expense	$ 521,041
Total interest incurred	$ 521,041

The interest charged to expense was included as a non-operating expense in the Statement of Activities in the Business-type Activities.

Refunding Bonds and Tax and Revenue Certificates of Obligation

While the 2009 General Obligation Refunding Bonds and 2010 Tax and Revenue Certificates of Obligation are secured by ad valorem taxes levied by the City, the City intends to service the debts entirely from the net revenues of the Enterprise Funds. Accordingly, the liabilities for the debt are recorded in the Business-type Activities rather than the Governmental Activities of the City.

The 2010 Tax and Revenue Certificates of Obligation are additionally secured by a limited pledge of the net revenues of the City's Water and Sewer and Sanitation systems.

The 2018 General Obligation Bond are secured by ad valorem taxes levied by the City. The projects for this bond include 24th Street Reconstruction, City Hall/police department relocation and renovation, fire station no. 2 relocation, 16th Street pool reconstruction, downtown improvements and baseball field improvements.

There are a number of limitations and restrictions contained in the bond indentures. Management has indicated that the City is in compliance with all significant limitations and restrictions.

Details pertaining to the outstanding Certificates of Obligation and Bonds as of September 30, 2019 are as follows:

Description	Purpose	Maturity	Interest Rates	Balance
2009 General Obligation Refunding Bonds	Refunding of waste water treatment plant bonds	3/1/2021	2.0 to 3.625%	$ 1,400,000
2010 Tax and Revenue Certificates of Obligation	Water and sewer system improvements	3/1/2030	3.0 to 3.8%	5,865,000
2018 General Obligation Bonds	Improvements and reconstruction	2/15/2038	3.0 to 5.0%	24,300,000
				$ 31,565,000

Continuing Disclosure

The City has entered into a continuing disclosure undertaking to provide Annual Continuing Disclosure Reports to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access website. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the City.

Surface Water Supply Contract Obligations

A significant portion of the City's water is supplied by a series of underground wells, together with surface water, which is purchased from the Canadian River Municipal Water Authority (CRMWA). CRMWA is a water district that was created in 1953 by the Texas legislature to construct a dam, water reservoir, and aqueduct system for the purpose of supplying water to surrounding cities. Its geographic area includes the surface water in the Texas Panhandle known as Lake Meredith, a series of underground wells, and the aqueduct system, which supplies 11 cities.

In connection with the financing of the initial construction project and subsequent projects undertaken by CRMWA, the City is obligated for its proportionate share of CRMWA debt as follows:

Description	Maturity	Interest Rates	Balance
Refunding Series 2010 (CUA)	2/15/2020	3.0% to 3.5%	$ 34,542
Refunding Series 2012	2/15/2025	2.586%	1,423,104
Series 2017	2/15/2029	3.0% to 5.0%	392,845
Series 2011	2/15/2031	3.0% to 5.0%	2,128,308
Refunding Series 2014	2/15/2027	2.0% to 5.0%	805,361
Refunding Series 2014	2/15/2027	2.0% to 5.0%	62,463
			$ 4,846,623

The 11 cities that are members of the aqueduct system have the right to elect the 19 members of the CRMWA governing board. The City's contractual share of the available water is approximately 3.691%. Each member may sell part or all of its rights under the contract to other members of the aqueduct system. Each member city is assessed its proportionate share of operating costs, which are accounted for by the City as operating costs.

Transactions between CRMWA and the City consisted of payments to CRMWA for the City's share of costs of operations, water pumping and chemical costs, and debt service as follows for the year ended September 30, 2019:

Costs of operations	$ 368,772
Water pumping and chemical costs	221,866
Debt service	691,961
Total	$ 1,282,599

The City's costs of its rights to the surface and ground water are recorded in the Water and Sewer Enterprise Fund and are being amortized over 85 years, which is the estimated useful life of the CRMWA facilities and water basis. Such costs that have been capitalized by the City as of September 30, 2019 are as follows:

Capitalized contract costs	$ 12,556,915
Accumulated amortization	(3,143,777)
Net unamortized costs	$ 9,413,138

Although member cities have the right to elect the members of the CRMWA board, the City does not report this contract as a joint venture due to the following factors: 1) CRMWA was created by the State of Texas and is a subdivision thereof, as opposed to having been created by the members of CRMWA. 2) The City has no vested rights to the assets of CRMWA, nor responsibility for its liabilities, other than the City's proportionate share of the contractual construction obligations.

The financial statements of CRMWA as of September 30, 2019, and for the year then ended, reflect the following:

Assets	
Current assets	$ 32,535,724
Noncurrent assets	451,842,537
Liabilities	
Current liabilities	15,632,821
Noncurrent liabilities	129,036,571
Net Position	
Net investment in capital assets	190,230,256
Restricted	130,799,750
Unrestricted	18,678,863
Total Net Position	339,708,869
Operating revenues	14,385,832
Operating expenses	(16,499,534)
Nonoperating revenues and expenses, net	2,334,939
Increase (decrease) in net position	221,237

Note 9 - Employee Retirement Benefits

Texas Municipal Retirement System

Plan Description

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

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

Benefits Provided

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

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

The plan provisions are adopted by the governing body of each city, within the options available in the state statutes governing TMRS. The City has elected that members can retire at age 60 and above with 5 or more years of service or with 25 years of service regardless of age. The City does not provide supplemental death benefits. Members may work for more than one TMRS city during their career. If a member is vested in one TMRS city, he or she is immediately vested upon employment with another TMRS city. Similarly, once a member has met the eligibility requirements for retirement in a TMRS city, he or she is eligible in other TMRS cities as well.

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

Inactive employees or beneficiaries currently receiving benefits	113
Inactive employees entitled to but not yet receiving benefits	50
Active employees	137
Total	300

Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The City did not change its employee contribution rate during the year. The contribution rates for the City were 13.07% and 13.47% in calendar years 2019 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2019, were $873,507, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, 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, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5%	per year
Overall payroll growth	3.0%	per year
Investment Rate of Return	6.75%	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%. Based on the size of the city, rates are multiplied by a factor of 100%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with 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.

Actuarial assumptions used in the December 31, 2018, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mo rtality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. 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 and 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 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	17.50%	4.30%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.39%
Real Return	10.00%	3.78%
Real Estate	10.00%	4.44%
Absolute Return	10.00%	3.56%
Private Equity	5.00%	7.75%
Total	100.00%	

Discount Rate

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

Changes in the Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balance at 12/31/2017	$ 41,206,065	$ 39,569,871	$ 1,636,194
Changes for the year			
Service cost	1,012,414	-	1,012,414
Interest	2,747,274	-	2,747,274
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(1,011,071)	-	(1,011,071)
Changes of assumptions	-	-	-
Contributions - employer	-	842,842	(842,842)
Contributions - employee	-	438,003	(438,003)
Net investment income	-	(1,184,982)	1,184,982
Benefit payments, including refunds of employee contributions	(2,023,844)	(2,023,844)	-
Administrative expense	-	(22,908)	22,908
Other changes	-	(1,197)	1,197
Net changes	724,773	(1,952,086)	2,676,859
Balance at 12/31/2018	$ 41,930,838	$ 37,617,785	$ 4,313,053

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability (asset)	$ 9,894,740	$ 4,313,053	$ (288,849)

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, 2019, the City recognized pension expense of $1,019,480.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 950,444
Changes in actual assumptions	-	-
Difference between projected and actual investment earnings	2,032,411	-
Contributions subsequent to the measurement date	651,674	-
Total	$ 2,684,085	$ 950,444

$651,674 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	
2020	$ 294,036
2021	(45,274)
2022	62,016
2023	771,189
	$ 1,081,967

Firemen's Relief and Retirement Fund:

Plan Description

The Board of Trustees of the Firemen's Relief and Retirement Fund of Plainview, Texas (the Plan) is the administrator of a single-employer defined benefit pension plan. The Board of Trustees consists of three firemen elected by the members, two citizens elected by the board, and the City Mayor and Finance Director serving as ex-officio members. Substantially all firefighters in the Plainview Fire Department are covered by the Plan. The plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and was amended effective October 1, 2009. The table below summarizes the membership of the Plan included in the actuarial valuation as of December 31, 2017, which is the date of the latest actuarial valuation.

Retirees and beneficiaries currently receiving benefits	36
Active members	34
Total membership	70

The Plan provides service retirement, death, disability, and withdrawal benefits. These benefits fully vest after 20 years of credited service with partial vesting available with 10 years of service. Members hired before October 1, 1994 may retire at age 50 with 20 years of service. Members hired on or after October 1, 1994 may retire at age 53 with 20 years of service if vested on January 1, 2017. Members hired on or after October 1, 1994 may retire at age 54 with 20 years of service if not vested on January 1, 2017. As of the December 31, 2018 actuarial valuation date, the Plan provided a monthly normal service retirement benefit, payable in a joint and two-thirds to spouse form of annuity, equal to 63.75% of “highest 60-month average salary”, plus a “longevity” benefit equal to $78 per month for each whole year of service in excess of 20 years, subject to a 15 year maximum. There is no provision for automatic postretirement benefit increases. The Plan has the authority to provide, and has in the past provided for, ad hoc postretirement benefit increases. The benefit provisions of this plan are authorized by the Texas Local Fire Fighter’s Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions.

The contribution provisions of this plan are authorized by TLFFRA. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the City. The costs of administering the Plan are financed from the trust.

Actuarial assumptions were as follows:

Actuarial Cost Method	Entry Age Normal Actuarial Cost Method
Asset Valuation Method	Market value of assets
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	31.6 years, closed period
Investment Rate of Return	7.50%
Projected Salary Increases	Service Graded
Payroll growth	3.5%
Amortization Increases	4.0%
Cost-of-living Adjustments	None

Changes in Net Pension Liability

At September 30, 2019, the City reported a Net Pension Liability amount of $11,359,175. The Net Pension Liability was measured as of December 31, 2018, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of December 31, 2017.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balance at 12/31/2017	$ 16,509,689	$ 6,154,425	$ 10,355,264
Changes for the year			
Service cost	268,578	-	268,578
Interest	1,215,971	-	1,215,971
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	546,889	(546,889)
Contributions - employee	-	301,628	(301,628)
Net investment income	-	(345,550)	345,550
Benefit payments, including refunds of employee contributions	(1,198,272)	(1,198,272)	-
Administrative expense	-	(22,329)	22,329
Net changes	286,277	(717,634)	1,003,911
Balance at 12/31/2018	$ 16,795,966	$ 5,436,791	$ 11,359,175

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

The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Firefighters' Fund Net Pension Liability	$ 13,282,251	$ 11,359,175	$ 9,763,828

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

Pension Expense Components	
Service Cost	$ 268,578
Interest on TPL	1,215,971
Differences between expected and actual experience	(96,424)
Changes in Assumptions	236,224
Changes in Benefit Terms	-
Employee Contributions	(301,628)
Projected Earnings on Pension Plan Investments	(447,629)
Differences between projected and actual earnings on plan investments	284,122
Pension Plan Administrative Expenses	22,329
Total pension expense	$ 1,181,543

For the year ended September 30, 2019, the City recognized a pension expense of $1,181,543. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 148,169
Changes in actual assumptions	108,612	-
Difference between projected and actual investment earnings	555,349	-
Contributions subsequent to the measurement date	415,610	-
Total	$ 1,079,571	$ 148,169

$415,610 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	
2020	$ 200,202
2021	95,039
2022	61,916
2023	158,635
	$ 515,792

Other Retirement and Miscellaneous Benefits

The City makes available to all of its full-time employees a custom benefit plan (cafeteria plan) under Internal Revenue Code Section 125 and a deferred compensation plan under Internal Revenue Code Section 457. The City does not contribute to these plans. All contributions are made by employees who elect to participate in the plans. The City remits employee contributions to the plan trustees on a regular basis. The City does not administer the Section 457 plan, nor does it provide investment advice to the plan. Accordingly, the Section 457 plan is not a part of the City's reporting entity.

Note 10 - Health Care Coverage

The City provided health insurance benefits to eligible employees who chose to participate. Employees, at their option, authorize payroll withholdings to pay contributions for dependent coverage. Blue Cross Blue Shield, a licensed insurer, provided the health insurance coverage.

Note 11 - Other Postemployment Benefits

Plan Description

The City participates in the City of Plainview Retiree Health Care Plan. This is a single employer plan that is not administered by a trust. There are no assets accumulated in a trust. Texas Local Government Code Section 177.001 assigns the authority to establish and amend benefit provisions to the City Council.

Plan Benefits

Full-time employees, their spouse, and dependents, and retirees, their spouse, and dependents are eligible to participate in the City's single-employer health care plan. Eligible retirees choosing to participate in the plan pay premiums to the plan. Retiree coverage terminates at the end of the month that the retiree becomes eligible for Medicare or Medicaid.

Plan Membership

The following table provides a summary of the number of participants in the plan as of December 31, 2017:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	9
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	166
Total Plan Members	175

Contributions

The funding policy of the plan is to ensure that adequate resources are available to meet the required insurance premiums for the upcoming year. It is not the intent of the funding policy to pre-fund retiree life insurance during employees' entire careers. The City's contributions, which equaled the required contribution, were based upon a factor of 1.59 which equals the ratio of the expected retiree claims to the expected retiree contributions. Total contributions paid by the City equaled $60,342 for the year ended December 31, 2018.

Actuarial Assumptions

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

Valuation Date	December 31, 2017
Actuarial Cost Method	Entry Age Individual
Asset Valuation Method	Actuarial Value
Discount Rate	3.71%
Inflation	2.50%
Projected Salary Increases	3.50% to 10.50% for TMRS employees and 3.50% to 8.00% for Firefighters, including inflation
Health Care Trend Rates	Initial rate of 7.50% declining to an ultimate rate of 4.25% after 15 years

The plan does not have an automatic cost-of-living adjustment. Therefore, no assumption for future cost-of-living adjustments in included in the GASB calculation or in the funding valuation. Each year, the plan may elect an ad hoc COLA for its retirees.

Mortality rates for healthy TMRS members were based on 90% of the RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustments used with male rates based on 109% and female rates based on 103%. The rates are projected on a fully generational basis by scale BB to account for fugute mortality improvements. For healthy firefighter retirees, the gender-district RP-2014 Blue Collar Mortality tables adjusted backward to 2016 with SCal e MP-2014 and projected with Scale MP-2016. Mortality rates for disabled retirees for firefighters is based on the gender-distict RP-2014 Disability Mortality Table adjusted backward to 2006 with Scale MP-2014 and projected with Scale MP-2015. Mortality rates for TMRS disabled retirees is the same s for healthy retirees, except with a 3 year set forward. In addition, there is a 3% minimum mortality probability to reflect impaired mortality for this group. Mortality rates for active firefighter members is based on the gender distinct RP-2014 Employee Blue Collar Mortality tables adjusted backward to 2006 with Scale MP-2014 and projected with Scale MP-2016. Mortality rates for active TMRS members is based on the Gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 54.5% and female rates multiplied by 51.5%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.

The actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2017 were based on the results of an actuarial experience study for the period January 1, 2011 – December 31, 2014.

There was a change in discount rate from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018.

Discount Rate

A discount rate of 3.71% based on the daily rate closest but not later than the measurement date for the Fidelity 20-Year Municipal GO AA Index is used as of the measurement date December 31, 2018. The discount rate was 3.31% as of the prior measurement date.

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

At September 30, 2019, the City reported a total OPEB liability of $1,135,516 measured at December 31, 2018.

For the year ended September 30, 2019, the City recognized OPEB expense of $77,037.

There was a change in discount rate from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

Changes in the total OPEB liability for the measurement year ended December 31, 2018 are as follows:

Changes in Total OPEB Liability	Total OPEB Liability
Balance at December 31, 2017	$ 1,173,854
Changes for the year	
Service cost	39,447
Interest on total OPEB liability	38,509
Changes of benefit terms	-
Difference between expected and actual experience of the total OPEB liability	(16,373)
Changes of assumptions	(39,579)
Benefit payments	(60,342)
Balance as of December 31, 2018	$ 1,135,516

Discount Rate Sensitivity Analysis

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.71%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.71%) or 1 percentage point higher (4.71%) than the current rate.

1% Decrease (2.71%)	Current Discount Rate Assumption (3.71%)	1% Increase (4.71%)
$ 1,237,980	$ 1,135,516	$ 1,044,125

Healthcare Cost Trend Rate Sensitivity Analysis

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher than the assumed healthcare cost trend rate.

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
$ 1,023,508	$ 1,135,516	$ 1,266,864

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 14,209
Changes in assumptions	36,037	34,347
Contributions subsequent to the measurement date	58,531	-
Total	$ 94,568	$ 48,556

$58,531 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ended September 30, 2020. The balances of deferred outflows and inflows of resources related to OPEB, excluding contributions made subsequent to the measurement date, will be recognized in OPEB expense as follows:

Year Ending September 30	Net Deferred Outflows/(Inflows)
2020	$ (919)
2021	(919)
2022	(919)
2023	(919)
2024	(919)
Thereafter	(7,924)
Total	$ (12,519)

Note 12 - Risk Management

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, error and omission, injuries to employees, and natural disasters. The City obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool (TML). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for the aforementioned insurance coverage.

The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss.

There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years. The City is generally self-insured for physical damage to vehicles.

Note 13 - Contingencies and Litigation

Contingencies

The City participates in grant programs which are governed by various regulations and rules of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to the compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

Litigation and Claims

Certain claims have been made against the City. The City intends to vigorously defend such claims or any suit. In the opinion of management, the ultimate resolution of these matters will not have a material adverse effect on the financial condition of the City.

Note 14 - Closure and Postclosure Care Cost

State and federal laws and regulations require the City to place a final cover on its City of Plainview Municipal Solid Waste Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $1,626,633 reported as landfill closure and postclosure care liability as of September 30, 2019, represents the cumulative amount reported to date based on the use of 23.97% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure of $5,159,488 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2019. The City expects to close the landfill in the year 2095. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

It is the policy of the City to satisfy the EPA financial assurance requirements using the financial test method. Additionally, the Solid Waste Management Fund has cash and investments equal to the recorded liability for landfill closure and postclosure costs, which amounted to $1,626,633 as of September 30, 2019.

Note 15 - Investment in Joint Venture

Plainview/Hale County Airport

The Plainview/Hale County Airport is under equal joint ownership by the City of Plainview and the County of Hale. General administration is accomplished by an Airport Board composed of seven members. Three members are appointed by the City and three members are appointed by the County. The seventh board member is selected by the other six board members and is approved by both the City and County. The degree of control of each government consists of its representation on the Board. Hale County is the fiscal agent for the joint venture. General airport operations are funded by user charges and typically require support for major improvements only.

Total current assets	$ 156,707
Total property and equipment	1,697,398
Total current liabilities	588
Net position invested in capital assets	1,697,398
Unrestricted net position	156,119
Total net position	1,853,517
Total operating revenues	124,529
Total operating expenses	131,026
Net increase (decrease) in net position	(6,497)
City's 50% share of increase (decrease) in net position	(3,249)

Complete financial statements for the joint venture can be obtained from:

Melinda Silvas, County Auditor
County of Hale
500 Broadway
Plainview, TX 79072

Transactions with the Plainview/Hale County Airport for the year ended September 30, 2019 included those related to routine water, sewer and solid waste utility services. The City's interest in the joint venture is accounted for using the equity method.

City of Plainview/Hale County Business Park

The City of Plainview/Hale County Business Park is under equal joint ownership by the City of Plainview and the County of Hale. General administration is accomplished by the Community Development Program Committee composed of five members. Two members are appointed by the City and two members are appointed by the County. The fifth board member is the Plainview Hale County Economic Development Corporation. The degree of control of each government consists of its representation on the Board. The City of Plainview is the fiscal agent for the joint venture.

Year Ending Date	9/30/2019
Total current assets	$ 978,212
Total property and equipment	5,734,458
Total current liabilities	978,212
Net position invested in capital assets	4,756,246
Unrestricted net position	-
Total net position	4,756,246
Total operating revenues	1,588,180
Total operating expenses	4,500
Net increase (decrease) in net position	1,583,680
City's 50% share of increase (decrease) in net position	791,840

Complete financial statements for the joint venture can be obtained from:

Sarianne Beversdorf, Director of Finance
City of Plainview
121 W. Seventh St.
Plainview, TX 79072

The City's interest in the joint venture is accounted for using the equity method.

Note 16 - Related Parties

At September 30, 2019, the City of Plainview has a payable to the City of Plainview / Hale County Business Park (Business Park) for $401,723. The City of Plainview has a receivable from the Business Park for $627,386. The contributions made from the City to the Business Park were $705,547.

The City of Plainview paid $13,753 to the Plainview/Hale County Airport for its portion of expenses.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

PROPOSED FORM OF OPINION OF BOND COUNSEL

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.

CITY OF PLAINVIEW, TEXAS
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020
IN THE AGGREGATE PRINCIPAL AMOUNT OF $5,635,000

AS BOND COUNSEL FOR THE CITY OF PLAINVIEW, TEXAS, (the "Issuer") in connection with the issuance of the General Obligation Refunding Bonds 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 and in the ordinance of the Issuer authorizing the issuance and sale of the Bonds (the "Ordinance"). Terms used herein and not otherwise defined shall have the meaning given in 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 and sale of the Bonds, including executed 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 that except as may be limited by laws applicable to the Issuer relating to sovereign immunity of political subdivisions, 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, all as defined and provided in the Ordinance.

IT IS FURTHER OUR OPINION that, except as discussed below, under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion, for federal income tax purposes, the interest on the Bonds (i) is excludable from the gross income of the owners thereof and (ii) the Bonds 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 (the "Code"). 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.

IN EXPRESSING THE AFOREMENTIONED OPINIONS, we have relied on and assume continuing compliance with, certain representations contained in the federal tax certificate of the Issuer and covenants set forth in the ordinance adopted by the Issuer to authorize the issuance of the Bonds, relating to, among other matters, the use of the project being refinanced and the investment and expenditure of the proceeds and certain other amounts used to pay or to secure the payment of debt service on the Bonds, and the certification of Specialized Public Finance Inc. verifying the sufficiency of the cash deposited with the escrow agent to pay the amounts due on the refunded obligations, the accuracy of which we have not independently verified. We call your attention to the fact that if such representations are determined to be inaccurate or if the Issuer fails to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance 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.

Respectfully,

SPECIALIZED PUBLIC FINANCE INC.
FINANCIAL ADVISORY SERVICES