OFFICIAL NOTICE OF SALE, OFFICIAL BID FORM

and

PRELIMINARY OFFICIAL STATEMENT

CITY OF JOSHUA, TEXAS

(A Political Subdivision of the State of Texas Located in Johnson County, Texas)

$3,905,000*

GENERAL OBLIGATION BONDS, SERIES 2020

(THE "BONDS")

To be Designated by the City as
"QUALIFIED TAX-EXEMPT OBLIGATIONS"

Bids due
Thursday, August 20, 2020
at
11:00 A.M., Central Time

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*Preliminary, subject to change based on bid structures. See "THE BONDS - MATURITY SCHEDULE" and "THE BONDS – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE BONDS" in the Official Notice of Sale relating to the Bonds.

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This Official Notice of Sale does not alone constitute an invitation for bids but is merely notice of sale of the Bonds defined and described herein. The invitation for bids on the Bonds is being made by means of this Official Notice of Sale, the Official Bid Form and the Preliminary Official Statement.

The Issuer will designate the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions.

OFFICIAL NOTICE OF SALE

$3,905,000*
CITY OF JOSHUA, TEXAS
(A political subdivision of the State of Texas located in Johnson County, Texas)
GENERAL OBLIGATION BONDS, SERIES 2020

BONDS OFFERED FOR SALE AT COMPETITIVE BID: The City Council (the "City Council") of the City of Joshua, Texas (the "City" or the "Issuer") is offering for sale at competitive bid its $3,905,000 General Obligation Bonds, Series 2020 (the "Bonds").

BIDS BY INTERNET: Interested bidders may, at their option and risk, submit their bid by electronic media, as described below, by 11:00 A.M., Central Time, on Thursday, August 20,2020. Bidders submitting a bid by internet shall not be required to submit signed Official Bid Forms prior to the award. Any prospective bidder that intends to submit an electronic bid must submit its electronic bid via the facilities of the i-Deal, LLC Parity System ("PARITY") and should, as a courtesy, register with PARITY by 9:00 A.M., Central Time, on Thursday, August 20,2020 indicating their intent to submit a bid by internet.

In the event of a malfunction in the electronic bidding process, bidders may submit their bids by email to mmccliney@samcocapital.com. If there is a malfunction of the electronic bidding process and a bidder submits a bid via email please call 210-832-9760 to notify the Financial Advisor (defined below) of the incoming bid. Any bid received after the scheduled time for their receipt will not be accepted.

The official time for the receipt of bids shall be the time maintained by PARITY. All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale, Official Bid Form and the Preliminary Official Statement. To the extent that any instructions or directions set forth in PARITY conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about the PARITY System, potential bidders may contact PARITY, c/o Ipreo Holdings LLC, 1359 Broadway, New York, New York 10018, 212-849-5021.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Official Notice of Sale, and shall be binding upon the bidder as if made by a signed sealed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of PARITY, the use of such facilities being at the sole risk of the prospective bidder.

OPENING OF BIDS: Bids will be opened and publicly read at 11:00 A.M., Central Time, on Thursday, August 20, 2020, following which the bids will be evaluated by SAMCO Capital Markets, Inc. (the "Financial Advisor") and the City Council shall provide final approval of the award at a City Council meeting later that evening. The Mayor of the City or his representative shall award the Bonds as described in the section entitled "AWARD AND SALE OF THE BONDS" below.

AWARD AND SALE OF THE BONDS: By 1:00 P.M. Central Time, on the date set for receipt of bids, the Mayor of the City or his representative shall award the Bonds to the **low qualified bidder (the "Winning Bidder"), as described in the section entitled "CONDITIONS OF SALE – Basis of Award" herein subject to final approval of the City Council which will take action to adopt an ordinance (the "Ordinance")** authorizing the issuance and awarding sale of the Bonds or will reject all bids promptly at a scheduled meeting to commence at 7:00 P.M. Central Time on Thursday, August 20, 2020. The City reserves the right to reject any or all bids and to waive any irregularities, except time of filing.

*Preliminary, subject to change based on bid structures. See "THE BONDS – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE BONDS" herein.

THE BONDS

DESCRIPTION OF CERTAIN TERMS OF THE BONDS: The Bonds will be dated September 1, 2020 (the "Dated Date") with interest to accrue from the Dated Date and be payable initially on February 1, 2021, and semiannually on each August 1 and February 1 thereafter until the earlier of stated maturity or prior redemption. The Bonds will be issued as fully registered Bonds in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository (the "Securities Depository"). Book-entry interests in the Bonds will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof within a stated maturity. Purchasers of the Bonds ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, the principal of and interest on the Bonds will be payable by BOKF, NA, Dallas, Texas, as Paying Agent/Registrar, to the Securities Depository, which will in turn remit such principal and interest to its Participants, which will in turn remit such principal and interest to the Beneficial Owners of the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM" in the Preliminary Official Statement.) The Bonds will be stated to mature on February 1 in each of the following years in the following amounts:

MATURITY SCHEDULE
(Due February 1)

Stated Maturity	Principal Amount*	Stated Maturity	Principal Amount*
2021	$100,000	2031	$210,000
2022	130,000	2032	215,000
2023	160,000	2033	220,000
2024	165,000	2034	225,000
2025	165,000	2035	235,000
2026	160,000	2036	240,000
2027	160,000	2037	245,000
2028	160,000	2038	255,000
2029	165,000	2039	260,000
2030	165,000	2040	270,000

ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE BONDS: The City reserves the right to increase or decrease the principal (maturity) amount of any maturity of the Bonds, including the elimination of a maturity or maturities; provided, however, that the aggregate principal (denominational) amount of the Bonds shall not exceed $3,905,000. Notice of any such changes shall be given to the successful bidder as soon as practicable following the notification of award, as described below, and this Notice of Sale may be amended at the sole discretion of the City to reflect such increase or decrease. The City will attempt to maintain total per bond underwriter spread when adjusting maturities. No such adjustment will have the effect of altering the basis upon which the best bid is determined. The successful bidder may not withdraw its bids or change the rates bid or any initial reoffering prices as a result of any changes made to the principal (denominational) amounts.

SERIAL BONDS AND/OR TERM BONDS: Bidders may provide that all of the Bonds be issued as serial maturities or may provide that any two or more consecutive annual principal amounts maturing on or after 2030 be combined into one or more term bonds, not to exceed five term bonds (the "Term Bonds").

MANDATORY SINKING FUND REDEMPTION: If the Winning Bidder designates principal amounts to be combined into one or more Term Bonds, each such Term Bond will be subject to mandatory sinking fund redemption commencing on February 1 of the first year which has been combined to form such Term Bond and continuing on February 1 in each year thereafter until the stated maturity date of that Term Bond. The amount redeemed in any year will be equal to the principal amount for such year set forth in the table above under the caption "MATURITY SCHEDULE". Bonds to be redeemed in any year by mandatory sinking fund redemption will be redeemed at par and will be selected by lot from among the Bonds then subject to redemption. The City, at its option, may credit against any mandatory sinking fund redemption requirement Term Bonds of the maturity then subject to redemption which have been purchased and canceled by the City or have been optionally redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption requirement.

OPTIONAL REDEMPTION: The City reserves the right, at its option, to redeem the Bonds maturing on or after February 1, 2030, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on February 1, 2029, or any date thereafter, at the redemption price of par plus accrued interest to the date of redemption as further described in the Preliminary Official Statement.

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*Preliminary, subject to change. See "THE BONDS – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE BONDS".

__SECURITY FOR PAYMENT__: The Bonds are direct obligations of the City payable from the proceeds of an annual ad valorem tax levied, within the limitations prescribed by law, on all taxable property located within the City. (See "TAX RATE LIMITATIONS" herein.)

__MUNICIPAL BOND INSURANCE__: In the event the Bonds are qualified for municipal bond insurance, and the Purchaser desires to purchase such insurance, the cost therefor will be paid by the Purchaser. The City shall pay the rating agency fee for S&P (hereinafter defined). Any other fees to be paid to rating agencies as a result of said insurance will be paid by the Purchaser. It will be the responsibility of the Purchaser to disclose the existence of insurance, its terms and the effect thereof with respect to the reoffering of the Bonds. Any downgrade by rating agencies of the bond insurance provider shall not relieve the Purchaser of its obligation under the heading. See “BOND INSURANCE” and “BOND INSURANCE RISKS FACTORS” in the Preliminary Official Statement.

__OTHER TERMS AND COVENANTS__: Other terms of the Ordinance and the various covenants of the City contained in the Ordinance are described in the Official Statement, to which reference is made for all purposes.

__SUCCESSOR PAYING AGENT/REGISTRAR__: The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. In the Ordinance, the City covenants to provide a Paying Agent/Registrar at all times while the Bonds are outstanding, and any Paying Agent/Registrar selected by the City shall be a commercial bank or trust company organized under the laws of the United States and any state and duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Bonds. The Paying Agent/Registrar will maintain the Security Register containing the names and addresses of the registered owners of the Bonds.

In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the City, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar, selected at the sole discretion of the City, shall be qualified as described in the Preliminary Official Statement. Upon a change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause written notice thereof to be sent to each registered owner of the Bonds by United States mail, first-class, postage prepaid.

CONDITIONS OF SALE

__TYPES OF BIDS AND INTEREST RATES:__ The Bonds will be sold in one block on an “All or None” basis, and at a price of not less than their par value, plus accrued interest on the Bonds from the Dated Date of the Bonds to the date of Initial Delivery (defined herein) of the Bonds. **No bid producing a cash premium on the Bonds that results in a dollar price of less than 103% will be considered; provided, however, that any bid is subject to adjustment as described under the caption “ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS”.** Bidders are invited to name the rate(s) of interest to be borne by the Bonds, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/20 of 1% and the net effective interest for the Bonds (calculated in the manner required by Chapter 1204, as amended, Texas Government Code) must not exceed 15%. **The highest rate bid may not exceed the lowest rate bid by more than 300 basis points (or 3% in rate). No limitation is imposed upon bidders as to the number of rates or changes which may be used.** All Bonds of one stated maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered.

__BASIS OF AWARD__: The sale of the Bonds will be awarded to the bidder making a bid that conforms to the specifications herein (the “Winning Bidder” or “Purchaser”) and __which produces the lowest True Interest Cost__ (defined herein) rate to the City. The “True Interest Cost” rate is that rate which, when used to compute the total present value as of the __Dated Date__ of all debt service payments on the Bonds on the basis of semi-annual compounding, produces an amount equal to the sum of the par value of the Bonds plus the premium bid, (but not interest accrued from the Dated Date to the date of their initial delivery to the Purchaser). In the event of a bidder’s error in interest cost rate calculations, the interest rates, and premium, set forth in the Official Bid Form will be considered as the intended bid.

In order to provide the City with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986, as amended (the “Code”) to the date of initial delivery of the Bonds, relating to the excludability of interest on the Bonds from the gross income of their owners, the Purchaser will be required to complete, execute, and deliver to the City (on or before the date of initial delivery of the Bonds) a certification as to their initial offering prices of the Bonds (the “Issue Price Certificate”) substantially in the form and to the effect attached hereto or accompanying this Official Notice of Sale (see “ESTABLISHMENT OF ISSUE PRICE” herein).

__ESTABLISHMENT OF ISSUE PRICE__:

(a) The Winning Bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City by the Delivery Date an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public, together with the supporting pricing wires or equivalent communications, such issue price certificate substantially in the form attached hereto, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Winning Bidder, the City, and Norton Rose Fulbright US LLP, the City’s Bond Counsel (but not to the extent that would preclude the establishment of issue price of the Bonds under applicable federal regulations). All actions to be taken by the City under this Official Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by the City’s Financial Advisor and any notice or report to be provided to the City may be provided to the City’s Financial Advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “competitive sale requirements”) because:

(1) the City shall disseminate this Official Notice of Sale to potential underwriters (defined below) in a manner that is reasonably designed to reach potential underwriters;

(2) all bidders shall have an equal opportunity to bid;

(3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Official Notice of Sale.

Any bid submitted pursuant to this Official Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid**.**

(c) In the event that the competitive sale requirements are not satisfied, the City shall so advise the Winning Bidder. In such event, the City intends to treat the initial offering price to the public (defined below) as of the sale date (defined below) of each maturity of the Bonds as the issue price of that maturity (the "hold-the-offering-price rule"). The City shall promptly advise the Winning Bidder, at or before the time of award of the Bonds, if the competitive sale requirements were not satisfied, in which case the hold-the-offering-price rule shall apply to the Bonds. **Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied and the hold-the-offering-price rule applies**. In the event that the competitive sale requirements are not satisfied, resulting in the application of the hold-the-price rule, the issue price certificate shall be modified as necessary in the reasonable judgment of Bond Counsel and the City.

(d) By submitting a bid, the Winning Bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the Winning Bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule applies to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(1) the close of the fifth (5^{th}) business day after the sale date; or

(2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Winning Bidder will advise the City promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

(e) The City acknowledges that, in making the representations set forth above, the Winning Bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a retail or other third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail or other third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Bonds.

(f) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail or other third-party distribution agreement, as applicable, to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Winning Bidder and as set forth in the related pricing wires, (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Winning Bidder or the underwriter and as set forth in the related pricing wires.

(g) Sales of any Bonds to any person that is a related party (defined below) to an underwriter shall not constitute sales to the public for purposes of this Official Notice of Sale. Further, for purposes of this section of the Official Notice of Sale entitled "ESTABLISHMENT OF ISSUE PRICE":

(1) "public" means any person other than an underwriter or a related party,

(2) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail or other third-party distribution agreement participating in the initial sale of the Bonds to the public),

(3) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(4) "sale date" means the date that the Bonds are awarded by the City to the Winning Bidder.

ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS: See "THE BONDS – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE BONDS" for a description of the City's reservation of the right to increase or decrease the principal (maturity) amount of any maturity of the Bonds, including the elimination of a maturity or maturities.

GOOD FAITH DEPOSIT: A bank cashier's check payable to the order of "City of Joshua, Texas" in the amount of $78,100, which is 2% of the par value of the Bonds (the "Good Faith Deposit"), is required. The Good Faith Deposit will be retained uncashed by the City until the Bonds are delivered, and at that time it will be returned to the Purchaser uncashed on the date of delivery of the Bonds; however, should the Purchaser fail or refuse to take up and pay for the Bonds, said Good Faith Deposit is to be cashed by the City and the proceeds accepted as full and complete liquidated damages. The above mentioned Good Faith Deposit may accompany the bid, or it may be submitted separately; however, if submitted separately, it shall be made available to the City prior to the opening of the bids and shall be accompanied by instructions from the bank on which it is drawn which will authorize its use as a Good Faith Deposit by the Purchaser who shall be named in such instructions. No interest will be paid or allowed on any Good Faith Deposit. The checks accompanying all other bids will be returned immediately after the bids are opened and the award of the sale of the Bonds has been made.

ADDITIONAL CONDITION OF AWARD — DISCLOSURE OF INTERESTED PARTY FORM:

It is the obligation of the City to receive information from Winning Bidder if bidder is not a publicly traded business entity (a "Privately Held Bidder"). Pursuant to Texas Government Code Section 2252.908 (the "Interested Party Disclosure Act"), the City may not award the Bonds to a Winning Bidder which is a Privately Held Bidder unless such party submits a Bond of Interested Parties Form 1295 (the "Disclosure Form") to the City as prescribed by the Texas Ethics Commission ("TEC"). In the event that a Privately Held Bidder's bid for the Bonds is the best bid received, the City, acting through its financial advisor, will promptly notify the winning Privately Held Bidder. That notification will serve as the City's conditional verbal acceptance of the bid, and will obligate the winning Privately Held Bidder to establish (unless such winning Privately Held Bidder has previously so established) an account with the TEC, and promptly file a completed Disclosure Form, as described below, in order to allow the City to complete the award.

Process for completing the Disclosure Form. Reference should be made to the Disclosure Form for the following information needed to complete it: (a) item 2 - name of the governmental entity (City of Joshua, Texas) and (b) item 3 - the identification number assigned to this contract by the City (Joshua GO2020 – Bid Form) and description of the goods or services (Purchase of the City of Joshua, Texas General Obligation Bonds, Series 2020). The Interested Party Disclosure Act and the rules adopted by the TEC with respect thereto (the "Disclosure Rules") require a non-publicly traded business entity contracting with the City to complete the Disclosure Form electronically at https://www.ethics.state.tx.us/file/, print, sign, and deliver, in physical form, the certified Disclosure Form that is generated by the TEC's "electronic portal" to the City. The executed Disclosure Form must be sent by email to the City's financial advisor at mmccliney@samcocapital.com, as soon as possible following the notification of conditional verbal acceptance and prior to the final written award. Upon receipt of the final written award, the Disclosure Form with original signatures must be submitted by mail to Jeff Kuhn, c/o Norton Rose Fulbright US LLP, 111 W. Houston Street, Suite 1800 San Antonio, Texas 78205, along with a PDF executed version sent to w.jeffrey.kuhn@nortonrosefulbright.com.

Preparations for completion, and the significance of, the reported information. In accordance with the Interested Party Disclosure Act, the information reported by the winning Privately Held Bidder must be declared by an authorized agent of the Privately Held Winning Bidder. No exceptions may be made to that requirement. The Interested Party Disclosure Act and the Disclosure Form provides that such acknowledgment is made "under penalty of perjury." Consequently, a winning Privately Held Bidder should take appropriate steps prior to completion of the Disclosure Form to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the Disclosure Form. Time will be of the essence in submitting the form to the City, and no final award will be made by the City regarding the sale of the Bonds until a completed Disclosure Form is received. If applicable, the City reserves the right to reject any bid that does not satisfy the requirement of a completed Disclosure Form, as described herein. Neither the City nor its consultants have the ability to verify the information included in a Disclosure Form, and neither party has an obligation nor undertakes responsibility for advising any bidder with respect to (1) the bidder's obligation to submit the Disclosure Form or (2) the proper completion of the Disclosure Form. Consequently, an entity intending to bid on the Bonds should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form, if required, promptly upon notification from the City that its bid is the conditional winning bid. Instructional videos on logging in and creating a certificate are provided on the TEC's website at https://www.ethics.state.tx.us/filinginfo/1295.

ADDITIONAL CONDITION OF AWARD - COMPLIANCE WITH H.B. 89 AND S.B. 252, 85TH TEXAS LEGISLATURE: Each bidder, through submittal of an executed Official Bid Form, represents that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent the Official Notice of Sale and Official Bid Form is a contract for goods or services, will not boycott Israel during the term of this agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Texas or Federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. Each bidder, through submittal of an executed Official Bid Form, understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with our company and exists to make a profit.

Each bidder, through submittal of an executed Official Bid Form, represents that neither it nor any parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website: https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf; https://comptroller.texas.gov/purchasing/docs/iran-list.pdf, or https://comptroller.texas.gov/purchasing/docs/fto-list.pdf. The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Texas or Federal law and excludes our company and each parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. Each bidder, through submittal of an executed Official Bid Form, understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with our company and exists to make a profit.

IMPACT OF BIDDING SYNDICATE ON AWARD: For purposes of contracting for the sale of the Bonds, the entity signing the bid form as Purchaser shall be solely responsible for the payment of the purchase price of the Bonds. The Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the City is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

OFFICIAL STATEMENT

To assist the Purchaser in complying with Rule 15c2-12, as amended (the "Rule"), of the United States Securities and Exchange Commission ("SEC"), the City and the Purchaser contract and agree, by the submission and acceptance of the winning bid, as follows:

COMPLIANCE WITH RULE: The City has approved and authorized distribution of the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Bonds, but does not presently intend to prepare any other document or version thereof for such purpose, except as described below. Accordingly, the City deems the accompanying Preliminary Official Statement to be final as of its date, within the meaning of the Rule, except for information relating to the offering prices, interest rates, final debt service schedule, selling compensation, identity of the Purchaser and other similar information, terms and provisions to be specified in the competitive bidding process. The Purchaser shall be responsible for promptly informing the City of the initial offering yields of the Bonds.

The City agrees to provide, or cause to be provided, to the Purchaser, the Preliminary Official Statement and the Official Statement and any amendments or supplements thereto in a "designated electronic format" (or printed format with respect to the final Official Statement) as may be required for the Purchaser to comply with the Rule or the rules of the Municipal Securities Rulemaking Board ("MSRB"). The City consents to the distribution of such documents in a "designated electronic format." Upon receipt, the Purchaser shall promptly file the Official Statement with the MSRB in accordance with the applicable MSRB rules.

The City will complete and authorize distribution of the Official Statement identifying the Purchaser and containing information omitted from the Preliminary Official Statement. The City does not intend to amend or supplement the Official Statement otherwise, except to take into account certain subsequent events, if any, as described below. By delivering the final Official Statement or any amendment or supplement thereto in the requested quantity to the Purchaser on or after the sale date, the City intends the same to be final as of such date, within the meaning of Section 15c2-12(b)(3) of the Rule. Notwithstanding the foregoing, the City makes no representation concerning the absence of material misstatements or omissions from the Official Statement, except only as and to the extent under "CERTIFICATION OF THE OFFICIAL STATEMENT" as described below. To the best knowledge and belief of the City, the Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Bonds.

FINAL OFFICIAL STATEMENT: In addition to delivering the Official Statement in a "designated electronic format", the City will furnish to the Purchaser, within seven (7) days after the sale date, an aggregate maximum of fifty (50) copies of the Official Statement, together with information regarding interest rates and other terms relating to the reoffering of the Bonds, in accordance with Section 15c2-12(b)(3) of the Rule. The Purchaser may arrange, at its own expense, to have the Official Statement reproduced and printed if it requires more than 50 copies and may also arrange, at its own expense and responsibility, for completion and perfection of the first or cover page of the Official Statement so as to reflect interest rates and other terms and information related to the reoffering of the Bonds. The Purchaser will be responsible for providing information concerning the City and the Bonds to subsequent purchasers of the Bonds, and the City will undertake no responsibility for providing such information other than to make the Official Statement available to the Purchaser as provided herein. The City agrees to provide, or cause to be provided, to the Purchaser the Preliminary Official Statement and the Official Statement and any amendments or supplements thereto in a "designated electronic format" (or printed format with respect to the final Official Statement) as may be required for the Purchaser to comply with the Rule or the rules of the MSRB. The City consents to the distribution of such documents in a "designated electronic format". Upon receipt, the Purchaser shall promptly file the Official Statement with the MSRB in accordance with the MSRB Rule G-32. The City's obligation to supplement the Official Statement to correct key representations determined to be materially misleading, after the date of the Official Statement, shall terminate upon initial delivery of the Bonds to the Purchaser, unless the Purchaser notifies, in writing, the City that less than all of the Bonds have been sold to ultimate customers on or before such date, in which case the obligation will extend for an additional period of time (but not more than 90 days after the sale date) until all of the Bonds have been sold to ultimate customers.

CHANGES TO OFFICIAL STATEMENT: If, subsequent to the date of the Official Statement, the City learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Purchaser of any adverse event which causes the Official Statement to be materially misleading, and unless the Purchaser elects to terminate its obligation to purchase the Bonds, as described below under "DELIVERY AND ACCOMPANYING DOCUMENTS - CONDITIONS TO DELIVERY", the City will promptly prepare and supply to the Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Purchaser and in a "designated electronic format"; provided, however, that the obligation of the City to do so will terminate when the City delivers the Bonds to the Purchaser, unless the Purchaser notifies the City on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the City's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the City delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

CERTIFICATION OF THE OFFICIAL STATEMENT: At the time of payment for and delivery of the hereinafter defined Initial Bond (the "Delivery Date"), the Purchaser will be furnished a certificate, executed by proper officials of the City, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in its Official Statement, and any addenda, supplement or amendment thereto, for the Bonds, on the date of such Official Statement, on the date of sale of said Bonds and the acceptance of the best bid therefor, and on the date of the initial delivery thereof, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements including financial data, of or pertaining to entities, other than the City, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City since the date of the last financial statements of the City appearing in the Official Statement. The Official Statement and Official Notice of Sale will be approved as to form and content and the use thereof in the offering of the Bonds will be authorized, ratified and approved by the City Council of the City on the date of sale, and the Purchaser will be furnished, upon request, at the time of payment for and the delivery of the Bonds, a certified copy of such approval, duly executed by the proper officials of the City.

CONTINUING DISCLOSURE AGREEMENT: The City will agree in the Ordinance to provide certain periodic information and notices of certain events in accordance with the Rule, as described in the Official Statement under "CONTINUING DISCLOSURE OF INFORMATION". The Purchaser's obligation to accept and pay for the Bonds is conditioned upon delivery to the Purchaser or its agent of a certified copy of the Ordinance containing the agreement described under such heading.

COMPLIANCE WITH PRIOR UNDERTAKINGS: During the past five years, the Issuer has complied in all material respects with its continuing disclosure agreements in accordance with the Rule.

DELIVERY AND ACCOMPANYING DOCUMENTS

INITIAL DELIVERY OF INITIAL BONDS: The initial delivery of the Bonds to the Purchaser on the "Delivery Date", will be accomplished by the issuance of either (i) a single fully registered Bond in the total principal amount of $3,905,000 (preliminary, subject to change) payable in stated installments to the Purchaser and numbered T-1, or (ii) as one (1) fully registered Bond for each year of stated maturity in the applicable principal amount and denomination, to be numbered consecutively from R-1 and upward (in either case, the "Initial Bond"), signed by manual or facsimile signature of the Mayor and the City Secretary approved by the Attorney General of Texas, and registered and manually signed by an authorized representative of the Comptroller of Public Accounts of the State of Texas. Initial Delivery (defined below) of the Bonds will be at the corporate trust office of the Paying Agent/Registrar. Upon delivery of the Initial Bond, they shall be immediately canceled and one Bond for each stated maturity will be registered in the name of Cede & Co. and deposited with DTC in connection with DTC's Book-Entry-Only System. Payment for the Initial Bond must be made in immediately available funds for unconditional credit to the City, or as otherwise directed by the City. The Purchaser will be given six (6) business days' notice of the time fixed for delivery of the Bonds. It is anticipated that Initial Delivery of the Initial Bond can be made on or about September 23, 2020, but if for any reason the City is unable to make delivery by September 23, 2020, then the City shall immediately contact the Purchaser and offer to allow the Purchaser to extend for an additional thirty (30) days its obligation to take up and pay for the Bonds. If the Purchaser does not so elect within six (6) business days thereafter, then the Good Faith Deposit will be returned, and both the City and the Purchaser shall be relieved of further obligation. In no event shall the City be liable for any damages by reason of its failure to deliver the Bonds, provided such failure is due to circumstances beyond the City's reasonable control.

EXCHANGE OF INITIAL BONDS FOR DEFINITIVE BONDS: Upon payment for the Initial Bond at the time of such delivery, the Initial Bond is to be canceled by the Paying Agent/Registrar and registered definitive Bonds delivered in lieu thereof, in multiples of $5,000 for each stated maturity, in accordance with written instructions received from the Purchaser and/or members of the Purchaser's syndicate. Such Bonds shall be registered by the Paying Agent/Registrar. It shall be the duty of the Purchaser and/or members of the Purchaser's syndicate to furnish to the Paying Agent/Registrar, at least five days prior to the delivery of the Initial Bond, final written instructions identifying the names and addresses of the registered owners, the stated maturities, interest rates, and denominations. The Paying Agent/Registrar will not be required to accept changes in such written instructions after the five day period, and if such written instructions are not received by the Paying Agent/Registrar five days prior to the delivery, the cancellation of the Initial Bond and delivery of registered definitive Bonds may be delayed until the fifth day next following the receipt of such written instructions by the Paying Agent/Registrar.

CUSIP NUMBERS: It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of the Official Bid Form and this Official Notice of Sale. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid by the City; however, the CUSIP Service Bureau's charge for the assignment of the numbers shall be paid by the Purchaser.

CONDITIONS TO DELIVERY: The obligation to take up and pay for the Bonds is subject to the following conditions: the issuance of an approving opinion of the Attorney General of Texas, the Purchaser's acknowledgment of the receipt of the Initial Bond, the Purchaser's receipt of the legal opinions of Bond Counsel and the no-litigation certificate, and the non-occurrence of the events described below under the caption "NO MATERIAL ADVERSE CHANGE", all as described below. In addition, if the City fails to comply with its obligations described under "OFFICIAL STATEMENT- FINAL OFFICIAL STATEMENT" above, the Purchaser may terminate its contract to purchase the Bonds by delivering written notice to the City within five (5) days thereafter.

NO MATERIAL ADVERSE CHANGE: The obligation of the Purchaser to take up and pay for the Bonds, and of the City to deliver the Initial Bond, are subject to the condition that, up to the time of delivery of and receipt of payment for the Initial Bond, there shall have been no material adverse change in the affairs of the City subsequent to the date of sale from that set forth in the Preliminary Official Statement, as it may have been finalized, supplemented or amended through the date of delivery.

LEGAL OPINIONS: The Bonds are offered when, as and if issued, subject to the approval of certain legal matters by the Attorney General of the State of Texas and Bond Counsel (see discussion "LEGAL MATTERS - Legal Opinions and No-Litigation Certificate" in the Preliminary Official Statement).

CHANGE IN TAX-EXEMPT STATUS: At any time before the Bonds are tendered for initial delivery to the Purchaser, the Purchaser may withdraw its bid if the interest on obligations such as the Bonds shall be declared to be includable in the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes, either by U.S. Treasury regulations, by ruling or administrative guidance of the Internal Revenue Service, by a decision of any federal court, or by the terms of any federal income tax legislation enacted subsequent to the date of this Official Notice of Sale.

QUALIFIED TAX-EXEMPT OBLIGATIONS: The City will designate the Bonds as “Qualified Tax-Exempt Obligations” for financial institutions (see discussion under “TAX MATTERS – Qualified Tax-Exempt Obligations” in the Preliminary Official Statement).

GENERAL CONSIDERATIONS

FUTURE REGISTRATION: The Bonds may be transferred, registered, and assigned on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar, and such registration and transfer 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 and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar in lieu of the Bonds being transferred or exchanged at the corporate trust office of the Paying Agent/Registrar, or sent by United States registered mail to the new registered owner at the registered owner's request, risk, and expense. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three (3) business days after the receipt of the Bonds to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the registered owner or its duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in denominations of $5,000 for any one stated maturity or any integral multiple thereof and for a like aggregate principal amount and interest rate as the Bonds surrendered for exchange or transfer.

RECORD DATE: The record date ("Record Date") for determining the party to whom the semiannual interest on the Bonds is payable on any interest payment date is the fifteenth day of the month next preceding such interest payment date.

RATING: A municipal bond rating application has been made to S&P Global Ratings (“S&P”). The outcome of the results will be made available to the Purchaser as soon as possible. (See "OTHER PERTINENT INFORMATION - Rating" in the Preliminary Official Statement). An explanation of the significance of such a rating may be obtained from S&P. The rating of the Bonds by S&P reflects only the view of S&P at the time the rating is given, and the City makes no representations as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by S&P, if, in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the

Bonds. Any rating based upon the Purchaser deciding to purchase bond insurance will be further subject to the matters disclosed in "BOND INSURANCE" and "BOND INSURANCE RISK FACTORS" in the Preliminary Official Statement.

SALE OF ADDITIONAL OBLIGATIONS: The City currently has no plans to issue additional ad valorem tax supported debt in 2020, except potentially issuing refunding bonds for debt service savings.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE: No registration statement relating to the Bonds has been filed with the SEC under the Securities Act of 1933, as amended (the "Act"), in reliance upon exemptions provided in such Act. The Bonds have not been approved or disapproved by the SEC, nor has the SEC passed upon the accuracy or adequacy of the Official Statement. Any representation to the contrary is a criminal offense. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon exemptions contained therein, nor have the Bonds been registered or qualified under the securities acts of any other jurisdiction. The City assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

It is the obligation of the Purchaser to register or qualify the sale of the Bonds under the securities laws of any jurisdiction which so requires. The City agrees to cooperate, at the Purchaser's written request and expense and within reasonable limits, in registering or qualifying the Bonds, or in obtaining an exemption from registration or qualification in any state where such action is necessary, but will in no instance execute a general consent to service of process in any state that the Bonds are offered for sale.

ADDITIONAL COPIES: Subject to the limitations described herein, an electronic copy of this Official Notice of Sale, the Official Bid Form, and the Official Statement may be obtained from www.samcocapital.com.

On the date of the sale, the City Council will, in the Ordinance authorizing the issuance of the Bonds, reconfirm its approval of the form and content of the Official Statement, and any addenda, supplement, or amendment thereto, and authorize its further use in the reoffering of the Bonds by the Purchaser.

/s/Joe Hollarn
Mayor,
City of Joshua, Texas

ATTEST:

/s/ Alice Holloway
City Secretary,
City of Joshua, Texas

August 13, 2020

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CERTIFICATE OF INTERESTED PARTIES

FORM 1295

Complete Nos. 1 - 4 and 6 if there are interested parties.
Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

OFFICE USE ONLY
CERTIFICATION OF FILING

1 Name of business entity filing form, and the city, state and country of the business entity's place of business.

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.

Joshua, Texas

3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.

Contract Number: Joshua GO2020 – Bid Form
Purchase of the City of Joshua, Texas General Obligation Bonds, Series 2020

4

Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
		Controlling	Intermediary

SAMPLE

5 Check only if there is NO Interested Party. ☐

6 UNSWORN DECLARATION

My name is ______________________________, and my date of birth is ______________.

My address is ______________________, ____________, _______, ___________, _________.
(street) (city) (state) (zip code) (country)

I declare under penalty of perjury that the foregoing is true and correct.

Executed in ____________________County, State of ____________, on the _____day of ___________, 20_____.
(month) (year)

____
Signature of authorized agent of contracting business entity
(Declarant)

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OFFICIAL BID FORM

Honorable Mayor and City Council
City of Joshua
102 South Main
Joshua, Texas 76058

August 20, 2020

Dear Ladies and Gentlemen:

Subject to the terms of your Official Notice of Sale and Preliminary Official Statement dated August 13, 2020, which terms are incorporated by reference to this proposal (and which are agreed to as evidenced by our submission of this bid), we hereby submit the following bid for $3,905,000 (preliminary, subject to change) CITY OF JOSHUA, TEXAS GENERAL OBLIGATION BONDS, SERIES 2020, dated September 1, 2020 (the "Bonds").

For said legally issued Bonds, we will pay you $__________. (being a price of no less than 103% of the par value) plus accrued interest from their date to the date of delivery to us for Bonds maturing February 1 and bearing interest per annum as follows:

Year of Stated Maturity	Principal Amount at Stated Maturity	Coupon %	Year of Stated Maturity	Principal Amount at Stated Maturity	Coupon %
2021	$ 100,000		2031*	$ 210,000	
2022	130,000		2032*	215,000	
2023	160,000		2033*	220,000	
2024	165,000		2034*	225,000	
2025	165,000		2035*	235,000	
2026	160,000		2036*	240,000	
2027	160,000		2037*	245,000	
2028	160,000		2038*	255,000	
2029	165,000		2039*	260,000	
2030*	165,000		2040*	270,000	

**Maturities available for Term Bonds.*

Our calculation (which is not part of this bid) of the True Interest Cost from the above is: __________________%

ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS: As a condition to our submittal of this bid for the Bonds, we acknowledge the following: The City reserves the right to increase or decrease the principal (maturity) amount of any maturity of the Bonds, including the elimination of a maturity or maturities; provided, however, that the aggregate principal (denominational) amount of the Bonds shall not exceed $3,905,000. Notice of any such changes shall be given to the successful bidder as soon as practicable following the notification of award, as described below, and this Official Notice of Sale may be amended at the sole discretion of the City to reflect such increase or decrease. <u>The City will attempt to maintain total per bond underwriter spread when adjusting maturities. No such adjustment will have the effect of altering the basis upon which the best bid is determined.</u> The successful bidder may not withdraw its bids or change the rates bid or any initial reoffering prices as a result of any changes made to the principal (denominational) amounts.

Of the principal maturities set forth in the table above, we have created term Bonds (the "Term Bonds") as indicated in the following table (which may include no more than five Term Bonds). For those years which have been combined into a Term Bond, the principal amount shown in the table shown on page ii of the Official Notice of Sale will be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the Term Bond maturity date will mature in such year. The Term Bonds created are as follows:

Term Bond Maturity Date February 1	**Year of First Mandatory Redemption**	**Principal Amount of Term Bond**	**Interest Rate**
____________________	____________________	____________________	____________________
____________________	____________________	____________________	____________________
____________________	____________________	____________________	____________________
____________________	____________________	____________________	____________________
____________________	____________________	____________________	____________________

The Initial Bond shall be registered in the name of ____, which will, upon payment for the Bonds, be cancelled by the Paying Agent/Registrar. The Bonds will then be registered in the name of Cede & Co. (DTC's partnership nominee), under the Book-Entry-Only System.

We are (are not) having the Bonds of the following maturities __________ insurance by ____________ at a premium of $__________. The premium will be paid by the Winning Bidder. Any fees due to Rating Agencies, other than S&P Global Ratings ("S&P"), as a result of said insurance will be paid by the Winning Bidder. The City will pay the fee due to S&P.

Cashier's Check of the ____ Bank, _____________________, Texas, in the amount of $78,100, which represents our Good Faith Deposit [is attached hereto] or [has been made available to you prior to the opening of this Bid], and is submitted in accordance with the terms as set forth in the Official Notice of Sale. Upon delivery of the Bonds, said check is to be returned to the Purchaser.

We agree to accept delivery of the Bonds utilizing the Book-Entry-Only System through DTC and make payment for the Initial Bond in immediately available funds at the Corporate Trust Division, BOKF, NA, Dallas Texas, not later than 10:00 A.M., Central Time, on Wednesday, September 23, 2020, or thereafter on the date the Bonds are tendered for delivery, pursuant to the terms set forth in the Official Notice of Sale. It will be the obligation of the purchaser of the Bonds to complete and file the DTC Eligibility Questionnaire. The undersigned agrees to the provisions of the Official Notice of Sale under the heading "CONDITIONS OF SALE – ESTABLISHMENT OF ISSUE PRICE" and, as evidenced thereof, agrees to complete, execute, and deliver to the City, by the Delivery Date, a certificate relating to the "issue price" of the Bonds in the form and to the effect attached to or accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to Bond Counsel for the City. (See "CONDITIONS OF SALE – ESTABLISHMENT OF ISSUE PRICE" in the Official Notice of Sale.)

Through submittal of this executed Official Bid Form, the undersigned verifies that, except to the extent otherwise required by applicable Texas or Federal law, it does not and will not "boycott Israel" and is not a company on the Texas Comptroller's list concerning "foreign terrorist organizations" prepared and maintained thereby under applicable Texas law, all as more fully provided in the Official Notice of Sale under the heading "ADDITIONAL CONDITION OF AWARD - COMPLIANCE WITH H.B. 89 AND S.B. 252, 85TH TEXAS LEGISLATURE".

For purposes of contracting for the sale of the Bonds, the entity signing the bid form as Purchaser shall be solely responsible for the payment of the purchase price of the Bonds. The Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the City is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

Upon notification of conditional verbal acceptance, the undersigned will, if required by applicable Texas law as described in the Official Notice of Sale under the heading "ADDITIONAL CONDITION OF AWARD – DISCLOSURE OF INTERESTED PARTY FORM", complete an electronic form of the Bond of Interested Parties Form 1295 (the "Disclosure Form") through the Texas Ethics Commission's (the "TEC") electronic portal and the resulting certified Disclosure Form that is generated by the TEC's electronic portal will be printed, signed, and sent by email to the City's financial advisor at mmcliney@samcocapital.com and Bond Counsel at w.jeffrey.kuhn@nortonrosefulbright.com. The undersigned understands that the failure to provide the certified Disclosure Form will prohibit the City from providing final written award of the enclosed bid.

By: ______________________________

____
Authorized Representative

____
Telephone Number

____
E-mail Address

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by the City of Joshua, Texas, subject to and in accordance with the Official Notice of Sale and Official Bid Form, this 20th day of August 2020.

/s/______________________________
Mayor,
City of Joshua, Texas

ATTEST:

/s/______________________________
City Secretary,
City of Joshua, Texas

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$3,905,000*
CITY OF JOSHUA, TEXAS
GENERAL OBLIGATION BONDS,
SERIES 2020

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of ____________________, _______________, _____________ (the "Purchaser"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Obligations") of the City of Joshua, Texas (the "Issuer").

1. ***Reasonably Expected Initial Offering Price***.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Obligations to the Public by ____________________ are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Obligations used by the "Purchaser" in formulating its bid to purchase the Obligations. Attached as Schedule B is a true and correct copy of the bid provided by the "Purchaser" to purchase the Obligations.

(b) ______________________ was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by ______________________ constituted a firm offer to purchase the Obligations.

2. ***Defined Terms***.

(a) *Maturity* means Obligations with the same credit and payment terms. Obligations with different maturity dates, or Obligations with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Obligations. The Sale Date of the Obligations is August 20, 2020.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Obligations to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Obligations to the Public (including a member of a selling group or a party to a retail or other third-party distribution agreement participating in the initial sale of the Obligations to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the tax certificate with respect to the Obligations and with respect to compliance with the federal income tax rules affecting the Obligations, and by Norton Rose Fulbright US LLP in connection with rendering its opinion that the interest on the Obligations is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Obligations.

____

By: ________________________________

Name: ________________________________

Title: ________________________________

Dated: August 20, 2020

____
*Preliminary, subject to change.

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SCHEDULE A

EXPECTED OFFERING PRICES

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SCHEDULE B

COPY OF UNDERWRITER'S BID

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NEW ISSUE - BOOK-ENTRY-ONLY

Ratings: S&P: "Applied For" (Insured)
S&P: "__" (Underlying)
(See: "OTHER PERTINENT INFORMATION-Ratings", " BOND INSURANCE" and "BOND INSURANCE RISK FACTORS" herein)

PRELIMINARY OFFICIAL STATEMENT
August 13, 2020

In the opinion of Bond Counsel (identified below), assuming continuing compliance by the Issuer (defined below) after the date of initial delivery of the Bonds (defined below) with certain covenants contained in the Ordinance (defined below) and subject to the matters described under "TAX MATTERS" herein, interest on the Bonds under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income of the owners thereof for federal income tax purposes under Section 103 of the Internal Revenue Code, as amended to the date of initial delivery of the Bonds and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. (See "TAX MATTERS" herein.)

The Issuer will designate the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions.

$3,905,000*
CITY OF JOSHUA, TEXAS
(A political subdivision of the State of Texas located in Johnson County, Texas)

GENERAL OBLIGATION BONDS, SERIES 2020

Dated Date: September 1, 2020 **Due: February 1, as shown on inside cover**

The $3,905,000* City of Joshua, Texas General Obligation Bonds, Series 2020 (the "Bonds") are being issued pursuant to the laws of the State of Texas, including Chapters 1251 and 1331, as amended, Texas Government Code, the City's Home Rule Charter, a bond election held on November 5, 2019, and an ordinance (the "Ordinance") to be adopted by the City Council of the City of Joshua, Texas (the "City" or the "Issuer") on August 20, 2020. (See "THE BONDS - Authority for Issuance" herein.)

The Bonds are direct obligations of the Issuer payable from the proceeds of an annual ad valorem tax levied against all taxable property in the City, within the limits prescribed by law. (See "THE BONDS - Security for Payment" and "TAX RATE LIMITATIONS" herein.)

Interest on the Bonds will accrue from September 1, 2020 (the "Dated Date"), as shown above and will be payable on February 1 and August 1 of each year, commencing February 1, 2021, until the earlier of stated maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Bonds will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository. Book-entry interests in the Bonds will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof. Purchasers of the Bonds ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, the principal of and interest on the Bonds will be payable by BOKF, NA, Dallas, Texas, as Paying Agent Registrar to the securities depository, which will in turn remit such principal and interest to its participants, which will in turn remit such principal and interest to the Beneficial Owners of the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Proceeds from the sale of the Bonds will be used for the purpose of: (1) designing, acquiring, constructing, renovating, improving, upgrading, updating, and equipping City street, curb, gutter, and sidewalk improvements, demolition, repair, and rebuilding of existing streets, completing necessary or incidental utility relocation and drainage in connection with the foregoing and the purchase of land, easements, rights-of-way, and other real property interests necessary therefor or incidental thereto, and (2) paying the costs associated with the issuance of the Bonds. (See "THE BONDS - Use of Bond Proceeds" herein.)

The City is considering qualifying the Bonds for municipal bond insurance and has made application to municipal bond insurance companies in connection with such consideration. (See "BOND INSURANCE" and "BOND INSURANCE RISK FACTORS" herein.)

SEE FOLLOWING PAGE FOR STATED MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL YIELDS, CUSIP NUMBERS, AND REDEMPTION PROVISIONS FOR THE BONDS

The Bonds are offered for delivery, when, as and if issued and received by the initial purchaser thereof at a competitive sale (the "Purchaser") and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by Norton Rose Fulbright US LLP, San Antonio, Texas, Bond Counsel. The legal opinion of Bond Counsel will be printed on, or attached to, the Bonds. (See "LEGAL MATTERS - Legal Opinions and No-Litigation Certificate" and "APPENDIX C – Form of Legal Opinion of Bond Counsel" herein). It is expected that the Bonds will be available for initial delivery through DTC on or about September 23, 2020.

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* Preliminary, subject to change

BIDS DUE THURSDAY, AUGUST 20, 2020, BY 11:00 A.M., CENTRAL TIME

$3,905,000*
CITY OF JOSHUA, TEXAS
(A political subdivision of the State of Texas located in Johnson County, Texas)
GENERAL OBLIGATION BONDS, SERIES 2020

MATURITY SCHEDULE*
(Due February 1)

CUSIP Prefix No. 481051[(a)]

Stated Maturity February 1	Principal Amount*	Interest Rate (%)	Initial Yield (%)	CUSIP Suffix[(a)]
2021	$ 100,000			
2022	130,000			
2023	160,000			
2024	165,000			
2025	165,000			
2026	160,000			
2027	160,000			
2028	160,000			
2029	165,000			
2030	165,000			
2031	210,000			
2032	215,000			
2033	220,000			
2034	225,000			
2035	235,000			
2036	240,000			
2037	245,000			
2038	255,000			
2039	260,000			
2040	270,000			

(Interest to accrue from Dated Date)

The Issuer reserves the right to redeem the Bonds maturing on or after February 1, 2030, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof on February 1, 2029, or any date thereafter, at the redemption price of par plus accrued interest as further described herein. Additionally, the Purchaser may select certain consecutive maturities of the Bonds to be grouped together as a "Term Bond" and such "Term Bonds" would also be subject to mandatory sinking fund redemption. (See "THE BONDS - Redemption Provisions of the Bonds" herein.)

* Preliminary, subject to change.

[(a)] CUSIP numbers are included solely for the convenience of the owner 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 Purchaser is responsible for the selection or correctness of the CUSIP numbers set forth herein.

CITY OF JOSHUA TEXAS

102 South Main
Joshua, Texas 76058
Telephone: (817) 558-7447

ELECTED OFFICIALS

Name	Position	Years Served	Term Expires May	Occupation
Joe Hollarn	Mayor	7	2022	Consultant
Rick DePreist	Place 1	2	2022	Retired
Mike Kidd	Place 2	3	2020	Painter
Angela Nichols	Place 3	1	2022	Teacher
Robert Purdom	Place 4	2	2021	Retired
Jerry Moore	Place 5	8	2020	Finance Manager
Scott Kimble	Place 6	5	2021	Self-Employed

ADMINISTRATION

Name	Position	Length of Service With the City
Josh Jones	City Manager	5.5 years
Mike Peacock	Assistant City Manager	12 years
Alice Holloway	City Secretary	6 months
Joanna McClenny	Finance Manager	12.5 years

CONSULTANTS AND ADVISORS

Bond Counsel	Norton Rose Fulbright US LLP San Antonio, Texas
Financial Advisor	SAMCO Capital Markets, Inc. San Antonio, Texas
Certified Public Accountants	CliftonLarsonAllen LLP Fort Worth, Texas

For Additional Information Please Contact:

Mr. Josh Jones
City Manager
City of Joshua
102 South Main
Joshua, Texas 76058
817-558-7447
jjones@cityofjoshuatx.us

Mr. Mark McLiney
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SAMCO Capital Markets, Inc.
1020 NE Loop 410, Suite 640
San Antonio, Texas 78209
210-832-9760
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Mr. Andrew Friedman
Managing Director
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San Antonio, Texas 78209
210-832-9760
afriedman@samcocapital.com

USE OF INFORMATION IN THE OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the "Rule"), and in effect on the date of this Preliminary Official Statement, this document constitutes an "official statement" of the Issuer with respect to the Bonds that has been "deemed final" by the Issuer as of its date except for the omission of no more than the information permitted by the Rule.

No dealer, broker, salesman, or other person has been authorized to give any 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 as having been authorized by the Issuer. 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 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. Any information or expression of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Issuer or other matters described herein since the date hereof.

NONE OF THE CITY, ITS FINANCIAL ADVISOR, OR THE PURCHASER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING EITHER THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM as such information is provided by DTC, OR THE INSURER, IF ANY, AND ITS MUNICIPAL BOND INSURANCE POLICY.

The Financial Advisor 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 its responsibilities to the Issuer 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.

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

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

TABLE OF CONTENTS

The cover page, subsequent pages hereof, and appendices attached hereto, are part of this Official Statement.

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SELECTED DATA FROM THE OFFICIAL STATEMENT

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

The Issuer

The City of Joshua, Texas (the "City" or "Issuer"), located in Johnson County is a political subdivision of the State of Texas and operates under a Council-Manager form of government and as a home rule municipality with a City Council comprised of seven members including the Mayor. Council members are elected by place for two year staggered terms. The City was incorporated in 1955 and adopted a Home Rule Charter pursuant to a successful election held within the City on August 8, 1998. The Home Rule Charter was most recently amended pursuant to a successful election held within the City on May 11, 2013.

The Bonds

The Bonds are being issued pursuant to the laws of the State of Texas, including Chapters 1251 and 1331, as amended, Texas Government Code, the City's Home Rule Charter, a bond election held on November 5, 2019, and an ordinance (the "Ordinance") to be adopted by the City Council of the City of Joshua, Texas (the "City" or the "Issuer") on August 20, 2020. (See "THE BONDS - Authority for Issuance" herein.)

Paying Agent/Registrar

The initial Paying Agent/Registrar for the Bonds is BOKF, NA, Dallas, Texas.

Security

The Bonds are direct obligations of the Issuer payable from the proceeds of an annual ad valorem tax levied against all taxable property in the City, within the limits prescribed by law. (See "THE BONDS - Security for Payment" and "TAX RATE LIMITATIONS" herein.)

Redemption Provision

The Issuer reserves the right, at its sole option, to redeem Bonds stated to mature on or after February 1, 2030, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on February 1, 2029, or any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. Additionally, the Purchaser may select certain consecutive maturities of the Bonds to be grouped together as a "Term Bond" and such "Term Bonds" would also be subject to mandatory sinking fund redemption. (See "THE BONDS - Redemption Provisions of the Bonds" herein.)

Tax Matters

In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income of the owners thereof for purposes of federal income taxation under existing statutes, regulations, published rulings and court decisions, subject to matters discussed herein under "Tax MATTERS" and will not be included in calculating the alternative minimum taxable income of the owners thereof. (See "TAX MATTERS" and "APPENDIX C - Form of Opinion of Bond Counsel" herein.)

Qualified Tax-Exempt Obligations

The Issuer will designate the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions. (See "TAX MATTERS – Qualified Tax-Exempt Obligations" herein.)

Use of Bond Proceeds

Proceeds from the sale of the Bonds will be used for the purpose of : (1) designing, acquiring, constructing, renovating, improving, upgrading, updating, and equipping City street, curb, gutter, and sidewalk improvements, demolition, repair, and rebuilding of existing streets, completing necessary or incidental utility relocation and drainage in connection with the foregoing and the purchase of land, easements, rights-of-way, and other real property interests necessary therefor or incidental thereto, and (2) paying the costs associated with the issuance of the Bonds.

Book-Entry-Only System

The Issuer intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York described herein. No physical delivery of the Bonds will be made to the beneficial owners of the Bonds. Such Book-Entry-Only System may affect the method and timing of payments on the Bonds and the manner the Bonds may be transferred. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Ratings

A municipal bond rating application has been made to S&P Global Ratings ("S&P"). The outcome of the results will be made available to the Purchaser as soon as possible. (See "OTHER PERTINENT INFORMATION - Ratings" herein.) If the Purchaser chooses to submit a bid utilizing bond insurance, the enhanced long-term rating on the Bonds will be dependent upon the rating of the provider of such policy. See "BOND INSURANCE" and "BOND INSURANCE RISKS FACTORS" in the Preliminary Official Statement.

Bond Insurance

In the event the Bonds are qualified for municipal bond insurance, and the Purchaser desires to purchase such insurance, the cost therefor will be paid by the Purchaser. The City shall pay the rating agency fee for S&P (hereinafter defined). Any other fees to be paid to rating agencies as a result of said insurance will be paid by the Purchaser. It will be the responsibility of the Purchaser to disclose the existence of insurance, its terms and the effect thereof with respect to the reoffering of the Bonds. Any downgrade by rating agencies of the bond insurance provider shall not relieve the Purchaser of its obligation under the heading. See "BOND INSURANCE" and "BOND INSURANCE RISKS FACTORS" in the Preliminary Official Statement.

Issuance of Additional Debt

The City does not anticipate the issuance of additional debt within the next twelve months, except potentially refunding bonds for debt service savings.

Payment Record

The City has never defaulted on the payment of either its revenue or general obligation debt.

Delivery

It is anticipated the Bonds will be available for delivery through DTC on or about September 23, 2020.

Legality

Delivery of the Bonds is subject to the approval by the Attorney General of the State of Texas and the rendering of an opinion as to legality by Norton Rose Fulbright US LLP, Bond Counsel, San Antonio, Texas.

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PRELIMINARY OFFICIAL STATEMENT
relating to

$3,905,000*
CITY OF JOSHUA, TEXAS
(A political subdivision of the State of Texas located in Johnson County, Texas)
GENERAL OBLIGATION BONDS, SERIES 2020

INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by the City of Joshua, Texas (the "City" or the "Issuer") of its $3,905,000* General Obligation Bonds, Series 2020 (the "Bonds") identified on the cover page.

The Issuer is a political subdivision of the State of Texas (the "State") and a municipal corporation organized and existing under the Constitution and laws of the State of Texas and the City's Home Rule Charter. Unless otherwise indicated, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Ordinance. Included in this Official Statement are descriptions of the Bonds and certain information about the Issuer and its finances. ***ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT***. Copies of such documents may be obtained upon request from the Issuer or its Financial Advisor, SAMCO Capital Markets, Inc., 1020 Northeast Loop 410, Suite 640, San Antonio, Texas 78209, via electronic mail or upon payment of reasonable copying, handling, and delivery charges.

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in financial position or other affairs of the City. No representation is made that past experience, as is shown by financial and other information, will necessarily continue or be repeated in the future.

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

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 Johnson 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. On June 26, 2020, due to substantial increases in COVID-19 positive cases, positivity rates and hospitalizations, the Governor issued adjustments to the re-opening plan, limiting and slowing the gradual reopening to reduce the growing spread of COVID-19.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue to negatively affect economic output worldwide and within the City. These negative impacts may reduce or otherwise negatively affect ad valorem tax revenues which are pledged as security for the Obligations. The City, however, cannot predict the effect of the continued spread of COVID-19 will have on the finances or operations and maintenance of the City.

*Preliminary, subject to change.

The City collects a sales and use tax on all taxable transactions within the City's boundaries and other excise taxes and fees that depend on business activity. Actions taken to slow the Pandemic are expected to continue to reduce economic activity within the City on which the City collects taxes, charges, and fees. A reduction in the collection of sales or other excise taxes and utility franchise and other fees and charges may negatively impact the City's operating budget and overall financial condition. In addition, the Pandemic has resulted in volatility of the value of investments in pension funds. Any prolonged continuation of the Pandemic could further weaken asset values or slow or prevent their recovery, which could require increased City contributions to fund or pay retirement and other post-employment benefits in the future.

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.

THE BONDS

General Description of the Bonds

The Bonds will be dated September 1, 2020 (the "Dated Date"), will mature on the dates and in the principal amounts and will bear interest at the rates set forth on page 2 of this Official Statement. The Bonds will be registered and issued in denominations of $5,000 or any integral multiple thereof. The Bonds will bear interest from the Dated Date, or from the most recent date to which interest has been paid or duly provided for, and will be paid semiannually on February 1 and August 1 of each year, commencing February 1, 2021, until stated maturity or prior redemption. Principal of and interest on the Bonds are payable in the manner described herein under "BOOK-ENTRY-ONLY SYSTEM". In the event the Book-Entry-Only System is discontinued, the interest on the Bonds payable on an interest payment date will be payable to the registered owner as shown on the security register maintained by BOKF, NA, Dallas, Texas as the initial Paying Agent/Registrar, as of the Record Date (defined below), by check, mailed first-class, postage prepaid, to the address of such person on the security register or by such other method acceptable to the Paying Agent/Registrar requested by and at the risk and expense of the registered owner. In the event the Book-Entry-Only System is discontinued, principal of the Bonds will be payable at stated maturity or prior redemption upon presentation and surrender thereof at the corporate trust office of the Paying Agent/Registrar.

If the date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment will be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which banking institutions are authorized to close; and payment on such date will have the same force and effect as if made on the original date payment was due.

Authority for Issuance

The Bonds are being issued pursuant to the Constitution and laws of the State of Texas, including Chapters 1251 and 1331, as amended, Texas Government Code, the City's Home Rule Charter, the Election, and the Ordinance.

Security for Payment

The Bonds are direct obligations of the City payable from the proceeds of an annual ad valorem tax levied, within the limitations prescribed by law, on all taxable property located within the City. (See "TAX RATE LIMITATIONS" herein.)

Redemption Provisions of the Bonds

The Issuer reserves the right, at its sole option, to redeem Bonds stated to mature, on or after February 1, 2030, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof on February 1, 2029, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Two or more consecutive maturities of the Bonds maturing in or after 2030 may be grouped together as a "Term Bond" by the Purchaser, and such "Term Bonds" would also be subject to mandatory sinking fund redemption. If less than all of the Bonds within a stated maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by lot or by other customary random method by the Paying Agent/Registrar.

Notice of Redemption

At least 30 days prior to the date fixed for any redemption of any Bonds or portions thereof prior to stated maturity, the Issuer shall cause notice of such redemption to be sent by United States mail, first-class postage prepaid, to the registered owner of each Bond or a portion thereof to be redeemed at its address as it appeared on the registration books of the Paying Agent/Registrar on the day such notice of redemption is mailed. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such notice of redemption is given and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

ANY NOTICE OF REDEMPTION SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER RECEIVED BY THE BONDHOLDER, AND, PROVIDED THAT PROVISION FOR PAYMENT OF THE REDEMPTION PRICE IS MADE AND ANY OTHER CONDITIONS TO REDEMPTION ARE SATISFIED, INTEREST ON THE REDEEMED BONDS SHALL CEASE TO ACCRUE FROM AND AFTER SUCH REDEMPTION DATE NOTWITHSTANDING THAT A BOND HAS NOT BEEN PRESENTED FOR PAYMENT.

The Paying Agent/Registrar and the Issuer, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Ordinance or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the Beneficial Owner, will not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the Issuer will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bonds held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Bonds from the Beneficial Owners. Any such selection of Bonds to be redeemed will not be governed by the Ordinance and will not be conducted by the Issuer or the Paying Agent/Registrar. Neither the Issuer nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Bonds or the providing of notice to DTC participants, indirect participants, or Beneficial Owners of the selection of portions of the Bonds for redemption. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Selection of Bonds to be Redeemed

The Bonds of a denomination larger than $5,000 may be redeemed in part (in increments of $5,000 or any integral multiple thereof). The Bonds to be partially redeemed must be surrendered in exchange for one or more new Bonds for the unredeemed portion of the principal. If less than all of the Bonds are to be redeemed, the Issuer will determine the amounts to be redeemed and will direct the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) to select, at random and by lot, the particular Bonds, or portion thereof, to be redeemed. If a Bond (or any portion of the principal sum thereof) will have been called for redemption and notice or such redemption will have been given, such Bond (or the principal amount thereof to be redeemed), will become due and payable on such redemption date and interest thereon will 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.

Use of Bond Proceeds

Proceeds from the sale of the Bonds will be used for the purpose of: (1) designing, acquiring, constructing, renovating, improving, upgrading, updating, and equipping City street, curb, gutter, and sidewalk improvements, demolition, repair, and rebuilding of existing streets, completing necessary or incidental utility relocation and drainage in connection with the foregoing and the purchase of land, easements, rights-of-way, and other real property interests necessary therefor or incidental thereto, and (2) paying the costs associated with the issuance of the Bonds.

Sources and Uses

Sources	
Par Amount of the Bonds	$
Accrued Interest on the Bonds	
[Net] Reoffering Premium	
Total Sources of Funds	
Uses	
Project Fund Deposit	$
Purchaser's Discount	
Bond Fund Deposit	
Costs of Issuance (Including bond insurance premium, if any)	
Total Uses	

Payment Record

The Issuer has never defaulted on the payment of its ad valorem tax-backed indebtedness.

Amendments

The Issuer may amend the Ordinance without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the Issuer may, with the written consent of the holders of a majority in aggregate principal amount of the Bonds then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Ordinance; except that, without the consent of the registered owners of all of the Bonds affected, no such amendment, addition, or rescission may (i) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the redemption price thereof, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds; (ii) give any preference to any Bond over any other Bond; or (iii) reduce the aggregate principal amount of Bonds required for consent to any such amendment, addition, or rescission.

Defeasance

The Ordinance provides for the defeasance of the Bonds when payment of the principal amount of the Bonds plus interest accrued on the Bonds to their due date (whether such due date be by reason of stated maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent, or other authorized escrow agent, in trust (1) money in an amount sufficient to make such payment, and/or (2) Government Securities (defined below), to 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 Bonds. The foregoing deposits shall be certified as to sufficiency by an independent accounting firm, the City's Financial Advisor, the Paying Agent/Registrar, or such other qualified financial institution (as provided in the Ordinance). The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government 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. The Ordinance provides that "Government Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Bonds. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof, 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 on the date the governing body of the City adopts or approves the proceedings authorizing the financial arrangements have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (d) any additional securities and obligations hereafter authorized by State law as eligible for use to accomplish the discharge of obligations such as the Bonds. City officials are authorized to restrict such eligible securities as deemed appropriate. There is no assurance that the ratings for U.S. Treasury securities acquired to defease any Bonds, or those for any other Government Securities, will be maintained at any particular rating category. Further, there is no assurance that current State law will not be amended in a manner that expands or contracts the list of permissible defeasance securities (such list consisting of these securities identified in clauses (a) through (c) above), or any rating requirement thereon, that may be purchased with defeasance proceeds relating to the Bonds ("Defeasance Proceeds"), though the City has reserved the right to utilize any additional securities for such purpose in the event the aforementioned list is expanded. Because the Ordinance does not contractually limit such permissible defeasance securities and expressly recognizes the ability of the City to use lawfully available Defeasance Proceeds to defease all or any portion of the Bonds, registered owners of Bonds are deemed to have consented to the use of Defeasance Proceeds to purchase such other defeasance securities, notwithstanding the fact that such defeasance securities may not be of the same investment quality as those currently identified under State law as permissible defeasance securities.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of the Bonds have been made as described above, all rights of the City to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, the City has the option, to be exercised at the time of the defeasance of the Bonds, to call for redemption at an earlier date those Bonds 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 Bonds for redemption, (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Default and Remedies

If the City defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Ordinance, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Ordinance, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Bonds, if there is no other available remedy at law to compel performance of the Bonds or the Ordinance and the City's obligations are not uncertain or disputed. The issuance of a writ 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 Bonds 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) ("Tooke") that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language.

Furthermore, Tooke, and subsequent jurisprudence, held that a municipality is not immune from suit for torts committed in the performance of its proprietary functions, as it is for torts committed in the performance of its governmental functions (the "Proprietary-Governmental Dichotomy"). Governmental functions are those that are enjoined on a municipality by law and are given by the State as a part of the State's sovereignty, to be exercised by the municipality in the interest of the general public, while proprietary functions are those that a municipality may, in its discretion, perform in the interest of the inhabitants of municipality.

In *Wasson Interests, Ltd., v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("Wasson") the Texas Supreme Court (the "Court") addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that "a city's proprietary functions are not done pursuant to the 'will of the people'" and protecting such municipalities "via the [S]tate's immunity is not an efficient way to ensure efficient allocation of [S]tate resources". While the Court recognized that the distinction between government and proprietary functions is not clear, the Wasson opinion held that Proprietary-Governmental Dichotomy applies in contract-claims context. The Court reviewed Wasson again in June 2018 and clarified 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 when it entered into the contract, not at the time of alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance and definitions found in the Texas Civil Practice and Remedies Code.

Notwithstanding the foregoing new case law issued by the Court, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgment, is justiciable against a municipality.

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 Bonds. As noted above, the Ordinance provides that Bond holders 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). 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. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors and general principles of equity that permit the exercise of judicial discretion.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. In the Ordinance, the Issuer retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the Issuer, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar, selected at the sole discretion of the Issuer, shall be a national or state banking association or corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, shall be subject to supervision or examination by federal or state authority, and registered as a transfer agent with the United States Securities and Exchange Commission. Upon a change in the Paying Agent/Registrar for the Bonds, the Issuer agrees to promptly cause written notice thereof to be sent to each registered owner of the Bonds affected by the change by United States mail, first-class, postage prepaid.

The Bonds will be issued in fully registered form in multiples of $5,000 for any one stated maturity, and principal and semiannual interest will be paid by the Paying Agent/Registrar. Interest will be paid by check or draft mailed on each interest payment date by the Paying Agent/Registrar to the registered owner at the last known address as it appears on the Paying Agent/Registrar's books or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner. Principal will be paid to the registered owner at stated maturity or prior redemption upon presentation to the Paying Agent/Registrar; provided however, that so long as DTC's Book-Entry-Only System is used, all payments will be made as described under "BOOK-ENTRY-ONLY SYSTEM" herein. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the Paying Agent/ Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

Record Date

The record date ("Record Date") for determining the party to whom interest is payable on a Bond on any interest payment date means the fifteenth (15^{th}) day of the month next preceding each interest payment date. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment will be established by the Paying Agent/Registrar. (See "REGISTRATION, TRANSFER, AND EXCHANGE - Special Record Date for Interest Payment" herein.)

Special Record Date for Interest Payment

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 Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date" which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Future Registration

In the event the Bonds are not in the Book-Entry-Only System, the Bonds may be transferred, registered, and assigned on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar, and such registration and transfer 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 and transfer. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar in lieu of the Bonds being transferred or exchanged at the corporate trust office of the Paying Agent/Registrar, or sent by United States registered mail to the new registered owner at the registered owner's request, risk and expense. New Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three (3) business days after the receipt of the Bonds to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in denominations of $5,000 for any one stated maturity or any integral multiple thereof and for a like aggregate principal amount and rate of interest as the Bond or Bonds surrendered for exchange or transfer. (See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized in regard to ownership and transferability of the Bonds.)

Limitation on Transfer of Bonds

Neither the Issuer nor the Paying Agent/Registrar shall be required to make any such transfer, conversion or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date or (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date; provided, however, that such limitation shall not apply to uncalled portions of a Bond redeemed in part.

Replacement Bonds

The Issuer has agreed to replace mutilated, destroyed, lost, or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss, or theft, and receipt by the Issuer and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The Issuer may require payment of taxes, governmental charges, and other expenses in connection with any such replacement. The person requesting the authentication of and delivery of a replacement Bond must comply with such other reasonable regulations as the Paying Agent/Registrar may prescribe and pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

BOND INSURANCE

The Issuer is considering qualifying the Bonds for municipal bond insurance and has made application to several bond insurance companies in connection with such consideration. No representation is hereby made that the Issuer or the Purchaser will use municipal bond insurance in connection with the issuance of the Bonds. If the Purchaser accepts a bid for the Bonds that incorporates the acquisition of a municipal bond guaranty policy (the "Policy") from a qualified bond insurance company (the "Insurer"), the final Official Statement shall disclose, to the extent necessary, any relevant information relating to the Policy. The Purchaser shall pay the costs of the Policy.

BOND INSURANCE RISK FACTORS

General

The City has applied for a Policy to guarantee the Bonds. If a Policy is purchased as a result of the Purchaser submitting a bid for the Bonds that incorporate the acquisition of such a Policy, the following are risk factors relating to the bond insurance.

In the event of default of the scheduled payment of principal of or interest on the Bonds when all or a portion thereof becomes due, any owner of the Bonds shall have a claim under the Policy for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the City which is recovered by the City from the Beneficial Owners 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 absent such prepayment by the City (unless the Insurer chooses to pay such amounts at an earlier date). Payment of principal of and interest on the Bonds is not subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist (see "THE BONDS - Default and Remedies"). The Insurer may reserve the right to direct the pursuit of available remedies, and, in addition, may reserve the right to consent to any remedies available to and requested by the Beneficial Owners.

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable from the annual ad valorem tax levied, within the limitations prescribed by law, on all taxable property located within the City as further described under "THE BONDS – Security for Payment". In the event the Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price or the marketability (liquidity) of the Bonds.

If a Policy is acquired, the enhanced long-term rating on the Bonds will be 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 can be given that the long-term ratings of the Insurer and of the rating on the Bonds, whether or not subject to the Policy, will not be subject to downgrade and such event could adversely affect the market price or the marketability (liquidity) for the Bonds. See the disclosure described in "OTHER PERTINENT INFORMATION – Ratings" herein.

The obligations of the Insurer under the Policy are general obligations of the Insurer and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law. None of the City, the Purchaser, or the City's Financial Advisor have made an 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.

Claims-Paying Ability and Financial Strength of Municipal Bond Insurers

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

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City, the Financial Advisor, and the Purchaser 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 Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities 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 S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to the holder of such Bonds and will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "REGISTRATION, TRANSFER AND EXCHANGE" hereinabove.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City, the Financial Advisor, and the Purchaser believe to be reliable, but none of the City, the Financial Advisor, or the Purchaser take responsibility for the accuracy thereof.

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

Use of Certain Terms in Other Sections of this Official Statement

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

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 certificates representing the Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "REGISTRATION, TRANSFER AND EXCHANGE – Future Registration."

INVESTMENT POLICIES

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

Legal Investments

Under State law and subject to certain limitations, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations issued and secured by a federal agency or instrumentality of the United States; (4) other obligations unconditionally guaranteed or insured by the State of Texas or the United States or their respective agencies and instrumentalities; (5) "A" or better rated obligations of states, agencies, counties, cities, and other political subdivisions of any state; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) federally insured interest-bearing bank deposits, brokered pools of such deposits, and collateralized certificates of deposit and share certificates; (8) fully collateralized United States government securities repurchase agreements; (9) one-year or shorter securities lending agreements secured by obligations described in clauses (1) through (7) above or (11) through (14) below or an irrevocable letter of credit issued by an "A" or better rated state or national bank; (10) 270-day or shorter bankers' acceptances, if the short-term obligations of the accepting bank or its holding company are rated at least "A-1" or "P-1"; (11) commercial paper rated at least "A-1" or "P-1"; (12) SEC-registered no-load money market mutual funds that are subject to SEC Rule 2a-7; (13) SEC-registered no-load mutual funds that have an average weighted maturity of less than two years; (14) "AAA" or "AAAm"-rated investment pools that invest solely in investments described above; and (15) in the case of bond proceeds, guaranteed investment contracts that are secured by obligations described in clauses (1) through (7) above and, except for debt service funds and reserves, have a term of 5 years or less.

The City may not, however, invest in (1) interest only obligations, or non-interest bearing principal obligations, stripped from mortgage-backed securities; (2) collateralized mortgage obligations that have a remaining term that exceeds 10 years; and (3) collateralized mortgage obligations that bear interest at an index rate that adjusts opposite to the changes in a market index. In addition, the City may not invest more than 15% of its monthly average fund balance (excluding bond proceeds and debt service funds and reserves) in mutual funds described in clause (13) above or make an investment in any mutual fund that exceeds 10% of the fund's total assets.

Except as stated above or inconsistent with its investment policy, the City may invest in obligations of any duration without regard to their credit rating, if any. If an obligation ceases to qualify as an eligible investment after it has been purchased, the City is not required to liquidate the investment unless it no longer carries a required rating, in which case the City is required to take prudent measures to liquidate the investment that are consistent with its investment policy.

Investment Policies

Under State law, the City is required to adopt and annually review written investment policies and must invest its funds in accordance with its policies. The policies must identify eligible investments and address investment diversification, yield, maturity, and the quality and capability of investment management. For investments whose eligibility is rating dependent, the policies must adopt procedures to monitor ratings and liquidate investments if and when required. The policies must require that all investment transactions settle on a delivery versus payment basis. The City is required to adopt a written investment strategy for each fund group to achieve investment objectives in the following order of priority: (1) suitability, (2) preservation and safety of principal, (3) liquidity, (4) marketability, (5) diversification, and (6) yield.

State law requires the City's investments 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." The City is required to perform an annual audit of the management controls on investments and compliance with its investment policies and provide regular training for its investment officers.

Current Investments [1]

As of May 31, 2020, the 100% of the City's investable funds were invested in interest bearing checking accounts.

Fund and Investment Type	Amount	Percentage of Portfolio
Interest bearing Checking Accounts	$ 4,179,909.05	100.00%
Total Investments	**$ 4,179,909.05**	**100.00%**

[1] Unaudited

As of such date, the market value of such investments (as determined by the City by reference to published quotations, dealer bids, and comparable information) was approximately 100% of their book value. No funds of the City are invested in derivative securities, i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

AD VALOREM PROPERTY TAXATION

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 the Johnson County Appraisal District ("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 "AD VALOREM PROPERTY TAXATION – 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 appraised value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons sixty-five (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. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

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.

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

City and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the City, 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.

Beginning in the 2020 tax year, owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at $50 million for the 2020 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda that could result in the repeal of certain tax increases (see "AD VALOREM PROPERTY TAXATION – Public Hearing and Maintenance and Operations Tax Rate Limitations"). The Property Tax Code also establishes a procedure for providing 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. 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. 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 each taxing unit, including the City, having power to tax the property. The City's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the City is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

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, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

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.

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

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

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

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

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

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

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

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

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

Debt Tax Rate Limitations

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax-supported debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $2.50 per $100 of taxable assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of $1.50 of the $2.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

CITY'S APPLICATION OF THE PROPERTY TAX CODE

The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of $25,000.00.

The City has granted an additional exemption of 20% of the market value of residence homesteads; minimum exemption of $5,000.

The City has adopted the tax freeze for citizens who are disabled or are 65 years of age or older.

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

The City does tax nonbusiness personal property; and Johnson County collects taxes for the City.

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

The City does not tax freeport property.

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

The City has adopted a tax abatement policy and does have existing tax abatement agreements.

The City does participate in tax increment financing zones.

TAX MATTERS

Tax Exemption

The delivery of the Bonds is subject to the opinion of Norton Rose Fulbright US LLP, Bond Counsel, to the effect that interest on the Bonds for federal income tax purposes (1) is excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), of the owners thereof pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. The statute, regulations, rulings, and court decisions on which such opinion is based are subject to change. A form of Bond Counsel's opinion is reproduced as APPENDIX C.

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

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

Tax Changes

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

Ancillary Tax Consequences

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions (see "TAX MATTERS – Qualified Tax-Exempt Obligations" herein), property and casualty insurance companies, life insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust ("FASIT"), individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Tax Accounting Treatment of Discount Bonds

The initial public offering price to be paid for certain Bonds may be less than the amount payable on such Bonds at maturity (the "Discount Bonds"). An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bonds. A portion of such original issue discount, allocable to the holding period of a Discount Bond by the initial purchaser, will be treated as interest for federal income tax purposes, excludable from gross income on the same terms and conditions as those for other interest on the Bonds. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during his taxable year.

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

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

Tax Accounting Treatment of Premium Bonds

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

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

Qualified Tax-Exempt Obligations

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

The City will designate the Bonds as "qualified tax-exempt obligations" and will certify its expectation that the above-described $10,000,000 ceiling will not be exceeded. Accordingly, it is anticipated that financial institutions which purchase the Bonds will not be subject to the 100% disallowance of interest expense allocable to interest on the Bonds under section 265(b) of the Code. However, the deduction for interest expense incurred by a financial institution which is allocable to the interest on the Bonds will be reduced by 20% pursuant to section 291 of the Code.

CONTINUING DISCLOSURE OF INFORMATION

The City in the Ordinance has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board ("MSRB"). This information will be available to the public free of charge from the MSRB via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org, as further described below under "Availability of Information".

Annual Reports

Under Texas law, including, but not limited to, Chapter 103, as amended, Texas Local Government Code, the Issuer must keep its fiscal records in accordance with generally accepted accounting principles, must have its financial accounts and records audited by a certified public accountant and must file each audit report within 180 days after the close of the Issuer's fiscal year. The Issuer's fiscal records and audit reports are available for public inspection during the regular business hours, and the Issuer is required to provide a copy of the Issuer's audit reports to any bondholder or other member of the public within a reasonable time on request upon payment of charges prescribed by the Texas General Services Commission.

The City shall provide annually to the MSRB (1) within six months after the end of each fiscal year of the City beginning in the year 2020, financial information and operating data with respect to the City of the general type included in the body of this Official Statement under "INVESTMENT POLICIES - Current Investments" and in Tables 1 through 10 of "APPENDIX A - Financial Information of the Issuer" to this Official Statement (the "Annual Financial Information"), and (2) within six months after the end of each fiscal year of the City beginning in the year 2020, the audited financial statements of the City (the "Audited Financial Statements"). If the audit of such financial statements is not complete within six (6) months after any such fiscal year end, then the City shall file unaudited financial statements by the required time and audited financial statements for the applicable fiscal year, when and if the audit report becomes available. Any financial statements to be provided shall be prepared in accordance with the accounting principles described in APPENDIX D to this Official Statement, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and shall be in substantially the form included in this Official Statement as APPENDIX D.

The Issuer may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements for the Issuer, if the Issuer commissions an audit and it is completed by the required time. If audited financial statements are not available by that time, the Issuer will provide by the required time unaudited financial statements for the applicable fiscal year to the MSRB with the financial information and operating data and will file the annual audit report when and if the same becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Issuer's annual financial statements or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation.

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

Notice of Certain Events

The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the 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, as the case may be; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances;(10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes;(12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material (15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such Financial Obligation of the City, any of which reflect financial difficulties. In the Ordinance, the City will adopt policies and procedures to ensure timely compliance of its continuing disclosure undertakings. 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." Neither the Bonds nor the Ordinance make provision for credit enhancement (although the City is soliciting bids for bond insurance), liquidity enhancement, or debt service reserves.

For these purposes, (a) any event described in clause (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City, and (b) the City intends the words used in the immediately preceding clauses (15) and (16) and in the definition of Financial Obligation above 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 in accordance with its undertaking made for the Bonds will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB.

Limitations and Amendments

The City has agreed to update information and to provide notices of certain specified events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its agreement or from any statement made pursuant to its agreement, although holders or Beneficial Owners of Bonds may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement 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 the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or 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 or beneficial owners of the Bonds. If the City amends its agreement, it must include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and data provided. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent any Purchasers from lawfully purchasing or selling Bonds, respectively, in the primary offering of the Bonds.

Compliance with Prior Agreements

During the past five years, the Issuer has complied in all material respects with its continuing disclosure agreements in accordance with the Rule.

LEGAL MATTERS

Legal Opinions and No-Litigation Certificate

The Issuer will furnish the Purchaser with a complete transcript of proceedings incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the Initial Bond is a valid and legally binding obligation of the Issuer, and based upon examination of such transcript of proceedings, the approval of certain legal matters by Bond Counsel, to the effect that the Bonds, issued in compliance with the provisions of the Ordinance, are valid and legally binding obligations of the Issuer and, subject to the qualifications set forth herein under "TAX MATTERS", the interest on the Bonds is exempt from federal income taxation under existing statutes, published rulings, regulations, and court decisions. Though it represents the Financial Advisor from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel was engaged by, and only represents, the City in connection with the issuance of the Bonds. In its capacity as Bond Counsel, Norton Rose Fulbright US LLP, San Antonio, Texas has reviewed (except for numerical, statistical or technical data) the information under the captions "THE BONDS" (except under the subcaptions "Use of Bond Proceeds", "Sources and Uses" "Payment Record", and "Default and Remedies", as to which no opinion is expressed), "REGISTRATION, TRANSFER AND EXCHANGE", "TAX RATE LIMITATIONS -General", "TAX MATTERS", "CONTINUING DISCLOSURE OF INFORMATION" (except under the subheading "Compliance with Prior Undertakings" as to which no opinion is expressed), "LEGAL MATTERS—Legal Investments and Eligibility to Secure Public Funds in Texas", and "OTHER PERTINENT INFORMATION—Registration and Qualification of Bonds for Sale" in the Official Statement and such firm is of the opinion that the information relating to the Bonds and the Ordinance contained under such captions is a fair and accurate summary of the information purported to be 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 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 Bonds or which would affect the provision made for their payment or security, or in any manner questioning the validity of the Bonds will also be furnished. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of Bonds are contingent on the sale and initial delivery of the Bonds. The legal opinion of Bond Counsel will accompany the Bonds deposited with DTC or will be printed on the definitive Bonds in the event of the discontinuance of the Book-Entry-Only System.

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

Litigation

In the opinion of various officials of the City, there is no litigation or other proceeding pending against or, to their knowledge, threatened against the Issuer in any court, agency, or administrative body (either state or federal) wherein an adverse decision would materially adversely affect the financial condition of the City.

At the time of the initial delivery of the Bonds, the City will provide the Purchaser with a certificate to the effect that no litigation of any nature has been filed or is then pending challenging the issuance of the Bonds or that affects the payment and security of the Bonds or in any other manner questioning the issuance, sale, or delivery of the Bonds.

Legal Investments and Eligibility to Secure Public Funds in Texas

Section 1201.041 of the Public Securities Procedures Act (Chapter 1201, Texas Government Code) and Section 271.051, as amended, Texas Local Government Code, each, provide that the Bonds are negotiable instruments governed by Chapter 8, as amended, 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. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act, Chapter 2256, as amended, Texas Government Code, the Bonds must have to be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. (See "OTHER PERTINENT INFORMATION – Ratings" herein.) In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least $1 million of capital, and savings and loan associations.

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

FORWARD LOOKING STATEMENTS

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. It is important to note that the City's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and 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.

OTHER PERTINENT INFORMATION

Registration and Qualification of Bonds for Sale

The sale of the Bonds has not been registered under the Securities Act of 1933, as amended, in reliance upon exemptions provided in such Act; the Bonds have not been qualified under the Securities Act of Texas in reliance upon exemptions contained therein; nor have the Bonds been qualified under the securities acts of any other jurisdiction. The Issuer assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which they may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

It is the obligation of the Purchaser to register or qualify the sale of the Bonds under the securities laws of any jurisdiction which so requires. The City agrees to cooperate, at the Purchaser’s written request and sole expense, in registering or qualifying the Bonds or in obtaining an exemption from registration or qualification in any state where such action is necessary; provided, however, that the City shall not be required to qualify as a foreign corporation or to execute a general consent to service of process in any jurisdiction.

Ratings

A municipal bond rating application for the Bonds has been made to S&P Global Ratings (“S&P”). The outcome of the result will be made available as soon as possible. An explanation of the significance of such a rating may be obtained from S&P. The rating of the Bonds by S&P reflects only the view of S&P at the time the rating is given, and the Issuer makes no representations as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by S&P, if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. If the Purchaser chooses to submit a bid utilizing bond insurance, the enhanced long-term rating on the Bonds will be dependent upon the rating of the provider of such policy. See “BOND INSURANCE” and “BOND INSURANCE RISKS FACTORS” herein.

Authenticity of Financial Information

The financial data and other information contained herein have been obtained from the Issuer's records, audited financial statements and other sources which are believed to be reliable. All of the summaries of the statutes, documents and Ordinances contained in this Official Statement are made subject to all of the provisions of such statutes, documents and Ordinances. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original sources thereof and no guaranty, warranty or other representation is made concerning the accuracy or completeness of the information herein. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

Financial Advisor

SAMCO Capital Markets, Inc. is employed as a Financial Advisor to the Issuer in connection with the issuance of the Bonds. In this capacity, the Financial Advisor has compiled certain data relating to the Bonds and has drafted this Official Statement. The Financial Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the Issuer to determine the accuracy or completeness of this Official Statement. Because of its limited participation, the Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The fees for the Financial Advisor are contingent upon the issuance, sale and initial delivery of the Bonds.

The Financial Advisor 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 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.

Winning Bidder

After requesting competitive bids for the Bonds, the City accepted the bid of ____________ (previously defined as the "Purchaser" or the "Initial Purchaser") to purchase the Bonds at the interest rates shown on the page 2 of this Official Statement at a price of par, plus a [net] reoffering premium of $___________, less a Purchaser's discount of $ ___________, plus accrued interest on the Bonds from their Dated Date to their date of initial delivery. The City can give no assurance that any trading market will be developed for the City after their sale by the City to the Purchaser. The City has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

Certification of the Official Statement

At the time of payment for and delivery of the Initial Bonds, the Purchaser will be furnished a certificate, executed by proper officials of the City, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in its Official Statement, and any addenda, supplement or amendment thereto, for the Bonds, on the date of such Official Statement, on the date of sale of said Bonds and the acceptance of the best bid therefor, and on the date of the delivery thereof, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements including financial data, of or pertaining to entities, other than the City, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect, and (d) there has been no material adverse change in the financial condition of the City, since September 30, 2019, the date of the last financial statements of the City appearing in the Official Statement.

Information from External Sources

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

Concluding Statement

No person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or 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 of solicitation.

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

The Ordinance authorizing the issuance of the Bonds will also approve the form and content of this Official Statement and any addenda, supplement or amendment thereto and authorize its further use in the re-offering of the Bonds by the Purchaser.

This Official Statement will be approved by the Council for distribution in accordance with the provisions of the SEC's rule codified at 17 C.F.R. Section 240.15c2-12, as amended.

CITY OF JOSHUA, TEXAS

/s/ ____________________________________

Mayor
City of Joshua, Texas

ATTEST:

/s/ ____________________________________

City Secretary
City of Joshua, Texas

APPENDIX A

FINANCIAL INFORMATION RELATING TO THE CITY OF JOSHUA, TEXAS

FINANCIAL INFORMATION OF THE ISSUER

ASSESSED VALUATION — TABLE 1

2020 Actual Appraised Value of Taxable Property (100% of Actual)			$ 530,290,090
Less Exemptions/Losses:			
Local, Over-65 / Disabled	$ 15,066,167		
Veterans' Exemptions	5,952,037		
Productivity Loss	26,214,419		
10% Cap on Residential Homesteads	11,970,537		
Other	14,226,723		
		$ 73,429,883	
2020 Certified Net Taxable Assessed Valuation			$ 456,860,207

Source: Central Appraisal District of Johnson County.

GENERAL OBLIGATION BONDED DEBT PRINCIPAL

General Obligation Debt Principal Outstanding: (As of August 1, 2020)		
General Obligation Bonds, Seriers 2012	$ 1,560,000	
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2012	3,655,000	
General Obligation Refunding Bonds, Series 2019	2,455,000	
General Obligation Bonds, Series 2020 (the "Bonds")	3,905,000	*
Total **Gross** General Obligation Debt Principal Outstanding (Following the Issuance of the Bonds):	$ 11,575,000	*
Less: Self-Supporting General Obligation Debt Principal		
Total Self-Supporting General Obligation Debt Principal		
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2012 (EDC 50%)	$ 1,827,500	
Total **Net** General Obligation Debt Principal Outstanding (Following the Issuance of the Bonds):	$ 9,747,500	*
General Obligation Interest and Sinking Fund Balance as of September 30, 2019	$ 331,790	
Ratio of Gross General Obligation Debt to 2020 Certified Net Taxable Assessed Valuation	2.53%	*
Ratio of Net General Obligation Debt to 2020 Certified Net Taxable Assessed Valuation	2.13%	*
2020 Certified Net Taxable Assessed Valuation	$ 456,860,207	
Population: 1990 - 3,821; 2000 - 4,762; 2010 - 5,910; Current (Estimate) -	9,341	
Per Capita 2020 Certified Net Assessed Valuation -	$ 48,909	
Per Capita Gross General Obligation Debt Principal -	$ 1,239	*
Per Capita Net General Obligation Debt Principal -	$ 1,044	*

* *Preliminary, subject to change.*

DEBT OBLIGATIONS - CAPITAL LEASE AND NOTES PAYABLE — TABLE 2

The City has entered into capital lease agreements. The total capitalized cost of equipment under capital leases is $605,388 and the amortized value is $443,695 at September 30, 2019. Amortization expense has been included in depreciation expense for the year ended September 30, 2019.

The following is a schedule of future minimum payments under the capital leases together with the present value of the minimum lease payments as of September 30, 2019:

Year Ending September 30,	Amount
2020	$ 141,113
2021	128,873
2022	128,873
2023	117,832
Total Payments	516,691
Less: Amount Representing Interest	49,055
Present Value of Net Minimum Lease Payments	$ 467,636

Source: The City's 2019 Audited Financial Statement

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year 30-Sep	Current Total Debt Service[(a)]	The Bonds* Principal	Interest	Total	Combined Debt Service[(a)]*	Less: Self-Supporting Debt	Total Net Debt Service[(b)]*
2020	$ 981,457	$ -	$ -	$ -	$ 981,457	$ 149,438	$ 832,019
2021	742,177	100,000	106,013	206,013	948,190	157,338	790,852
2022	740,741	130,000	102,850	232,850	973,591	155,038	818,554
2023	743,534	160,000	98,863	258,863	1,002,397	157,738	844,659
2024	750,960	165,000	94,394	259,394	1,010,354	160,338	850,016
2025	757,973	165,000	89,856	254,856	1,012,829	162,838	849,992
2026	763,919	160,000	85,388	245,388	1,009,307	165,238	844,069
2027	763,144	160,000	80,988	240,988	1,004,132	167,200	836,932
2028	766,898	160,000	76,588	236,588	1,003,486	169,050	834,436
2029	770,135	165,000	72,119	237,119	1,007,254	170,788	836,466
2030	777,434	165,000	67,581	232,581	1,010,015	172,225	837,790
2031	511,200	210,000	62,425	272,425	783,625	173,350	610,275
2032	516,900	215,000	56,581	271,581	788,481	174,350	614,131
2033	354,488	220,000	50,600	270,600	625,088	179,813	445,275
2034	-	225,000	44,481	269,481	269,481	-	269,481
2035	-	235,000	38,156	273,156	273,156	-	273,156
2036	-	240,000	31,625	271,625	271,625	-	271,625
2037	-	245,000	24,956	269,956	269,956	-	269,956
2038	-	255,000	18,081	273,081	273,081	-	273,081
2039	-	260,000	11,000	271,000	271,000	-	271,000
2040	-	270,000	3,713	273,713	273,713	-	273,713
	$ 9,940,959	$ 3,905,000	$ 1,216,256	$ 5,121,256	$ 15,062,216	$ 2,314,738	$ 12,747,478

[(a)] *Includes all self-supporting debt.*

[(b)] *Excludes all self-supporting debt .*

* *Preliminary, subject to change.*

TAX ADEQUACY (Includes Self-Supporting Debt)

2020 Net Taxable Assessed Valuation	$	456,860,207
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-25)	$	1,012,829
Indicated Maximum Interest and Sinking Fund Tax Rate at 98% Collections	$	0.22622

Note: Above computation is exclusive of investment earnings, delinquent tax collections and penalties and interest on delinquent tax collections.

TAX ADEQUACY (Excludes Self-Supporting Debt)

2020 Net Taxable Assessed Valuation	$	456,860,207
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-24)	$	850,016
Indicated Maximum Interest and Sinking Fund Tax Rate at 98% Collections	$	0.18985

Note: Above computation is exclusive of investment earnings, delinquent tax collections and penalties and interest on delinquent tax collections.

INTEREST AND SINKING FUND MANAGEMENT INDEX

Interest and Sinking Fund Balance, Fiscal Year Ended September 30, 2019	$	331,790
2020 Interest and Sinking Fund Tax Levy of $3,084,100 at 98% Collections Produces [(a)]		959,887
Total Available for Debt Service	$	1,291,677
Less: Net General Obligation Debt Service Requirements, Fiscal Year Ending 9-30-20[(b)]		832,019
Estimated Surplus at Fiscal Year Ending 9-30-20[(b)]	$	459,657

[(a)] *Does not include delinquent tax collections, penalties and interest on delinquent tax collections or investment earnings.*

[(b)] *Excludes general obligation self-supporting debt.*

GENERAL OBLIGATION PRINCIPAL REPAYMENT SCHEDULE

	Principal Repayment Schedule			Obligations	Percent of
Fiscal Year Ending 9-30	Currently Outstanding[(a)]	The Bonds*	Total*	Unpaid at End of Year*	Principal Retired (%)*
2021	$ 560,000	$ 100,000	$ 660,000	10,915,000	5.70%
2022	570,000	130,000	700,000	10,215,000	11.75%
2023	585,000	160,000	745,000	9,470,000	18.19%
2024	605,000	165,000	770,000	8,700,000	24.84%
2025	625,000	165,000	790,000	7,910,000	31.66%
2026	645,000	160,000	805,000	7,105,000	38.62%
2027	660,000	160,000	820,000	6,285,000	45.70%
2028	680,000	160,000	840,000	5,445,000	52.96%
2029	700,000	165,000	865,000	4,580,000	60.43%
2030	725,000	165,000	890,000	3,690,000	68.12%
2031	475,000	210,000	685,000	3,005,000	74.04%
2032	495,000	215,000	710,000	2,295,000	80.17%
2033	345,000	220,000	565,000	1,730,000	85.05%
2034	-	225,000	225,000	1,505,000	87.00%
2035	-	235,000	235,000	1,270,000	89.03%
2036	-	240,000	240,000	1,030,000	91.10%
2037	-	245,000	245,000	785,000	93.22%
2038	-	255,000	255,000	530,000	95.42%
2039	-	260,000	260,000	270,000	97.67%
2040	-	270,000	270,000	-	100.00%
	$ 7,670,000	$ 3,905,000	$ 11,575,000		

[(a)] *As of August 1, 2020. Includes self-supporting debt.*

* *Preliminary, subject to change.*

NET TAXABLE ASSESSED VALUATION FOR TAX YEARS 2010-2020 TABLE 3

Fiscal Year	Net Taxable Assessed Valuation[a]	Change From Preceding Year Amount	Change From Preceding Year Percent
2010-11	$ 304,743,278	$ -	0.00%
2011-12	304,931,409	188,131	0.06%
2012-13	322,322,767	17,391,358	5.70%
2013-14	314,102,148	(8,220,619)	(2.55%)
2014-15	318,889,965	4,787,817	1.52%
2015-16	323,553,268	4,663,303	1.46%
2016-17	331,546,939	7,993,671	2.47%
2017-18	371,121,980	39,575,041	11.94%
2018-19	413,223,857	42,101,877	11.34%
2019-20	435,315,541	22,091,684	5.35%
2020-21	456,860,207	21,544,666	4.95%

[a] Assessed Valuations may change during the year due to various supplements and protests, and valuations on a later date or in other tables of this Official Statement may not match those shown on this table.

Sources: The Issuer and Central Appraisal District of Johnson County.

TAX DATA [a] TABLE 4

Tax Year	Net Taxable Assessed Valuation[b]	Tax Rate	Tax Levy	% Collections Current	% Collections Total	Year Ended
2010	$ 304,743,278	$ 0.685270	$ 2,088,314	96.96%	100.57%	9/30/2011
2011	304,931,409	0.685270	2,089,603	94.66%	95.63%	9/30/2012
2012	322,322,767	0.685270	2,208,781	98.64%	101.38%	9/30/2013
2013	314,102,148	0.725270	2,278,089	96.03%	97.11%	9/30/2014
2014	318,889,965	0.725270	2,312,813	95.05%	95.80%	9/30/2015
2015	323,553,268	0.775270	2,508,411	95.38%	97.26%	9/30/2016
2016	331,546,939	0.775270	2,570,384	99.26%	100.74%	9/30/2017
2017	371,121,980	0.809636	3,004,737	98.45%	101.57%	9/30/2018
2018	413,223,857	0.775270	3,203,601	95.25%	100.00%	9/30/2019
2019	435,315,541	0.765270	3,084,100	99.05% [c]	100.00% [c]	9/30/2020
2020	456,860,207					

[a] See "CITY APPLICATION OF THE PROPERTY TAX CODE" in the Official Statement for a description of the Issuer's taxation procedures.

[b] Assessed Valuations may change during the year due to various supplements and protests, and valuations on a later date or in other tables of this Official Statement may not match those shown on this table.

[c] Collections are as of May 31, 2020.

Source: The Issuer, Municipal Advisory Council of Texas and Johnson County Appraisal District.

TAX RATE DISTRIBUTION TABLE 5

	2019-20	2018-19	2017-18	2016-17	2015-16
General Fund	$ 0.550877	$ 0.535015	$ 0.515896	$ 0.530997	$ 0.532388
I & S Fund	0.214393	0.240255	0.293740	0.244273	0.242882
TOTAL	$ 0.765270	$ 0.775270	$ 0.809636	$ 0.775270	$ 0.775270

Source: Johnson County Appraisal District .

CLASSIFICATION OF ASSESSED VALUATION[a] **TABLE 6**

Category	2020	% of Total	2019	% of Total	2018	% of Total
Real, Residential, Single-Family	$ 318,399,933	60.04%	$ 297,110,554	61.21%	$ 268,226,169	58.49%
Real, Residential, Multi-Family	20,846,918	3.93%	13,907,669	2.87%	26,193,412	5.71%
Real, Vacant Lots/Tracts	10,115,809	1.91%	7,492,533	1.54%	7,190,952	1.57%
Real, Acreage (Land Only)	26,707,596	5.04%	19,288,763	3.97%	17,703,636	3.86%
Farm & Ranch Improvements	59,561,994	11.23%	50,738,738	10.45%	47,407,533	10.34%
Real, Commercial	43,198,464	8.15%	44,753,473	9.22%	48,480,254	10.57%
Real, Industrial	4,920,162	0.93%	4,920,162	1.01%	3,990,704	0.87%
Oil and Gas	2,568,553	0.48%	3,218,524	0.66%	3,249,555	0.71%
Real & Tangible, Personal Utilities	10,515,924	1.98%	10,258,066	2.11%	10,090,515	2.20%
Tangible Personal, Commercial	16,200,407	3.06%	17,042,927	3.51%	13,337,719	2.91%
Tangible Personal, Industrial	7,050,521	1.33%	8,436,235	1.74%	7,246,046	1.58%
Tangible Personal, Mobil Homes/Other	8,440,620	1.59%	6,423,911	1.32%	5,283,678	1.15%
Personal, Other	1,312,698	0.25%	1,429,366	0.29%	20,000	0.00%
Special Inventory	450,491	0.08%	384,436	0.08%	188,282	0.04%
Total Appraised Value	$ 530,290,090	100.00%	$ 485,405,357	100.00%	$ 458,608,455	100.00%
Less Exemptions / Losses:						
Local, Over-65 / Disabled	$ 15,066,167		$ 14,500,178		$ 13,857,927	
Veterans' Exemptions	5,952,037		4,904,632		5,432,076	
Productivity Loss	26,214,419		18,790,112		16,886,158	
10% Cap on Residential Homesteads	11,970,537		11,201,838		9,208,437	
Other Exemptions	14,226,723		693,056		-	
Total Exemptions	$ 73,429,883		$ 50,089,816		$ 45,384,598	
Net Taxable Assessed Valuation	$ 456,860,207		$ 435,315,541		$ 413,223,857	

[a] Assessed Valuations may change during the year due to various supplements and protests, and valuations on a later date or in other tables of this Official Statement may not match those shown on this table.

Source: Johnson County Appraisal District

PRINCIPAL TAXPAYERS **TABLE 7**

Name	Type of Business/Property	2019* Net Taxable Assessed Valuation	% of 2019* Assessed Valuation
Mariposa South Broadway LP	Apartments	$ 6,216,647	7.98%
Cypress Creek Joshua Station LP	Apartments	4,692,124	1.08%
Orrco International	Manufacturer	3,491,187	0.80%
UMC Energy Solutions	Oil and Gas	3,464,111	0.80%
Brookshire Grocery Company	Grocery	3,264,157	0.75%
Stonetown Clayton Borrower LLC	Manufactured Homes	3,053,766	0.70%
Rumfield Properties Inc.	Real Estate	3,007,858	0.69%
First Student Inc.	Student Transportation	2,577,193	0.59%
Atmos Energy/Mid-Tex Pipeline	Oil and Gas	2,529,532	0.58%
Oncor Electric Delivery Co LLC	Utility	2,424,422	0.56%
		$ 34,720,997	14.52%

**2020 Taxpayers unavailable at this time.*

Source: Johnson County Appraisal District

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 "INTRODUCTORY STATEMENT Infectious Disease Outbreak - COVID-19" herein) have caused volatility in industries across the State, which may impact business revenue. 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 Bonds 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 BONDS – Default and Remedies" and "AD VALOREM TAX PROCEDURES – City's Rights in the Event of Tax Delinquencies" in this Official Statement.

MUNICIPAL SALES TAX COLLECTIONS **TABLE 8**

The Issuer as adopted the provisions of Chapter 321, as amended, Texas Tax Code. In addition, some issuers are subject to a property tax relief and/or an enomic and industrial development tax. The Issuer has an additional 1/2 of 1% sales tax for the benefit of the Type A Economic Development Corporation and 1/2 of 1% sales tax for the benefit of the Type B Industrial Development Corporation.

Fiscal Year	Total Sales Tax Collections	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate
2009	$ 1,153,410	59.12%	$ 0.3750
2010	1,150,939	55.11%	0.3777
2011	1,348,651	64.54%	0.4423
2012	1,305,398	59.10%	0.4050
2013	1,501,079	65.89%	0.4779
2014	1,341,132	57.99%	0.4206
2015	1,243,510	49.57%	0.3843
2016	1,152,648	44.84%	0.3477
2017	1,310,806	43.62%	0.3532
2018	1,343,680	41.94%	0.3252
2019	1,546,129	46.41%	0.3552
2020 [(a)]	987,798		

[(a)] *Current Fiscal Year collections are unaudited as of July 2020.*

Source: Texas Comptroller of Public Accounts website.

Note: The Comptroller's website figures list sales tax revenues in the month they are delivered to the City, which is two months after they are generated/collected.

OVERLAPPING DEBT

The following table indicates the indebtedness, defined as outstanding bonds payable from ad valorem taxes, of governmental entities overlapping the City and the estimated percentages and amounts of such indebtedness attributable to property within the City. Expenditures of the various taxing bodies overlapping the territory of the Issuer are paid out of ad valorem taxes levied by these taxing bodies on properties overlapping the issuer. These political taxing bodies are independent of the Issuer and may incur borrowings to finance their expenditures. The following statements of direct and estimated overlapping ad valorem tax bonds were developed from information contained in the "Texas Municipal Reports: published by the Municipal Advisory Council of Texas. Except for the amounts relating to the Issuer, the Issuer has not independently verified the accuracy or completeness of such information, and no person should rely upon such information such information as being accurate or complete. Furthermore, certain entities listed below may have authorized or issued additional bonds since the date stated below, and such entities may have programs requiring the authorization and/or issuance of substantial amounts of additional bonds, the amount of which cannot be determined.

Taxing Entity	Gross Debt Principal	As of	% Overlapping	Amount Overlapping
Johnson County	$ 21,340,000	5/31/2020	3.11%	$ 663,674
Joshua Independent School District	99,615,000	5/31/2020	24.47%	24,375,791
Total Gross Overlapping Debt Principal				$ 25,039,465
Joshua, City of (Following the issuance of the Bonds)	11,575,000 [(a)]*		100.00%	11,575,000 [(a)]*
Total Direct and Overlapping Debt Principal				$ 36,614,465 [(a)]*

Ratio of Direct and Overlapping Debt Principal to 2019 Net Taxable Assessed Valuation	8.01% [(a)]*
Ratio of Direct and Overlapping Debt Principal to 2019 Actual Assessed Value	6.90% [(a)]*
Per Capita Direct and Overlapping Debt Principal	$3,920 [(a)]*

Note: The above figures show **Gross** General Obligation Debt Principal for the City

The Issuer's **Net** General Obligation Debt Principal is:	$ 9,747,500 *
Calculations on the basis of Net General Obligation Debt would change the above figures as follows:	
Total Net Direct and Overlapping Debt	$ 34,786,965 *
Ratio of Direct and Overlapping Debt Principal to 2019 Net Taxable Assessed Valuation	7.61% *
Ratio of Direct and Overlapping Debt Principal to 2019 Actual Assessed Value	6.56% *
Per Capita Net Direct and Overlapping Debt Principal	$3,724 *

[(a)] *Includes the Bonds*

* *Preliminary, subject to change*

Sources: Municipal Advisory Council of Texas.

ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ISSUERS

Governmental Entity	2019 Net Taxable Assessed Valuation	% of Actual	2019 Tax Rate
Johnson County	$ 13,254,280,795	100%	$0.4250
Joshua Independent School District	1,686,326,553	100%	1.4400

Source: Municipal Advisory Council of Texas.

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS OF DIRECT AND OVERLAPPING GOVERNMENTAL ENTITIES

	Date of Authorization	Purpose	Amount Authorized	Issued to Date	Unissued
Joshua, City	11/5/2019	Street & Drainage	$ 3,905,000 [(1)]	$ 3,905,000	$ -
Johnson County	None				
Joshua ISD	None				

Sources: Municipal Advisory Council of Texas.

GENERAL FUND COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES
AND ANALYSIS OF CHANGES IN FUND BALANCES **TABLE 9**

	Fiscal Year Ended September 30				
	2019	**2018**	**2017**	**2016**	**2015**
Fund Balance - Beginning of Year	$ 1,579,230	$ 1,529,273	$ 1,518,027	$ 1,401,057	$ 1,549,901
Revenues	$ 4,247,588	$ 3,958,485	$ 3,366,879	$ 3,321,043	$ 3,198,867
Expenditures	4,125,476	4,147,048	3,430,058	3,194,479	3,236,170
Excess (Deficit) of Revenues Over (Under) Expenditures	$ 122,112	$ (188,563)	$ (63,179)	$ 126,564	$ (37,303)
Other Financing Sources (Uses):					
Operating Transfers In	$ 166,885	$ 259,235	$ 292,573	$ -	$ 32,496
Issuance of Long-Term Debt		-	-	10,737	-
Operating Transfers Out	(199,000)	(20,715)	(172,800)	(20,331)	(144,037)
Proceeds from Sale of Bonds	-	-	-	-	-
Prior Period Adjustment	-	-	(45,348)	-	-
Total Other Financing Soures (Uses)	(32,115)	238,520	74,425	(9,594)	(111,541)
Fund Balance - End of Year	$ 1,669,227	$ 1,579,230	$ 1,529,273	$ 1,518,027	$ 1,401,057

* *Anticipated unaudited General Fund balance for period ending September 30, 2020 is approximately $1,634,801.*

Source: The Issuer

Plan Description

The City participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agency multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.org

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

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in over of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12,24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The City grants monetary credits for service rendered of a theoretical amount equal to two times what would have been contributed by the employee, with interest. Monetary credits, also known as the matching ratio, are 200% of the employee's accumulated contributions and are only payable in the form of an annuity.

Beginning in 2010, the City granted an annually repeating (automatic) basis monetary credit referred to as an updated service credit (USC) which is theoretical amount that takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the emplyee's accumulated contributions with interest and theemployer match plus employer-financed monetary credits, such as USD, with interest were used to purchase an annuity. Additionally, initiated in 2010, the City provided on an annually repeating (automatic) basis cost of living adjustments (COLA) for reitrees equal to a percentage of the change in the consumer price index (CPI).

A summary of plan provisions for the City are as follows:

Employee Deposit Rate	7%
Matching Ratio (city to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years to any age
	5 years at age 60 and above
Updated service credit	0%
Annuity increase to retirees	0% of CPI

The City does not participate in Social Security

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to but not yet receiving benefits	44
Active employees	36
	87

Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 5.94% and 6.07% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019, were $107,693, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, 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 Tables 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 rate multiplied by 109% and female rates multiplied by 103% with a 3-year-set-forward of both males and females. In addition, a 3% minimum mortality rate is applied to reflect to the impariment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2016 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering the 2009 through 2011, and the dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan Assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate range of expected future real rate of return (expected returns, net of pension plan investment expenses 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 arithmetic real rates return for each major assets class in fiscal year 2017 are summarized in the table on the next page.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	5.0%	7.50%
Total	100.0%	

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 statue. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension (a)-(b)**
Balance at 12/31/2017	$ 3,278,888	$ 3,381,355	$ (102,467)
Changes for the year:			
Service cost	217,867	-	217,867
Interest	224,113	-	224,113
Change of Benefit Terms			-
Difference between expected			-
and actual experience	(126,923)	-	(126,923)
Changes of assumptions	-		-
Contributions - Employer	-	100,554	(100,554)
Contributions - Employee	-	118,498	(118,498)
Net investment income	-	(101,524)	101,524
Benefit payments, including refunds of			-
employee contributions	(135,258)	(135,258)	-
Administrative expense	-	(1,958)	1,958
Other changes	-	(103)	103
Net Changes	179,799	(19,791)	199,590
Balance at 12/31/2018	$ 3,458,687	$ 3,361,564	$ 97,123

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

	1% Decrease in Discount Rate (5.75%)	**Discount Rate (6.75%)**	**1% Increase in Discount Rate (7.75%)**
City's net pension liability	$ 641,273	$ 97,123	$ (347,049)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2019, the city recognized pension expense of $26,035. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 114,264
Changes in actuarial assumptions	19,522	$ -
Difference between projected and actual investment earnings	173,118	-
Contributions subsequent to the measurement date	74,577	-
Total	$ 267,217	$ 114,264

$74,577 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ending 12/31	
2019	$ 35,824
2020	(14,034)
2021	(4,193)
2022	60,779
Total	$ 78,376

APPENDIX B

GENERAL INFORMATION REGARDING THE CITY OF JOSHUA AND JOHNSON COUNTY, TEXAS

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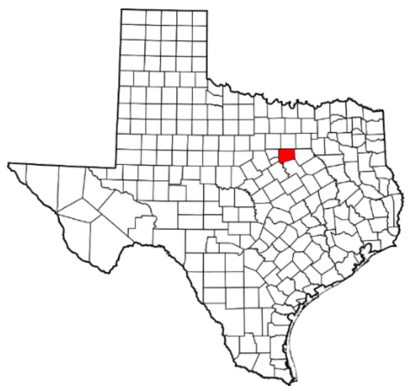
GENERAL INFORMATION REGARDING THE CITY OF JOSHUA AND JOHNSON COUNTY, TEXAS

General

The City of Joshua, Texas (the "City") is a Home Rule municipality located in the heart of Johnson County along Highway 174 between Cleburne and Burleson, Texas. Joshua has a population of just over 7,000 citizens and operates under the Council-Manager form of local government. The 2020 estimated population is 9,341.

Johnson County is strategically located in North Central Texas and is considered a part of the Fort Worth metropolitan area. Johnson County is a member of the North Central Texas Council of Governments which is comprised of sixteen counties. The area has experienced steady growth, which is expected to continue for several years due to the influence of Dallas and Fort Worth, adjacent to our northern border, and improved transportation routes. The 2020 estimated population is 167,101.

Source: City of Joshua website and Johnson County Audit.



Source: wikimedia

Leading Employers Johnson County 2019:

Employer	Type of Business	Number of Employees (2019)
Burleson Independent School District	Public Education	1,720
Cleburne Independent School District	Public Education	1,000
Wal-Mart Distribution Center	Retail Sales	840
Joshua Independent School District	Public Education	815
Sabre Tubular Structures	Industry	600
Johnson County	Government	516
Wal-Mart Supercenter-Burleson	Retail	445
City of Burleson	Government	443
Texas Health Resources	Medical	400
Wal-Mart Supercenter-Cleburne	Retail	380

Source: Johnson County, Texas 2019 Audit.

Labor Force Statistics

	Johnson County	
	May 2020	May 2019
Civilian Labor Force	77,808	81,294
Total Employed	69,180	79,038
Total Unemployed	8,628	2,256
% Unemployed	11.1%	2.8%
% Unemployed (Texas)	12.7%	3.1%
% Unemployed (United States)	13.3%	3.4%

Source: Texas Workforce Commission, Labor Market Information Department.

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APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

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DRAFT JULY 15, 2020

IN REGARD to the authorization and issuance of the "City of Joshua, Texas General Obligation Bonds, Series 2020" (the *Bonds*), dated September 1, 2020, in the aggregate principal amount of $__________, we have reviewed the legality and validity of the issuance thereof by the City Council of the City of Joshua, Texas (the *Issuer*). The Bonds are issuable in fully registered form only, in denominations of $5,000 or any integral multiple thereof (within a Stated Maturity). The Bonds have Stated Maturities of February 1 in each of the years 20__ through 20__, unless redeemed prior to Stated Maturity in accordance with the terms stated on the face of the Bonds. Interest on the Bonds accrues from the dates, at the rates, in the manner, and is payable on the dates, all as provided in the ordinance (the *Ordinance*) authorizing the issuance of the Bonds. Capitalized terms used herein without definition shall have the meanings ascribed thereto in the Ordinance.

WE HAVE SERVED AS BOND COUNSEL for the Issuer solely to pass upon the legality and validity of the issuance of the Bonds under the laws of the State of Texas and with respect to the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes and for no other purpose. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. We express no opinion and make no comment with respect to the sufficiency of the security for or the marketability of the Bonds. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

WE HAVE EXAMINED the applicable and pertinent laws of the State of Texas and the United States of America. In rendering the opinions herein we rely upon (1) original or certified copies of the proceedings of the City Council of the Issuer in connection with the issuance of the Bonds, including the Ordinance; (2) customary certifications and opinions of officials of the Issuer; (3) certificates executed by officers of the Issuer relating to the expected use and investment of proceeds of the Bonds and certain other funds of the Issuer, and to certain other facts within the knowledge and control of the Issuer; and (4) such other documentation, including an examination of the Bond executed and delivered initially by the Issuer, and such matters of law as we deem relevant to the matters discussed below. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements and information contained in such certificates. We express no opinion concerning any effect on the following opinions which may result from changes in law effected after the date hereof.

BASED UPON OUR EXAMINATION, IT IS OUR OPINION that the Bonds have been duly authorized and issued in conformity with the laws of the State of Texas now in force and that the

Legal Opinion of Norton Rose Fulbright US LLP, San Antonio, Texas in connection with the authorization and issuance of "CITY OF JOSHUA, TEXAS GENERAL OBLIGATION BONDS, SERIES 2020"

Bonds are valid and legally binding obligations of the Issuer enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. The Bonds are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the Issuer.

BASED UPON OUR EXAMINATION, IT IS FURTHER OUR OPINION that, assuming continuing compliance after the date hereof by the Issuer with the provisions of the Ordinance and in reliance upon the representations and certifications of the Issuer made in a certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds, under existing statutes, regulations, published rulings, and court decisions (1) interest on the Bonds will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date hereof (the *Code*), of the owners thereof for federal income tax purposes, pursuant to section 103 of the Code and (2) interest on the Bonds will not be included in computing the alternative minimum taxable income of the owners thereof.

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

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

Norton Rose Fulbright US LLP

APPENDIX D

FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

(Independent Auditor's Report, General Financial Statements and Notes to the Financial Statements – not intended to be a complete statement of the Issuer's financial condition. Reference is made to the complete Annual Financial Report for further information.)

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CITY OF JOSHUA, TEXAS

ANNUAL FINANCIAL REPORT

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2019

CITY OF JOSHUA, TEXAS
TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2019

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Joshua, Texas as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Joshua, Texas' 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 and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

A member of Nexia International

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Joshua, Texas as of September 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, and the schedule of contributions on pages 4 through 10 and 43 through 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Joshua, Texas' basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated April 7, 2020, on our consideration of the City of Joshua, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Joshua, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Joshua, Texas' internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Worth, Texas
April 7, 2020

As management of the City of Joshua (the City), we offer readers of the City's financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with the City's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources for the City of Joshua exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $10,089,400. Of this amount, $731,005 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

- The City of Joshua's net position increased by $561,328. This increase is due to an increase in property and sales taxes.

- As of the close of the current fiscal year, the City of Joshua's governmental funds reported combined ending fund balances of $2,683,033, an increase of $409,386 in comparison with the prior year. Approximately 48% of this amount, $1,296,812 is available for spending at the City's discretion (unassigned fund balance).

- At the end of the current fiscal year, the unassigned fund balance for the General Fund was $1,322,398 or 32% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Joshua's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the government'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 these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both the statement of net position and the statement of activities are prepared utilizing the full accrual basis of accounting.

The government-wide financial statements of the City include the *governmental activities*. Most of the City's basic services are included here, such as administration, police and fire, municipal courts, and public works. Property taxes, sales taxes, charges for services, and grants finance most of these activities.

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. City of Joshua, 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 of Joshua can be divided into one category: governmental 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 spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City of Joshua maintains 8 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Capital Improvement Fund, Type A Economic Development Corporation Fund, and Type B Community Development Corporation Fund, which are considered to be major funds. Data from the other 3 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Joshua adopts an annual appropriated budget for its General Fund, Debt Service Fund, Type A Economic Development Corporation Fund and Type B Community Development Corporation Fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budget.

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

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time net position may serve as a useful indicator of a government's financial position. In the case of the City of Joshua, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $10,089,400 the close of the most recent fiscal year. By far the largest portion of the City's net position ($7,952,691 or 79%) reflects its investment in capital assets (e.g. land, building, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Joshua, Texas' Net Position

	Governmental Activities	
	2019	2018
Current Assets	$ 3,032,190	$ 2,631,387
Noncurrent Assets	18,318,075	18,588,392
Total Assets	21,350,265	21,219,779
Total Deferred Outflows of Resources	267,217	189,655
Current Liabilities	1,206,399	1,074,090
Noncurrent Liabilities	10,207,420	10,681,164
Total Liabilities	11,413,819	11,755,254
Total Deferred Inflows of Resources	114,264	126,108
Net Position		
Net Investment in Capital Assets	7,952,691	7,798,312
Restricted	1,431,289	1,091,490
Unrestricted	705,419	638,270
Total Net Position	$ 10,089,399	$ 9,528,072

An additional portion of the City of Joshua's net position ($1,405,704 or 14%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position ($731,005 or 7%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reported a positive balance in all three categories of net position.

During the current fiscal year, the City's net position increased by $561,328. This increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses. This increase follows a prior year increase of $119,063 due to increases in ongoing revenues that were not outpaced by increases in ongoing expenses.

City of Joshua, Texas' Changes in Net Position

	Governmental Activities	
	2019	2018
Revenues		
Program Revenues:		
Charges for Services	$ 814,415	$ 742,249
Operating Grant and Contributions	18,170	7,346
Capital Grants and Contributions	8,277	140,857
General Revenues:		
Taxes	4,619,630	4,358,494
Franchise Fees	368,678	347,500
Interest	11,837	4,018
Other	96,326	124,388
Total Revenues	5,937,333	5,724,852
Expenditures		
General Government	1,104,448	1,044,531
Public Safety	1,081,720	1,186,491
Public Works	836,690	891,952
Municipal Court	140,907	157,107
Development Services	286,277	251,727
Animal Control	162,986	166,145
Fire Department	574,639	555,346
Economic Development	57,203	77,981
Parks and Recreation	372,089	501,829
Garbage and Recycling Service	410,483	520,160
Interest on Long-Term	348,564	252,520
Total Expenditures	5,376,006	5,605,789
Change In Net Position	561,327	119,063
Net Position - Beginning of Year	9,528,072	9,409,009
Net Position - End of Year	$ 10,089,399	$ 9,528,072

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

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

At the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of $2,683,033. $1,386,221 is restricted to indicate constraints placed on the use of the resources either externally imposed by creditors, by laws or regulations of other governments imposed or imposed by law through constitutional provisions or enabling legislation. The remaining balance of $1,296,812 constitutes unassigned fund balance.

Of the $2,683,033 ending fund balance, $216,548 is accounted for in nonmajor governmental funds. The General Fund balance is $1,669,227 at year-end - an increase of $89,997. This increase was more due to an increase in property tax revenues.

The Debt Service Fund balance increased $82,271 to $331,790 at year-end. This increase is primarily the result of increased property tax revenues for debt service. The Capital Improvement Fund balance decreased $37,820 to a year-end total of $(25,586). This decrease is caused by capital outlay expenditures from prior debt issuances. The Type A Economic Development Corporation Fund balance increased $91,529 to a year-end total of $322,937. This increase is related sales taxes collected during the year that were offset by payments on debt. The Type B Community Development Corporation Fund balance increased $135,474 to a year-end total of $168,117. This increase is primarily related to sales tax revenues off set by transfers out of the fund.

General Fund Budgetary Highlights. The actual expenditures for the year were $4,125,476, which was $58,661 over budget. This is due to not budgeting for capital outlay expenditures.

For FY 2019, actual revenues were $4,247,588 as compared to the budgeted amount of $4,215,860. Contributing to the variance was higher than anticipated fire district charges of $145,512, which are not budgeted for which is offset by lower than expected charges for services of $125,971.

With both revenues and expenditures above appropriations, the fund balance in the General Fund increased by $89,997, which was $29,818 less than the final budgeted increase.

CAPITAL ASSETS

At year-end, the City had invested $18,318,075 (net of accumulated depreciation) in a broad range of capital assets, including land, construction in progress, equipment, buildings, and vehicles. Additional information on the City's capital assets is presented in the notes to the financial statements.

City of Joshua, Texas' Capital Assets

	Governmental Activities 2019	Governmental Activities 2018
Land	$ 4,184,089	$ 4,184,089
Construction in Progress	64,166	279,768
Buildings and Improvements	12,496,378	12,496,378
Furniture and Equipment	2,164,118	2,164,118
Streets and Improvements	7,125,340	6,845,573
Vehicles	2,647,522	2,085,480
Totals at Historical Cost	28,681,613	28,055,406
Total Accumulated Depreciation	10,363,538	9,467,014
Total Net Assets	$ 18,318,075	$ 18,588,392

LONG-TERM DEBT

At year-end, the City had $10,727,636 in outstanding debt as shown in the table below. Of this amount, $10,260,000 represents bonded debt backed by the full faith and credit of the City. The City's capitalized obligations of $467,636 pertain to the purchase of various pieces of equipment and vehicles for the City. More detailed information about the City's long-term debt is presented in the notes to the financial statements.

Table A-4
City of Joshua, Texas' Long-Term Debt

	Governmental Activities 2019	Governmental Activities 2018
Bonds Payable	$ 10,409,515	$ 11,218,140
Capital Leases	467,636	137,946
Total Long-Term Debt	$ 10,877,151	$ 11,356,086

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- Total certified appraised values for the fiscal year 2020 budget preparation increased significantly by 5.35% from 2019. Real property, personal property and mineral rights assessed values all increased by 4.32%, 16.7% and 1.11%, respectively. Assessed property value lost to local exemptions increased by 3.86%

- The City's ad valorem tax rate for 2020 was lowered from $0.77527 to $0.76527 per $100 of assessed value. The 2020 rate is based on maintenance and operations tax of $0.550877, and an interest and sinking rate of $0.214393.

- Sales tax revenues are expected to increase by approximately 4.0% compared to the fiscal year 2019 budget.

- Increased residential and commercial development over the last year is expected to continue within the City.

These indicators were taken into account when adopting the General Fund Budget for fiscal year 2020. Funds available for appropriation in the General Fund budget are $4,795,500 which is a $399,755, or a 9.34% increase from the prior year. General Fund expenditures for FY 2020, including transfers, are expected to total $4,961,645. This represents an overall increase of approximately 16.31% compared to expenditures for the previous year. In the previous fiscal year, the City realized savings in many personnel line items due to inconsistent staffing levels. The adopted budget for 2020 accounts for full staffing of existing budget positions and also includes the addition of personnel in the Fire Department via a grant and the related costs associated with those hires. Additional spending to update the City's Zoning Ordinance and Engineering Design Specs and Standards in the Administration Department and significant use of unrestricted reserves account for the remainder of the increase.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the funds it receives. If you have questions about this report, or need additional financial information, please contact the City Manager at City Hall, 101 S. Main Street, Joshua, Texas 76058.

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BASIC FINANCIAL STATEMENTS

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CITY OF JOSHUA, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Governmental Activities
ASSETS	
Current Assets:	
Cash And Cash Equivalents	$ 993,341
Receivables, Net	196,680
Due from Other Governments	242,708
Restricted Cash and Cash Equivalents	1,599,461
Total Current Assets	3,032,190
Noncurrent Assets:	
Capital Assets:	
Nondepreciable Assets	4,248,255
Depreciable Assets, Net	14,069,820
Total Noncurrent Assets	18,318,075
Total Assets	21,350,265
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows related to TMRS	267,217
LIABILITIES	
Current Liabilities:	
Accounts payable	133,851
Intergovernmental Payables	16,535
Accrued Payroll Liabilities	49,110
Accrued Interest Payable	70,497
Current Portion of Long-Term Debt, Due Within One Year	936,406
Total Current Liabilities	1,206,399
Noncurrent Liabilities:	
Long-Term Debt, Due in More Than One Year	9,791,230
Accreted Bond Premium Payable	149,515
Net Pension Liability	97,123
Compensated Absences	169,552
Total Noncurrent Liabilities	10,207,420
Total Liabilities	11,413,819
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to TMRS	114,264
NET POSITION	
Net Investment in Capital Assets	7,952,691
Restricted for Specific Purposes	1,431,289
Unrestricted	705,419
Total Net Position	$ 10,089,399

See accompanying Notes to Basic Financial Statements

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CITY OF JOSHUA, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Government Activities:					
General Government	$ 1,104,448	$ 17,769	$ 10,270	$ 8,277	$ (1,068,132)
Public Safety	1,081,720	28,621	-	-	(1,053,099)
Public Works	836,690	321,532	-	-	(515,158)
Municipal Court	140,907	130,011	-	-	(10,896)
Development Services	286,277	-	-	-	(286,277)
Animal Control	162,986	750	-	-	(162,236)
Fire Department	574,639	5,940	7,900	-	(560,799)
Economic Development	57,203	-	-	-	(57,203)
Parks and Recreation	372,089	-	-	-	(372,089)
Garbage and Recycling Service	410,483	309,792	-	-	(100,691)
Interest on Long-Term Debt	348,564	-	-	-	(348,564)
Total Governmental Activities	$ 5,376,006	$ 814,415	$ 18,170	$ 8,277	(4,535,144)
GENERAL REVENUES					
Taxes:					
Property, Levied for General Purposes					2,012,323
Property, Levied for Debt Service					898,511
Sales					1,516,996
Other					191,800
Franchise Fees					368,678
Interest					11,837
Other					96,326
Total General Revenues					5,096,471
Change in Net Assets					561,327
Net Position - Beginning of Year					9,528,072
NET POSITION - END OF YEAR					$ 10,089,399

See accompanying Notes to Basic Financial Statements

CITY OF JOSHUA, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General	Debt Service	Capital Improvement
ASSETS			
Cash and Cash Equivalents	$ 976,606	16,735	$ -
Receivables, Net	144,986	47,772	-
Due From Other Governments	121,354	-	-
Due From Other Funds	241,224	438,625	7,096
Restricted:			
Cash and Cash Equivalents	489,698	-	82,062
Total Assets	$ 1,973,868	$ 503,132	$ 89,158
LIABILITIES:			
Liabilities:			
Accounts Payable	$ 130,054	$ -	$ 923
Intergovernmental Payables	16,535	-	-
Accrued Payroll Liabilities	49,110	-	-
Due to Other Funds	7,052	123,570	113,821
Total Liabilities	202,751	123,570	114,744
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	60,430	47,772	-
Unavailable Revenue - Court Fines	41,460	-	-
Total Deferred Inflows of Resources	101,890	47,772	-
FUND BALANCES			
Fund Balances:			
Restricted For:			
TIF	346,829	-	-
Debt Service	-	331,790	-
Economic Development	-	-	-
Court Security	-	-	-
Court Technology	-	-	-
Tourism	-	-	-
Unassigned	1,322,398	-	(25,586)
Total Fund Balances	1,669,227	331,790	(25,586)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 1,973,868	$ 503,132	$ 89,158

See accompanying Notes to Basic Financial Statements

CITY OF JOSHUA, TEXAS
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

Type A Economic Development Corporation	Type B Community Development Corporation	Other Governmental	Total Governmental Funds
$ -	$ -	$ -	$ 993,341
43	-	4,455	197,256
60,677	60,677	-	242,708
3,640	-	3,412	693,997
262,155	550,383	215,163	1,599,461
$ 326,515	$ 611,060	$ 223,030	$ 3,726,763
$ -	$ 450	$ 3,000	$ 134,427
-	-	-	16,535
-	-	-	49,110
3,579	442,493	3,482	693,997
3,579	442,943	6,482	894,069
-	-	-	108,202
-	-	-	41,460
-	-	-	149,662
-	-	-	346,829
-	-	-	331,790
322,936	168,117	-	491,053
-	-	17,789	17,789
-	-	3,225	3,225
-	-	195,534	195,534
-	-	-	1,296,812
322,936	168,117	216,548	2,683,032
$ 326,515	$ 611,060	$ 223,030	$ 3,726,763

See accompanying Notes to Basic Financial Statements

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CITY OF JOSHUA, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
YEAR ENDED DECEMBER 31, 2019

Total Fund Balances - Governmental Funds Balance Sheet		$ 2,683,032
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		18,318,075
Revenues earned but not available within 60 days of the year-end are not recognized as revenue on the fund financial statements.		149,662
The statement of net position includes the City's proportionate share of the TMRS net pension liability as well as certain pension related transactions accounted for as Deferred Inflows and Outflows of resources.		
Net Pension Liability	$ (97,123)	
Deferred Outflows	267,217	
Deferred Inflows	(114,264)	55,830
Long-term liabilities, including capital leases and the related interest payable, and compensated absences are not due and payable in the current period and, therefore, are not reported in the fund financial statements.		
Bonds Payable	(10,260,000)	
Capital Leases	(467,636)	
Accrued Interest Payable	(70,497)	
Unamortized Premiums	(149,515)	
Compensated Absences	(169,552)	(11,117,200)
Net Position of Governmental Activities		$ 10,089,399

See accompanying Notes to Basic Financial Statements

CITY OF JOSHUA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019

	General	Debt Service	Capital Improvement
REVENUES			
Property Taxes	$ 2,002,287	$ 900,461	$ -
Sales Taxes	761,684	-	-
Hotel Occupancy Taxes	-	-	-
Alcoholic Beverage Taxes	1,450	-	-
Fire District Taxes	145,512	-	-
Franchise Fees	368,678	-	-
Fines and Forfeitures	162,486	-	-
Grants and Contributions	18,170	-	-
Charges For Services	684,404	-	-
Investment Earnings	6,934	-	2,627
Miscellaneous	95,983	-	-
Total Revenues	4,247,588	900,461	2,627
EXPENDITURES			
General Government	956,789	-	-
Public Safety	1,053,935	-	-
Public Works	606,283	-	-
Municipal Court	136,792	-	-
Development Services	696,751	-	-
Animal Control	157,605	-	-
Fire Department	389,313	-	-
Economic Development	-	-	-
Debt Service:			
Principal	28,242	650,000	-
Interest	2,790	268,765	-
Capital Outlay	96,976	-	611,447
Total Expenditures	4,125,476	918,765	611,447
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	122,112	(18,304)	(608,820)
OTHER FINANCING SOURCES (USES)			
Lease Proceeds	-	-	372,000
Transfers In	166,885	100,575	199,000
Transfers Out	(199,000)	-	-
Total Other Financing Sources (Uses)	(32,115)	100,575	571,000
NET CHANGE IN FUND BALANCES	89,997	82,271	(37,820)
Fund Balances - Beginning of Year	1,579,230	249,519	12,234
FUND BALANCES - END OF YEAR	$ 1,669,227	$ 331,790	$ (25,586)

See accompanying Notes to Basic Financial Statements

CITY OF JOSHUA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019

Type A Economic Development Corporation	Type B Community Development Corporation	Other Governmental	Total Governmental Funds
$ -	$ -	$ -	$ 2,902,748
377,656	377,656	-	1,516,996
-	-	44,838	44,838
-	-	-	1,450
-	-	-	145,512
-	-	-	368,678
-	-	8,985	171,471
8,277	-	-	26,447
-	-	-	684,404
807	1,469	-	11,837
-	16,381	-	112,364
386,740	395,506	53,823	5,986,745
4,935	26	-	961,750
-	-	-	1,053,935
-	-	-	606,283
-	-	5,888	142,680
-	-	-	696,751
-	-	-	157,605
-	-	-	389,313
34,657	22,546	-	57,203
145,000	-	-	823,242
80,620	-	-	352,175
-	-	-	708,423
265,212	22,572	5,888	5,949,360
121,528	372,934	47,935	37,385
-	-	-	372,000
-	-	-	466,460
(30,000)	(237,460)	-	(466,460)
(30,000)	(237,460)	-	372,000
91,528	135,474	47,935	409,385
231,408	32,643	168,613	2,273,647
$ 322,936	$ 168,117	$ 216,548	$ 2,683,032

See accompanying Notes to Basic Financial Statements

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CITY OF JOSHUA, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

Net Change in Fund Balances - Total Governmental Funds	$ 409,385
Amounts reported for governmental activities in the statement of activities are different because:	
Depreciation expense on capital assets is reported in the statement of activities and does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(954,554)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives.	
Capital Outlays	700,273
Capital Asset Disposals	(16,036)
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	(33,374)
Net pension liabilities as well as the related deferred inflows and outflows of resources generated from those assets are not payable from current resources and, therefore, are not reported in the governmental funds. These balances increased (decreased) by this amount.	94,750
Current year changes in accrued interest payable do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(10,024)
Current year changes in compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(108,029)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	
Leases Issued	(372,000)
Principal Repayments	837,311
Loss on Refunding	13,625
Change in Net Position of Governmental Activities	$ 561,327

See accompanying Notes to Basic Financial Statements

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Joshua, Texas (the City) is a Home Rule city which citizens elect the mayor and six Council members at large. The City operates under the Council-City Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, comfort, safety, and convenience of the City and its inhabitants.

The financial statements of the City are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant accounting and reporting policies and practices used by the City are described below.

A. Reporting Entity

The City's basic financial statements include all activities, organizations, and functions for which the City is considered to be financially accountable and other organizations for which the nature and significance of their relationship with the City are such that inclusion would cause the City's financial statements to be misleading or incomplete. The criteria considered in determining organizations to be reported as component units within the City's basic financial statements include whether:

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

Component units are blended with the balances and transactions of the City if one of the following criterion is met:

- The component unit is substantially the same governing body as the City; or
- The component unit provides services entirely (or almost entirely) to the City or benefits the City exclusively (or almost exclusively); or
- The City is able to impose its will on the component unit.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

The above criteria were applied to potential organizations to determine if the entity should be reported as part of the City. The following was determined:

Joshua Economic Development Corporation (JEDC) is a ***blended component unit*** and is reported within the City's primary government. The JEDC was formed to promote economic development within the City and the state of Texas in order to eliminate unemployment and underemployment, and to promote and encourage employment and the public welfare of, and on behalf of, the City by developing, implementing, providing and financing projects under the Development Corporation Act of 1979 as defined in Section 4A of the Act. A Board of Directors, whose members are appointed by and serve the City's governing body, makes all decisions regarding use of local revenue in undertaking projects, though the City retains oversight authority and must approve all programs and expenditures of the Corporation.

Joshua Community Development Corporation (JCDC) is a ***blended component unit*** and is reported within the City's primary government. The JCDC was formed exclusively for the purposes of benefiting and accomplishing public purposes of, and acting on behalf of, the City in promotion and development of public projects, approved by the voters at an election held, including, but not limited to, tourism facilities, civic center, downtown/main street renovation and/or development, drainage and related improvements, demolition of existing structures and landscaping, parks, youth center, sports facilities, public safety facilities, municipal facilities, library facilities, water, sewer and street extensions, any other project authorized under Section 4B of the Development Act of 1979, and maintenance and operation costs associated with such projects. A Board of Directors, whose members are appointed by and serve the City's governing body, makes all decisions regarding use of local revenue in undertaking projects, though the City retains oversight authority and must approve all programs and expenditures of the Corporation.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been included as part of the program expenses reported for the various functional activities. Program revenue includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as g*eneral revenue*.

Separate financial statements are provided for governmental funds. Major individual Governmental Funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus and the accrual basis of accounting*. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue 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*. Revenue is recognized as soon as it is both measurable and *available*. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if collected within 60 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, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The City reports the following major governmental funds:

General Fund – reports as the primary fund of the City. This fund is used to account for all financial resources not reported in any other funds.

Debt Service Fund – accounts for the accumulation of financial resources for the payment of principal and interest on the City's general obligation debt. The City annually levies ad valorem taxes restricted for the retirement of debt. This fund reports the portion of ad valorem taxes collected for debt purposes only.

Capital Improvement Fund – accounts for the proceeds from long-term financing and revenue and expenditures related to authorized construction and other capital asset acquisitions.

Economic Development Fund – established to account for sales tax revenues collected for the purposes set forth by the Joshua Economic Development Corporation.

Community Development Fund – established to account for sales tax revenues collected for the purposes set forth by the Joshua Community Development Corporation.

D. Assets, Liabilities, and Net Position of Equity

Cash and Cash Equivalents

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

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property taxes attach as an enforceable lien on property as of October 1. Taxes are levied each October 1 and are due and payable on or before January 31 of the following year. All unpaid taxes become delinquent February 1 of the following year. The Johnson County Tax Assessor/Collector bills and collects the City's property taxes. Any uncollected property taxes as of September 30, which are not expected to be collected within 60 days, are recorded as taxes receivable and deferred revenue.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position of Equity (Continued)

Receivables and Payables (Continued)

As a City that operates under a home-rule charter, the City has a tax rate limitation of $2.50 per $100 assessed valuation. For the year ended September 30, 2019, the City had a tax rate of $0.77527 per $100 of which $0.535015 was allocated for general government and $0.240255 was allocated for payment of principal and interest on general long-term debt.

Capital Assets

The City's capital assets and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Donated assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date. The City generally capitalizes assets with a cost of $5,000 or more as purchases and outlays occur. The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. For information describing capital assets, see Note IID.

Estimated useful lives, in years, for depreciable assets are as follows:

Infrastructure	30 years
Buildings	50 years
Buildings improvements	20 years
Vehicles	2 to 15 years
Office equipment	3 to 15 years
Computer equipment	3 to 15 years

Compensated Absences

Compensated absences are reported as accrued in the government-wide financial statements. In the fund level financial statements, only matured compensated absences payable to currently terminated employees are reported.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position of Equity (Continued)

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental .activities, business-type activities, or proprietary fund type statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed during the period of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

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

Net Position

Net Position represents the difference between assets, deferred inflows/outflows of resources, and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position of Equity (Continued)

Net Position (Continued)

In the government-wide financial statements, the City's restrictions on net position are for amounts that are not available for appropriation. The City's restricted net position is as follows:

Restricted for TIF	$	346,829
Restricted for Debt Service		379,562
Restricted for Economic Development		491,053
Restricted for Court Security		17,789
Restricted for Tourism		195,534
Total	$	1,431,289

Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by board resolution of the City Council, the City's highest level of decision making authority. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position of Equity (Continued)

Fund Balance (Continued)

Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund Balance Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Deferred Outflows/Inflows of Resources

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

- Pension contributions after measurement date - These contributions are deferred and recognized in the following fiscal year.

- Difference in projected and actual earnings on pension assets - This difference is deferred and amortized over a closed five year period.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position of Equity (Continued)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statements element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and court fines. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also has one type of item that qualifies for reporting in this category in the government-wide financial statements. The difference in expected and actual pension experience is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

Estimates

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

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investment

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Cash Deposits

At September 30, 2019, the total carrying amounts of the City's deposits (restricted and unrestricted cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) were $2,592,803 and the bank balances were $2,677,023. The City's cash deposits at September 30, 2019 were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

Investments

The City is required by Government Code Chapter 2256, the Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act (the Act) requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local practices.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. Agencies, and the state of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

Analysis of Specific Deposit and Investment Risks

Professional standards require 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:

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 exposed to a significant amount of credit risk.

Custodial Credit Risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Analysis of Specific Deposit and Investment Risks

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name. At year-end, the City was not exposed to custodial credit risk.

Concentration of Credit Risk. This 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.

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.

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.

B. Receivables, Uncollectible Accounts, and Deferred Revenue

Sales Taxes Receivable

Sales taxes are collected and remitted to the City by the State Comptroller's office. All sales taxes are collected within 60 days of year-end. At fiscal year-end, the receivables represent taxes collected but not yet received by the City and are recorded as revenue.

Property Taxes Receivable and Deferred Revenue

Property taxes are assessed and remitted to the City by the Tarrant County Tax Assessor's office. Taxes, levied annually on October 1, are due by January 31. Major tax payments are received December through March. Lien dates for real property are in July.

Allowances for uncollectible tax receivables reported in the General Fund and Debt Service Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off when deemed uncollectible; however, state statutes prohibit writing off real property taxes without specific authority from the Texas Legislature.

In the governmental fund level financial statements, property taxes receivable are recorded in the General Fund and Debt Service Fund when assessed (October 1). At fiscal year-end, property tax receivables represent delinquent taxes. If delinquent taxes are not paid within 60 days of fiscal year-end, they are recorded as deferred revenue.

In the government-wide financial statements, property tax receivables and related revenues include all amounts due the City regardless of when cash is received.

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Receivables, Uncollectible Accounts, and Deferred Revenue (Continued)

Garbage and Recycling Receivables

Garbage and Recycling service is provided by the City to all residents. Residents are billed quarterly for this service. The City allows for 50% of receivables aged more six months and 100% of receivables aged more than twelve months.

Court Receivables

The City allows for all outstanding court receivables aged more than three months.

Governmental Funds Receivables

At September 30, 2019, receivables were as follows:

	Governmental Funds					
	General	Debt Service	Type A Economic Development Corporation	Type B Community Development Corporation	Other Governmental	Total
Receivables:						
Property Tax	$ 106,381	$ 47,772	$ -	$ -	$ -	$ 154,153
Sales Tax	121,354	-	60,677	60,677	-	242,708
Other Taxes	-	-	-	-	3,923	3,923
Accounts	271,815	-	-	-	532	272,347
Gross Receivables	499,550	47,772	60,677	60,677	4,455	673,131
Less: Allowance for Uncollectibles	233,210	-	-	-	-	233,210
Net Total Receivables	$ 266,340	$ 47,772	$ 60,677	$ 60,677	$ 4,455	$ 439,921

B. Restricted Assets

At September 30, 2019, restricted assets consisted of the following:

	Governmental Activities
Cash and Cash Equivalents:	
TIF 1	$ 489,698
Capital Improvements	82,062
Type A Sales Tax	262,155
Type B Sales Tax	550,383
Court Security	20,789
Court Technology	2,389
Hotel Occupancy	191,985
Total Restricted Cash and Cash Equivalents	$ 1,599,461

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	$ 4,184,089	$ -	$ -	$ 4,184,089
Construction in Progress	279,768	64,165	279,767	64,166
Total Capital Assets Not Being Depreciated	4,463,857	64,165	279,767	4,248,255
Capital Assets Being Depreciated:				
Buildings and Improvements	12,496,378	-	-	12,496,378
Furniture and Equipment	2,164,118	-	-	2,164,118
Streets and Improvements	6,845,573	279,767	-	7,125,340
Vehicles and Work Equipment	2,085,480	636,108	74,066	2,647,522
Total Capital Assets Being Depreciated	23,591,549	915,875	74,066	24,433,358
Less: Accumulated Deprecation for:				
Buildings and Improvements	2,912,009	255,380	-	3,167,389
Furniture and Equipment	1,910,852	84,558	-	1,995,410
Streets and Improvements	2,856,877	364,478	-	3,221,355
Vehicles and Work Equipment	1,787,276	250,138	58,030	1,979,384
Total Accumulated Depreciation	9,467,014	954,554	58,030	10,363,538
Total Capital Assets Being Depreciated, Net	14,124,535	(38,679)	16,036	14,069,820
Governmental Activities Capital Assets, Net	$ 18,588,392	$ 25,486	$ 295,803	$ 18,318,075

At September 30, 2019, depreciation was charged to functions as follows:

General Government	$ 105,328
Public Safety	51,925
Public Works	411,018
Development Services	4,009
Animal Control	6,864
Fire Department	187,692
Parks and Recreation	187,718
Total Depreciation Expense	$ 954,554

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations

At September 30, 2019, the City's bonds payable consisted of the following:

Description	Governmental
2008 Combination Tax and Revenues Certificates of Obligation due in annual installments through 2020, bearing interest at a rate of 3.95%	$ 80,000
2008 General Obligation Bonds due in annual installments through 2020, bearing interest at a rate of 3.74%	155,000
2010 General Obligation Bonds due in annual installments through 2030, bearing interest at a rate of 3.50%	2,610,000
2012 Combination Tax and Revenues Certificates of Obligation due in annual installments through 2023, bearing interest at a rate of 2.00%	3,870,000
2012 General Obligation Bonds due in annual installments through 2032, bearing interest at a rate of 2.00%	1,665,000
2018 Sales Tax Revenue Bonds due in annual installments through 2039, bearing interest at a rate of 2.59%	1,880,000
Total	$ 10,260,000

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Certificates of Obligation	$ 6,180,000	$ -	$ 350,000	$ 5,830,000	$ 360,000
General Obligation Bonds	4,875,000	-	445,000	4,430,000	455,000
Unamortized Bond Premiums	163,140	-	13,625	149,515	-
Capital Leases	137,946	372,000	42,310	467,636	121,406
Compensated Absences	61,523	108,029	-	169,552	-
Total	$ 11,417,609	$ 480,029	$ 850,935	$ 11,046,703	$ 936,406

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Debt service requirements on long-term debt at September 30, 2019, are as follows:

Bonds and Notes Payable

Certificates of Obligation Due	Governmental Activities		
Year Ending September 30,	Principal	Interest	Total
2020	$ 360,000	$ 164,602	$ 524,602
2021	290,000	156,846	446,846
2022	300,000	150,234	450,234
2023	310,000	143,345	453,345
2024	325,000	136,082	461,082
2025-2029	1,810,000	553,491	2,363,491
2030-2034	1,810,000	279,895	2,089,895
2035-2039	625,000	69,822	694,822
Totals	$ 5,830,000	$ 1,654,317	$ 7,484,317

General Obligation Bonds Due	Governmental Activities		
Year Ending September 30,	Principal	Interest	Total
2020	$ 455,000	$ 160,755	$ 615,755
2021	310,000	147,806	457,806
2022	320,000	136,856	456,856
2023	330,000	124,981	454,981
2024	340,000	112,731	452,731
2025-2029	1,925,000	351,258	2,276,258
2030-2034	750,000	34,181	784,181
Totals	$ 4,430,000	$ 1,068,568	$ 5,498,568

The effective interest rate on outstanding bonds and notes ranged from 0.70% - 4.00% at September 30, 2019.

Capital Leases

The City has entered into capital lease agreements. The total capitalized cost of equipment under capital leases is $605,388 and the amortized value is $443,695 at September 30, 2019. Amortization expense has been included in depreciation expense for the year ended September 30, 2019.

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Capital Leases (Continued)

The following is a schedule of future minimum payments under the capital leases together with the present value of the minimum lease payments as of September 30, 2019:

Year Ending September 30,	Amount
2020	$ 141,113
2021	128,873
2022	128,873
2023	117,832
Total Payments	516,691
Less: Amount Representing Interest	49,055
Present Value of Net Minimum Lease Payments	$ 467,636

F. Interfund Balances and Activity

Balances due to and due from other funds at September 30, 2019, consisted of the following:

Due to Fund	Due from Fund	Amount
General Fund	Nonmajor Funds	$ 3,482
General Fund	Debt Service	123,570
General Fund	Type B Economic Development	351
General Fund	Capital Improvements	113,821
Type A Economic Development	General Fund	3,640
Capital Improvements	Type A Economic Development	3,579
Capital Improvements	Type B Economic Development	3,517
Debt Service Fund	Type B Economic Development	438,625
Nonmajor Funds	General Fund	3,412
Total		$ 693,997

All amounts due are scheduled to be repaid within one year.

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Interfund Balances and Activity (Continued)

Transfers to and from other funds at September 30, 2019 consisted of the following:

Transfers from	Transfers to	Amount
Type A Economic Development	General Fund	$ 30,000
Type B Economic Development	General Fund	136,885
Type B Economic Development	Debt Service Fund	100,575
General Fund	Capital Improvements Fund	199,000
Total		$ 466,460

G. Deficit Fund Balance

The City has deficit fund balance at September 31, 2019 in the Capital Improvement Fund in the amount of $25,586. The City intends to fund this deficit from future transfers from the general fund.

NOTE 3 OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts, theft, damage, or destruction of assets, error and omissions, injuries to employees, and natural disasters. During fiscal year 2015, the City obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the state as a. member of the Texas Municipal League Intergovernmental Risk Pool (TML). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Defined Benefit Pension Policies

Plan Description

The City participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the state of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agency multiple-employer retirement system for municipal employees in the state of Texas. The TMRS Act places the general administration and management of the System with a six- member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the state of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at *www.tmrs.com.*

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

Benefits Provided

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

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

The City grants monetary credits for service rendered of a theoretical amount equal to two times what would have been contributed by the employee, with interest. Monetary credits, also known as the matching ratio, are 200% of the employee's accumulated contributions and are only payable in the form of an annuity.

Beginning in 2010, the City granted an annually repeating (automatic) basis monetary credit referred to as an updated service credit (USC) which is a theoretical amount that takes into account salary increases or plan improvements; If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, initiated in 2010, the City provided on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Defined Benefit Pension Policies (Continued)

Benefits Provided (Continued)

A summary of plan provisions for the City are as follows:

Employee Deposit Rate	7%
Matching Ratio (City to Employee)	2 to 1
Years Required for Vesting	5
Service Retirement Eligibility	20 Years to Any Age
	5 Years at Age 60 and Above
Updated Service Credit	0%
Annuity Increase to Retirees	0% of CPI

The City does not participate in Social Security.

Employees Covered by Benefit Terms

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	7
Inactive Employees Entitled to But Not Yet Receiving Benefits	44
Active Employees	36
Total	87

Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 5.94% and 6.07% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019 were $107,693, and were equal to the required contributions.

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Defined Benefit Pension Policies (Continued)

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

Inflation	2.5% Per Year
Overall Payroll Growth	3.0% Per Year
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expense, Including Inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Tables 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, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and the Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal 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.

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Defined Benefit Pension Policies (Continued)

Net Pension Liability (Continued)

Actuarial Assumptions (Continued)

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5 %	4.55 %
International Equity	17.5	6.35
Core Fixed Income	10.0	1.00
Noncore Fixed Income	20.0	3.90
Real Return	10.0	3.80
Real Estate	10.0	4.50
Absolute Return	10.0	3.75
Private Equity	5.0	7.50
Total	100.0 %	

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 statue. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Defined Benefit Pension Policies (Continued)

Net Pension Liability (Continued)

Changes in Net Pension Liability

	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension (a) - (b)
Balance - December 31, 2017	$ 3,278,888	$ 3,381,355	$ (102,467)
Changes for the Year:			
Service Cost	217,867	-	217,867
Interest	224,113	-	224,113
Change of Benefit Terms	-	-	-
Difference Between Expected and		-	-
Actual Experience	(126,923)	-	(126,923)
Changes of Assumptions	-	-	-
Contributions - Employer	-	100,554	(100,554)
Contributions - Employee	-	118,498	(118,498)
Net Investment Income	-	(101,524)	101,524
Benefit Payments, Including Refunds			
of Employee Contributions	(135,258)	(135,258)	-
Administrative Expense	-	(1,958)	1,958
Other Changes	-	(103)	103
Net Changes	179,799	(19,791)	199,590
Balance - December 31, 2018	$ 3,458,687	$ 3,361,564	$ 97,123

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

	1% Decrease In Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase In Discount Rate (7.75%)
City's Net Pension Liability	$ 641,273	$ 97,123	$ (347,049)

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Defined Benefit Pension Policies (Continued)

Net Pension Liability (Continued)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2019, the City recognized pension expense of $26,035. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Economic Experience	$ -	$ 114,264
Changes in Actuarial Assumptions	19,522	-
Difference Between Projected and Actual Investment Earnings	173,118	-
Contributions Subsequent to the Measurement Date	74,577	-
Total	$ 267,217	$ 114,264

$74,577 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ending September 30,	Amount
2019	$ 35,824
2020	(14,034)
2021	(4,193)
2022	60,779
Total	$ 78,376

NOTE 3 OTHER INFORMATION (CONTINUED)

C. Commitments and Contingencies

Contingencies

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

Litigation

The City is subject to certain legal proceedings in the normal course of operations. In the opinion of management, the aggregate liability, if any, with respect to potential legal actions will not materially adversely affect the City's financial position, results of operations, or cash flows.

D. Subsequent Events

On November 5, 2019, the City issued City of Joshua, Texas General Obligation Refunding Bonds, Series 2019 in the amount of $$2,505,000 which refunded the outstanding amounts on the General Obligation Bonds, Series 2010. These bonds mature in annual installments from 2020 to 2030.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF JOSHUA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE –BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes:				
Property	$ 2,071,925	$ 2,003,010	$ 2,002,287	$ (723)
Sales	679,945	771,850	761,684	(10,166)
Alcoholic Beverage	400	1,450	1,450	-
Fire District	141,000	141,000	145,512	4,512
Franchise Fees	349,235	365,170	368,678	3,508
Fines and Forfeitures	148,525	137,200	162,486	25,286
Grants and Contributions	2,000	15,185	18,170	2,985
Charges For Services	244,955	669,375	684,404	15,029
Investment Earnings	2,000	6,500	6,934	434
Miscellaneous	68,430	105,120	95,983	(9,137)
Total Revenues	3,708,415	4,215,860	4,247,588	31,728
EXPENDITURES				
Current:				
General Government	901,310	947,735	956,789	(9,054)
Public Safety	1,133,465	1,074,770	1,053,935	20,835
Public Works	683,725	619,815	606,283	13,532
Municipal Court	155,200	137,415	136,792	623
Development Services	284,945	621,895	696,751	(74,856)
Animal Control	160,400	157,250	157,605	(355)
Fire Department	415,030	388,025	389,313	(1,288)
Debt Service	121,310	31,035	31,032	3
Capital Outlay	72,130	88,875	96,976	(8,101)
Total Expenditures	3,927,515	4,066,815	4,125,476	(58,661)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(219,100)	149,045	122,112	(26,933)
OTHER FINANCING SOURCES (USES)				
Transfers In	261,970	169,885	166,885	(3,000)
Transfers Out	(199,115)	(199,115)	(199,000)	115
Total Other Financing Sources (Uses)	62,855	(29,230)	(32,115)	(2,885)
NET CHANGE IN FUND BALANCES	(156,245)	119,815	89,997	(29,818)
Fund Balances - Beginning of Year	1,579,230	1,579,230	1,579,230	-
FUND BALANCES - END OF YEAR	$ 1,422,985	$ 1,699,045	$ 1,669,227	$ (29,818)

See accompanying Note to Required Supplementary Information.

CITY OF JOSHUA, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
YEAR ENDED DECEMBER 31, 2019

Plan Year	2015	2016	2017	2018
A. Total Pension Liability				
Service Cost	$ 207,231	$ 222,255	$ 207,242	$ 217,867
Interest (on the Total Pension Liability)	164,060	186,581	203,201	224,113
Difference Between Expected and Actual Experience	(4,751)	(61,172)	18,030	(126,923)
Change of Assumptions	105,326	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(42,673)	(75,189)	(112,687)	(135,258)
Net Change in Total Pension Liability	429,193	272,475	315,786	179,799
Total Pension Liability - Beginning	2,261,434	2,690,627	2,963,102	3,278,888
Total Pension Liability - Ending (a)	$ 2,690,627	$ 2,963,102	$ 3,278,888	$ 3,458,687
B. Plan Fiduciary Net Position				
Contributions - Employer	$ 75,539	$ 87,382	$ 89,253	$ 100,554
Contributions - Employee	116,985	120,885	112,370	118,498
Net Investment Income	3,595	174,931	401,837	(101,524)
Benefit Payments, Including Refunds of Employee Contributions	(42,673)	(75,189)	(112,687)	(135,258)
Administrative Expenses	(2,189)	(1,974)	(2,078)	(1,958)
Other	(109)	(106)	(104)	(103)
Net Change in Plan Fiduciary Net Position	151,148	305,929	488,591	(19,791)
Plan Fiduciary Net Position – Beginning	2,435,687	2,586,835	2,892,764	3,381,355
Plan Fiduciary Net Position - Ending (b)	$ 2,586,835	$ 2,892,764	$ 3,381,355	$ 3,361,564
C. Net Pension Liability - Ending (a) - (b)	$ 103,792	$ 70,338	$ (102,467)	$ 97,123
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	96.14%	96.14%	103.13%	97.19%
E. Covered Payroll	1,671,215	1,726,924	1,605,284	1,692,826
F. Net Position Liability as a Percentage of Covered Employee Payroll	6.21%	4.07%	6.38%	5.74%

See accompanying Note to Required Supplementary Information.

CITY OF JOSHUA, TEXAS
SCHEDULE OF CONTRIBTIONS
YEAR ENDED DECEMBER 31, 2019

Fiscal Year	2015	2016	2017	2018
Actuarial Determined Contribution	$ 70,288	$ 79,966	$ 86,697	$ 96,073
Contributions in Relation to the Actuarially Determined Contribution	70,288	79,966	86,697	96,073
Contribution Deficiency (Excess)	-	-	-	-
Covered Employee Payroll	1,657,468	1,652,285	1,726,924	1,662,081
Contributions as a Percentage of Covered Employee Payroll	4.28%	4.84%	5.02%	5.78%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January 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	2.50%
Salary Increases	3.50% to 10.50% 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 of with BB.

Other Information

Notes	There were no benefit changes during the year.

See accompanying Note to Required Supplementary Information.

NOTE 1 GENERAL FUND BUDGETARY ANALYSIS

Budgetary Information

The City Council adopts an annual budget prepared on a non-GAAP basis. City management may transfer part or all of any unencumbered appropriation balance within specific categories (i.e., personnel, operations, supplies, or capital outlay) within programs; however, any revisions that alter the total expenditures of the categories must be approved by the City Council. The City, for management purposes, adopts budgets for all funds. Legal budgets are also adopted for all funds, and the legal level of control is the fund level.

All unused appropriations, except appropriations for capital expenditures, lapse at the close of the fiscal year to the extent they have not been expended or encumbered. An appropriation for capital expenditures shall continue in force until the purpose for which it was made is accomplished or abandoned. No supplemental budgetary appropriations occurred in the Debt Service Fund or in the General Fund. Revised budgets, if any, are used for budget versus actual comparisons.

OTHER SUPPLEMENTARY INFORMATION

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CITY OF JOSHUA, TEXAS
BUDGETARY COMPARISON SCHEDULE – BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Property Taxes	$ 769,780	$ 899,615	$ 900,461	$ 846
EXPENDITURES				
Current:				
Debt Service - Principal	650,000	650,000	650,000	-
Debt Service - Interest	268,765	268,765	268,765	-
Total Expenditures	918,765	918,765	918,765	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(148,985)	(19,150)	(18,304)	846
OTHER FINANCING SOURCES (USES)				
Transfers In	100,575	100,575	100,575	-
Total Other Financing Sources (Uses)	100,575	100,575	100,575	-
NET CHANGE IN FUND BALANCES	(48,410)	81,425	82,271	846
Fund Balances - Beginning of Year	249,519	249,519	249,519	-
FUND BALANCES - END OF YEAR	$ 201,109	$ 330,944	$ 331,790	$ 846

CITY OF JOSHUA, TEXAS
BUDGETARY COMPARISON SCHEDULE – BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
TYPE A ECONOMIC DEVELOPMENT CORPORATION
YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Sales Tax	$ 339,975	$ 385,925	$ 377,656	$ (8,269)
Investment Earnings	250	700	807	107
Miscellaneous	-	8,280	-	(8,280)
Total Revenues	340,225	394,905	378,463	(16,442)
EXPENDITURES				
Current:				
Economic Development	63,250	14,545	34,657	(20,112)
Debt Service	225,625	225,625	225,620	5
Total Expenditures	288,875	240,170	260,277	(20,107)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	51,350	154,735	118,186	3,665
OTHER FINANCING SOURCES (USES)				
Transfers Out	(30,000)	(30,000)	(30,000)	-
Total Other Financing Sources (Uses)	(30,000)	(30,000)	(30,000)	-
NET CHANGE IN FUND BALANCES	21,350	124,735	88,186	3,665
Fund Balances - Beginning of Year	231,408	231,408	231,408	231,408
FUND BALANCES - END OF YEAR	$ 252,758	$ 356,143	$ 319,594	$ 235,073

CITY OF JOSHUA, TEXAS
BUDGETARY COMPARISON SCHEDULE – BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
TYPE B ECONOMIC DEVELOPMENT CORPORATION
YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Sales Tax	$ 339,975	$ 385,925	$ 377,656	$ (8,269)
Investment Earnings	500	1,315	1,469	154
Miscellaneous	20,000	16,270	16,381	111
Total Revenues	360,475	403,510	395,506	(8,004)
EXPENDITURES				
Economic Development	26,500	20,500	22,546	(2,046)
Total Expenditures	26,500	20,500	22,546	(2,046)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	333,975	383,010	372,960	(5,958)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(332,545)	(240,460)	(237,460)	3,000
Total Other Financing Sources (Uses)	(332,545)	(240,460)	(237,460)	3,000
NET CHANGE IN FUND BALANCES	1,430	142,550	135,500	(2,958)
Fund Balances - Beginning of Year	32,643	32,643	32,643	32,643
FUND BALANCES - END OF YEAR	$ 34,073	$ 175,193	$ 168,143	$ 29,685

CITY OF JOSHUA, TEXAS
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	Court Security	Court Technology	Hotel Occupancy	Total Other Governmental Funds
ASSETS				
Receivables, Net	$ -	532	$ 3,923	$ 4,455
Restricted Cash and Cash Equivalents	20,789	2,389	191,985	215,163
Due from Other Funds	-	3,412	-	3,412
Total Assets	$ 20,789	$ 6,333	$ 195,908	$ 223,030
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	3,000	$ -	$ -	$ 3,000
Due to Other Funds	-	3,108	374	3,482
Total Liabilities	3,000	3,108	374	6,482
FUND BALANCES				
Restricted for:				
Court Security	17,789	-	-	17,789
Court Technology	-	3,225	-	3,225
Tourism	-	-	195,534	195,534
Unassigned	-	-	-	-
Total Fund Balances	17,789	3,225	195,534	216,548
Total Liabilities and Fund Balances	$ 20,789	$ 6,333	$ 195,908	$ 223,030

CITY OF JOSHUA, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	Court Security	Court Technology	Hotel Occupancy	Total Other Governmental Funds
REVENUES				
Hotel Occupancy Taxes	$ -	$ -	$ 44,838	$ 44,838
Fines and Forfeitures	3,850	5,135	-	8,985
Total Revenues	3,850	5,135	44,838	53,823
EXPENDITURES				
Current:				
Municipal Court	3,000	2,888	-	5,888
Total Expenditures	3,000	2,888	-	5,888
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	850	2,247	44,838	47,935
OTHER FINANCING SOURCES (USES)				
Transfers In	-	1,500	-	1,500
Transfers Out	(1,500)	-	-	(1,500)
Total Other Financing Sources (Uses)	(1,500)	1,500	-	-
NET CHANGE IN FUND BALANCES	(650)	3,747	44,838	47,935
Fund Balances - Beginning of Year	18,439	(522)	150,696	168,613
FUND BALANCES - END OF YEAR	$ 17,789	$ 3,225	$ 195,534	$ 216,548

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INTERNAL CONTROL REPORT

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Joshua, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise City of Joshua, Texas's basic financial statements, and have issued our report thereon dated April 7, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Joshua's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2019-001 that we consider to be a significant deficiency.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Joshua's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Worth, Texas
April 7, 2020

FINDING 2019-001

Type of Finding: Significant Deficiency in Internal Control

Criteria or specific requirement: The City did not prepare its own financial statements.

Condition: CLA prepared the financial statements of the City in conformance with accounting principles generally accepted in the United States of America.

Context: The City does not currently prepare its own financial statements, including all of the required financial statement disclosures and reporting entries to properly reflect restrictions on net position. However, staff has sufficient skills, knowledge, and experience to review the financial statements and note disclosures to determine their accuracy and completeness.

Cause: As part of a time/cost savings the City requested the auditor to prepare the financial statements.

Effect: The design of the internal controls over the financial reporting process could affect the ability of the City to report their financial data consistently with the assertions of management in the financial statements.

Repeat Finding: This is a prior year finding that has not been remedied.

Recommendation: The City should weigh the costs and benefits involved with training personnel to draft its own financial statements in conformance with accounting principles generally accepted in the United States of America.

Views of responsible officials: There is no disagreement with the audit finding.

Financial Advisory Services
Provided By:

SAMCO Capital