Dated July 14, 2020

NEW ISSUE – Book-Entry-Only

Ratings:
S&P: "A"
(See "BOND INSURANCE", and "OTHER INFORMATION – Rating" herein

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

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

$4,990,000
CITY OF SHINER, TEXAS
(Lavaca County)
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2020

$860,000
CITY OF SHINER, TEXAS
(Lavaca County)
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020

Dated Date: July 15, 2020
Interest to Accrue from the Delivery Date

Due: September 1, as shown on inside cover

PAYMENT TERMS . . . Interest on the $4,990,000 City of Shiner, Texas, Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020 (the "Certificates") will accrue from the Delivery Date, as set forth below, and will be payable on March 1 and September 1 of each year commencing March 1, 2021, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months and $860,000 City of Shiner, Texas, General Obligation Refunding Bonds, Series 2020 (the "Bonds"), will accrue from the Delivery Date, as set forth below, and will be payable on March 1 and September 1 of each year commencing September 1, 2020, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Certificates and the Bonds are referred to collectively herein as the "Obligations." The definitive Obligations will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the book-entry-only system described herein. Beneficial ownership of the Obligations may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Obligations will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Obligations. See "THE OBLIGATIONS - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas (see "The OBLIGATIONS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE AND SECURITY FOR THE CERTIFICATES . . . The Certificates are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and constitute direct obligations of the City of Shiner, Texas (the "City" or "Issuer"), payable from a continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, and a lien on and a pledge of the surplus revenues of the City's waterworks and sewer system, all as provided in the ordinance authorizing the Certificates (the "Certificate Ordinance"). See "THE OBLIGATIONS - Authority for Issuance of the Certificates" and " Security and Source of Payment for the Certificates."

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

PURPOSE OF THE CERTIFICATES . . . Proceeds from the sale of the Certificates will be used for the purposes of: (1) constructing, installing and acquiring additions, extensions and improvements to the City's waterworks and sewer system, including but not limited to, the construction of a new water well, a water treatment plant and water storage tanks, installation of related pipeline and the acquisition of related right-of-way and the acquisition and installation of City-wide water meters and (2) paying the costs associated with the issuance of the Certificates.

PURPOSE OF THE BONDS . . . Proceeds from the sale of the Bonds will be used for the purpose of: (1) refunding certain outstanding obligations of the City (the "Refunded Obligations") (see "SCHEDULE I – Scheduled Refunded Obligations") for debt service savings; and (2) paying the costs associated with the issuance of the Bonds.

INSURANCE. . . The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.

SEPARATE ISSUES . . . The Obligations are being offered and issued by the City concurrently with one another under a common Official Statement. However, the Bonds and the Certificates are separate and distinct securities offerings being issued and sold independently except for this Official Statement. While the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including without limitation the type of obligation being offered, its terms of payment, the security for its payment, the rights of holders, the rights of the City to redeem the Obligations of either series, the federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations and other features.

CUSIP PREFIX: 824569
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page 2

LEGALITY . . . The Obligations are offered for delivery when, as and if issued and received by the initial purchasers thereof named below (the "Underwriter") and subject to the approving opinion of the Attorney General of Texas and the opinions of McCall, Parkhurst & Horton L.L.P., Bond Counsel, San Antonio, Texas (see APPENDIX C – FORMS OF BOND COUNSEL'S OPINIONS). Certain legal matters will be passed upon for the Underwriter by its counsel, Norton Rose Fulbright US LLP, Austin, Texas.

DELIVERY . . . It is expected that the Obligations will be available for delivery through DTC on Thursday, August 6, 2020 (the "Delivery Date").

SAMCO CAPITAL MARKETS INC.

CUSIP Prefix: 824569[1]

MATURITY SCHEDULE FOR THE CERTIFICATES

$3,905,000 Serial Certificates

Maturity (September 1)	Amount	Interest Rate	Yield	CUSIP Suffix	Maturity (September 1)	Amount	Interest Rate	Yield	CUSIP Suffix
2022	$ 20,000	3.000%	0.540%	CW5	2032	$235,000	3.000%	1.550% [2]	DG9
2023	20,000	3.000%	0.610%	CX3	2033	240,000	3.000%	1.640% [2]	DH7
2024	20,000	3.000%	0.720%	CY1	2034	250,000	3.000%	1.680% [2]	DJ3
2025	195,000	3.000%	0.820%	CZ8	2035	255,000	3.000%	1.730% [2]	DK0
2026	195,000	3.000%	0.950%	DA2	2036	265,000	3.000%	1.770% [2]	DL8
2027	200,000	3.000%	1.050%	DB0	2037	270,000	3.000%	1.810% [2]	DM6
2028	210,000	3.000%	1.130%	DC8	2038	280,000	3.000%	1.850% [2]	DN4
2029	215,000	3.000%	1.230%	DD6	2039	285,000	3.000%	1.890% [2]	DP9
2030	225,000	3.000%	1.330% [2]	DE4	2040	300,000	3.000%	1.930% [2]	DQ7
2031	225,000	3.000%	1.420% [2]	DF1					

$1,085,000 Term Certificates

$1,085,000 3.000% Term Certificates due September 1, 2045 Price to Yield 2.130%[2] - CUSIP Suffix: DV6[1]

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(1) CUSIP numbers are included solely for the convenience of owners of the Certificates. 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 Financial Advisor or the Underwriter is responsible for the selection or correctness of the CUSIP numbers set forth herein.

(2) Yield calculated based on the assumption that the Certificates denoted and sold at a premium will be redeemed on September 1, 2029, the first optional call date for such Certificates, at a redemption price of par plus accrued interest to the redemption date.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after September 1, 2030, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on September 1, 2029, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE OBLIGATIONS - Optional Redemption of the Certificates").

MANDATORY REDEMPTION . . . The Certificates maturing on September 1, 2045 (the “Term Certificates”) are also subject to mandatory sinking fund redemption (see “THE OBLIGATIONS – Mandatory Sinking Fund Redemption of the Certificates”).

MATURITY SCHEDULE FOR THE BONDS

Maturity (September 1)	Amount	Interest Rate	Yield	CUSIP Suffix
2020	$ 170,000	3.000%	0.470%	DW4
2021	160,000	3.000%	0.520%	DX2
2022	170,000	3.000%	0.540%	DY0
2023	180,000	3.000%	0.620%	DZ7
2024	180,000	3.000%	0.720%	EA1

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(1) CUSIP numbers are included solely for the convenience of owners of the Bonds. 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 Financial Advisor or the Underwriter is responsible for the selection or correctness of the CUSIP numbers set forth herein.

REDEMPTION . . . The Bonds are not subject to redemption prior to their stated maturity.

This Official Statement, which includes the cover page, the Schedule, and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon. This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Certain information set forth herein has been provided by sources other than the City that the City believes is reliable, but the City makes no representation as to the accuracy of such information. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein since the date hereof. See "OTHER INFORMAITON – Continuing Disclosure of Information" for a description of the City's undertaking to provide certain information on a continuing basis.

The prices and other terms respecting the offering and sale of the Obligations may be changed from time to time by the Underwriter after the Obligations are released for sale, and the Obligations may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Obligations into investment accounts.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

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

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

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

TABLE OF CONTENTS

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

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Obligations (defined herein) 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 Shiner, Texas (the "City" or "Issuer") is a political subdivision and municipal corporation of the State of Texas, located in Lavaca County, Texas. The City covers approximately three square miles (see "INTRODUCTION - Description of the City").

THE CERTIFICATES .... The certificates are issued as $4,990,000 City of Shiner, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020 (the "Certificates"). The Certificates are issued as serial certificates maturing on September 1 in the years 2022 through 2040 and a term certificate maturing on September 1, 2045 (see "THE OBLIGATIONS - Description of the Certificates").

THE BONDS .... The bonds are issued as $860,000 City of Shiner, Texas General Obligation Refunding Bonds, Series 2020 (the "Bonds" and together with the Certificates, the "Obligations"). The Bonds are issued as serial bonds maturing September 1 in the years 2020 through 2024 (see "THE OBLIGATIONS - Description of the Bonds").

PAYMENT OF INTEREST .... Interest on the Certificates accrue from the Delivery Date (as defined below), and is payable on March 1, 2021, and each September 1 and March 1, thereafter until maturity or prior redemption and interest on the Bonds accrue from the Delivery Date (as defined below), and is payable on September 1, 2020, and each March 1 and September 1, thereafter until maturity (see "THE OBLIGATIONS - Description of the Obligations").

AUTHORITY FOR ISSUANCE FOR THE CERTIFICATES .... The Certificates are issued pursuant to the general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and an ordinance adopted by the City Council of the City (see "THE OBLIGATIONS - Authority for Issuance of the Certificates").

AUTHORITY FOR ISSUANCE FOR THE BONDS .... The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas, particularly, Texas Government Code, Chapter 1207, as amended; and an ordinance passed by the City Council of the City (see "THE OBLIGATIONS - Authority for Issuance for the Bonds").

SECURITY FOR THE CERTIFICATES .... The Certificates constitute direct obligations of the City payable from a continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City and a lien on and a pledge of the surplus revenues of the City's waterworks and sewer system (see "THE OBLIGATIONS - Security and Source of Payment").

SECURITY FOR THE BONDS .... The Bonds constitute direct obligations of the City, payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the City (see "THE OBLIGATIONS - Security and Source of Payment for the Bonds").

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

OPTIONAL REDEMPTION OF THE CERTIFICATES .... The City reserves the right, at its option, to redeem Certificates having stated maturities on and after September 1, 2030, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on September 1, 2029, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE OBLIGATIONS – Optional Redemption of the Certificates").

OPTIONAL REDEMPTION OF THE BONDS .... The Bonds are not subject to redemption prior to their stated maturity.

MANDATORY REDEMPTION...... The Certificates maturing on September 1, 2045 (the "Term Certificates") are also subject to mandatory sinking fund redemption (see "THE OBLIGATIONS – Mandatory Sinking Fund Redemption of the Certificates").

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

USE OF PROCEEDS FOR THE CERTIFICATES........................... Proceeds from the sale of the Certificates will be used for the purpose of: (1) constructing, installing and acquiring additions, extensions and improvements to the City's waterworks and sewer system, including but not limited to, the construction of a new water well, a water treatment plant and water storage tanks, installation of related pipeline and the acquisition of related right-of-way and the acquisition and installation of City-wide water meters and (2) paying the costs associated with the issuance of the Certificates.

USE OF PROCEEDS FOR THE BONDS....................................... Proceeds from the sale of the Bonds will be used for the purpose of: (1) refunding certain outstanding obligations of the City (the "Refunded Obligations") (see "SCHEDULE 1 – Scheduled Refunded Obligations") for debt service savings; and (2) paying the costs associated with the issuance of the Bonds.

RATINGS..................................... The Obligations and the presently outstanding tax supported debt of the City is rated "A" by S&P (see "OTHER INFORMATION – Rating").

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

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

DELIVERY................................ It is expected that the Obligations will be available for delivery through DTC on Thursday, August 6, 2020 (the "Delivery Date").

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended	Estimated City Population(1)	Taxable Assessed Valuation(2)	Per Capita Taxable Assessed Valuation	General Obligation (G.O.) Tax Debt(3)	Gross Per Capita G. O. Tax Debt	Ratio Gross G.O. Tax Debt to Taxable Assessed Valuation	% of Total Tax Collections
4/30/2016	2,069	$ 150,373,459	$ 72,679	$ 1,580,000	$ 764	1.05%	100.30%
4/30/2017	2,161	168,874,085	78,146	1,300,000	602	0.77%	99.20%
4/30/2018	2,176	200,327,344	92,062	1,145,000	526	0.57%	101.84%
4/30/2019	2,186	209,319,729	95,755	1,000,000	457	0.48%	98.54%
12/31/2020	2,186	240,675,092	110,098	5,680,000 (3)	2,598 (3)	2.36% (4)	97.84% (5)

(1) Source: City of Shiner, Texas.
(2) As reported by the Lavaca County Appraisal District on the City's annual State Property Tax Board Reports; subject to change during the ensuing year.
(3) Includes self-supporting debt.
(4) Includes the Obligations and self-supporting debt, and excludes the Refunded Obligations.
(5) Collections as of April 30, 2020.

CHANGE IN NET ASSETS

	Fiscal Year Ended April 30,[1]				
	2019	2018	2017	2016	2015
Beginning Balance	$ 3,450,375	$ 3,244,431	$ 3,405,793	$ 3,426,797	$ 3,454,750
Total Revenues	1,500,361	1,333,710	1,264,843	1,280,040	1,424,147
Total Expenditures	2,323,305	2,237,766	1,906,205	1,781,044	1,590,145
Net Funds Available	$ (822,944)	$ (904,056)	$ (641,362)	$ (501,004)	$ (165,998)
Prior Period Adjustment	(76,070)	-	-	-	-
Transfers	970,000	1,110,000	480,000	480,000	440,000
Ending Balance	$ 3,521,361	$ 3,450,375	$ 3,244,431	$ 3,405,793	$ 3,728,752

GENERAL FUND CONSOLIDATED STATEMENT SUMMARY

	Fiscal Years Ended April 30, [1]				
	2019	2018	2017	2016	2015
Beginning Balance	$ 287,976	$ 100,629	$ 806,947	$ 872,930	$ 673,909
Total Revenue	1,488,658	1,330,358	1,251,783	1,271,221	1,415,328
Total Expenditures	2,099,322	2,253,011	2,438,101	1,817,204	1,656,307
Net Transfers	970,000	1,110,000	480,000	480,000	440,000
Net Funds Available	359,336	187,347	(706,318)	(65,983)	199,021
Ending Balance	$ 647,312	$ 287,976	$ 100,629	$ 806,947	$ 872,930

(1) The City changed its Fiscal Year end from April 30 to December 31 subsequent to the April 30, 2019 financials.

For additional information regarding the City, please contact:

Ms. Natalie Fric
City Secretary
City of Shiner
P.O. Box 308
Shiner, Texas 77984
Telephone: (361) 594-3362
natalie.fric@shinertexas.gov

or

Ms. Anne Burger Entrekin
Hilltop Securities Inc.
70 Northeast Loop 410
Suite 710
San Antonio, Texas 78216
Telephone: (210) 308-2200
anne.burgerentrekin@hilltopseurities.com

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Length of Service	Term Expires	Occupation
Fred Henry Hilscher Mayor	10 Years	May 2021	Senior Vice President & Director of First National Bank/Shiner
Bucky Boehm Council Member	3 Years	May 2022	Agriculture Business Owner
Michael Furrh Council Member	3 Years	May 2022	EMS Director
Alois "Louis" Herman Council Member	8 Years	May 2022	Retired
Gregory Murrile Council Member	4 Years	May 2021	Elementary Principal
David Schroeder Council Member	12 Years	May 2021	Registered Nurse

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service to City	Total Governmental Service
Natalie Fric	City Secretary	3.5 Years	3.5 Years
Micael Ulbig	Public Works Supervisor	11 Months	21 Years
Drew Marcak	Electrical Supervisor	1 Year 7 Months	1 Year 7 Months
Ronald Leck(1)	Chief of Police	15.5 Years	43 Years

(1) Retiring, as of June 30, 2020.

CONSULTANTS AND ADVISORS

Auditors .... Roloff, Hnatek & Co. L.L.P.
Victoria, Texas

Bond Counsel .... McCall, Parkhurst & Horton L.L.P.
San Antonio, Texas

Financial Advisor........ Hilltop Securities Inc.
Dallas and San Antonio, Texas

OFFICIAL STATEMENT

RELATING TO

$4,990,000 **CITY OF SHINER, TEXAS** **(Lavaca County)** **COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATON SERIES 2020**	**$860,000** **CITY OF SHINER, TEXAS** **(Lavaca County)** **GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020**

INTRODUCTION

This Official Statement, which includes the Appendices and Schedule hereto, provides certain information regarding the issuance of $4,990,000 City of Shiner, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020 (the "Certificates") and $860,000 City of Shiner, Texas General Obligation Refunding Bonds, Series 2020 (the "Bonds"). The Bonds and the Certificates are herein collectively referred to as the "Obligations." Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinances to be adopted on the date of sale of the Obligations which will authorize the issuance of the Obligations, except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Obligations and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, Hilltop Securities Inc., Dallas and San Antonio, Texas by electronic mail or upon payment of reasonable handling, mailing and delivery charges.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. Copies of the Final Official Statement pertaining to the Obligations will be deposited with the Municipal Securities Rulemaking Board, 1900 Duke, Suite 600, Alexandria, Virginia 22314. See "OTHER INFORMATION - Continuing Disclosure of Information" for a description of the City's undertaking to provide certain information on a continuing basis.

INFECTIOUS DISEASE OUTBREAK – COVID-19 . . . The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas in response to the Pandemic. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness and mitigation. These include executive orders which have, among other things, imposed limitations on social gatherings and closed school districts throughout the State through the remainder of the 2019-20 school year. In addition to the actions by the state and federal officials, certain local officials, including the City and Lavaca County, Texas, have declared a local state of disaster and have issued "shelter-in-place" orders. Many of the federal, state and local actions and policies under the aforementioned disaster declarations and shelter-in-place orders are focused on limiting instances where the public can congregate or interact with each other, which affects the operation of businesses and directly impacts the economy. The Governor's Report to Open Texas, issued on April 27, 2020, and subsequent executive orders, have instituted a gradual reopening of businesses on a staggered basis with adherence to specified health protocols. Phase I of the plan called for allowing many customer-oriented businesses, such as restaurants and retail stores, to reopen on May 1, 2020, with occupancy restrictions in place of generally 25% of capacity. The Governor also announced in a press conference that if there were no COVID-19 "flare ups" his plan included increasing the 25% capacity limitations to 50% capacity limitations on May 18, 2020, as well as potentially opening other businesses as part of Phase 2 of the plan. On May 18, 2020, the Governor announced in a press release plans to proceed with Phase 2 of the ongoing plan to safely and strategically open Texas while minimizing the spread of COVID 19. Under Phase 2, beginning May 22, 2020, bars and a number of other businesses and activities that remained closed under Phase I were allowed to reopen with a 25% occupancy restriction and certain businesses such as restaurants and retail stores that opened during Phase I, were allowed to increase their occupancy to 50%. Subsequent to those initial opening actions, the Governor has issued several additional orders to respond to a recent increase in positive COVID-19 cases and hospitalizations in Texas, including, in late June, ordering a pause in any further reopening phases in the State, and on July 2, 2020, generally restricting gatherings to no more than 10 people and ordering every person in Texas (with certain exceptions) "to wear a face covering over the nose and mouth when inside a commercial entity or other building or space open to the public, or when in an outdoor public space, wherever it is not feasible to maintain six feet of social distancing from another person not in the same household."

For the full text of the Governor's executive orders, see: https://lrl.texas.gov/legeLeaders/governors/displayDocs.cfm?govdoctypeID=5&governorID=45.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect revenues of the City's waterworks and sewer system, property values and/or the collection of sales tax revenues within the City. See "TAX INFORMATION." The Obligations are secured by an ad valorem tax (within the limits prescribed by law) and are intended to be paid from the net revenues of the City's waterworks and sewer system. A reduction in such waterworks and sewer system revenues may require an increase in the ad valorem tax rate required to pay the Obligations as well as the City's operations and maintenance expenses. Additionally, the City collects a sales and use tax on all taxable transactions within the City's boundaries. A reduction in the collection of sales tax revenues may negatively impact the City's operating budget and overall financial condition.

The financial and operating data contained herein are the latest available, but are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the current financial condition or future prospects of the City.

The City continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of the Pandemic upon the City. While the potential impact of the Pandemic on the City cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the City's operations and financial condition, and the effect could be material.

DESCRIPTION OF THE CITY . . . The City is a political subdivision and municipal corporation of the State of Texas (the "State"), duly organized and existing under the laws of the State. The City was incorporated in 1890. The City is a Type A general law municipality and operates under a Council form of government with a City Council comprised of the Mayor and five Councilmembers. The term of office is two years with the terms of the Mayor and two of the Councilmembers' terms expiring in odd-numbered years and the other terms of the three Councilmembers expiring in even-numbered years. The City Secretary 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, electric, water and sanitary sewer utilities, health and social services, culture-recreation, public transportation, public improvements, planning and zoning, and general administrative services. The 2000 Census population for the City was 2,070, while the estimated 2020 population is 2,186. The City covers approximately three square miles.

PLAN OF FINANCING

PURPOSE OF THE CERTIFICATES. . . The Certificates are being issued for the purpose of: (1) constructing, installing and acquiring additions, extensions and improvements to the City's waterworks and sewer system, including but not limited to, the construction of a new water well, a water treatment plant and water storage tanks, installation of related pipeline and acquisition of related right-of-way and the acquisition and installation of City-wide water meters and (2) paying costs of issuance associated with the issuance of the Certificates.

PURPOSE OF THE BONDS. . . The Bonds are being issued for the purpose of: (1) refunding certain outstanding obligations of the City (the "Refunded Obligations") (see "SCHEDULE I – Schedule of Refunded Obligations") for debt service savings, and (2) paying the costs of issuance associated with the issuance of the Bonds.

REFUNDED OBLIGATIONS… The Refunded Obligations are being redeemed on the date set forth in Schedule I hereto (the "Redemption Date"). The principal and interest due on the Refunded Obligations are to be paid on the Redemption Date from funds to be deposited pursuant to a certain escrow agreement (the "Escrow Agreement") with BOKF, NA, Dallas, Texas (the "Escrow Agent"). The Bond Ordinance provides that from the proceeds of the sale of the Bonds received from the Underwriter and other available funds of the City, if any, the City will deposit with the Escrow Agent the amount that will be sufficient to accomplish the discharge and final payment of the Refunded Obligations on their Redemption Date. Prior to the Redemption Date, such funds will be held by the Escrow Agent in a special escrow account (the "Escrow Fund") and such funds may be either (i) held uninvested in the Escrow Fund, or (ii) used to purchase some or all of the following types of obligations: (a) direct noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States, (b) noncallable obligations of an agency or instrumentality of the Unites States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent and/or (c) noncallable obligations of a state or an agency or a county, municipality or other political subdivision of a state that have been refunded that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent (the "Escrowed Securities"). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of principal of and interest on the Refunded Obligations.

By the deposit of a portion of the Bond proceeds with the Escrow Agent pursuant to the Escrow Agreement, the City will have effected the defeasance of the Refunded Obligations in accordance with the law. It is the opinion of Bond Counsel that as a result of such defeasance the Refunded Obligations will be outstanding only for the purpose of receiving payments from the Escrow Fund and such Refunded Obligations will not be deemed as being outstanding obligations of the City payable from the levy and collection of a direct and continuing ad valorem tax nor for the purpose of applying any limitation on the issuance of debt. Thereafter, the City will have no further responsibility with respect to amounts available in the Escrow Fund for the payment of the Refunded Obligations from time to time, including any insufficiency therein caused by the failure of the Escrow Agent to receive payment when due on the Escrowed Securities.

Hilltop Securities Inc., the Financial Advisor to the City, will execute a certificate (the "Sufficiency Certificate") certifying that the amount deposited into the Escrow Fund, will be sufficient to pay the principal of and interest on the Refunded Bonds on the redemption date.

THE OBLIGATIONS

DESCRIPTION OF THE CERTIFICATES . . . The Certificates are dated July 15, 2020, and mature on September 1 in each of the years and in the amounts shown on the inside cover page hereof. Interest will accrue from the Delivery Date (as defined below), 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, commencing March 1, 2021, until maturity or prior redemption. The definitive Certificates 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 Certificates will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Certificates 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 Certificates. See "THE OBLIGATIONS - Book-Entry-Only System" herein.

DESCRIPTION OF THE BONDS . . . The Bonds are dated July 15, 2020, and mature on September 1 in each of the years and in the amounts shown on the inside cover page hereof. Interest will accrue from the Delivery Date, 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, commencing September 1, 2020, until maturity. 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 OBLIGATIONS - Book-Entry-Only System" herein.

DELIVERY. . . It is expected that the Obligations will be available for delivery through DTC on Thursday, August 6, 2020 (the "Delivery Date").

AUTHORITY FOR ISSUANCE OF THE CERTIFICATES . . . The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and the ordinance to be adopted by the City Council (the "Certificate Ordinance").

AUTHORITY FOR ISSUANCE OF THE BONDS . . . The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas, particularly, Texas Government Code, Chapter 1207, as amended; and an ordinance approved by the City Council authorizing the Bonds (the "Bond Ordinance" and together with the Certificate Ordinance, the "Ordinance").

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS . . . In the Bond Ordinance, the City covenants that it will levy and collect an annual ad valorem tax, within the limitations prescribed by law, against all taxable property located within the City sufficient to meet the debt service requirements on the Bonds.

SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES

Ad Valorem Tax Pledge: In the Certificate Ordinance, the City covenants that it will levy and collect an annual ad valorem tax, within the limitations prescribed by law, against all taxable property located within the City sufficient to meet the debt service requirements on the Certificates.

Pledge of Surplus Waterworks and Sewer System Revenues for Certificates. The Certificates are additionally secured by a lien on and pledge of the "Surplus Revenues" derived from the ownership and operation of the City's waterworks and sewer system, as provided in the Certificate Ordinance. The City expects that such Surplus Revenues will be utilized to pay all of the debt service requirements on the Certificates.

REDEMPTION OF THE BONDS . . The Bonds are not subject to redemption prior to their stated matuiry.

OPTIONAL REDEMPTION OF THE CERTIFICATES . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after September 1, 2030, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on September 1, 2029, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Certificates are to be redeemed, the City may select the maturities of Certificates to be redeemed. If less than all the

Certificates of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) shall determine by lot the Certificates, or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

MANDATORY REDEMPTION OF THE CERTIFICATES . . . The Certificates maturing on September 1, 2045 (the "Term Certificates") are also subject to mandatory sinking fund redemption.

Term Certificate Maturing on
September 1, 2045

Mandatory Redemption Date	Principal Amount ($)
September 1, 2041	$ 205,000
September 1, 2042	210,000
September 1, 2043	215,000
September 1, 2044	225,000
September 1, 2045	230,000

Approximately forty-five (45) days prior to each mandatory redemption date for the Term Certificate, the Paying Agent/Registrar shall select by lot the numbers of the Term Certificate within the applicable Stated Maturity to be redeemed on the next following September 1 from moneys set aside for that purpose in the Interest and Sinking Fund. Any Term Certificate not selected for prior redemption shall be paid on the date of their Stated Maturity.

The principal amount of the Term Certificate for a State Maturity required to be redeemed pursuant to the operation of such mandatory redemption provisions may be reduced, at the option of the City, by the principal amount of the Term Certificate of like Stated Maturity which, at least forty-five (45) days prior to the mandatory redemption date, (i) shall have been defeased or acquired by the City and delivered to the Paying Agent/Registrar for cancellation, (ii) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the City, or (iii) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

NOTICE OF REDEMPTION . . . . Not less than 30 days prior to a redemption date for the Certificates, 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 Certificates 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 CERTIFICATES CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY CERTIFICATES OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH CERTIFICATES OR PORTION THEREOF SHALL CEASE TO ACCRUE.

DEFEASANCE . . . The Ordinance provides for the defeasance of the Obligations when payment of the principal of and premium, if any, on the Obligations, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent (or other financial institution permitted by applicable state law), in trust (1) money sufficient to make such payment and/or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Obligations, and thereafter the City will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased Obligations, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. The Ordinance provides that "Defeasance Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent and (d) any other then authorized securities or obligations under applicable state law that may be used to defease obligations such as the Obligations. The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance

Securities for 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.

Upon such deposit as described above, such Obligations shall no longer be regarded to be outstanding or unpaid. Provided, however, the City has reserved the option, to be exercised at the time of the defeasance of the Obligations, to call for redemption at an earlier date those Obligations which have been defeased to their maturity date, if the City (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Obligations for redemption, (ii) gives notice of the reservation of that right to the owners of the Obligations immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

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

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

DTC will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered certificate will be issued for each maturity of the Obligations 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 Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each Obligations ("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 Obligations 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 Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

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

Neither DTC nor Cede & Co. will consent or vote with respect to the Obligations 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 Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Obligations 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 or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to DTC is 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 Obligations 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, Obligations 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, Obligations 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 Obligations are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Obligations, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.
Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Financial Advisor or the Underwriter.

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 Obligations will be issued to the holders and the Obligations will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "THE OBLIGATIONS- Transfer, Exchange and Registration" below.

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

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the book-entry-only system should be discontinued, the Obligations may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Obligations may be assigned by the execution of an assignment form on the respective Obligations or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Obligations will be delivered by the Paying Agent/Registrar, in lieu of the Obligations being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Obligations issued in an exchange or transfer of Obligations will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Obligations to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Obligations registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount and series as the Obligations surrendered for exchange or transfer. See "THE OBLIGATIONS - Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Obligations. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Obligation called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of an Obligation.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Obligations on any interest payment date means the close of business on the fifteenth 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 an Obligation appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

AMENDMENTS . . . The City may amend, change, or modify the Ordinance without the consent of or notice to any registered owners, as may be required (i) by the provisions of the Ordinance; (ii) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission therein; or (iii) in connection with any other change which is not to the prejudice of the registered owners. In addition, the City may, with the written consent of the holders of a majority in aggregate principal amount of the Obligations then outstanding and affected thereby, amend, change, modify, or rescind any of the provisions of the Ordinance; except that, without the consent of the registered owners of all of the Obligations affected, no such amendment, change, modification, or rescission may (i) change the date specified as the date on which the principal of or any installment of interest on the Obligations is due and payable, reduce the principal amount thereof or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, redemption price, or interest on the Obligations; (ii) give any preference to any Obligations over any other Obligations; (iii) extend any waiver of default to subsequent defaults; or (iv) reduce the respective aggregate principal amount of Obligations required for consent to any amendment, change, modification, or rescission.

BONDHOLDERS' REMEDIES . . . The Ordinance establishes specific events of default with respect to the Obligations. If the City (i) defaults in the payment of the principal, premium, if any, or interest on the Obligations, (ii) defaults in the deposits and credits required to be made to the Interest and Sinking Fund, or (iii) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in the Ordinance, the failure to perform which materially, adversely affects the rights of the holders including but not limited to their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for 30 days after the City has received written notice of such defaults, the 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.

The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Obligations or the Ordinance and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Obligations in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year.

The Ordinance does not provide for the appointment of a trustee to represent the interest of the Bondholders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006), that a waiver of governmental immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's governmental immunity from a suit for money damages, Bondholders may not be able to bring such a suit against the City for breach of the Obligations or covenants in the Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Obligations.

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 municipalities and relates to contracts entered into by municipalities for providing goods or services to municipalities. The City is not aware of any Texas court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings by local governments that relate to their borrowing powers are contracts covered by the Local Government Immunity Waiver Act.

As noted above, the Ordinance provides that Bondholders may exercise the remedy of mandamus to enforce the obligations of the City under the 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).

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("*Wasson I*"), that governmental immunity does not imbue a city with derivative immunity when it performs a proprietary, as opposed to a governmental, function in respect to contracts executed by a city. On October 5, 2018, the Texas Supreme Court issued a second opinion to clarify *Wasson I, Wasson Interests, Ltd. v. City of Jacksonville*, 559 S.W.3d 142 (Tex. 2018) ("*Wasson II*", and together with *Wasson I*, "Wasson"), ruling that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function at the time it entered into the contract, not at the time of the alleged breach. In *Wasson*, the Court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in regard to municipal contract cases (as opposed to tort claim cases), it is incumbent on the courts to determine whether a function was governmental or proprietary based upon the statutory and common law guidance at the time of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under authority or for the benefit of the State; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the state's immunity since they are not performed under the authority, or for the benefit, of the State as sovereign. Issues related to the applicability of a governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated based on the facts and circumstances surrounding the contract in question.

Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it.

USE OF PROCEEDS. . . Proceeds from the sale of the Obligations, are expected to be expended as follows:

	The Certificates	The Bonds	Aggregate
Sources of Funds:			
Par Amount	$4,990,000.00	$860,000.00	$5,850,000.00
Reoffering Premium	522,154.75	42,548.40	564,703.15
Total Sources of Funds	$5,512,154.75	$902,548.40	$6,414,703.15
Uses of Funds:			
Deposit to Construction Fund	$5,377,642.00	$ -	$5,377,642.00
Deposit to Escrow Fund	-	867,113.83	867,113.83
Costs of Issuance	70,677.74	22,294.55	92,972.29
Bond Insurance	24,716.12	3,109.61	27,825.73
Underwriter's Discount	39,118.89	6,800.76	45,919.65
Deposit to Debt Service Fund	-	3,229.65	3,229.65
Total Uses of Funds	$5,512,154.75	$902,548.40	$6,414,703.15

BOND INSURANCE

BOND INSURANCE POLICY . . . Concurrently with the issuance of the Obligations, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Obligations (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY . . . BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2020 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $459.6 million, $126.1 million and $333.5 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

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

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

FINANCIAL GUARANTY INSURANCE RISK FACTORS

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

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

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Obligations are payable solely from the money received by the Paying Agent/Registrar pursuant to the Ordinance. In the event the Insurer becomes obligated to make payments with respect to the Obligations, no assurance is given that such event will not adversely affect the market price of the Obligations or the marketability (liquidity) for the Obligations.

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

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

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

None the City, Financial Advisor, or the Underwriter have made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given.

TAX INFORMATION

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. Prospective investors are encouraged to review 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 (the "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 Lavaca County Appraisal District (the "Appraisal District"). Except as generally 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 (3) 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.

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. 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 – City 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 AND GOODS-IN-TRANSIT EXEMPTIONS… Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are 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 taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal. Certain goods, that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days ("Goods-in-Transit"), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer's motor vehicle, boat, or heavy equipment 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 REINVESTMENT ZONES… A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries. 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 "tax increment". During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

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

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 Obligations.

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

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 4, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $1.50 per $100 of Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of $1.00 of the $1.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance. The issuance of the Obligations does not violate the Constitutional restrictions or the Texas Attorney General's administrative policy.

CITY 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.

LEVY AND COLLECTION OF TAXES… The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. Taxpayers 65 years old or older, disabled veterans or an unmarried surviving spouse of a disabled veteran, are permitted by State law to pay taxes on homesteads in four installments with the first installment due before February 1 of each year and the final installment due before August 1. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the City. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

CITY'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES… Taxes levied by the City are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all State and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each local taxing unit, including the City, having power to tax the property. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes.

At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two (2) years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

CITY APPLICATION OF PROPERTY TAX CODE…The City has a tax freeze for over 65 and disabled as of 2015.

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.

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

The City does not tax Freeport property.

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

The City has not adopted a tax abatement policy.

The City has the legal authority to create a tax increment financing zone but has not done so as of July 1, 2020.

DELINQUENT TAX PROVISION… Property within the City is assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1 of each year. Mineral values are assessed on the basis of a twelve-month average. Taxes become due upon receipt of the tax statement, usually October of the same year, and become delinquent on February 1 of the following year. Split payments are not permitted except that taxpayers over 65 and taxpayers qualifying for the disabled person exemption are allowed to pay taxes on their residential homestead in four equal payments before February 1, April 1, June 1 and August 1. Discounts are not allowed.

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

Month	Penalty	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 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 incur the penalty as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest is to compensate the taxing unit for revenue lost because of the delinquency. In addition, if an account is delinquent in July, an attorney's collection fee of up to 20% of the delinquent tax penalty and interest charge may be added. 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.

TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2019/20 Market Valuation Established by Lavaca County Appraisal District (excluding totally exempt property)		$292,842,510
Less Exemptions/Reductions at 100% Market Value:		
Homestead Cap Adjustment	$ 1,683,339	
20% Local, Optional Homestead Exemptions	16,604,390	
Disabled Veterans	436,352	
Pollution Control	2,770,920	
Productivity Loss	4,410,820	
Freeze Value Loss	26,261,597	52,167,418
2019/20 Taxable Assessed Valuation		$240,675,092
General Obligation Debt Payable from Ad Valorem Taxes (as of April 30, 2020)[(1)]		
The Bonds	$ 860,000	
The Certificates	4,990,000	$ 5,850,000
Less: Self Supporting Debt[(2)]		$ 5,850,000
Net General Obligation Debt Payable from Ad Valorem Taxes		$ -
Ratio of Gross General Obligation Tax Debt to Taxable Assessed Valuation		2.4%
Ratio of Net General Obligation Tax Debt to Taxable Assessed Valuation		-

2020 Estimated Population - 2,186
Per Capita Taxable Assessed Valuation - $110,098
Per Capita Gross General Obligation Debt Payable from Ad Valorem Taxes - $389
Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - $0

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(1) Excludes the Refunded Obligations.
(2) Refers to general obligation debt in the amounts shown for which repayment is fully provided from revenues of the Waterworks and Sewer System. The amount of "Self-Supporting Debt" is based on the percentages of revenue support as shown in Table 9. It is the City's current policy to provide these payments from system revenues; this policy is subject to change in the future.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Vaue for Fiscal Year Ended,					
	2020[1]		2019		2018	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 121,620,542	41.53%	$ 107,306,619	41.86%	$ 100,311,730	41.05%
Real, Residential, Multi-Family	1,505,229	0.51%	1,885,834	0.74%	1,735,990	0.71%
Real, Vacant Lots/Tracts	2,182,354	0.75%	2,219,002	0.87%	2,270,640	0.93%
Real, Acreage (Land Only)	4,503,312	1.54%	4,511,384	1.76%	4,651,813	1.90%
Real, Farm and Ranch Improvements	2,926,427	1.00%	2,679,101	1.05%	2,667,829	1.09%
Real, Commercial	16,805,749	5.74%	15,873,733	6.19%	15,798,465	6.46%
Real, Industrial	90,042,807	30.75%	88,676,909	34.59%	85,500,641	34.99%
Oil and Gas	19,945,220	6.81%	853,400	0.33%	908,610	0.37%
Real and Tangible Personal, Utilities	1,334,400	0.46%	1,164,770	0.45%	1,156,820	0.47%
Tangible Personal, Commercial	6,861,930	2.34%	6,856,089	2.67%	6,767,506	2.77%
Tangible Personal, Industrial	23,676,240	8.08%	23,121,110	9.02%	21,477,750	8.79%
Tangible Personal, Mobile Homes & Other	817,891	0.28%	678,260	0.26%	551,114	0.23%
Real Property, Special Inventory	620,409	0.21%	519,366	0.20%	571,656	0.23%
Total Appraised Value Before Exemptions	$ 292,842,510	100.00%	$ 256,345,577	100.00%	$ 244,370,564	100.00%
Less: Total Exemptions/Reductions	(52,167,418)		(47,025,848)		(44,043,220)	
Taxable Assessed Value	$ 240,675,092		$ 209,319,729		$ 200,327,344	

	Taxable Appraised Value for Fiscal Year Ended April 30,			
	2017		2016	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 98,152,029	46.12%	$ 89,782,673	47.25%
Real, Residential, Multi-Family	1,710,377	0.80%	1,588,260	0.84%
Real, Vacant Lots/Tracts	2,521,299	1.18%	1,634,785	0.86%
Real, Acreage (Land Only)	4,086,728	1.92%	3,605,501	1.90%
Real, Farm and Ranch Improvements	2,568,687	1.21%	2,765,883	1.46%
Real, Commercial	15,431,223	7.25%	13,397,044	7.05%
Real, Industrial	57,742,276	27.13%	43,099,023	22.68%
Oil and Gas	1,555,780	0.73%	7,430,110	3.91%
Real and Tangible Personal, Utilities	1,109,190	0.52%	1,045,980	0.55%
Tangible Personal, Commercial	6,571,074	3.09%	6,209,265	3.27%
Tangible Personal, Industrial	20,254,160	9.52%	18,347,080	9.66%
Tangible Personal, Mobile Homes	518,973	0.24%	467,862	0.25%
Real Property, Special Inventory	574,540	0.27%	640,227	0.34%
Total Appraised Value Before Exemptions	$ 212,796,336	100.00%	$ 190,013,693	100.00%
Less: Total Exemptions/Reductions	(43,922,251)		(39,640,234)	
Taxable Assessed Value	$ 168,874,085		$ 150,373,459	

NOTE: Valuations shown are certified taxable assessed values reported by the Lavaca 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.

(1) The City changed its Fiscal Year end from April 30 to December 31 subsequent to the April 30, 2019 financials.

TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended	Estimated Population[(1)]	Taxable Assessed Valuation[(2)]	Taxable Assessed Valuation Per Capita	Gross G.O. Tax Debt Outstanding at End of Year[(3)]	Gross Ratio of G.O. Tax Debt to Taxable Assessed Valuation	Gross G.O. Tax Debt Per Capita	Gross Ratio of G.O. Tax Debt to Taxable Assessed Valuation	Net G.O. Tax Debt Per Capita
4/30/2016	2,069	$ 150,373,459	$ 72,679	$ 1,580,000	1.05%	$ 764	1.05%	$ 0
4/30/2017	2,161	168,874,085	78,146	1,300,000	0.77%	602	0.77%	0
4/30/2018	2,176	200,327,344	92,062	1,145,000	0.57%	526	0.57%	0
4/30/2019	2,186	209,319,729	95,755	1,000,000	0.48%	457	0.48%	0
12/31/2020 [(4)]	2,186	240,675,092	110,098	5,680,000	2.36%	2,598	2.36%	0

(1) Source: City of Shiner, Texas.
(2) As reported by the Lavaca County Appraisal District on the City's annual State Property Tax Board Reports; subject to change during the ensuing year.
(3) Includes self-supporting debt.
(4) The City changed its Fiscal Year end from April 30 to December 31 subsequent to the April 30, 2019 financials.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
4/30/2016	$ 0.3046	$ 0.3046	-	$ 518,066	97.49%	100.30%
4/30/2017	0.2939	0.2939	-	558,045	96.70%	99.20%
4/30/2018	0.2694	0.2694	-	598,733	97.77%	101.84%
4/30/2019	0.2694	0.2694	-	625,984	98.20%	98.54%
12/31/2020 [(2)]	0.2550	0.2550	-	675,847	97.49% [(1)]	97.84% [(1)]

(1) Collections as of April 30, 2020.
(2) The City changed its Fiscal Year end from April 30 to December 31 subsequent to the April 30, 2019 financials.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2019/20 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Spoetzl Brewery ("Shiner Beer")	Brewery	$ 91,192,650	37.89 %
Rocky Creek Resources LLC	Oil & Gas	11,663,400	4.85
Boedeker Plastics Inc.	Plastics	9,197,050	3.82
Boedeker Precision Inc.	Plastics	6,678,670	2.77
MC Boedeker Real Estate	Real Estate	2,875,202	1.19
Penn Virginia Oil & Gas LP	Oil & Gas	2,483,550	1.03
Boehm Tractor Sales Inc.	Machinery Sales	1,456,709	0.61
SNRC Realty Inc.	Real Estate	973,622	0.40
SL Parker Real Estate	Real Estate	864,058	0.36
Dwight & Kimberly Pesek	Personal	854,210	0.35
		$ 128,239,121	53.28 % [(1)]

(1) Note: As shown in the table above, the top ten taxpayers in the City account for in excess of 53% of the City's tax base. Adverse developments in economic conditions, especially in a particular industry in which any one of these large taxpayers participates, could adversely impact these businesses and, consequently, the tax values in the City, resulting in less local tax revenue. Current events, including the Pandemic (see "INTRODUCTION – Infectious Disease Outbreak - COVID-19" herein), has negatively affected economic growth and financial markets worldwide. If any major taxpayer, or a combination of top taxpayers, were to default in the payment of taxes, the ability of the City to make timely payment of debt service on the Obligations may be dependent on its ability to enforce and liquidate its tax lien, which is a time-consuming process that may only occur annually. See "THE OBLIGATIONS – Bondholders' Remedies" and "TAX INFORMATION - City's Rights in the Event of Tax Delinquencies" in this Official Statement.

GENERAL OBLIGATION DEBT LIMITATION . . . No general obligation debt limitation is imposed on the City under current State law (see "THE OBLIGATIONS – Security and Source of Payment - Tax Rate Limitations").

TABLE 6 - TAX ADEQUACY

2020 Net Principal and Interest Requirements	$	-
$0.0000 Tax Rate at 92% Collection Produces	$	-
Maximum Annual Net Principal and Interest Requirements, 2020-2045	$	-
$0.0000 Tax Rate at 92% Collection Produces	$	-

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

Taxing Jurisdiction	2019/20 Taxable Assessed Value	2019/20 Tax Rate	Total G.O. Tax Debt	Estimated % Applicable	City's Overlapping G.O. Tax Debt As of 4/30/2020	Authorized But Unissued Debt As Of 4/30/2020
Shiner, City of	$ 240,675,092	$0.2550	$ 5,860,000 (1)	100.00%	$ 5,860,000	$ -
Lavaca County	805,164,950	1.0401	700,000	9.73%	68,110	-
Shiner ISD	2,742,059,716	0.4468	2,695,000	33.15%	893,393	-

Total Direct and Overlapping G. O. Tax Debt	$ 6,821,503
Ratio of Direct and Overlapping G. O. Tax Debt to Taxable Assessed Valuation	2.83%
Per Capita Overlapping G. O.Tax Debt	$ 3,121

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

DEBT INFORMATION

TABLE 8 - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 12/31	Outstanding Debt [(1)] Total	The Certificates Principal	The Certificates Interest	The Certificates Total	The Bonds Principal	The Bonds Interest	The Bonds Total	Total Debt Service Requirements	Total Less: Self-Supporting Debt Service	Net Debt Service Requirements	% of Principal Retired
2020	$ -				$ 170,000	$ 1,792	$ 171,792	$ 171,792	$ 171,792	$ -	
2021	-	$ -	$ 160,096	$ 160,096	160,000	20,700	180,700	340,796	340,796	-	
2022		20,000	149,700	169,700	170,000	15,900	185,900	355,600	355,600	-	
2023		20,000	149,100	169,100	180,000	10,800	190,800	359,900	359,900	-	
2024		20,000	148,500	168,500	180,000	5,400	185,400	353,900	353,900	-	15.73%
2025		195,000	147,900	342,900				342,900	342,900	-	
2026		195,000	142,050	337,050				337,050	337,050	-	
2027		200,000	136,200	336,200				336,200	336,200	-	
2028		210,000	130,200	340,200				340,200	340,200	-	
2029		215,000	123,900	338,900				338,900	338,900	-	33.08%
2030		225,000	117,450	342,450				342,450	342,450	-	
2031		225,000	110,700	335,700				335,700	335,700	-	
2032		235,000	103,950	338,950				338,950	338,950	-	
2033		240,000	96,900	336,900				336,900	336,900	-	
2034		250,000	89,700	339,700				339,700	339,700	-	53.16%
2035		255,000	82,200	337,200				337,200	337,200	-	
2036		265,000	74,550	339,550				339,550	339,550	-	
2037		270,000	66,600	336,600				336,600	336,600	-	
2038		280,000	58,500	338,500				338,500	338,500	-	
2039		285,000	50,100	335,100				335,100	335,100	-	76.32%
2040		300,000	41,550	341,550				341,550	341,550	-	
2041		205,000	32,550	237,550				237,550	237,550	-	
2042		210,000	26,400	236,400				236,400	236,400	-	
2043		215,000	20,100	235,100				235,100	235,100	-	
2044		225,000	13,650	238,650				238,650	238,650	-	96.07%
2045		230,000	6,900	236,900				236,900	236,900	-	100.00%
	$0	$4,990,000	$2,279,446	$7,269,446	$860,000	$54,592	$914,592	$8,184,038	$8,184,038	$ -	

(1) Outstanding Tax Debt does not include lease/purchase obligations. Excludes the Refunded Obligations.

TABLE 9 - COMPUTATION OF SELF-SUPPORTING DEBT

2019 Net Waterworks and Sewer System Revenue Available	$ 262,852
Less: Requirements for Revenue Bonds	-
Balance Available for Other Purposes	$ 262,852
Requirements for System Tax Bonds Fiscal Year Ended 2020	$ 171,792
Percentage of System General Obligation Bonds Self-Supporting	100%

TABLE 10 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

The City does not have any authorized but unissued voted general obligation bonds. The City is authorized by the laws of the State to issue and incur other general obligation debt, such as the Certificates, for certain authorized purposes without an election.

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

TABLE 11 – OTHER OBLIGATIONS

The City does not have any other obligations outstanding.

PENSION FUND . . . The City provides pension benefits for all of its full-time employees through the Texas Municipal Retirement System ("TMRS"), a State-wide administered pension plan. The City makes annual contributions to the plan equal to the amounts accrued for pension expense.

FINANCIAL INFORMATION

TABLE 12 - CHANGES IN NET ASSETS

	Fiscal Years Ended April 30,[1]				
	2019	2018	2017	2016	2015
Revenues:					
Program Revenues:					
Charges for Services	$ 11,945	$ 11,135	$ 5,671	$ 6,212	$ 9,661
Operating Grants and Contributions	59,615	43,503	45,101	38,655	66,381
Capital Grants and Contributions	-	-	-	-	-
General Revenues:					
Property Taxes	608,557	572,648	548,749	509,604	450,212
Sales Taxes	410,248	376,187	377,960	474,261	483,619
Franchise Taxes (Fees)	19,101	16,989	18,617	18,776	20,222
Other Taxes	15,122	12,638	9,493	10,763	15,027
Investment Earnings	87,509	65,416	63,217	60,335	56,076
Miscellaneous	288,264	235,194	196,035	161,434	322,949
Total Revenues	$ 1,500,361	$ 1,333,710	$ 1,264,843	$ 1,280,040	$ 1,424,147
Expenditures:					
General Government	$ 543,724	$ 557,330	$ 341,471	$ 355,460	$ 316,299
Public Safety	863,093	825,322	788,744	695,239	620,125
Highways and Streets	301,288	257,062	239,467	232,567	200,253
Culture and Recreation	615,200	598,052	536,523	497,778	453,468
Total Expenditures	$ 2,323,305	$ 2,237,766	$ 1,906,205	$ 1,781,044	$ 1,590,145
Increase (Decrease) in Net Assets	$ (822,944)	$ (904,056)	$ (641,362)	$ (501,004)	$ (165,998)
Beginning Net Assets	3,450,375	3,244,431	3,405,793	3,426,797 [3]	3,454,750
Transfers[2]	970,000	1,110,000	480,000	480,000	440,000
Prior Period Adjustment	(76,070)	-	-	-	-
Ending Net Assets	$ 3,521,361	$ 3,450,375	$ 3,244,431	$ 3,405,793	$ 3,728,752

(1) The City changed its Fiscal Year end from April 30 to December 31 subsequent to the April 30, 2019 financials.
(2) Transfers from the Electric Department.
(3) Restated.

TABLE 12-A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Years Ended April 30,[1]				
	2019	2018	2017	2016	2015
Revenues:					
Taxes	$ 1,041,325	$ 975,109	$ 941,758	$ 1,004,586	$ 960,260
Licenses and Permits	29,123	18,187	18,236	15,047	17,643
Fines	27,456	39,996	40,793	23,958	32,730
Miscellaneous Revenues	243,630	188,147	142,678	128,640	272,577
Interest Income	87,509	65,416	63,217	60,335	56,076
Donations	59,615	43,503	45,101	38,655	76,042
Total Revenues	$ 1,488,658	$ 1,330,358	$ 1,251,783	$ 1,271,221	$ 1,415,328
Expenditures:					
General Government	$ 401,060	$ 441,372	$ 306,288	$ 306,909	$ 286,418
Public Safety	770,929	689,411	641,727	585,810	535,931
Highways and Streets	192,056	157,225	148,982	143,624	113,660
Park	326,446	312,875	273,462	241,145	210,187
Museum	69,975	73,742	66,600	55,172	60,601
Library	143,013	132,633	125,463	128,647	115,502
Capital Outlay	195,843	445,753	875,579	355,897	334,008
Total Expenditures	$ 2,099,322	$ 2,253,011	$ 2,438,101	$ 1,817,204	$ 1,656,307
Operating Transfers - Net[1]	$ 970,000	$ 1,110,000	$ 480,000	$ 480,000	$ 440,000
Proceeds From Sale of Assets	-	-	-	-	-
Total Other Sources (Uses)	$ 970,000	$ 1,110,000	$ 480,000	$ 480,000	$ 440,000
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	$ 359,336	$ 187,347	$ (706,318)	$ (65,983)	$ 199,021
Beginning Fund Balance	287,976	100,629	806,947	872,930	673,909
Ending Fund Balance	$ 647,312	$ 287,976	$ 100,629	$ 806,947	$ 872,930

(1) The City changed its Fiscal Year end from April 30 to December 31 subsequent to the April 30, 2019 financials.

TABLE 13 - MUNICIPAL SALES TAX[1]

The City has adopted the Municipal Sales and Use Tax Act, VATCS, Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City, the proceeds are credited to the General Fund and are not pledged to the payment of the Obligations. Collections and enforcements are effected through the offices of the Comptroller of the Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly.

Fiscal Year Ended	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita[2]
4/30/2015	$ 484,761	109.57%	$ 0.3344	$ 234.30
4/30/2016	474,548	91.60%	0.3156	229.36
4/30/2017	377,960	67.73%	0.2238	174.90
4/30/2018	376,187	62.83%	0.1878	172.88
4/30/2019	410,248	65.54%	0.1960	187.67
12/31/2020 [4]	454,966 [3]	67.32% [3]	0.1890 [3]	208.13 [3]

(1) Source: Texas Comptroller' Website.
(2) Based on population estimates shown on Table 3.
(3) Collections through April 30, 2020.
(4) The City changed its Fiscal Year end from April 30 to December 31 subsequent to the April 30, 2019 financials.

Subject to the approval of a majority of the voters in a local option election, state law also provides certain cities the option of assessing a sales and use tax for a variety of other purposes, including reducing the ad valorem property tax, economic and industrial development, municipal street maintenance and repair, and sports and community venues. State law limits the maximum aggregate sales and use tax rate in any area to 8¼%. Accordingly, the collection of local sales and use taxes in the area of the City (including sales and use taxes levied by the City) is limited to no more than 2% (when combined with the State sales and use tax rate of 6¼%). The City has not approved the levy of sales taxes for any purposes other than the 1% sales and use tax described above.

FINANCIAL POLICIES

Basis of Accounting. . .The modified accrual basis of accounting is used by governmental fund type. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual. "Measurable" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fundability is incurred.

The accrual basis of accounting is utilized by the proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary-fund-type operating statements present increases in net total assets.

Use of Certificate Proceeds. . .It is the City's policy that debt will only be issued to finance long-term capital projects, that debt will not be issued to fund current expenditures, and that debt will not be issued with longer than the estimated life of the project.

INVESTMENTS

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

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE CITY . . . Under Texas law, the City is authorized to invest in (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 of Texas 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 of Texas 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 the National Credit Union Share Insurance Fund or their respective successors; (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 City selects from a list the governing body or designated investment committee of the City adopts as required by Section 2256.025; or (ii) a depository institution with a main office or branch office in this state that the City selects; (B) the broker or depository institution as described in clause (8)(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 City'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 investing City appoints as the City's custodian of the banking deposits issued for the City's account: (i) the depository institution selected as described by Paragraph (A); (ii) an entity described by Section 2257.041(d) of the Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3); (9) certificates of deposit or share certificates (i) meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code) that are issued by or through an institution that either has its main office or a branch in Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund (or their respective successors), or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and amount provided by law for City deposits or; (ii) where the funds are invested by the City through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the City; (iii) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (iv) 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 (v) the City appoints the depository institution selected under (ii) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit issued for the account of the City; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clauses (1) or (13), and 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) 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 (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer (as defined by 5 C.F.R. Section 6801.102(f), as that regulation existed on September 1, 2003) or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less; (12) 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; (13) 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; (14) no-load money market mutual funds registered with and regulated by the 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 complies with SEC Rule 2a-7; and (15) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations described in this paragraph or (ii) have a duration of less than one year and an investment portfolio limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

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 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

INVESTMENT POLICIES… Texas requires that the City 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 and 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 Public Funds Investment Act. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, 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) Texas law. No person may invest City funds without express written authority from the City Council.

ADDITIONAL PROVISIONS… Under State law, the City 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 entity to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization (i) is dependent on an analysis of the makeup of the City's entire portfolio, (ii) requires an interpretation of subjective investment standards, or (iii) 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 City and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the Treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

TAX MATTERS

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

In rendering its opinions, Bond Counsel will rely upon (a) certain information and representations of the City, including information and representations contained in the City's federal tax certificate, (b) covenants of the City contained in the Obligation documents relating to certain matters, including arbitrage and the use of the proceeds of the Obligations and the property financed or refinanced therewith, (c) and with regard to the Bonds, the Sufficiency Certificate executed by Hilltop Securities Inc. Failure by the City to observe the aforementioned representations or covenants could cause the interest on the Obligations to become taxable retroactively to the date of issuance.

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

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

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

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

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

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Obligation prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Obligation in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Obligation was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Obligation is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Obligation for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof.

The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Obligation.

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

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

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

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

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Obligations, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation. Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Obligations, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

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

INFORMATION REPORTING AND BACKUP WITHHOLDING . . . Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Obligations will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to withholding under sections 1471 through 1474 or backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

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

QUALIFIED TAX-EXEMPT OBLIGATIONS FOR FINANCIAL INSTITUTIONS… Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than $10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified taxexempt 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 Obligations have been designated as "qualified tax-exempt obligations" within the meaning of section 265(b) of the Code. In furtherance of that designation, the City will covenant to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Obligations as "qualified tax-exempt obligations." Potential purchasers should be aware that if the issue price to the public exceeds $10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of $10,000,000 is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the $10,000,000 limitation and the Obligations would not be "qualified tax-exempt obligations."

OTHER INFORMATION

RATING

It is expected that S&P Global Ratings (“S&P) will assign its municipal bond rating of “A” (stable outlook) to the Obligations with the understanding that upon delivery of each series of the Obligations, a municipal bond insurance policy insurance the timely payment of the principal of and interest on such series of Obligations will be issued by the Insurer.. An explanation of the significance of any rating may be obtained from the company furnishing the rating. The rating reflects only the view of such organization and the City makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of the rating assigned to the Obligations may have an adverse effect on the market price of the Obligations.

LITIGATION

It is the opinion of the City Attorney and City Staff that there is no pending litigation against the City that would have a material adverse financial impact upon the City or its operations.

REGISTRATION AND QUALIFICATION OF OBLIGATIONS FOR SALE

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Obligations are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Obligations by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Obligations be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION - Rating" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Obligations are legal investments for state banks, savings banks, trust companies with at capital of one million dollars or more, and savings and loan associations. The Obligations are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Obligations are legal investments for various institutions in those states.

LEGAL OPINIONS AND NO-LITIGATION CERTIFICATE

The City will furnish a complete transcript of proceedings had incident to the authorization and issuance of the Obligations, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Obligations and to the effect that the Obligations are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Obligations will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Obligations, or which would affect the provision made for their payment or security, or in any manner questioning the validity of the Obligations will also be furnished. Bond Counsel was not requested to participate, and did not take part, in the preparation of this Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under the captions “PLAN OF FINANCING” "THE OBLIGATIONS" (other than the information under the subcaptions "Book-Entry-Only System" and “Bondholders’ Remedies”), "TAX MATTERS", "OTHER INFORMATION - Registration and Qualification of Obligations for Sale", "OTHER INFORMATION - Legal Investments and Eligibility to Secure Public Funds in Texas", "OTHER INFORMATION - Legal Opinions and No-Litigation Certificate" (except for the last sentence of the first paragraph thereof), and "OTHER INFORMATION - Continuing Disclosure of Information" (other than the subcaption "Compliance with Prior Undertakings") in the Official Statement, and such firm is of the opinion that the information relating to the Obligations and the Ordinance contained under such captions is a fair and accurate summary of the information shown and that the information and descriptions contained under such captions relating to the provisions of applicable state and federal laws are correct as to matters of law. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Obligations is contingent on the sale and delivery of the Obligations. The legal opinion of Bond Counsel will accompany the Obligations deposited with DTC or will be printed on the Obligations in the event of the discontinuance of the book-entry-only system. Certain legal matters will be passed upon for the Underwriter by its counsel, Norton Rose Fulbright US LLP, Austin, Texas.

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

CONTINUING DISCLOSURE OF INFORMATION

The offering of the Obligations qualifies for the Rule 15c2-12(d)(2) exemption from Rule 15c2-12(b)(5) regarding the City's continuing disclosure obligations, because the City has not issued more than $10,000,000 in aggregate amount of outstanding municipal securities (excluding securities offered in transactions that were exempt from the Rule) and no person is committed by contract or other arrangement with respect to payment of the Obligations. Pursuant to the exemption, in the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Obligations. The City is required to observe the agreement for so long as it remains an "obligated person" with respect to the Obligations, within the meaning of the Securities and Exchange Commission's Rule 15c2-12 (the "Rule"). Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB").

ANNUAL REPORTS…The City will provide to the MSRB certain updated financial information and operating data which is customarily prepared by the City and is publicly available on an annual basis. The information to be provided is the City's Annual Audited Financial Report. The City will update and provide this information within twelve months after the end of each fiscal year. 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 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 unaudited financial information by the required time and 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 D 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 December 31. Accordingly, the City must provide updated information by the last day of December in each year following the end of its fiscal year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change prior to the next date by which the City otherwise would be required to provide financial information and operating data.

NOTICE OF CERTAIN EVENTS…The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a 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 a financial obligation of the City, any of which reflect financial difficulties. Neither the Bonds nor the Ordinance make any provision for debt service reserves, liquidity enhancement, or appointment of a trustee, though there is a paying agent/registrar. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under "Annual Reports".

For these purposes: (a) any event described in the immediately preceding clause (12) 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, and (b) the District intends the words used in clauses (15) and (15) in the preceding paragraph and the definition of "financial obligation" in this section to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

AVAILABILITY OF INFORMATION. . . All information and documentation filing required to be made by the City will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings is provided, without charge to the general public, by the MSRB at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of 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 Obligations at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Obligations may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Obligations in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Obligations consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Obligations. 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. . . Except as otherwise described below, during the past five years the City has complied in all material respects with continuing disclosure agreements made by it in accordance with the Rule.

In relation to its Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2009, the City obligated itself to make annual filings of its financial statements and certain annual financial information and operating data within six months after its fiscal year. Due to an administrative error, the City failed to make timely annual filings of the required financial information, operating data and material events for the past five years. All information has since been filed, including a notice of late filing. The City has implemented procedures to ensure timely filing of all future financial information.

FINANCIAL ADVISOR

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

The Financial Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

UNDERWRITING

The Underwriter has agreed, subject to certain conditions, to purchase the Certificates from the City, at a price equal to the initial offering prices set forth on page 2 of this Official Statement, less an underwriting discount of $39,118.89. The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the City, at a price equal to the initial offering prices set forth on page 2 of this Official Statement, less an underwriting discount of $6,800.76. The Underwriter will be obligated to purchase all of the Obligations if any Obligations are purchased. The Obligations to be offered to the public may be offered and sold to certain dealers (including the Underwriter and other dealers depositing Obligations into investment trusts) at prices lower than the public offering prices of such Obligations, and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

FORWARD-LOOKING STATEMENTS DISCLAIMER

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

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

MISCELLANEOUS

The financial data and other information contained herein have been obtained from the City's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. 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 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 Obligations by the Underwriter.

/s/ Fred Henry Hilscher
Mayor
City of Shiner, Texas

ATTEST:

/s/ Natalie Fric
City Secretary
City of Shiner, Texas

Schedule I

SCHEDULE OF REFUNDED OBLIGATIONS

Combination Tax and Limited Pledge Revenue
Certificates of Obligation, Series 2009

Original Dated Date	Maturity (September 1)	Interest Rates	Principal Amount
11/1/2009	2020	4.250%	$ 155,000
	2021	4.250%	160,000
	2022	4.250%	170,000
	2023	4.400%	180,000
	2024	4.400%	185,000
			$ 850,000

Redemption Date: August 19, 2020

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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LOCATION

The City of Shiner, Texas (the "City") is located in South Central Texas 18 miles off of Interstate 10 miles south of Flatonia, Texas. The City is within commuting distance to Victoria, Austin and San Antonio, and approximately a two hour drive from Houston and less than 100 miles from the Texas Gulf Coast.

ECONOMY

Located in the City is the Spoetzl Brewery, founded in 1909, is Texas' oldest independent brewery and employs approximately 167 people. The brewery produces Shiner Premium, Shiner Bock and Kosmos Reserve Lager. Also, located in the City is Kaspar Wire Works which employs approximately 650 people. Kaspar Wire Works is the largest producer and renovator of newspaper racks in the world. They also produce specialty wire products such as precise computer components, barber chair stands, gym and swimming pool baskets and fan guards.

Major employers in the area include:

Name of Firm	Type of Business	Approximate Number of Employees
Kaspar Wire Works	Wire Products, Truck Accessories, Die & Tools	650
Spoetzl Brewery	Brewery	167
Boedeker Plastics Inc.	Distributor of Plastic & Machinery Parts	150
Shiner ISD	School	85
Shiner Nursing and Rehab	Nursing Home	77

EDUCATION

The Shiner Independent School District is comprised of two schools, one elementary school (PK-6) with a total enrollment of 351 and one high school (7-12) with a total enrollment of 305. In addition to these facilities, there is a private school with a total enrollment for the elementary (PK-12) of 316.

EMPLOYMENT STATISTICS FOR LAVACA COUNTY

	2020[2]	2019[3]	2018[3]	2017[3]	2016[3]
Civilian Labor Force	7,576	8,590	8,786	8,735	8,738
Total Employed	6,964	8,333	8,514	8,420	8,370
Total Unemployed	612	257	272	315	368
Unemployment Rate	8.1%	3.0%	3.1%	3.6%	4.2%
% Unemployed (Texas)	12.7%	3.5%	3.8%	4.3%	4.6%
% Unemployed (U.S.)	13.0%	3.7%	3.9%	4.4%	4.9%

(1) Source: Texas Workforce Commission, Labor Market Information.
(2) As of May 2020.
(3) Average annual statistics.

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APPENDIX B

EXCERPTS FROM THE

CITY OF SHINER, TEXAS

ANNUAL FINANCIAL REPORT

For the Year Ended April 30, 2019

The information contained in this Appendix consists of excerpts from the City of Shiner, Texas Annual Financial Report for the Year Ended April 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.

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Roloff, Hnatek & Co., L.L.P.

Certified Public Accountants
Financial Consultants
Business Advisors
www.rhcllp.com

Lloyd Hurst, Jr., CPA
Russell A. Hodon, CPA
Christopher L. Culak, CPA
Mary Ann McAdams, CPA

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1-800-861-4498
Fax 361-578-7058

Independent Auditors' Report

The Honorable Mayor and
Members of City Council
City of Shiner, Texas

Honorable Mayor and Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Shiner, Texas, ("the City") as of and for the year ended April 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of April 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note L to the financial statements, during the year ended April 30, 2019, the City adopted new accounting guidance as prescribed by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, for its supplemental death benefit fund. Because GASB 75 implements new measurement criteria and reporting provisions, significant information has been added to the accompanying government-wide financial statements. The accompanying statement of net assets discloses the City's new OPEB liability, deferred outflow of resources, and deferred inflow of resources related to the City's OPEB plan. The accompanying statement of activities discloses an adjustment to the City's beginning net position as a result of the implementation of GASB 75. Our opinion is not modified with respect to the matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 13, budgetary comparison information on page 56, the information related to the City's pension plans on pages 57 through 61, and the information related to the City's other post-employment benefits on page 62 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.

Roloff, Hnatek + Co., L.L.P.

Certified Public Accountants

October 30, 2019

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of the City of Shiner ("City"), we offer readers as an introduction to the City's financial statements, this narrative overview and analysis of the City's activities and financial performance for the year ended April 30, 2019. This discussion and analysis is designed to assist readers in concentrating on the significant financial issues and activities and to identify any significant changes in financial position.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended April 30, 2019 by $13,026,301. Of this amount, $5,255,981 is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.
- At April 30, 2019, the City's governmental funds reported combined ending fund balances of $668,944, an increase of $368,984 from the prior year.
- At April 30, 2019, unassigned fund balance for the General Fund was $613,987 or 29% of total General Fund expenditures.
- During the year, the revenues exceeded expenses of the City's primary government by $134,159 as a result of current year operations, which represents a 1% increase in net position from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Shiner's basic financial statements. The basic financial statements are comprised of the following components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The report also contains supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements, which consist of the following two statements, are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

Statement of Net Position

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

Statement of Activities

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, library, parks, and museums. The business-type activities of the City include electric, water, sewer, and sanitation operations. The government-wide financial statements can be found immediately following Management's Discussion and Analysis.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

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

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

The City maintains a couple of individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, which is a major fund. The City maintains only one other governmental fund and that is presented as the Hotel Occupancy Tax Fund.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance as required by applicable accounting standards.

The basic governmental fund financial statements can be found immediately following the government-wide financial statements.

Proprietary Funds

The City maintains only one type of proprietary fund - the enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, sewer, and sanitation operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, water, sewer, and sanitation operations, which are considered to be major funds for the City.

The basic proprietary fund financial statements follow the governmental fund financial statements.

Notes to Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, the required supplementary information is included which presents a budgetary comparison schedule for the City's General Fund, a schedule of changes in the net pension liability for the Texas Municipal Retirement System (TMRS), a schedule of the City's proportionate share of the net pension liability for the Texas Emergency Services Retirement System (TESRS), a schedule of contributions for both TMRS and TESRS, and a schedule of changes in the total OPEB liability and related ratios. The required supplementary information can be found following the notes to the financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a City's financial position. It distinguishes assets plus deferred outflows of resources and liabilities plus deferred inflows of resources as to their expected use for current operations and capital investment. The City's assets plus deferred outflows of resources exceeded its liabilities plus deferred inflows of resources at the close of fiscal year 2019 by $13,026,301. The following condensed Statement of Net Position provides an overview of the City's net position as of April 30, 2019 and 2018 (as restated).

STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2019	2018 (as restated)	2019	2018 (as restated)	2019	2018 (as restated)
Assets:						
Current Assets	$ 757,627	$ 419,890	$ 6,055,950	$ 6,039,609	$ 6,813,577	$ 6,459,499
Noncurrent Assets	3,406,040	3,549,753	5,111,493	5,190,529	8,517,533	8,740,282
Total Assets	4,163,667	3,969,643	11,167,443	11,230,138	15,331,110	15,199,781
Deferred Outflows of Resources	259,636	127,145	107,323	46,687	366,959	173,832
Liabilities:						
Current Liabilities	102,575	131,127	456,080	534,364	558,655	665,491
Noncurrent Liabilities	788,202	514,849	1,311,224	1,192,212	2,099,426	1,707,061
Total Liabilities	890,777	645,976	1,767,304	1,726,576	2,658,081	2,372,552
Deferred Inflows of Resources	11,165	76,507	2,522	32,412	13,687	108,919
Net Position:						
Net Investment in Capital Assets	3,406,040	3,549,753	4,111,493	4,045,529	7,517,533	7,595,282
Restricted	33,325	-	219,462	150,567	252,787	150,567
Unrestricted	81,996	(175,448)	5,173,985	5,321,741	5,255,981	5,146,293
Total Net Position	$ 3,521,361	$ 3,374,305	$ 9,504,940	$ 9,517,837	$ 13,026,301	$ 12,892,142

A large portion of the City's net position of $7,517,533 reflects its investments in capital assets (e.g. land, buildings, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The City has a restricted net position of $252,787 for inventories, prepaid items, and debt service. The remaining unrestricted net position of $5,255,981 may be used to meet the City's ongoing obligations to citizens and creditors.

Statement of Activities

The statement of activities serves as a measure to determine how successful the City was during the past year in recovering its costs through revenues. The following condensed Statement of Activities summarizes the operations of the City for the years ended April 30, 2019 and 2018 (as restated).

STATEMENT OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total	
	2019	2018 (as restated)	2019	2018 (as restated)	2019	2018 (as restated)
Revenues:						
Program Revenues:						
Charges for Services	$ 11,945	$ 11,136	$ 5,691,258	$ 5,496,897	$ 5,703,203	$ 5,508,033
Operating Grants and Contributions	59,615	43,503	-	-	59,615	43,503
General Revenues:						
Property Taxes	608,557	572,648	-	-	608,557	572,648
Other Taxes	444,471	405,814	-	-	444,471	405,814
Investment Earnings	87,509	65,416	1,079	522	88,588	65,938
Other	288,264	235,194	35,183	25,807	323,447	261,001
Total Revenues	1,500,361	1,333,711	5,727,520	5,523,226	7,227,881	6,856,937
Expenses:						
General Government	543,724	633,400	-	-	543,724	633,400
Public Safety	863,093	825,322	-	-	863,093	825,322
Highway and Streets	301,288	257,062	-	-	301,288	257,062
Library	165,076	158,768	-	-	165,076	158,768
Parks	376,435	361,019	-	-	376,435	361,019
Museums	73,689	78,265	-	-	73,689	78,265
Electric	-	-	3,095,368	3,070,916	3,095,368	3,070,916
Water	-	-	671,989	483,935	671,989	483,935
Sewer	-	-	512,039	473,483	512,039	473,483
Sanitation	-	-	491,021	480,200	491,021	480,200
Total Expenses	2,323,305	2,313,836	4,770,417	4,508,534	7,093,722	6,822,370
Changes in Net Position Before Transfers	(822,944)	(980,125)	957,103	1,014,692	134,159	34,567
Transfers	970,000	1,110,000	(970,000)	(1,110,000)	-	-
Change in Net Position	$ 147,056	$ 129,875	$ (12,897)	$ (95,308)	$ 134,159	$ 34,567

The total increase in net position was $134,159 before transfers, which consisted of a decrease of $822,944 in governmental activities and an increase of $957,103 in business-type activities. The increase in governmental activities is mainly due to the increases in taxes, investment earnings, and other miscellaneous revenues. The increase in the business-type activities was primarily due to an increase in charges for services.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable 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 fiscal year, the City's governmental funds reported combined ending fund balances of $668,944, an increase of $368,984 from that of prior year ending fund balances. The unassigned fund balance is $613,987. It is the City's policy to make operating transfers from the proprietary funds to approximate the current year's operating deficit plus two months of operating expenditures.

The General Fund is the primary operating fund of the City. At the end of the fiscal year, total fund balance of the General Fund was $647,312, of which $613,987 was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 31% of the total General Fund expenditures for fiscal year 2019.

During the current year, the fund balance of the City's General Fund increased by $359,336.

A special revenue fund is used to account for the funds from the Hotel Occupancy Tax.

Proprietary Funds

The City's proprietary fund financial statements provide the same type of information found for the business-type activities in the government-wide financial statements, but in more detail. Overall, the net position of the City's proprietary funds decreased by $12,897 as a result of current year operations.

Total net position at the end of the current fiscal year, was $9,504,940: $5,286,888 for the electric fund, ($113,434) for the water fund, $3,802,481 for the sewer fund, and $529,005 for the sanitation fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

- Total actual revenues were $268,298 more than the final budget due primarily to taxes being more than anticipated.
- Total actual expenditures were $132,736 less than the final budget due primarily to capital outlay being less than anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets as of April 30, 2019 was $8,517,533 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, furniture and equipment, park facilities, and roads. This amount represents a net decrease (including additions, deletions, and depreciation expense) of $222,749 from fiscal year 2018 (a decrease of $143,713 and $79,036 for governmental activities and business-type activities, respectively). Additional information regarding the City's capital assets can be found in Note E to the financial statements. The following table summarizes the City's capital assets (net of accumulated depreciation) as of April 30, 2019 and 2018.

CAPITAL ASSETS
(NET OF ACCUMULATED DEPRECIATION)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	$ 251,593	$ 251,593	$ 6,435	$ 6,435	$ 258,028	$ 258,028
Infrastructure	1,818,266	1,820,678	3,834,398	3,905,242	5,652,664	5,725,920
Buildings and Systems	627,126	605,983	1,082,649	1,125,962	1,709,775	1,731,945
Furniture and Equipment	709,055	830,950	188,011	152,890	897,066	983,840
Construction in Progress	-	40,549	-	-	-	40,549
Total	$3,406,040	$3,549,753	$5,111,493	$5,190,529	$ 8,517,533	$8,740,282

Long-Term Obligations

As of April 30, 2019, the City had long-term debt outstanding of $1,000,000. This amount is comprised of certificates of obligations. Additional information regarding the City's long-term debt can be found in Note F to the financial statements. The following table summarized the City's long-term debt outstanding as of April 30, 2019 and 2018.

LONG-TERM OBLIGATIONS

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Certificates of Obligations	$ -	$ -	$ 1,000,000	$ 1,145,000	$ 1,000,000	$ 1,145,000

ECONOMIC FACTORS

It is intended that the use of available fund balance will avoid the need to raise taxes or charges, during the 2019-2020 fiscal year.

The electric distribution rates for the City of Shiner utility customers was raised from .0250 to .0300 per kilowatt for residential customers with a minimum charge from $3.00 to $5.00. The electric deposit rates were increased for residential customers from $200.00 to $300.00 for renters and from $100.00 to $200.00 for homeowners. The electric rates for the commercial and industrial customers remained the same rate as the prior year of $.0300 and $.0350 per kilowatt, respectively. The monthly power supply pass-through charge (fuel adjustment) is the total costs of generation, transmission, and ERCOT related charges as they are incurred by the City from its power supplier, Lower Colorado River Authority, and shall be directly assigned to the electric customer by the City.

The water and sewer rates were raised 4% during the 2018-2019 fiscal year. The City's sewer charge to its residential customers is calculated on water usage from readings taken mid-December through mid-March of the preceding year. The new sewer rates become effective on the new calendar year, January 31 utility bill. Commercial sewer charges are figured on the amount of water usage each month. Industrial rates are generated according to the City of Shiner's Industrial Ordinance under Chapter 13: Utilities, Article 13:03: Division 2 – Enforcement and Penalties – Attachment – Rate Calculation Formula, with the new rates effective on the September billing statement each year.

The City of Shiner has a Street Improvement Project that consists of a six-year cycle. The City is midway through the fifth cycle.

As of September 30, 2018, the City of Shiner completed its second year of a ten-year contract with Texas Disposal Systems, Inc. for sanitation services. On October 1, 2018, the City of Shiner saw a 3.00% increase on the sanitation rates.

Requests for Information

This financial report is designed to present users with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions concerning any of the information provided in this report or need additional financial information, contact the City Secretary at Shiner City Hall, 802 N. Ave. E., Shiner, Texas 77984.

BASIC FINANCIAL STATEMENTS

CITY OF SHINER, TEXAS
STATEMENT OF NET POSITION
APRIL 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business - Type Activities	Total	Volunteer Fire Department
ASSETS				
Cash and Cash Equivalents	$ 1,517,447	$ -	$ 1,517,447	$ 296,610
Investments - Current	3,971,279	-	3,971,279	31,591
Taxes Receivable, Net	17,881	-	17,881	-
Accounts Receivable, Net	-	712,111	712,111	-
Sales Tax Receivable	38,704	-	38,704	-
Internal Balances	(4,821,009)	4,821,009	-	-
Inventories	6,759	305,368	312,127	-
Prepaid Items	26,566	-	26,566	-
Restricted Cash and Cash Equivalents	-	217,462	217,462	-
Capital Assets:				
Land Purchase and Improvements	251,593	6,435	258,028	-
Infrastructure, Net	1,818,266	3,834,398	5,652,664	-
Buildings and Systems, Net	627,126	1,082,649	1,709,775	-
Furniture and Equipment, Net	709,055	188,011	897,066	249,291
Total Assets	4,163,667	11,167,443	15,331,110	577,492
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflow Related to Pension Plan (TMRS)	237,588	106,742	344,330	-
Deferred Outflow Related to Pension Plan (TESRS)	20,756	-	20,756	-
Deferred Outflow Related to OPEB (SDBF)	1,292	581	1,873	-
Total Deferred Outflows of Resources	259,636	107,323	366,959	-
LIABILITIES				
Accounts Payable	39,599	305,517	345,116	-
Accrued Wages Payable	21,176	16,337	37,513	-
Accrued Compensated Absences	31,774	10,456	42,230	-
Accrued Interest Payable	-	6,996	6,996	-
Accrued Expenses	10,026	-	10,026	-
Liabilities Payable from Restricted Assets	-	116,774	116,774	-
Noncurrent Liabilities:				
Current Portion of Long-Term Obligations	-	150,000	150,000	-
Long-Term Obligations, Net of Current Portion	-	850,000	850,000	-
Net Pension Liability (TMRS)	618,491	277,873	896,364	-
Net Pension Liability (TESRS)	95,478	-	95,478	-
Net OPEB Liability (SDBF)	74,233	33,351	107,584	-
Total Liabilities	890,777	1,767,304	2,658,081	-
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflow Related to Pension Plan (TESRS)	5,552	-	5,552	-
Deferred Inflow Related to OPEB (SDBF)	5,613	2,522	8,135	-
Total Deferred Inflows of Resources	11,165	2,522	13,687	-
NET POSITION				
Net Investment in Capital Assets	3,406,040	4,111,493	7,517,533	249,291
Restricted for:				
Restricted for Non-Spendable	33,325	-	33,325	-
Restricted for Debt Service	-	219,462	219,462	-
Unrestricted	81,996	5,173,985	5,255,981	328,201
Total Net Position	$ 3,521,361	$ 9,504,940	$ 13,026,301	$ 577,492

The notes to the financial statements are an integral part of this statement.

CITY OF SHINER, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2019

		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
General Government	$ 543,724	$ 597	$ 45,903
Public Safety	863,093	3,106	2,385
Highways and Streets	301,288	-	-
Library	165,076	-	10,731
Parks	376,435	7,286	-
Museums	73,689	956	596
Total Governmental Activities	2,323,305	11,945	59,615
BUSINESS-TYPE ACTIVITIES:			
Electric Fund	3,095,368	4,066,211	-
Water Fund	671,989	601,759	-
Sewer Fund	512,039	536,263	-
Sanitation Fund	491,021	487,025	-
Total Business-Type Activities	4,770,417	5,691,258	-
TOTAL PRIMARY GOVERNMENT	$ 7,093,722	$ 5,703,203	$ 59,615
Component Unit:			
Volunteer Fire Department	$ 97,487	$ -	$ -
TOTAL COMPONENT UNIT	$ 97,487	$ -	$ -

General Revenues:
Taxes:
Property Taxes, Levied for General Purposes
General Sales and Use Taxes
Franchise Tax
Other Taxes
Grants and Contributions
Miscellaneous Revenue
Investment Earnings
Transfers In (Out)
Total General Revenues and Transfers

Change in Net Position
Net Position - Beginning
Prior Period Adjustment
Net Position - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Volunteer Fire Department
$ (497,224)	$ -	$ (497,224)	$ -
(857,602)	-	(857,602)	-
(301,288)	-	(301,288)	-
(154,345)	-	(154,345)	-
(369,149)	-	(369,149)	-
(72,137)	-	(72,137)	-
(2,251,745)	-	(2,251,745)	-
-	970,843	970,843	-
-	(70,230)	(70,230)	-
-	24,224	24,224	-
-	(3,996)	(3,996)	-
-	920,841	920,841	-
(2,251,745)	920,841	(1,330,904)	-
-	-	-	(97,487)
-	-	-	(97,487)
608,557	-	608,557	-
410,248	-	410,248	-
19,101	-	19,101	-
15,122	-	15,122	-
-	-	-	247,663
288,264	35,183	323,447	-
87,509	1,079	88,588	547
970,000	(970,000)	-	-
2,398,801	(933,738)	1,465,063	248,210
147,056	(12,897)	134,159	150,723
3,450,375	9,552,441	13,002,816	426,769
(76,070)	(34,604)	(110,674)	-
$ 3,521,361	$ 9,504,940	$ 13,026,301	$ 577,492

CITY OF SHINER, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2019

	General Fund	Hotel Occupancy Tax	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	$ 1,495,815	$ 21,632	$ 1,517,447
Investments - Current	3,971,279	-	3,971,279
Taxes Receivable, Net	17,881	-	17,881
Sales Tax Receivable	38,704	-	38,704
Inventories	6,759	-	6,759
Prepaid Items	26,566	-	26,566
Total Assets	$ 5,557,004	$ 21,632	$ 5,578,636
LIABILITIES			
Accounts Payable	$ 39,599	$ -	$ 39,599
Accrued Wages Payable	21,176	-	21,176
Due to Other Funds	4,821,009	-	4,821,009
Accrued Expenditures	10,026	-	10,026
Total Liabilities	4,891,810	-	4,891,810
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	17,882	-	17,882
Total Deferred Inflows of Resources	17,882	-	17,882
FUND BALANCES			
Non-Spendable Fund Balance	33,325	-	33,325
Committed Fund Balance	-	21,632	21,632
Unassigned Fund Balance	613,987	-	613,987
Total Fund Balances	647,312	21,632	668,944
Total Liabilities, Deferred Inflows & Fund Balances	$ 5,557,004	$ 21,632	$ 5,578,636

The notes to the financial statements are an integral part of this statement.

Total Fund Balances - Governmental Funds	$	668,944
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The net effect of including the beginning balances for capital assets (net of depreciation) is to increase net position.		3,150,415
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of including the current year capital outlays is to increase net position.		176,685
The net pension liability and related deferred outflows and inflows of resources do not represent current liabilities and are not reported in the fund financial statements, but are included in the governmental activities of the statement of net position as follows: Deferred outflows related to pensions of $258,344, deferred outflows related to OPEB of $1,292, net pension liabilities of $713,969, net OPEB liability of $74,233, deferred inflows of resources related to the pension plans of $5,552, and deferred inflows related to OPEB of $5,613. The net effect of all these is to decrease net position by $539,731.		(539,731)
Depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(320,398)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue as revenue, eliminating interfund transactions, and recording the change in compensated absences. The net effect of these reclassifications and recognitions is to increase net position.		385,446
Net Position of Governmental Activities	$	3,521,361

The notes to the financial statements are an integral part of this statement.

CITY OF SHINER, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2019

	General Fund	Hotel Occupancy Tax	Total Governmental Funds
REVENUES:			
Taxes:			
Property Taxes	$ 611,252	$ -	$ 611,252
General Sales and Use Taxes	410,248	-	410,248
Franchise Tax	19,101	-	19,101
Other Taxes	724	14,398	15,122
Licenses and Permits	29,123	-	29,123
Charges for Services	11,945	-	11,945
Fines	27,456	-	27,456
Investment Earnings	87,509	-	87,509
Rents and Royalties	137,310	-	137,310
Contributions and Donations	59,615	-	59,615
Other Revenue	94,375	-	94,375
Total Revenues	1,488,658	14,398	1,503,056
EXPENDITURES:			
Current:			
General Government	401,060	4,750	405,810
Public Safety	770,929	-	770,929
Highways and Streets	192,056	-	192,056
Library	143,013	-	143,013
Parks	326,446	-	326,446
Museums	69,975	-	69,975
Capital Outlay:			
Capital Outlay	195,843	-	195,843
Total Expenditures	2,099,322	4,750	2,104,072
Excess (Deficiency) of Revenues Over (Under) Expenditures	(610,664)	9,648	(601,016)
OTHER FINANCING SOURCES (USES):			
Transfers In	970,000	-	970,000
Total Other Financing Sources (Uses)	970,000	-	970,000
Net Change in Fund Balances	359,336	9,648	368,984
Fund Balance - May 1 (Beginning)	287,976	11,984	299,960
Fund Balance - April 30 (Ending)	$ 647,312	$ 21,632	$ 668,944

The notes to the financial statements are an integral part of this statement.

Total Net Change in Fund Balances - Governmental Funds	$	368,984
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of including the current year capital outlays is to increase net position.		176,685
Pension and OPEB expenses do not represent the use of current resources and are not recognized in the fund financial statements. The net effect is to decrease net position.		(102,539)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(320,398)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue as revenue and recognizing the change in accrued compensated absences. The net effect of these reclassifications and recognitions is to increase net position.		24,324
Change in Net Position of Governmental Activities	$	147,056

The notes to the financial statements are an integral part of this statement.

CITY OF SHINER, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
APRIL 30, 2019

	Business-Type Activities	
	Electric Fund	Water Fund
ASSETS		
Current Assets:		
Accounts Receivable, Net	$ 490,766	$ 68,466
Due from Other Funds	4,608,193	-
Inventories	222,962	72,084
Restricted Cash and Cash Equivalents	-	217,462
Total Current Assets	5,321,921	358,012
Noncurrent Assets:		
Capital Assets:		
Land Purchase and Improvements	-	3,283
Infrastructure, Net	334,509	2,639,259
Buildings and Systems, Net	35,074	9,070
Furniture and Equipment, Net	26,422	32,201
Total Noncurrent Assets	396,005	2,683,813
Total Assets	5,717,926	3,041,825
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflow Related to Pension Plan (TMRS)	48,034	34,157
Deferred Outflow Related to OPEB (SDBF)	261	186
Total Deferred Outflows of Resources	48,295	34,343
LIABILITIES		
Current Liabilities:		
Accounts Payable	209,736	33,587
Accrued Wages Payable	5,850	5,278
Accrued Compensated Absences	5,787	1,028
Due to Other Funds	-	2,294,064
Accrued Interest Payable	-	5,247
Current Portion of Long-Term Obligations	-	112,500
Liabilities Payable from Restricted Assets	116,774	-
Total Current Liabilities	338,147	2,451,704
Noncurrent Liabilities:		
Long-Term Obligations, Net of Current Portion	-	637,500
Net Pension Liability (TMRS)	125,043	88,919
Net OPEB Liability (SDBF)	15,008	10,672
Total Noncurrent Liabilities	140,051	737,091
Total Liabilities	478,198	3,188,795
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflow Related to OPEB (SDBF)	1,135	807
Total Deferred Inflows of Resources	1,135	807
NET POSITION		
Net Investment in Capital Assets	396,005	1,933,813
Restricted for Debt Service	-	218,462
Unrestricted	4,890,883	(2,265,709)
Total Net Position	$ 5,286,888	$ (113,434)

The notes to the financial statements are an integral part of this statement.

- Enterprise Funds

Sewer Fund	Sanitation Fund	Total Enterprise Funds
$ 82,782	$ 70,097	$ 712,111
2,001,517	505,363	7,115,073
10,322	-	305,368
-	-	217,462
2,094,621	575,460	8,350,014
3,152	-	6,435
860,630	-	3,834,398
1,038,505	-	1,082,649
129,388	-	188,011
2,031,675	-	5,111,493
4,126,296	575,460	13,461,507
24,551	-	106,742
134	-	581
24,685	-	107,323
18,220	43,974	305,517
2,728	2,481	16,337
3,641	-	10,456
-	-	2,294,064
1,749	-	6,996
37,500	-	150,000
-	-	116,774
63,838	46,455	2,900,144
212,500	-	850,000
63,911	-	277,873
7,671	-	33,351
284,082	-	1,161,224
347,920	46,455	4,061,368
580	-	2,522
580	-	2,522
1,781,675	-	4,111,493
1,000	-	219,462
2,019,806	529,005	5,173,985
$ 3,802,481	$ 529,005	$ 9,504,940

CITY OF SHINER, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2019

	Business-Type Activities	
	Electric Fund	Water Fund
OPERATING REVENUES:		
Charges for Services	$ 4,066,211	$ 601,759
Other Revenue	25,749	7,041
Total Operating Revenues	4,091,960	608,800
OPERATING EXPENSES:		
Salaries and Wages	205,557	145,965
Employee Benefits	90,071	74,027
Service	2,771,865	236,297
Other Operating Expenses	-	37,044
Depreciation	27,875	145,190
Total Operating Expenses	3,095,368	638,523
Operating Income (Loss)	996,592	(29,723)
NONOPERATING REVENUES (EXPENSES):		
Investment Earnings	-	1,079
Interest Expense	-	(33,466)
Total Nonoperating Revenue (Expenses)	-	(32,387)
Income (Loss) Before Transfers	996,592	(62,110)
Nonoperating Transfers In	-	-
Transfers Out (Use)	(970,000)	(47,643)
Change in Net Position	26,592	(109,753)
Total Net Position - May 1 (Beginning)	5,275,868	7,392
Prior Period Adjustment	(15,572)	(11,073)
Total Net Position - April 30 (Ending)	$ 5,286,888	$ (113,434)

The notes to the financial statements are an integral part of this statement.

- Enterprise Funds

Sewer Fund	Sanitation Fund	Total Enterprise Funds
$ 536,263	$ 487,025	$ 5,691,258
385	2,008	35,183
536,648	489,033	5,726,441
107,208	3,701	462,431
40,955	801	205,854
242,179	486,519	3,736,860
-	-	37,044
110,542	-	283,607
500,884	491,021	4,725,796
35,764	(1,988)	1,000,645
-	-	1,079
(11,155)	-	(44,621)
(11,155)	-	(43,542)
24,609	(1,988)	957,103
47,643	-	47,643
-	-	(1,017,643)
72,252	(1,988)	(12,897)
3,738,188	530,993	9,552,441
(7,959)	-	(34,604)
$ 3,802,481	$ 529,005	$ 9,504,940

CITY OF SHINER, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2019

	Business-Type Activities	
	Electric Fund	Water Fund
Cash Flows from Operating Activities:		
Cash Received from User Charges	$ 4,163,247	$ 634,127
Cash Payments to Employees for Services	(279,677)	(202,268)
Cash Payments for Suppliers	(2,759,873)	(262,508)
Net Cash Provided by Operating Activities	1,123,697	169,351
Cash Flows from Non-Capital Financing Activities:		
Increase (Decrease) in Customer Deposits	11,163	-
Borrowings From (To) Other Funds	(137,909)	277,569
Transfers In (Out) to Other Funds	(970,000)	(47,643)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(1,096,746)	229,926
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Capital Assets	(26,951)	(83,920)
Principal Paid on Long-Term Obligation	-	(108,750)
Interest Paid on Long-Term Obligations	-	(34,180)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(26,951)	(226,850)
Cash Flows from Investing Activities:		
Interest on Investments	-	1,079
Net Increase in Cash and Cash Equivalents	-	173,506
Cash and Cash Equivalents at Beginning of the Year	-	43,956
Cash and Cash Equivalents at the End of the Year	$ -	$ 217,462

The notes to the financial statements are an integral part of this statement.

- Enterprise Funds

Sewer Fund	Sanitation Fund	Total Enterprise Funds
$ 510,761	$ 495,233	$ 5,803,368
(148,744)	(3,174)	(633,863)
(233,416)	(485,537)	(3,741,334)
128,601	6,522	1,428,171
-	-	11,163
(34,904)	(6,522)	98,234
47,643	-	(970,000)
12,739	(6,522)	(860,603)
(93,697)	-	(204,568)
(36,250)	-	(145,000)
(11,393)	-	(45,573)
(141,340)	-	(395,141)
-	-	1,079
-	-	173,506
-	-	43,956
$ -	$ -	$ 217,462

CITY OF SHINER, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2019

	Business-Type Activities	
	Electric Fund	Water Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:		
Operating Income (Loss)	$ 996,592	$ (29,723)
Adjustments to Reconcile Operating Income To Net Cash Provided by Operating Activities:		
Depreciation	27,875	145,190
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (Increase) in Receivables	71,287	25,327
Decrease (Increase) in Inventories	(2,256)	(14,185)
Dec. (Inc.) in Def. Outflows of Resources (TMRS)	(29,138)	(21,413)
Dec. (Inc.) in Def. Outflows of Resources (SDBF)	(261)	(186)
Increase (Decrease) in Accounts Payable	14,248	25,018
Increase (Decrease) in Accrued Expenses	2,222	3,230
Inc. (Dec.) in Accrued Compensated Absences	(2,031)	1,028
Inc. (Dec.) in Net Pension Liability (TMRS)	58,311	43,914
Increase (Decrease) in OPEB Liability (SDBF)	(564)	(401)
Inc. (Dec.) in Def. Inflows of Resources (TMRS)	(13,723)	(9,255)
Inc. (Dec.) in Def. Inflows of Resources (SDBF)	1,135	807
Net Cash Provided by Operating Activities	$ 1,123,697	$ 169,351

The notes to the financial statements are an integral part of this statement.

- Enterprise Funds

Sewer Fund	Sanitation Fund	Total Enterprise Funds
$ 35,764	$ (1,988)	$ 1,000,645
110,542	6,199	289,806
(25,886)	-	70,728
(1,731)	-	(18,172)
(12,246)	-	(62,797)
(134)	-	(581)
10,494	983	50,743
288	1,328	7,068
(303)	-	(1,306)
20,458	-	122,683
(288)	-	(1,253)
(8,936)	-	(31,914)
579	-	2,521
$ 128,601	$ 6,522	$ 1,428,171

A. Summary of Significant Accounting Policies

The basic financial statements of the City of Shiner, Texas (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

In evaluating how to define the government for financial reporting purposes, the City's management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. Under these guidelines, the reporting entity consists of the primary government (all funds of the City), organizations for which the primary government is financially accountable, organizations for which the primary government is not financially accountable, organizations that raise and hold economic resources for the direct benefit of the primary government, and any other organization for which the nature and significance of their relationship with the primary government is such that exclusion could cause the City's financial statements to be misleading or incomplete. Entities other than the primary government that are included in the primary government's financial statements are called component units. The component unit discussed in this note is included in the City's financial statements because of the significance of its financial relationship with the City.

The component unit column in the financial statements includes the financial data from the following component unit. This component unit is reported in a separate column to emphasize that it is legally separate from the City.

> Shiner Volunteer Fire Department -- Established to provide fire protection to the citizens of the City of Shiner and the County of Shiner. The City provides financial assistance and operating facilities for the volunteer fire department. The officers of the volunteer fire department are elected by its members on an annual basis. The Shiner Volunteer Fire Department is presented as a governmental fund type.

The component unit is discretely presented in the financial statements. Complete financial statements of the individual component unit can be obtained from Shiner City Hall, P.O. Box 308, Shiner, Texas 77984.

Basis of Presentation, Measurement Focus, and Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities report information on all the non-fiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

A. Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

b. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, franchise taxes, fines, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when received in cash by the City.

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.

The City has the following major proprietary funds:

Enterprise funds are used to account for operations: a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

A. Summary of Significant Accounting Policies (Continued)

All of the City's proprietary funds are reported as major funds. Each fund accounts for a specific activity of the City's distribution system.

The proprietary funds are accounted for on a flow of *economic resources measurement focus* and utilize the *accrual basis of accounting*. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included in the Statement of Net Position. The net position is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Budgets and Budgetary Accounting

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

The City Secretary submits to the City Council a proposed operating budget for the fiscal year commencing the following May 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted at the City Council to obtain taxpayer comments.

Prior to April 30, the budget is legally enacted through passage of an ordinance.

The City Secretary is authorized to transfer budgeted amounts between line-items within a department; however, any revisions that alter the total expenditures of any department must be approved by the City Council. The reported budgetary data reflects all amendments approved during the year.

Formal budgetary integration is employed as a management control device during the year for the City's governmental funds.

A. Summary of Significant Accounting Policies (Continued)

Budgets for all governmental and proprietary funds are adopted on a basis consistent with generally accepted accounting principles. Actual revenues and expenditures compared to budget is presented in the "Required Supplementary Information" section of this report.

All appropriations lapse at year-end. The City does not employ the use of encumbrances in its budgetary accounting.

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"), the City reports fund balances for governmental funds in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The *nonspendable* classification represents assets that will be consumed or "must be maintained intact" and therefore will never convert to cash, such as infrastructure and property assets. Provisions of laws, contracts, and grants specify how fund resources can be used in the *restricted* classification. The nature of these two classifications precludes a need for a policy from the City Council. However, the Council has adopted fund balance policies for the three unrestricted classifications – committed, assigned, and unassigned.

Committed fund balance includes amounts that can only be used for specific purposes, and is reported pursuant to resolutions passed by the City Council, the City's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the City Council.

Assigned fund balance includes amounts that the City intends to use for specific purposes, but that do not meet the definition of restricted or committed fund balance.

Unassigned fund balance includes amounts that have not been restricted, committed, or assigned to a specific purpose in the General Fund, or assigned to another fund.

From time to time, the City Council may commit fund balances by a majority vote in a scheduled meeting. The Council's commitment may be modified or rescinded by a majority vote in a scheduled meeting. Council commitments cannot exceed the amount of fund balance that is greater than the sum of nonspendable and restricted since that practice would commit funds that the City does not have. Commitments may be for facility expansion or renovation, program modifications, wage and salary adjustments, financial cushions (rainy day funds), and other purposes determined by the Council.

The City Council may delegate authority to specified persons or groups to make assignments of certain fund balance by a majority vote in a scheduled meeting. The Council may modify or rescind its delegation of authority by the same action.

The City has adopted a policy to strive to maintain a minimum fund balance in the General Fund equal to two months of operating expenditures.

A. Summary of Significant Accounting Policies (Continued)

Financial Statement Amounts

a. Cash and Cash Equivalents

The City's cash and cash equivalents include amounts on hand, amounts in demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the City, as well as the component unit, are reported at estimated fair value.

b. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statement as "internal balances".

All trade and property tax receivables are shown net of an allowance for uncollectible balances. Property tax receivables include unpaid property taxes along with penalties and interest assessed on these unpaid taxes.

c. Property Taxes

Property taxes are levied on October 1 on property values assessed as of the preceding January 1. The bills are mailed in early October and are due on or before January 31. On February 1, all unpaid bills become delinquent and penalties and interest may be assessed by the City. Half payments for the taxes are accepted. Using this alternative, taxpayers may pay one-half of their tax due before December 1 and pay the second half July 1. The second half becomes delinquent on July 1.

d. Inventories and Prepaid Items

Inventories of materials and supplies held by the proprietary funds are valued at cost or net realizable value. A physical inventory is taken at year-end and the inventory account is adjusted accordingly.

Prepaid items, recorded in both the government-wide and fund financial statements, are goods or services that are paid in advance and are applicable to future accounting periods. Using the consumption method, prepaid items are recorded as expenditures (governmental fund types) or expenses (proprietary fund types) as the goods or services are used. On the government-wide statement of activities, consumption of prepaid items is recorded as an expense.

Inventories and prepaid items are offset by nonspendable fund balance, which indicates that these items do not represent available expendable resources even though they are a component of current assets.

A. Summary of Significant Accounting Policies (Continued)

e. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, drainage systems, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position. The City defines capital assets as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost (actual or estimated) if purchased or constructed. Donated assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is not included as part of the capitalized value of the assets.

Property, plant, equipment, and infrastructure assets of the primary government and the component units are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Years
Buildings and Systems	20 - 40
Infrastructure	20 - 50
Furniture and Equipment	5 - 10

f. Long-Term Obligations

In the government-wide financial statements, and in the proprietary fund types of the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statements of net position.

g. Compensated Absences

Vacation and sick leave benefits are earned by City employees according to guidelines contained in the City's personnel policy. The City's policy allows for accumulation of sick leave, but does not provide for payment of any unused sick leave upon termination. All compensated absence pay is accrued when incurred in the government-wide and proprietary fund financial statements.

h. Restricted Net Position

At April 30, 2019, restricted net position consisted of $218,462 restricted for debt service in the Water Fund, and $1,000 of surplus revenues restricted for debt service in the Sewer Fund.

A. Summary of Significant Accounting Policies (Concluded)

i. Use of Estimates

The preparation of the government-wide and fund financial statements in conformity with GAAP requires the City to make estimates and assessments 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 amount of revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

j. Deferred Outflows/Inflows of Resources

The Statement of Net Position reports a separate section for deferred outflows of resources which follows the assets section. This separate financial statement element represents a consumption of net position that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. The two items are the deferred amounts calculated in the actuarial pension studies for the Texas Municipal Retirement System ("TMRS") and the Texas Emergency Services Retirement System ("TESRS") as required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions.*

In addition to the liabilities, the Statement of Net Position and the Balance Sheet for the governmental funds also reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position/fund balance that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The City has three items that are considered deferred inflows of resources. One of the items that arises only under the modified accrual basis of accounting is unavailable revenue for property taxes, which is reported only in the governmental funds balance sheet. The other two items arise only under the full accrual basis of accounting are the calculated amounts in the actuarial pension studies for the TMRS and the TESRS as required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions.*

k. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources related to the pension plans, pension expense, information about the fiduciary net position of the TMRS and TESRS, and the additions to/deductions from TMRS's and TESRS's fiduciary net position have been determined on the same basis as they are reported by TMRS and TESRS. 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 benefit terms. Investments of the pension plans are reported at fair value.

l. Other Post-Employment Benefits (OPEB)

The fiduciary net position of the TMRS Supplemental Death Benefits Plan (SDBP) 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 related to OPEB, OPEB expense, and information about assets, liabilities and additions to/deductions from SDBP's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

B. Deposits and Investments

Cash Deposits

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. All deposits of the City that exceeded the federal depository insurance coverage level of $250,000 per account were covered by pledged collateral held by the City's bank in the City's name.

At April 30, 2019, the carrying amount of the City's deposits was $5,488,726 (of which $3,971,279 was invested in certificates of deposit and included in temporary investments) and the respective bank balance was $5,854,031.09.

Investments

The City may invest its excess funds in any instruments authorized by the Public Funds Investments Act of Texas. Investments authorized under this Act include, but are not limited to, the following: obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; 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; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by, the full faith and credit of the State of Texas, or the United States, or their respective agencies and instrumentalities; certificates of deposit issued by a financial institution domiciled in the State of Texas which are guaranteed or insured by the FDIC or otherwise secured; and certain repurchase agreements.

Fair Value Measurements

The District categories the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities as follows:

- Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority,
- Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and
- Level 3 inputs which consist of other unobservable inputs and have the lowest priority.

The District uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the District measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 and Level 2 inputs are not available.

The District's investments as of April 30, 2019 consist entirely of (interest-bearing bank accounts and certificates of deposit) and are not subject to fair value measurements as follows:

B. Deposits and Investments (Continued)

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

Investment Type	Reported Amount
Certificates of Deposit	$ 3,971,279

Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

b. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

At year end, the City was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

C. Receivables

Receivables at April 30, 2019 consisted of the following:

	General	Proprietary	Total
Gross Receivables:			
Ad Valorem Taxes	$ 21,257	$ -	$ 21,257
Accounts	-	754,748	754,748
Total Gross Receivables	21,257	754,748	776,005
Less: Allowances	3,376	42,637	46,013
Total Net Receivables	$ 17,881	$ 712,111	$ 729,992

City property tax revenues are recognized when tax payments are received by the City. All property taxes receivable (net of allowances) at April 30, 2019 are recorded as unavailable revenue in the City's fund financial statements.

D. Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables

During the fiscal year, various funds of the City were involved in transactions that created interfund receivable and payable balances. These transactions are related to such activities as the purchase of goods by one fund on behalf of another and the receipt of revenue in one fund that belongs to or is designated for another fund.

Interfund receivable and payable balance at April 30, 2019, was as follows:

Receivable Fund	Payable Fund	Amount
Proprietary Funds	General Fund	$ 4,821,009

Interfund Transfers

During the fiscal year, the City transferred funds between the City's enterprise funds to the general fund. These transfers were intended to provide the necessary resources to meet the operating obligations of the receiving funds.

Transfers Out	Transfers In	Amount
Proprietary Funds	General Fund	$ 970,000

E. Capital Assets

The City's capital asset activity for the year ended April 30, 2019, was as follows:

Governmental Activities	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets Not Being Depreciated				
Land	$ 251,593	$ -	$ -	$ 251,593
Construction in Progress	40,549	-	40,549	-
Capital Assets Being Depreciated				
Infrastructure	3,000,729	123,582	-	3,124,311
Buildings and Systems	1,291,558	57,098	-	1,348,656
Furniture and Equipment	2,361,186	36,554	-	2,397,740
Total Capital Assets Being Depreciated	6,945,615	217,234	40,549	7,122,300
Less Accumulated Depreciation for:				
Infrastructure	1,180,051	125,994	-	1,306,045
Buildings and Systems	685,575	35,955	-	721,530
Machinery and Equipment	1,530,236	158,449	-	1,688,685
Total Accumulated Depreciation	3,395,862	320,398	-	3,716,260
Governmental Activities Capital Assets, Net	$ 3,549,753	$ (103,164)	$ 40,549	$ 3,406,040

Business-Type Activities	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets Not Being Depreciated				
Land	$ 6,435	$ -	$ -	$ 6,435
Construction in Progress				
Capital Assets Being Depreciated				
Infrastructure	8,580,740	125,127	-	8,705,867
Buildings and Systems	1,822,562	-	-	1,822,562
Machinery and Equipment	1,005,364	79,444	-	1,084,808
Total Capital Assets Being Depreciated	11,415,101	204,571	-	11,619,672
Less Accumulated Depreciation for:				
Infrastructure	4,675,498	195,971	-	4,871,469
Buildings and Systems	696,600	43,313	-	739,913
Machinery and Equipment	852,474	44,323	-	896,797
Total Accumulated Depreciation	6,224,572	283,607	-	6,508,179
Business-Type Activities Capital Assets, Net	$ 5,190,529	$ (79,036)	$ -	$ 5,111,493

E. Capital Assets (Concluded)

Depreciation expense of the City was charged to the following functions/programs:

Governmental Activities:		
General Government	$	43,236
Public Safety		92,164
Highways and Streets		109,232
Library		22,063
Parks		49,989
Museum		3,714
Total Depreciation Expense - Governmental Activities	$	320,398
Business-Type Activities:		
Electric	$	27,875
Water		145,190
Sewer		110,542
Total Depreciation Expense - Business-Type Activities	$	283,607

Capital asset activity for the City's discretely presented component unit, the Shiner Volunteer Fire Department, for the year ended April 30, 2019, was as follows:

Volunteer Fire Department	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets Being Depreciated				
Furniture and Equipment	$ 498,163	$ -	$ -	$ 498,163
Less Accumulated Depreciation for:				
Furniture and Equipment	219,659	29,213	-	248,872
Volunteer Fire Department, Capital Assets, Net	$ 278,504	$ (29,213)	$ -	$ 249,291

F. Long-Term Obligations

During 2009, the City issued $1,395,000 of Certificates of Obligation to construct, repair, and make improvements to the City's combined waterworks and sewer system. The Certificates were issued as serial certificates maturing on September 1 in the years 2011 through 2019, and as Term Certificates maturing September 1 in the years 2022 and 2024.

The City's intent is to generate revenue within the Water and Sewer funds sufficient to meet the debt obligations. The City increased its user rates in these departments to generate the required revenues. Therefore, the General Obligations bonds and related transactions are being accounted for in the Water and Sewer funds. Surplus revenues of the Electric fund may be used if the Water and Sewer funds' revenues are insufficient to meet the debt obligations. A maximum aggregate of $1,000 of surplus revenues has been encumbered in the Water fund as required by the refunded bond covenant.

F. Long-Term Obligations (Concluded)

The City covenants that if it was necessary, it will levy and collect an annual ad valorem tax sufficient to meet the debt service requirements on the Certificates. The Certificates are additionally secured by a lien on surplus revenues derived from the ownership and operation of the City's water and sewer systems. The City expects that such surplus revenues will be sufficient to pay all of the debt service requirements on the Certificates.

Changes in long-term obligations for the year ended April 30, 2019, are as follows:

Business-Type Activities:	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2009	$ 1,145,000	$ -	$ 145,000	1,000,000	$ 150,000

Debt service requirements on long-term obligations at April 30, 2019, are as follows:

	Business-Type Activities		
Year Ending April 30,	Principal	Interest	Total
2020	$ 150,000	$ 39,673	$ 189,673
2021	155,000	33,379	188,379
2022	160,000	26,685	186,685
2023	170,000	19,672	189,672
2024	180,000	12,100	192,100
2025	185,000	4,070	189,070
Total	$ 1,000,000	$ 135,579	$ 1,135,579

Interest rates on the certificates of obligation range from 2.0% to 4.4%. Total interest expense for the year ended April 30, 2019 on all debt for business-type activities was $44,621.

G. Pension Plan - TMRS

Plan Description

The City participates as one of 883 plans in a nontraditional, joint contributory, hybrid defined benefit pension plan administered by the 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 multi-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the TMRS 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.

G. Pension Plan - TMRS (Continued)

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, with 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 payment options. Members may 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 the City within the options available in the state statutes governing TMRS. Plan provisions of the City for plan year 2018 were as follows:

Employee Deposit Rate	5.00%
Matching Ratio (City to employee)	1 to 1
Years required for vesting	5
Service retirement eligibility	
(Expressed as age/years of service)	60/5, 0/20
Updated service credit	100%, repeating transfers
Annuity increase (to retirees)	70.00% of CPI

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	16
Inactive employees entitled to but not yet receiving benefits	16
Active employees	32
Total	64

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 5.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 7.27% and 7.71% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the fiscal year ended April 30, 2019 were $104,344, and were equal to the required contributions.

G. Pension Plan - TMRS (Continued)

<u>Net Pension Liability</u>

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2105 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2019 are summarized in the following table:

G. Pension Plan - TMRS (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
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 liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments to 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.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/2017	$ 4,240,684	$ 3,744,624	$ 496,060
Changes for the year:			
Service Cost	108,086	-	108,086
Interest	282,264	-	282,264
Change in Benefit Terms	-	-	-
Difference between Expected vs. Actual Experience	52,118	-	52,118
Changes of Assumption	-	-	-
Contributions – Employer	-	92,773	(92,773)
Contributions – Employee	-	63,805	(63,805)
Net Investment Income	-	(112,133)	112,133
Benefit Payments, Including Refunds of Employee Contributions	(226,086)	(226,086)	-
Administrative Expenses	-	(2,168)	2,168
Other Charges	-	(113)	113
Net Changes	216,382	(183,922)	400,304
Balance at 12/31/2018	$ 4,457,066	$ 3,560,702	$ 896,364

G. Pension Plan - TMRS (Concluded)

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

The following represents 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 have been 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%)
Net Pension Liability	$ 1,425,676	$ 896,364	$ 453,194

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, Deferred Outflows of Resources, Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2019, the City recognized pension expense in the amount of $204,152.

At April 30, 2019, the City reported deferred outflows 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 (Net of Current Year Amortization)	$ 108,195	$ -
Changes in Actuarial Assumption	2,783	-
Differences Between Projected and Actual Investment Earnings (Net of Current Year Amortization)	193,232	-
Contributions Subsequent to the Measurement Date	40,120	-
Total	$ 344,330	$ -

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $40,120 will be recognized as a reduction to the net pension liability for the year ended April 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended April 30,	
2020	$ 120,420
2021	66,317
2022	44,494
2023	72,979
2024	-
Thereafter	-

H. Pension Plan - TESRS

Plan Description

The City participates in a cost-sharing multiple employer pension plan that has a special funding situation. The plan is administered by the Texas Emergency Services Retirement System ("TESRS") and established and administered by the State of Texas (the "State") to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2018, there were 238 contributing fire and/or emergency services department members participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

On August 31, 2018, the pension system membership consisted of:

Retirees and beneficiaries currently receiving benefits	3,533
Terminated members entitled to, but not yet receiving benefits	1,927
Active participants	3,927

Pension Plan Fiduciary Net Position

Detailed information about TESR's fiduciary net position is available in a separately-issued CAFR that includes financial statements and required supplementary information. TESRS issues publicly available annual financial report, which includes financial statements, notes, and required supplementary information, and can be obtained at www.tesrs.org. The separately issued actuarial valuations that may be of interest are also available at the same link.

Benefits Provided

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

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

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

H. Pension Plan - TESRS (Continued)

Funding Policy

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

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

The Board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the State are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percentage of the Part One portion (not to exceed 15%), is to be actuarially adjusted every two years based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2016, the Part Two contributions were established by the Board to be 2% of the Part One contributions beginning September 1, 2017. Based on the August 31, 2018 actuarial valuation, the Part Two contributions are not required for an adequate contribution arrangement.

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

A small subset of participating departments have a different contribution arrangement which is being phased out over time. In this arrangement, contributions made in addition to the monthly contributions for active members are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into TESRS. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments paid by TESRS.

Contributions

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by the Board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2018, total contributions of $21,108 were paid by the City. The State appropriated $1,329,219 for the fiscal year ending August 31, 2018 to TESRS as a whole.

H. Pension Plan - TESRS (Continued)

Actuarial Assumptions

The total pension liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions:	
Investment Rate of Return*	7.75%, net of pension plan investment expense, including inflation
Projected Salary Increases	N/A
Inflation	3.00%

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2024 by scale AA. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (currently 5.01%) and by adding expected inflation (3.00%). In addition, the final 7.75% assumption was selected by "rounding down" and thereby reflects a reduction of .26% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities:		
Large Cap Domestic	32.00%	5.81%
Small Cap Domestic	15.00%	5.92%
Developed International	15.00%	6.21%
Emerging Markets	5.00%	7.18%
Master Limited Partnership	5.00%	7.61%
Real Estate	5.00%	4.46%
Fixed Income	23.00%	1.61%
Cash	0.00%	0.00%
Total	100.00%	
Weighted Average		5.01%

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. No projection of cash flows was used to determine the discount rate because the August 31, 2018 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Plan - TESRS (Continued)

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (6.75%)	Discount Rate (7.75%)	1% Increase in Discount Rate (8.75%)
City's Proportionate Share of the Net Pension Liability	$ 189,745	$ 95,478	$ 31,898

Pension Liabilities, Pension Expense, and Deferred Outflows/Deferred Inflows of Resources Related to Pensions

At April 30, 2019, the City reported a liability of $95,478 for its proportionate share of TESRS's net pension liability. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

City's Proportionate Share of the Collective Net Pension Liability	$ 95,478
State's Proportionate Share that is Associated with the City *	5,862
Total	$ 101,340

* Calculated using the City's proportionate share of contributions multiplied by the State's share of the collective NPL.

At August 31, 2018, the employer's proportion of the collective net pension liability was .441%, which was an increase of 0.023% from its proportion measured as of August 31, 2017.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

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

For the year ended April 30, 2019, the City recognized pension expense of $30,267. The City recognized on-behalf revenues of $5,862 calculated by taking the State's total contributions to TESRS multiplied by the City's proportionate share.

H. Pension Plan - TESRS (Concluded)

At August 31, 2018, the City reported its proportionate share of the TESRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Actual and Expected Economic Experience	$ 26	$ 275
Changes in Actuarial Assumptions	357	-
Differences Between Projected and Actual Investment Earnings	-	5,277
Contributions Subsequent to the Measurement Date	20,373	-
Totals	$ 20,756	$ 5,552

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended April 30,	Pension Expense
2020	$ 6,152
2021	(3,423)
2022	(5,037)
2023	(2,861)

I. Other Postemployment Benefits (OPEB) – TMRS SDBF

Plan Description

TMRS administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which the City has elected, by ordinance, to provide group-term life insurance coverage (supplemental death benefits) to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year, to be effective the following January 1. The retiree portion of the SDBF is considered a single-employer plan.

Benefits Provided

Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). Retired employees are insured for $7,500; this coverage is an "other post-employment benefit," or OPEB. The City offers supplemental death benefits to both active employees and retirees.

As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated).

I. Other Postemployment Benefits (OPEB) – TMRS SDBF (Continued)

The number of employees currently covered by the benefit terms is as follows:

Inactive Employees or Beneficiaries Currently Receiving Benefits	14
Inactive Employees Entitled to but not yet Receiving Benefits	5
Active Employees	32
Total	51

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.36% for 2019 and 0.34% for 2018, of which 0.13% and 0.13%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contributions to the SDBF for the year ended April 30, 2019 was $4,877, which equaled the required contributions each year.

Actuarial Assumptions

The Total OPEB Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Measurement Year Ended December 31, 2018	
Inflation Rate	2.50%
Salary Increases	3.50% to 10.50%, Including Inflation
Discount Rate *	3.71%
Retirees' Share of Benefit-Related Costs	$0
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates – Service Retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality Rates – Disabled Retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both male and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal Go AA Index" rate as of December 31, 2018.

I. Postemployment Benefits Other Than Pensions (OPEB) – TMRS SDBF (Continued)

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in Total OPEB Liability

Changes in the City's total OPEB liability for the fiscal year ended April 30, 2019 are as follows:

	Total OPEB Liability
Balance at 12/31/2017	$ 110,247
Changes for the Year:	
Service Cost	5,487
Interest	3,713
Change in Benefit Terms	-
Difference Between Expected and Actual Experience	(3,882)
Changes of Assumption	(6,322)
Benefit Payments*	(1,659)
Net Changes	(2,663)
Balance at 12/31/2018	$ 107,584

* Benefit payments are treated as being equal to the employer's yearly contribution for retirees due to the SDBF being considered an unfunded OPEB plan under GASB 75.

There were no changes of assumptions or other inputs that affected the measurement of the total OPEB liability during the measurement period.

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

Sensitivity of the Total OPEB to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (2.71%)	Discount Rate (3.71%)	1% Increase (4.71%)
City's Total OPEB Liability	$ 124,449	$ 107,584	$ 94,154

OPEB Liabilities, OPEB Expense, Deferred Outflows and Inflows of Resources Related to OPEBs.

At April 30, 2019, the City reported a total OPEB liability of $107,584. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2018. For the year ended April 30, 2019, the City recognized OPEB expense of $7,131. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

I. Postemployment Benefits Other Than Pensions (OPEB) – TMRS SDBF (Continued)

At April 30, 2019, the City reported 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 Actual and Expected Economic Experience	$ -	$ 3,095
Changes in Actuarial Assumptions	-	5,040
Differences Between Projected and Actual Investment Earnings	-	-
Contributions Subsequent to the Measurement Date	1,873	-
Totals	$ 1,873	$ 8,135

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of $1,873 will be recognized as a reduction of the Total OPEB Liability for the year ending April 30, 2020. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended April 30,	Pension Expense
2020	$ (2,069)
2021	(2,069)
2022	(2,069)
2023	(1,928)
2024	-
Thereafter	-

J. Risk Management

The City is exposed to various risks of loss related to tors, theft, damage and destruction of assets, errors and omissions, injuries to employees and natural and other occurrences. The City maintains insurance coverage at a cost that is considered to be economically justifiable. There were no significant reductions in 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.

K. Significant Taxpayers

The City's largest taxpayer accounted for approximately 39% of the total 2018 tax levy. No delinquent amounts from this taxpayer existed as of April 30, 2019. No other individual taxpayer accounted for more than 7% of the total 2018 tax levy.

L. Prior Period Adjustment

During fiscal year 2019, the City adopted GASB Statement No. 75, *Accounting and Reporting for Post-Employment Benefits Other Than Pensions*. With GASB 75, the City must assume its Total OPEB Liability in connection with the TMRS SDBF. Adoption of GASB 75 required a prior period adjustment to report the effect of the standard retroactively. As such, beginning net position was restated by $76,070 and $34,604 in the governmental and business-type activities, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SHINER, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2019

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	$ 575,000	$ 575,000	$ 611,252	$ 36,252
General Sales and Use Taxes	375,000	375,000	410,248	35,248
Franchise Tax	20,000	20,000	19,101	(899)
Other Taxes	625	625	724	99
Licenses and Permits	19,607	19,607	29,123	9,516
Charges for Services	10,028	10,028	11,945	1,917
Fines	30,400	30,400	27,456	(2,944)
Investment Earnings	55,000	55,000	87,509	32,509
Rents and Royalties	39,800	39,800	137,310	97,510
Contributions and Donations	39,000	39,000	59,615	20,615
Other Revenue	55,900	55,900	94,375	38,475
Total Revenues	1,220,360	1,220,360	1,488,658	268,298
EXPENDITURES:				
Current:				
General Government	409,900	409,900	401,060	8,840
Public Safety	728,658	728,658	770,929	(42,271)
Highways and Streets	201,100	201,100	192,056	9,044
Library	147,100	147,100	143,013	4,087
Parks	328,200	328,200	326,446	1,754
Museums	81,100	81,100	69,975	11,125
Capital Outlay:				
Capital Outlay	336,000	336,000	195,843	140,157
Total Expenditures	2,232,058	2,232,058	2,099,322	132,736
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,011,698)	(1,011,698)	(610,664)	401,034
OTHER FINANCING SOURCES (USES):				
Transfers In	720,000	720,000	970,000	250,000
Total Other Financing Sources (Uses)	720,000	720,000	970,000	250,000
Net Change	(291,698)	(291,698)	359,336	651,034
Fund Balance - May 1 (Beginning)	287,976	287,976	287,976	-
Fund Balance - April 30 (Ending)	$ (3,722)	$ (3,722)	$ 647,312	$ 651,034

The notes to the financial statements are an integral part of this statement.

CITY OF SHINER, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)

FOR THE YEAR ENDED APRIL 30, 2019

	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
A. Total Pension Liability				
Service Cost	$ 108,086	$ 104,107	$ 96,606	$ 88,509
Interest (on the Total Pension Liability)	282,264	265,252	252,892	246,693
Changes of Benefit Terms	-	-	-	-
Difference Between Expected and Actual Experience	52,118	101,917	33,492	36,308
Changes of Assumptions	-	-	-	26,995
Benefit Payments, Including Refunds of Employee Contributions	(226,086)	(216,397)	(190,848)	(169,535)
Net Change in Total Pension Liability	$ 216,382	$ 254,879	$ 192,142	$ 228,970
Total Pension Liability - Beginning	4,240,684	3,985,805	3,793,663	3,564,693
Total Pension Liability - Ending	$ 4,457,066	$ 4,240,684	$ 3,985,805	$ 3,793,663
B. Total Fiduciary Net Position				
Contributions - Employer	$ 92,773	$ 91,714	$ 83,269	$ 79,582
Contributions - Employee	63,805	61,969	57,710	53,772
Net Investment Income	(112,133)	463,691	215,108	4,748
Benefit Payments, Including Refunds of Employee Contributions	(226,086)	(216,397)	(190,848)	(169,535)
Administrative Expense	(2,168)	(2,403)	(2,430)	(2,892)
Other	(113)	(122)	(131)	(142)
Net Change in Plan Fiduciary Net Position	$ (183,922)	$ 398,452	$ 162,678	$ (34,467)
Plan Fiduciary Net Position - Beginning	3,744,624	3,346,172	3,183,494	3,217,961
Plan Fiduciary Net Position - Ending	$ 3,560,702	$ 3,744,624	$ 3,346,172	$ 3,183,494
C. Net Pension Liability	$ 896,364	$ 496,060	$ 639,633	$ 610,169
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	79.89%	88.30%	83.95%	83.92%
E. Covered Payroll	$ 1,276,104	$ 1,239,374	$ 1,154,190	$ 1,075,447
F. Net Pension Liability as a Percentage of Covered Payroll	70.24%	40.03%	55.42%	56.74%

Note: GASB 68, Paragraph 46, a and b requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's current fiscal year.

Note: Only four years of data are presented in accordance with GASBS #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

CITY OF SHINER, TEXAS
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)
FOR THE YEAR ENDED APRIL 30, 2019

	Measurement Year *			
	2014	2015	2016	2017
City's Proportion of the Net Pension Liability	0.424%	0.439%	0.449%	0.418%
City's Proportionate Share of the Net Pension Liability	$ 77,047	$ 117,180	$ 130,785	$ 100,327
State's Proportionate Share of the Net Pension Liability	26,036	40,618	45,214	32,855
Total	$ 103,083	$ 157,798	$ 175,999	$ 133,182
Number of Active Members **	44	49	48	47
City's Net Pension Liability per Active Member	$ 1,751	$ 2,391	$ 2,725	$ 2,135
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.50%	76.90%	76.30%	81.40%

* Only five years of information are currently available. The City will build this schedule over the next five-year period.

** There is no compensation for active members. Number of active members is used instead.

2018
0.441%
$ 95,478
26,499
$ 121,977
47
$ 2,031
84.26%

CITY OF SHINER, TEXAS

SCHEDULE OF CONTRIBUTIONS

TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)

FOR THE YEAR ENDED APRIL 30, 2019

	2018	2017	2016	2015
Actuarially Determined Contribution	$ 104,344	$ 95,098	$ 85,324	$ 80,531
Contributions in Relation to the Actuarially Determined Contributions	(104,344)	(95,098)	(85,324)	(80,531)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered Payroll	$ 1,403,777	$ 1,241,444	$ 1,171,864	$ 1,097,505
Contributions as a Percentage of Covered Payroll	7.43%	7.66%	7.28%	7.34%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the governmental entity's respective fiscal years as opposed to the time periods covered by the measurement dates ending December 31 for the respective fiscal years.

Note: In accordance with GASB 68, Paragraph 138, the years of data presented this reporting period are those for which data is available. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

CITY OF SHINER, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)
FOR THE YEAR ENDED APRIL 30, 2019

	Fiscal Year *			
	2016	2017	2018	2019
Contractually Required Contribution	$ 22,504	$ 20,848	$ 20,563	$ 30,267
Contributions in Relation to the Contractually Required Contribution	22,504	20,848	20,563	30,267
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Number of Active Members **	48	47	48	47
Contributions per Active Member	$ 469	$ 444	$ 428	$ 644

* Only five years of information are currently available. The City will build this schedule over the next five-year period.

** There is no compensation for active members. Number of active members is used instead.

CITY OF SHINER, TEXAS

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM (SDBF)

FOR THE YEAR ENDED APRIL 30, 2019

	FY 2018 Plan Year 2017
Total OPEB Liability	
Service Cost	$ 5,487
Interest on the Total OPEB Liability	3,713
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	(3,882)
Changes of Assumptions	(6,322)
Benefit Payments*	(1,659)
Net Change in Total OPEB Liability	(2,663)
Total OPEB Liability - Beginning	110,247
Total OPEB Liability - Ending	$ 107,584
Covered Payroll	$ 1,276,104
Total OPEB Liability as a Percentage of Covered Payroll	8.43%

*The Supplemental Death Benefit Fund is considered to be an unfunded OPEB plan under GASB 75. Because of this benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Note: GASB Codification, Vol. 2, P52.139 states that the information on this schedule should be determined as of the measurement date of the plan.

As required by GASB 75, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

A. Budgetary Basis of Accounting and Legal Compliance

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). The City prepares a budget for the general fund and it is presented to the City council during the March Council meeting. The City's budget is adopted in April. Once a budget is approved, it must be amended by Council approval. During the year, the budget was not amended. Budgetary compliance is monitored at the department level in the General Fund. There was one instance of expenditures exceeding appropriations during the year ended April 30, 2019 in the public safety department by $42,271. These expenditures were funded by the available fund balance in the General Fund.

B. Texas Municipal Retirement System

Valuation Date

Actuarially determined contribution rates are calculated as of December 31st and become effective 13 months later.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 Years
Asset Valuation Method	10 Year Smoothed Market; 15% Soft Corridor
Inflation	2.5%
Salary Increases	3.5% to 10.5%, Including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

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

There were no changes of assumptions that affected the measurement of the total pension liability during the measurement period.

C. Texas Emergency Services Retirement System

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

There were no changes of assumptions that affected the measurement of the total pension liability during the measurement period.

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APPENDIX C

FORMS OF BOND COUNSEL'S OPINIONS

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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 Certificates, assuming no material changes in facts or law.

August __, 2020

CITY OF SHINER, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2019
DATED AS OF JULY 15, 2020
IN THE AGGREGATE PRINCIPAL AMOUNT OF $4,990,000

AS BOND COUNSEL FOR THE CITY OF SHINER, TEXAS (the "***City***") in connection with the issuance of the certificates of obligation described above (the "***Certificates***"), we have examined into the legality and validity of the Certificates, which bear interest from the dates specified in the text of the Certificates until maturity or prior redemption at the rates and payable on the dates as stated in the text of the Certificates, and which are subject to redemption, all in accordance with the terms and conditions stated in the text of the Certificates.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas and a transcript of certified proceedings of the City, and other pertinent instruments authorizing and relating to the issuance of the Certificates including (i) the ordinance authorizing the issuance of the Certificates (the "***Ordinance***"), (ii) one of the executed Certificates (Certificate No. T-1), and (iii) the City's Federal Tax Certificate of even date herewith.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Certificates have been authorized, issued and delivered in accordance with law; that the Certificates constitute valid and legally binding general obligations of the City in accordance with their terms except as the enforceability thereof may be limited by governmental immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion; that the City has the legal authority to issue the Certificates and to repay the Certificates; that ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Certificates, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the City, and have been pledged for such payment, within the limits prescribed by law; and that "*Surplus Revenues*" (as such term is defined and described in the Ordinance) received by the City from the ownership and operation of the City's Waterworks and Sewer System have been pledged to further secure the payment of the Certificates in the manner set forth in the Ordinance.

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

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 Certificates, including the amount, accrual or receipt of interest on, the Certificates. Owners of the Certificates should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Certificates.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further given, and are based on our knowledge of facts, as of the date hereof. We assume no duty or obligation to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter 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 Certificates. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer. We observe that the City 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 Certificates as includable in gross income for federal income tax purposes.

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

OUR SOLE ENGAGEMENT in connection with the issuance of the Certificates is as Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Certificates 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 City, or the disclosure thereof in connection with the sale of the Certificates, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Certificates and we have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of, and assessed valuation of taxable property within, the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

Respectfully,

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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.

August __, 2020

CITY OF SHINER, TEXAS
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020
DATED AS OF JULY 15, 2020
IN THE AGGREGATE PRINCIPAL AMOUNT OF $860,000

AS BOND COUNSEL FOR THE CITY OF SHINER, TEXAS (the "***City***") we have examined into the legality and validity of the Bonds described above (the "***Bonds***"), which bear interest from the dates specified in the text of the Bonds until stated maturity or prior redemption, at the rates and payable on the dates as stated in the text of the Bonds, and which mature on the dates and are subject to redemption, all in accordance with the terms and conditions stated in the text of the Bonds. Terms used herein and not otherwise defined shall have the meaning given in the ordinance of the City authorizing the issuance and sale of the Bonds (the "***Ordinance***").

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas and a transcript of certified proceedings of the City, and other pertinent instruments authorizing and relating to the issuance of the Bonds including (i) the Ordinance, (ii) the Escrow Agreement, dated as of July 15, 2020, between the City and BOKF, NA, Dallas, Texas, as Escrow Agent (the "***Escrow Agreement***"), (iii) the certificate of sufficiency executed by Hilltop Securities Inc., the City's financial advisor, with respect to the adequacy of certain escrowed funds to accomplish the refunding purposes of the Bonds (the "***Sufficiency Certificate***"), (iv) one of the executed Bonds (Bond No. T-1), and (v) the City's Federal Tax Certificate of even date herewith.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been duly authorized, issued and delivered in accordance with law; that except as the enforceability thereof may be limited by governmental immunity and bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to 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 City; 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.

IT IS FURTHER OUR OPINION that the Escrow Agreement has been duly authorized, executed and delivered by the City and constitutes a binding and enforceable agreement in accordance with its terms and that the "***Refunded Obligations***" (as defined in the Ordinance) being refunded by the Bonds are outstanding under the ordinance authorizing their issuance only for the purpose of receiving the funds provided by, and are secured solely by and payable solely from, the Escrow Agreement and the cash and investments, if any, including the income therefrom, held by the Escrow Agent pursuant to the Escrow Agreement. In rendering this opinion, we have relied upon the certifications contained in the Sufficiency Certificate as to the sufficiency of the cash and securities, if any, deposited pursuant to the Escrow Agreement for the purpose of paying the principal of, redemption premium, if any, and interest on the Refunded Obligations.

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

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

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

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 City as the taxpayer. We observe that the City 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.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the City, and, in that capacity, we have been engaged by the City 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 City, 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 City as to the current outstanding indebtedness of, and assessed valuation of taxable property within, the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

Respectfully,

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APPENDIX D

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Policy No: _____

Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $ _________
Total Insurance Payment: $_________

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

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

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

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ______________________________________
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
200 Liberty Street, 27th floor
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

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Financial Advisory Services
Provided By

HilltopSecurities
A Hilltop Holdings Company.