NEW ISSUE BOOK-ENTRY-ONLY Rating: S&P: “AA”

(See “OTHER PERTINENT INFORMATION - Rating”, herein)

OFFICIAL STATEMENT
Dated: August 18, 2020

In the opinion of McCall, Parkhurst & Horton, L.L.P., Bond Counsel to the City, interest on the Certificates will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings, and court decisions existing on the date of the initial delivery of the Certificates, subject to the matters described under “TAX MATTERS” herein.

$17,345,000
CITY OF SAGINAW, TEXAS
(Tarrant County)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2020

Dated Date: August 15, 2020 **Due: September 1, as shown on page ii**

The City of Saginaw, Texas (the “City”) $17,345,000 Combination Tax and Revenue Certificates of Obligation, Series 2020 (the “Certificates”) are being issued pursuant to the Constitution and laws of the State of Texas (the “State”), including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, an ordinance (the “Ordinance”) adopted by the City Council of the City and the City’s Home Rule Charter. (See “THE CERTIFICATES - Authority for Issuance” herein.)

The Certificates constitute direct obligations of the City payable from a combination of the levy and collection of an annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and a limited pledge of the surplus net revenues derived from the operation of the City’s combined Waterworks and Sewer System (the “System”). (See “THE CERTIFICATES - Security for Payment” herein.)

Interest on the Certificates will accrue from August 15, 2020 (the "Dated Date") as shown above and will be payable on March 1, 2021, and on each September 1 and March 1 thereafter, until maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Certificates 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, New York, New York (“DTC”). DTC will act as securities depository (the “Securities Depository”). Book-entry interests in the Certificates will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof. Purchasers of the Certificates (“Beneficial Owners”) will not receive physical delivery of certificates representing their interest in the Certificates purchased. So long as DTC or its nominee is the registered owner of the Certificates, the principal of and interest on the Certificates will be payable by BOKF, NA, Dallas, Texas, as Paying Agent/Registrar, to DTC, 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 Certificates. (See “BOOK-ENTRY-ONLY SYSTEM” herein.)

Proceeds from the sale of the Certificates will be used to pay all or a portion of the City’s contractual obligations incurred in connection with (i) constructing, reconstructing, and improving streets, roads and sidewalks, including related drainage, utility relocation, signalization, landscaping, lighting and signage; (ii) constructing, equipping and improving fire stations, and (iii) legal, fiscal and engineering fees in connection with such projects and the Certificates. (See “THE CERTIFICATES - Use of Certificate Proceeds” herein.)

The City reserves the right to redeem the Certificates maturing on and after September 1, 2030, on September 1, 2029, or any date thereafter, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, at the redemption price of par plus accrued interest as further described herein. (See “THE CERTIFICATES - Redemption Provisions” herein.)

STATED MATURITY SCHEDULE
(On Page ii)

The Certificates are offered for delivery, when, as and if issued and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel. Certain legal matters will be passed upon for the underwriters named below (the “Underwriters”) by Locke Lord LLP, Dallas, Texas, as counsel to the Underwriters. (See Appendix C – Form of Legal Opinion of Bond Counsel.) (See “OTHER PERTINENT INFORMATION - Legal Matters” herein). It is expected that the Certificates will be available for delivery through the facilities of DTC on or about September 16, 2020.

HILLTOPSECURITIES **FROST BANK**

STATED MATURITY SCHEDULE
(Due September 1)
Base CUSIP – 786820[(a)]

Stated Maturity September 1	Principal Amount	Interest Rate (%)	Initial Yield (%)	CUSIP Suffix[(a)]
2021	$ 35,000	3.000	0.260	A91
2022	100,000	3.000	0.290	B25
2023	100,000	3.000	0.330	B33
2024	425,000	2.000	0.400	B41
2025	800,000	2.000	0.500	B58
2026	815,000	3.000	0.620	B66
2027	840,000	3.000	0.760	B74
2028	865,000	3.000	0.880	B82
2029	890,000	4.000	1.000	B90
2030	925,000	4.000	1.070[(b)]	C24
2031	960,000	4.000	1.170[(b)]	C32
2032	1,005,000	4.000	1.250[(b)]	C40
2033	1,040,000	4.000	1.330[(b)]	C57
2034	1,080,000	4.000	1.380[(b)]	C65
2035	1,125,000	4.000	1.430[(b)]	C73
2036	1,175,000	4.000	1.470[(b)]	C81
2037	1,215,000	4.000	1.500[(b)]	C99
2038	1,265,000	4.000	1.540[(b)]	D23
2039	1,320,000	4.000	1.580[(b)]	D31
2040	1,365,000	4.000	1.620[(b)]	D49

(Interest to accrue from the Dated Date)

The City reserves the right to redeem the Certificates maturing on and after September 1, 2030, on September 1, 2029, or any date thereafter, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, at the redemption price of par plus accrued interest as further described herein. (See “THE CERTIFICATES - Redemption Provisions” herein.)

(a) *CUSIP numbers are included solely for the convenience of the owners of the Certificates. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (“CGS”), 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 Underwriters or the Financial Advisor is responsible for the selection or the correctness of the CUSIP numbers set forth herein.*

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

CITY OF SAGINAW, TEXAS
333 McLeroy Blvd.
Saginaw, Texas 79070
817-232-4640

ELECTED OFFICIALS

Name	Position	On Council Since	Term Expires May	Occupation
Todd Flippo	Mayor	2008	2021	Scientist – Alcon Labs
Valerie Tankersley-Junkersfield	Mayor Pro-Tem, Place 3	2014	2022	Day Care Owner
Charles Beasley	Council Member, Place 1	2019	2022	IT Software Developer
Patrick Farr	Council Member, Place 2	2015	2021	Business Owner
Charles Tucker	Council Member, Place 4	2018	2023	Retired
Cindy Bighorse	Council Member, Place 5	2017	2022	Retired
Mary Copeland	Council Member, Place 6	2017	2023	Retired

ADMINISTRATION

Name	Position	Years With The City
Gabe Reaume	City Manager	2 years
Dolph Johnson	Assistant City Manager	23 years
Kim Quin	Finance Director	8 years
Janice England	City Secretary	36 years
Rick Trice	Director of Public Works	3 years
Lee Howell	Police Chief	2 years
Doug Spears	Fire Chief	25 years

CONSULTANTS AND ADVISORS

Bond Counsel	McCall, Parkhurst & Horton L.L.P. Dallas, Texas
Certified Public Accountants	Weaver and Tidwell, L.L.P. Dallas, Texas
Financial Advisor	SAMCO Capital Markets, Inc. San Antonio, Texas

For Additional Information Please Contact:

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Finance Director
City of Saginaw
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Saginaw, Texas 79070
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kquin@saginawtx.org

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Senior Managing Director
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San Antonio, Texas 78209
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Managing Director
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afriedman@samcocapital.com

USE OF INFORMATION IN THE OFFICIAL STATEMENT

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

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

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

The Underwriters have provided the following statement for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

NONE OF THE CITY, THE UNDERWRITERS OR ITS FINANCIAL ADVISOR MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC") OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION HAS BEEN PROVIDED BY DTC.

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

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

TABLE OF CONTENTS

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

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 Certificates 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 City	The City of Saginaw, Texas (the "City"), located in Tarrant County is a political subdivision of the State of Texas (the "State") and operates under a Mayor-Council-Manager form of government with a City Council comprised of seven members including the Mayor. All seven Council members are elected at-large for three year staggered terms. The City's 2010 census was 19,806. The City's current estimated population is 23,090. (See "Appendix B - General Information Regarding the City of Saginaw, Texas and Tarrant County, Texas" herein.)
The Certificates	The Certificates are being issued pursuant to the Constitution and laws of the State, including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, an ordinance (the "Ordinance") adopted by the City Council, and the City's Home Rule Charter. (See "THE CERTIFICATES - Authority for Issuance" herein.)
Paying Agent/Registrar	The initial Paying Agent/Registrar for the Certificates is BOKF, NA, Dallas Texas.
Security	The Certificates constitute direct obligations of the City, payable from a combination of (i) the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City and (ii) a limited pledge (not to exceed $1,000) of the surplus net revenues of the City's waterworks and sewer system, as provided in the Ordinance (see "THE CERTIFICATES – Security for Payment").
Redemption Provision	The City reserves the right, at its sole option, to redeem Certificates stated to mature on and after September 1, 2030, on September 1, 2029, or any date thereafter, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, at the price of par plus accrued interest to the date fixed for redemption. (See "THE CERTIFICATES - Redemption Provisions" herein.)
Tax Matters	In the opinion of Bond Counsel, the interest on the Certificates will be excludable from gross income for federal tax purposes under statutes, regulations, published rulings and court decisions existing on the date of the initial delivery of the Certificates, subject to the matters described under "TAX MATTERS" herein. (See "TAX MATTERS" for a discussion of the Opinion of Bond Counsel and "APPENDIX C - FORM OF LEGAL OPINION OF BOND COUNSEL" herein.)
Use of Certificate Proceeds	Proceeds from the sale of the Certificates will be used to pay all or a portion of the City's contractual obligations incurred in connection with (i) constructing, reconstructing, and improving streets, roads and sidewalks, including related drainage, utility relocation, signalization, landscaping, lighting and signage; (ii) constructing, equipping and improving fire stations, and (iii) legal, fiscal and engineering fees in connection with such projects and the Certificates. (See "THE CERTIFICATES - Use of Certificate Proceeds" herein.)
Book-Entry-Only System	The City intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York ("DTC") described herein. No physical delivery of the Certificates will be made to the beneficial owners of the Certificates. Such Book-Entry-Only System may affect the method and timing of payments on the Certificates and the manner the Certificates may be transferred. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)
Rating	S&P Global Ratings, a division of Standard & Poor's Financial Services LLC("S&P") has assigned a rating of "AA" to the Certificates. An explanation of the significance of such rating may be obtained from S&P. (See "OTHER PERTINENT INFORMATION - Rating" herein.)
Issuance of Additional Debt	The City may issue up to $50,000,000 in debt over the course of the next 24-36 months, including this debt issuance, and subject to approval by the voters through a general obligation bond election. Except for the Certificates, there are no definitive plans for proceeding at this time.
Payment Record	The City has never defaulted on the payment of its general obligation or revenue debt.
Delivery	When issued, anticipated on or about September 16, 2020.
Legality	Delivery of the Certificates is subject to the approval by the Attorney General of the State and the rendering of an opinion as to legality by McCall, Parkhurst & Horton L.L.P., Bond Counsel, Dallas, Texas.

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INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by the City of Saginaw, Texas (the "City") of its $17,345,000 Combination Tax and Revenue Certificates of Obligation, Series 2020 (the "Certificates") identified on the cover page hereof.

The City is a political subdivision of the State of Texas (the "State") and operates as a home-rule municipality under the statutes and the constitution of the State. The Certificates are being issued pursuant to the Constitution and general laws of the State, an ordinance (the "Ordinance") adopted by the City Council of the City (the "City Council") authorizing the issuance of the Certificates, and the City's Home Rule Charter. (See "THE CERTIFICATES - Authority for Issuance" herein.)

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 Certificates and certain information about the City 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 from the City or the Financial Advisor noted on page iii hereof.

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, including: limiting social gatherings, restricting eating or drinking at bars, restaurants, and food courts and visiting gyms, and closing school districts throughout the State through end of the 2019-2020 school year. In addition to the actions by the State and federal officials, certain local officials, including Tarrant County, 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 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 future property values and/or the collection of sales and other excise taxes, charges, and fees within the City as well as the assets of City pension funds. See "AD VALOREM PROPERTY TAXATION". The Certificates are secured, in part, by an ad valorem tax (within the limits prescribed by law), and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Certificates and the City's operations and maintenance expenses. 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 taxes, utility system revenue and other fees and charges may negatively impact the City's operating budget and overall financial condition.

The financial and operating data contained herein 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 CERTIFICATES

General

The Certificates will be dated August 15, 2020 (the "Dated Date"). The Certificates are stated to mature on March 1 in the years and in the principal amounts set forth on page ii hereof. The Certificates shall bear interest from their Dated Date on the unpaid principal amounts, and the amount of interest to be paid with respect to each payment period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Certificates will be payable on March 1, 2021, and on each September 1 or March 1 thereafter until maturity or prior redemption. Principal is payable at the designated offices of the "Paying Agent/Registrar" for the Certificates, initially BOKF, NA, Dallas, Texas. Interest on the Certificates shall be paid to the registered owners whose names appear on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (as hereinafter defined) and shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk of, the registered owner. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to be closed, 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.

Initially, the Certificates will be registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described below. No physical delivery of the Certificates will be made to the Beneficial Owners. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will distribute the amounts received to the appropriate DTC Participants, who shall in turn make payment to the Beneficial Owners of the Certificates. Such Book-Entry-Only System may change the method and timing of payment for the Certificates and the method of transfer. See "BOOK-ENTRY-ONLY SYSTEM" below for a more complete description of such System.

Authority for Issuance

The Certificates are being issued pursuant to the Constitution and general laws of the State, including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, the Ordinance and the City's Home Rule Charter.

Security for Payment

The Certificates constitute direct obligations of the City, payable from a combination of (i) the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City and (ii) a limited pledge (not to exceed $1,000) of the surplus net revenues of the City's waterworks and sewer system, as provided in the Ordinance. (See "CITY APPLICATION OF THE PROPERTY TAX CODE" herein.)

Tax Rate Limitations

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, annual direct ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limit prescribed by law. Article XI, Section 5, of the Texas Constitution applicable to home-rule cities is applicable to the City, and limits the maximum ad valorem tax rate of the City to $2.50 per $100 taxable assessed valuation for all City purposes. The City's Home Rule Charter places a limit on the total ad valorem tax rate which may be levied for both operating and debt purposes of $1.50 per $100 taxable assessed valuation.

Use of Certificate Proceeds

Proceeds from the sale of the Certificates will be used to pay all or a portion of the City's contractual obligations incurred in connection with (i) constructing, reconstructing, and improving streets, roads and sidewalks, including related drainage, utility relocation, signalization, landscaping, lighting and signage; (ii) constructing, equipping and improving fire stations, and (iii) legal, fiscal and engineering fees in connection with such projects and the Certificates.

Redemption Provisions

Optional Redemption: The City reserves the right, at its option, to redeem the Certificates maturing on and after September 1, 2030 on September 1, 2029, or any date thereafter, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof (and, if within a stated maturity, selected at random and by lot by the Paying Agent/Registrar), at the redemption price of par plus accrued interest to the date fixed for redemption.

Not less than thirty (30) days prior to a redemption date for the Certificates, the City shall cause a notice of such redemption to be sent by United States mail, first-class postage prepaid, to the registered owners of each Certificate 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. ANY NOTICE OF REDEMPTION SO MAILED TO THE REGISTERED OWNERS WILL BE DEEMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER ONE OR MORE OF THE REGISTERED OWNERS FAILED TO

RECEIVE SUCH NOTICE. 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 Certificates or portions thereof which are to be so redeemed. If such notice of redemption is given and any other condition to redemption satisfied, all as provided above, the Certificates or portion thereof which are to be 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.

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

The Paying Agent/Registrar and the City, so long as a Book-Entry-Only System is used for the Certificates, will send any notice of redemption, notice of proposed amendment to the Certificates or other notices with respect to the Certificates 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 Certificates called for redemption or any other action premised on any such notice. Redemption of portions of the Certificates by the City will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Certificates held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC direct participants and indirect participants may implement a redemption of such Certificates from the Beneficial Owners. Any such selection of Certificates the City has called for redemption will not be governed by the Ordinance and will not be conducted by the City or the Paying Agent/Registrar. Neither the City 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 Certificates or the providing of notice to DTC direct participants, indirect participants, or Beneficial Owners of the selection of portions of the Certificates for redemption. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Payment Record

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

Legality

The Certificates are offered when, as and if issued, subject to the approvals of legality by the Attorney General of the State and McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel. A form of the legal opinion of Bond Counsel appears in Appendix C attached hereto.

Defeasance

The Ordinance provides for the defeasance of the Certificates when the payment of the principal of and premium, if any, on the Certificates, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or otherwise) is provided by irrevocably depositing with the Paying Agent/Registrar or authorized escrow agent, in trust (1) money sufficient to make such payment and/or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times to ensure 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 Certificates. The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance. The Ordinance provides that "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Certificates. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the City authorizes the defeasance of the Certificates, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that, on the date the City authorizes the defeasance of the Certificates, have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Certificates. Because the Ordinance does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used for defeasance purposes or that for any other Defeasance Security will be maintained at any particular rating category.

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

Amendments

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

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

Default and Remedies

The Ordinance establishes specific events of default with respect to the Certificates. If the City defaults in the payment of the principal of or interest on the Certificates when due or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City, the failure to perform which materially, adversely affects the rights of the owners of the Certificates, including but not limited to, their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the Ordinance provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Certificates or the Ordinance and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year.

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

On June 30, 2006 Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W. 3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in “clear and unambiguous language.” Because it is unclear whether the Texas legislature has effectively waived the City’s sovereign immunity from a suit for money damages, holders of the Certificates may not be able to bring such a suit against the City for breach of the covenants in the Certificates or in the Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City’s property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. In *Tooke*, the Court noted the enactment in 2005 of sections 271.151 through .160, Texas Local Government Code (the “Local Government Immunity Waiver Act”), which, according to the Court, waives “immunity from suit for contract claims against most local governmental entities under certain circumstances.” The Local Government Immunity Waiver Act covers cities and relates to contracts entered into by cities for providing goods and services to cities.

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

As noted above, the Ordinance provides that holders of the Certificates 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, holders of the Certificates 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 Certificates are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the duties of DTC with regard to ownership of the Certificates. Initially, the only registered owner of the Certificates will be Cede & Co., as DTC's nominee.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar for the Certificates is BOKF, NA, Dallas, Texas. 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 a bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. Upon a change in the Paying Agent/Registrar for the Certificates, the City agrees to promptly cause written notice thereof to be sent to each registered owner of the Certificates by United States mail, first-class, postage prepaid.

The Certificates 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 to the registered owners appearing on the registration books of the Paying Agent/Registrar on the Record Date (as defined below) by check or draft mailed on March 1, 2021, and on each September 1 and March 1 thereafter until maturity or prior redemption of the Certificates, by the Paying Agent/Registrar to the last known address of the registered owner 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 of a Certificate will be paid to the registered owner at its stated maturity or its prior redemption upon presentation to the Paying Agent/Registrar. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. So long as Cede & Co. is the registered owner of the Certificates, payments of principal of and interest on the Certificates will be made as described in "BOOK-ENTRY-ONLY SYSTEM" herein.

Record Date

The record date ("Record Date") for interest payable to the registered owner of a Certificate on any Interest Payment Date means the fifteenth day of the month next preceding such Interest Payment Date.

In the event of a non-payment of interest on an Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (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 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

The Certificates are initially to be issued utilizing the Book-Entry-Only System of DTC. In the event such Book-Entry-Only System should be discontinued, printed certificates will be issued to the owners of the Certificates and thereafter, the Certificates may be transferred, registered, and assigned on the registration books of the Paying Agent/Registrar only upon presentation and surrender of such printed certificates to the Paying Agent/Registrar, and such 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 Certificate may be assigned by the execution of an assignment form on the Certificate or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Certificate or Certificates will be delivered by the Paying Agent/Registrar in lieu of the Certificates being transferred or exchanged at the designated 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 Certificates issued in an exchange or transfer of Certificates 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 Certificates 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 Certificates 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 Certificate or Certificates surrendered for exchange or transfer. (See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be initially utilized in regard to ownership and transferability of the Certificates.)

Limitation on Transfer or Exchange of Certificates

The Paying Agent/Registrar shall not be required to transfer or exchange any Certificates or any portion thereof 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 with respect to any Certificate or portion called for redemption prior to maturity, within 45 days prior to its redemption date, provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Certificate called for redemption.

Replacement Certificates

In the Ordinance, provision is made for the replacement of mutilated, destroyed, lost, or stolen Certificates upon surrender of the mutilated Certificates to the Paying Agent/Registrar, or the receipt of satisfactory evidence of destruction, loss, or theft, and the receipt by the City and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The City may require payment of taxes, governmental charges, and other expenses in connection with any such replacement.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and credited by DTC while the Certificates are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City and the Financial Advisor 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 Certificates, 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 Certificates), 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 (the "SEC"), 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 Certificates. The Certificates will be issued as fully-registered Certificates registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the 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 Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates 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 Certificates 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 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates 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 for the Certificates shall be sent to DTC. If less than all of the Certificates 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 Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Direct Participant 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 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Certificates 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 Certificates held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment on the Certificates 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 Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Certificates are required to be printed and delivered. The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Certificates will be printed and delivered.

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

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Certificates 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 Certificates, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE CITY

The City invests funds in instruments authorized by Texas law, specifically the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "PFIA"), in accordance with and investment policies approved by the City Council. The City Council appoints the Finance Director as the "Investment officer" of the City. Both State law and the City's investment policies are subject to change.

Under Texas law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the "FDIC") or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund (the "NCUSIF") or their respective successors; (8) interest-bearing banking deposits, other than those described in clause (7), that (i) are invested through a broker or institution with a main office or branch office in this state and selected by the City in compliance with the PFIA, (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the City's account, (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States, and (iv) the City appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (8)(i) above, a bank, or a broker-dealer; (9) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8), above, or secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through a broker or institution that has a main office or branch office in the State and selected by the City in compliance with the PFIA, (b) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the account of the City, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (d) the City appoints, in compliance with the PFIA, the institution in clause (9)(ii)(a) above, a bank, or broker-dealer as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described by clauses (1) or (12), which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with a stated maturity of 270 days or less, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least A-1 or P-1 or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission and complies with Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the City is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract; and (16) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent, or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool, (iv) the terms of a loan made under the program require that the securities being held as collateral be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party designated by the City, (v) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State, and (vi) the agreement to lend securities has a term of one year or less.

If specifically authorized in the authorizing document, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or Aaam or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

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

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

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

Authorized Investments

The City maintains portfolios which utilize specific investment strategy consideration, designed to address the unique characteristics of the following fund groups represented in the investment portfolios:

- Operating Funds and Commingled Pools Containing Operating Funds
- Debt Service Funds
- Debt Service Reserve Funds
- Capital Projects and Special Purpose Funds

All investment instruments must be approved by resolution of the City Council. Assets of funds of the City may be invested in the following instruments:

- US Treasury obligations with stated maturities not to exceed three (3) years and not to exceed 100% of the overall portfolio;
- Obligations of US Government agencies and instrumentalities with stated maturities not to exceed three (3) years and not to exceed 60% of the overall portfolio;
- Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities with stated maturity not to exceed three years;
- Repurchase agreements and reverse repurchase agreements as defined by PFIA and collateralized by US Government Obligations and obligations of US Government Agencies and Instrumentalities, undertaken under an executed Master Repurchase Agreement with primary dealer and not to exceed six (6) months. The portfolio may not contain more than 40% repurchase agreements;
- Certificates of deposit issued by state and national banks domiciled in Texas that are guaranteed or insured by the FDIC or secured by obligation that are described in investment vehicles above and not to exceed 40% of the overall portfolio;
- Constant dollar investment pools as defined by the PFIA rated no lower than AAA or AAA-m or its equivalent by at least one national rating agency and with a weighted average maturity not to exceed sixty (60) days. All investment pools must be approved by resolution from the City Council; and
- No-load money market mutual funds as permitted by the PFIA.

Current Investments

State law does not require the City to periodically mark its investments to market price, and the City does not do so, other than annually upon the conclusion of each fiscal year, for the purpose of compliance with applicable accounting policies concerning the contents of the City's audited financial statements. Given the nature of its investments, the City does not believe that the market value of its investments differs materially from book value.

As of May 31, 2020, all the City's investable funds in the amount of $38,074,614 were invested in TexPool Money Market Accounts.

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.

The Texas State Comptroller of Public Accounts exercises oversight responsibility over the Texas Local Government Investment Pool ("TexPool"). Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed both of participants in TexPool and of the other persons who do not have a business relationship with TexPool. The advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAA by S&P. TexPool operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. As such, TexPool uses amortized cost to report net assets and share prices since that amount approximates fair value.

DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

Benefits

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

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the city were as follows:

Employee deposit rate	7%
Matching ratio (city to employee)	2 to 1
A member is vested after	5 years
Updated Service Credit	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI Repeating

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	56
Inactive employees entitled to but not yet receiving benefits	80
Active employees	150
	286

Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.44% and 21.33% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019, were $1,491,686 and were equal to the required contributions.

Net Pension Liability

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

Actuarial assumptions

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

Inflation 2.5% per year

Overall payroll growth 3.5% to 10.5% per year

Investment Rate of Return 6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103% and due to the size of the City, rates are multiplied by an additional factor of 100%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with 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 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.

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 if 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 weighing 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 of return for each major asset class are summarized in the following table:

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

Discount Rate

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

	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2017	$ 37,451,286	$ 29,393,535	$ 8,057,751
Changes for the year:			
Service cost	1,567,813	-	1,567,813
Interest	2,777,269	-	2,777,269
Change of benefit terms	3,431,070	-	3,431,070
Difference between expected and actual	(144,360)	-	(144,360)
Changes of assumptions	-	-	-
Contributions - employer	-	1,491,686	(1,491,686)
Contributions - employee	-	513,196	(513,196)
Net investment income	-	(880,810)	880,810
Benefit payments, including refunds of	(1,043,059	(1,043,059)	-
Administrative expense	-	(17,017)	17,017
Other changes	-	(889)	889
Net Changes	6,588,733	63,107	6,525,626
Balance at December 31, 2018	$ 44,040,019	$ 29,456,642	$ 14,583,377

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

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

	1% Decrease in (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
City's Net Pension Liability	$ 21,236,634	$ 14,583,377	$ 9,150,809

Pension Plan Fiduciary Net Position

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

Pension Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended September 30, 2019, the City recognized pension expense of $2,596,090.

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 & Actual Economic Experience	$ -	$ (531,981)
Changes in Actuarial Assumptions	33,012	-
Differences Between Projected & Actual Investment Earnings	1,510,121	990,832
Contributions Subsequent to the Measurement Date	1,452,702	-
Total	$ 2,995,835	$ (531,981)

$1,452,702 was reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ending December 30, 2019 (i.e. recognized in the City's financial statements for the year ended September 30, 2020). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	
2019	$ 326,539
2020	58,884
2021	116,609
2022	520,305
2023	(11,185)
Thereafter	-
Totals	1,011,152

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The City participates in a single employer, defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF) administered by the TMRS. The SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan.

The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of $7,500.

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	45
Inactive employees entitled to but not yet receiving benefits	14
Active employees	150
	209

Net OPEB Liability

The City's net OPEB liability of $332,532 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The net OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5% per year
Overall payroll growth	3.5% to 10.5% per year
Discount Rate	3.71%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103% and due to the size of the City, rates are multiplied by an additional factor of 100%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with 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.

Discount Rate

The discount rate was to measure the net OPEB liability was 3.71%. The discount rate was based on Fidelity Index's "20-Year Municipal GO AA Index" rate as of the measurement date.

	Total OPEB Liability
Balance at 12/31/2017	$ 343,342
Changes for the year:	
Service Cost	17,962
Interest	11,619
Change of Benefit Terms	-
Diff. Between Expected/Actual Experience	(13,397)
Changes of Assumptions or other inputs	(24,428)
Benefit payments	(2,566)
Net Changes	(10,810)
Balance at 12/31/2018	$ 332,532

Sensitivity of the net OPEB liability to changes in the discount rate

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

	1% Decrease in Discount Rate (2.71%)	Discount Rate (3.71%)	1% Increase in Discount Rate (4.71%)
City's OPEB Liability	$ 398,219	$ 332,532	$ 280,811

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

For the year ended September 30, 2019, the City recognized OPEB expense of $28,147.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected & Actual Economic Experience	$ -	$ (11,611)
Changes in Actuarial Assumptions		(1,320)
Contributions Subsequent to the Measurement Date	2,043	-
Total	$ 2,043	$ (12,931)

$2,043 was reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability for the measurement year ending December 30, 2019 (i.e. recognized in the City's financial statements for the year ended September 30, 2020). Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:"

Year ended December 31,	
2019	$ (1,434)
2020	(1,434)
2021	(1,434)
2022	(1,434)
2023	(1,434)
Thereafter	(5,761)
Total	$ (12,931)

AD VALOREM TAX PROCEDURES

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. 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 Tarrant Appraisal District (the "Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property (the "10% Homestead Cap"). See "Table 1 – Assessed Valuation" for the reduction in taxable valuation attributable to the 10% Homestead Cap.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity ("Productivity Value"). The same land may not be qualified as both agricultural and open-space land. See "Table 1 – Assessed Valuation" for the reduction in taxable valuation attributable to valuation by Productivity Value.

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 TAX PROCEDURES – Issuer and Taxpayer Remedies."

State Mandated Homestead Exemptions

State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action, and surviving spouses of first responders killed or fatally wounded in the line of duty. See "Table 1 – Assessed Valuation" for the reduction, if any, attributable to state mandated homestead exemptions.

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 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. See "Table 1 – Assessed Valuation" for the reduction, if any, attributable to local option homestead exemptions.

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. See "Table 1 – Assessed Valuation" for the reduction, if any, attributable to the local option freeze for the elderly and disabled.

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.

See "Table 1 – Assessed Valuation" for the reduction, if any, attributable to Freeport Property and/or Goods-in-Transit exemptions.

Other Exempt Property

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

Tax Increment Financing Zones

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

Tax Abatement Agreements

Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. See "CITY APPLICATION OF THE PROPERTY TAX CODE" for descriptions of any of the City's tax abatement agreements.

For a discussion of how the various exemptions described above are applied by the City, See "CITY APPLICATION OF THE PROPERTY TAX CODE" herein.

Public Hearing and Maintenance and Operation Tax Rate Limitations

The Following terms as used in this section have the meanings provided below:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Issuer and Taxpayer Remedies

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

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

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

The foregoing sections represents the City's current understanding of the recently adopted Senate Bill 2, however the City cannot represent at this time what impact such legislation may have on the City. The City may revise and update this information as more information about Senate Bill 2 and its specific impact on the City becomes available.

Issuer's Rights in the Event of Tax Delinquencies

Taxes levied by the City are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all State and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each local taxing unit, including the City, having power to tax the property. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes. At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two (2) years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

Penalties and Interest

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

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

(a) After July, the penalty remains at 12% and interest accrues at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid. A delinquent tax continues to accrue interest as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest penalty is to compensate the taxing unit for revenue lost because of the delinquency. In addition the taxing unit may contract with an attorney for the collection of delinquent taxes and the amount of compensation as set forth in such contract may not provide for a fee not to exceed 20% of the amount of delinquent tax, penalty, and interest collected. Under certain circumstances, taxes, which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed.

CITY APPLICATION OF THE PROPERTY TAX CODE

The City grants an exemption of $50,000 to the market value of the residence homestead of persons 65 years of age or older and exemption of $30,000 for the disabled. See Appendix A – Table 10, Page A-5 for a listing of the amounts of these exemptions.

The City does not grant an additional exemption of up to 20% of the market value of residence homesteads (minimum exemption of $5,000).

The City does not tax non-business personal property.

The City has contracted with the Tarrant County Tax Assessor/Collector for the collection of the City's property taxes.

Tarrant County does permit split payments, but discounts are not allowed.

The City does grant the Article VIII, Section 1-j ("freeport property") exemption.

The City does grant an exemption for "Goods-in-Transit".

The City does not participate in a Tax Increment Reinvestment Zone.

The City has not adopted the tax freeze for citizens who are disabled or are 65 years of age or older, which became a local option and subject to local referendum on January 1, 2004, as described above under "AD VALOREM TAX PROCEDURES – Local Option Freeze for the Elderly and Disabled" herein.

The City's Home Rule Charter places a limit of $1.50 per $100 assessed valuation on the total ad valorem tax rate, which may be levied for both operating and debt purposes.

The City has no tax abatement agreements. The City has entered into fourteen 380 agreements of which seven have been satisfied with a total of $21,030.19 in payments this fiscal year. The estimated total of the seven remaining agreements is $2,125,310 and will not all be paid in the current fiscal year. Businesses with which the City has current 380 agreements are: El Pasito Salon, Valvoline, Bud Starnes, Bright Living Saginaw Manager LLC, CFG Manufacturing LP, Applebee's, and AM & JK Development LLC.

ADDITIONAL TAX COLLECTIONS

Municipal Sales Tax Collections

The City has adopted the provisions of Chapter 34 of the Tax Code, as amended, which provides for the maximum levy of a one percent sales tax which may be used by the City for any lawful purpose except that the City may not pledge any of the anticipated sales tax revenue to secure the payment of the Certificates or other indebtedness. Net collections on a fiscal year basis are shown in Table 15 of Appendix A – Financial Information of the City.

Optional Sales Tax

The Tax Code provides certain cities and counties the option of assessing a maximum one-half percent (1/2%) sales 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 tax is approved and levied, the ad valorem property tax levy must be reduced by the amount of the estimated sales tax revenues to be generated in the current year. Further the Tax Code provides certain cities the option of assessing a maximum one-half percent (1/2%) sales tax on retail sales of taxable items for economic development purposes, if approved by a majority of the voters in a local option election.

At an election held on November 2, 1993, registered voters of the City approved the imposition of a one-half percent (1/2%) additional sales tax for property tax reduction. Levy of the ad valorem tax reduction sales tax began in October 1994.

At an election held in November 1997, registered voters of the City approved the creation of a Crime Control and Prevention District ("CCPD") and authorized the imposition of a one-half percent (½%) additional sales tax for crime prevention for five years. This authorization was renewed for an additional five years in May 2002. Levy of the original ½% crime prevention sales tax began in April 1998 and after initial renewal extended until April 2008.

On May 12, 2007, the City had an election in which registered voters approved the imposition of a three-eighths percent (3/8%) additional sales tax for crime prevention for ten years (a reduction from the original ½% authorized) and a one-eighth percent (1/8%) additional sales tax for street maintenance. Levy of these additional sales tax collections began in April 2008 and were extended until April 2028. See Table 15, page A-7 for the City's sales tax collections.

The City has not held an election regarding an additional sales tax for economic development purposes in accordance with provisions of Chapters 501, 502, 504 or 505, Texas Local Government Code, as amended.

TAX MATTERS

Opinion

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

In rendering its opinion, Bond Counsel to the City will rely upon (a) the City's federal tax certificate, and (b) covenants of the City with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Certificates and certain other matters. Failure of the City to comply with these representations or covenants could cause the interest on the Certificates to become includable in gross income retroactively to the date of issuance of the Certificates.

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

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

A ruling was not sought from the Internal Revenue Service by the City with respect to the Certificates or the facilities financed or refinanced with the proceeds of the Certificates. Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the representations of the City that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Certificates, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the Certificateholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

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

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

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

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

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

Collateral Federal Income Tax Consequences

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

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

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

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

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

State, Local and Foreign Taxes

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

Information Reporting and Backup Withholding

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

Future and Proposed Legislation

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The City will provide certain updated financial information and operating data to the MSRB on an annual basis. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1, 2, 3, 11, 12, 13, 14, and 20 of Appendix A. The City will update and provide this information within six months after the end of each fiscal year ending in and after 2020. The City will additionally provide audited financial statements when and if available, and in any event, within 12 months after the end of each fiscal year ending in or after 2020. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City will file unaudited financial statements within such 12 month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix D or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation.

The City's current fiscal year end is September 30. Accordingly, the City must provide updated information included in the above-referenced tables by the last day of March in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) must be provided by September 30 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the City otherwise would be required to provide financial information and operating data as set forth above.

All financial information, operating data, financial statements and notices required to be provided to the MSRB shall be provided in an electronic format and be accompanied by identifying information prescribed by the MSRB. Financial information and operating data to be provided as set forth above may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

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 Certificates 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 Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of holders of the Certificates, if material; (8) Certificate calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties. In addition, the City will provide timely notice of any failure by the City to provide annual financial information or operating data in accordance with their agreement described above under "Annual Reports".

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

For the purposes of the above described event notices (15) and (16), the term "financial obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii); provided however, that a "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

Availability of Information from MSRB

The City has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

Limitations and Amendments

The City has agreed to update information and to provide notices of 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 Certificates 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 Certificates may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its 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 Certificates in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Certificates 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 beneficial owners of the Certificates. The City may also repeal or amend its agreement if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but in either case only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the City amends its agreement, it must include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and data provided.

Compliance with Prior Agreements

During the last five years, the City has complied in all material respects with all continuing disclosure undertakings made by it in accordance with the Rule, except as follows: the City did not timely file defeasance notices in connection with the refundings of the City's Waterworks and Sewer System Revenue Bonds, Series 2006, Combination Tax and Revenue Certificates of Obligation, Series 2007, and Combination Tax and Revenue Certificates of Obligation, Series 2010.

OTHER PERTINENT INFORMATION

Registration and Qualification of Certificates for Sale

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

Litigation

In the opinion of the City Attorney, the City is party to one pending litigation. The City has a pending litigation matter that, if decided adversely to the City, could result in damages from $100,000 to $350,000. A statutory damage amount limitation applies to this case. Texas Municipal League Intergovernmental Risk Pool is providing a defense in this case, per its agreement with the City.

Future Debt Issuance

The City does not anticipate issuing any additional debt within the next twelve months.

Legal Investments and Eligibility to Secure Public Funds in Texas

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Certificates are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are real and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Certificates by municipalities or other political subdivisions or public agencies of the State, the PFIA requires that the Certificates be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "OTHER PERTINENT INFORMATION - Rating" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivision, and are legal security for those deposits to the extent of their fair market value. No review by the City has been made of the laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

No representation is made that the Certificates will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes. The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to any such persons or entities or which might otherwise limit the suitability of the Certificates for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Certificates for such purposes. Additionally, with respect to the Certificates, Section 271.051 of the Texas Local Government Code expressly provides that certificates of obligation approved by the Attorney General of Texas are legal authorized investments for banks, savings banks, trust companies, and savings and loan associations, insurance companies, fiduciaries, trustees, and guardians, and sinking funds of municipalities, counties, school districts, or other political corporations or subdivisions of the State.

Legal Matters

The City will furnish the Underwriters with a complete transcript of proceedings incident to the authorization and issuance of the Certificates, including the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the initial Certificate is a valid and legally binding obligation of the City, and based upon examination of such transcript of proceedings, the legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Certificates will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein.

Though it may represent the Financial Advisor and the Underwriters from time to time in matters unrelated to the issuance of the Certificates, Bond Counsel has been engaged by, and only represents, the City in the issuance of the Certificates. Except as noted below, Bond Counsel did not take part in the preparation of this Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein except that in its capacity as Bond Counsel, McCall, Parkhurst & Horton L.L.P., Dallas, Texas has reviewed the information under the captions and subcaptions “THE CERTIFICATES” (except for the subcaptions “Payment Record” and “Default and Remedies” as to which no opinion is expressed), “REGISTRATION, TRANSFER AND EXCHANGE”, “TAX MATTERS”, “CONTINUING DISCLOSURE OF INFORMATION” (except the information under the subcaption “Compliance with Prior Agreements” as to which no opinion is expressed), and the subcaptions “Registration and Qualification of Certificates for Sale”, “Legal Investments and Eligibility to Secure Public Funds in Texas”, and “Legal Matters” (excluding the last two sentences of the third paragraph thereof) under the caption “OTHER PERTINENT INFORMATION” in the Official Statement and such firm is of the opinion that the information relating to the Certificates and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Certificates, such information conforms to the Ordinance. 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 Certificates or which would affect the provision made for their payment or security, or in any manner questioning the validity of the Certificates will also be furnished.

The legal opinion of Bond Counsel will accompany the Certificates deposited with DTC or will be printed on the definitive Certificates in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriters by Locke Lord LLP, Dallas, Texas, as counsel to the Underwriter. The legal fee of such firm is contingent upon the sale and delivery of the Certificates.

The various legal opinions to be delivered concurrently with the delivery of the Certificates 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 from the transaction.

Rating

S&P Global Ratings (“S&P”) has assigned a rating of “AA” to the Certificates. Currently the City has an underlying rating of “AA” on its general obligation debt from S&P. An explanation of the significance of such rating may be obtained from the rating agency. A rating by a rating agency reflects only the view of such company 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 Certificates.

Financial Advisor

SAMCO Capital Markets, Inc. is employed as the Financial Advisor to the City in connection with the issuance of the Certificates. In this capacity, the Financial Advisor has compiled certain data relating to the Certificates and has assisted in drafting 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 City 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 Financial Advisor are contingent upon the issuance, sale and delivery of the Certificates.

Underwriting

The Underwriters have agreed, subject to certain conditions, to purchase the Certificates from the City at a price of $20,644,134.17 (representing the par amount of the Certificates of $17,345,000.00, plus a net reoffering premium of $3,414,982.15, and less an Underwriters’ discount of $115,847.98), and accrued interest on the Certificates in the amount of $55,261.80.

The Underwriters’ obligation is subject to certain conditions precedent. The Underwriters will be obligated to purchase all of the Certificates, if any of the Certificates are purchased. The Certificates may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Certificates into investment trusts) and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement pursuant to their respective responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their affiliates may have certain creditor and/or other rights against the City and its affiliates in connection with such activities. In the various course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Links to Websites

The City has provided links to websites in this Official Statement to allow investors independent access to information or expertise that may be of value. INFORMATION ON SUCH WEBSITES IS NOT INCORPORATED INTO THIS OFFICIAL STATEMENT BY REFERENCE OR OTHERWISE. The inclusion of any links does not imply a recommendation or endorsement of the information or views expressed within a website. The City has not participated in the preparation, compilation or selection of information or views in any website referenced in this Official Statement, and assumes no responsibility or liability for the information or views, or accuracy or completeness thereof, in any website referenced herein.

Forward-Looking Statements Disclaimer

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

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

Concluding Statement

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

This Official Statement has been approved by the City Council for distribution in accordance with the provisions of the Rule.

CITY OF SAGINAW, TEXAS

Todd Flippo
Mayor
City of Saginaw, Texas

ATTEST:

Janice England
City Secretary
City of Saginaw, Texas

APPENDIX A

FINANCIAL INFORMATION OF THE CITY

(This appendix contains quantitative financial information and operating data with respect to the City. The information is only a partial representation and does not purport to be complete. For further and more complete information, reference should be made to the original documents, which can be obtained from various sources, as noted.)

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FINANCIAL INFORMATION OF THE CITY

ASSESSED VALUATION **TABLE 1**

2020 Total Appraised Value of Taxable Property (100% of Actual)[(a)]		$	2,612,957,824
Less Exemptions / Value Loss:			
Absolute Exemptions	185,837,846		
Abatements	-		
Nominal Value	40,699		
Disabled Vets	23,137,459		
Freeport Inventory	45,520,105		
Over 65/Disabled	70,699,828		
Pollution Control	349,788		
Misc/Other	15,059,617		
Cases before ARB, Imcompletes, In process	73,803,256		414,448,598
2020 Certified Net Taxable Assessed Valuation		$	2,198,509,226

[(a)] *See "AD VALOREM TAX PROCEDURES" and "CITY APPLICATION OF THE TEXAS TAX CODE" in the Official Statement for a description of the City's taxation procedures.*

Source: Tarrant Appraisal District and the City.

GENERAL OBLIGATION BONDED DEBT **TABLE 2**

General Obligation Debt Principal Outstanding: (As of June 30, 2020)		
Combination Tax and Revenue Certificates of Obligation, Series 2010	$	85,000
General Obligation Refunding and Improvement Bonds, Series 2013		6,505,000
General Obligation Refunding Bonds, Series 2014		1,330,000
General Obligation Bonds, Series 2015		6,440,000
General Obligation Refunding Bonds, Series 2015		1,210,000
General Obligation Refunding Bonds, Series 2016		3,860,000
General Obligation Bonds, Series 2017		7,295,000
Tax Notes, Series 2019		2,000,000
General Obligation Refunding Bonds, Series 2019		1,880,000
General Obligation Refunding Bonds, Series 2020		1,135,000
Total Gross General Obligation Debt Principal Outstanding:	$	31,740,000
Current Issue General Obligation Debt Principal:		
Combination Tax and Revenue Certificates of Obligation, Series 2020 (the "Certificates")	$	17,345,000
Total **Gross** General Obligation Debt Principal Outstanding Following the Issuance of the Certificates	$	49,085,000
Less: Self-Supporting General Obligation Debt Principal		
General Obligation Refunding Bonds, Series 2014 (Approx. 15.78% UF)	$	210,000
General Obligation Refunding Bonds, Series 2015 (100% UF)		1,210,000
Total Self-Supporting General Obligation Debt Principal	$	1,420,000
Total **Net** General Obligation Debt Outstanding (Following the issuance of the Obligations):	$	47,665,000
General Obligation Interest and Sinking Fund Balance as of May 31, 2020	$	3,987,410
Ratio of General Obligation Debt Principal to 2020 Certified Net Taxable Assessed Valuation		2.23%
2020 Certified Net Taxable Assessed Valuation[(a)]	$	2,198,509,226
Population: 1980 - 5,736; 1990 - 8,551; 2000 - 12,374; 2010 - 19,806; Current Estimate		23,090
Per Capita 2020 Certified Net Taxable Assessed Valuation -	$	95,215
Per Capita **Gross** General Obligation Debt Principal -	$	2,126
Per Capita **Net** General Obligation Debt Principal -	$	2,064

[(a)] *See "AD VALOREM TAX PROCEDURES" and "CITY APPLICATION OF THE TEXAS TAX CODE" in the Official Statement for a description of the City's taxation procedures.*

OTHER OBLIGATIONS TABLE 3

Capital Lease Obligations

The City has no capital lease obligations at September 30, 2019.

NET TAXABLE ASSESSED VALUATION FOR TAX YEARS 2011-2020 TABLE 4

Year	Net Taxable Assessed Valuation	Change From Preceding Year Amount ($)	Percent
2011-12	1,192,700,025	80,333,589	7.22%
2012-13	1,164,124,528	(28,575,497)	-2.40%
2013-14	1,219,320,151	55,195,623	4.74%
2014-15	1,275,728,662	56,408,511	4.63%
2015-16	1,316,353,549	40,624,887	3.18%
2016-17	1,441,352,872	124,999,323	9.50%
2017-18	1,570,202,200	128,849,328	8.94%
2018-19	1,843,931,670	273,729,470	17.43%
2019-20	2,046,012,112	202,080,442	10.96%
2020-21*	2,198,509,226	152,497,114	7.45%

Source: Tarrant Appraisal District and the City.
** Preliminary Net Taxable Assessed Value*

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS TABLE 5

Fiscal Year 30-Sep	Currently Outstanding Debt Service	The Certificates Principal	The Certificates Interest	The Certificates Total	Combined Debt Service[(a)]	Less: Debt Paid from Utility Fund[(b)]	Net General Obligation Debt Service [(c)]
2020	$ 4,040,191	$ -	$ -	$ -	$ 4,040,191	$ 228,137	$ 3,812,054
2021	3,656,217	35,000	670,272	705,272	4,361,489	234,171	4,127,318
2022	3,478,114	100,000	640,700	740,700	4,218,814	240,006	3,978,808
2023	3,394,885	100,000	637,700	737,700	4,132,585	165,642	3,966,943
2024	3,076,954	425,000	634,700	1,059,700	4,136,654	167,672	3,968,982
2025	2,735,306	800,000	626,200	1,426,200	4,161,506	169,603	3,991,903
2026	2,619,935	815,000	610,200	1,425,200	4,045,135	166,435	3,878,700
2027	2,283,868	840,000	585,750	1,425,750	3,709,618	168,267	3,541,351
2028	1,734,552	865,000	560,550	1,425,550	3,160,102	169,603	2,990,499
2029	1,727,570	890,000	534,600	1,424,600	3,152,170	166,435	2,985,735
2030	1,723,388	925,000	499,000	1,424,000	3,147,388	168,267	2,979,121
2031	1,604,776	960,000	462,000	1,422,000	3,026,776	-	3,026,776
2032	1,610,674	1,005,000	423,600	1,428,600	3,039,274	-	3,039,274
2033	1,607,149	1,040,000	383,400	1,423,400	3,030,549	-	3,030,549
2034	1,041,370	1,080,000	341,800	1,421,800	2,463,170	-	2,463,170
2035	1,037,150	1,125,000	298,600	1,423,600	2,460,750	-	2,460,750
2036	530,450	1,175,000	253,600	1,428,600	1,959,050	-	1,959,050
2037	530,450	1,215,000	206,600	1,421,600	1,952,050	-	1,952,050
2038	-	1,265,000	158,000	1,423,000	1,423,000	-	1,423,000
2039	-	1,320,000	107,400	1,427,400	1,427,400	-	1,427,400
2040	-	1,365,000	54,600	1,419,600	1,419,600	-	1,419,600
	$ 38,636,239	$ 17,345,000	$ 8,689,272	$ 26,034,272	$ 64,467,272	$ 2,044,238	$ 62,423,034

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

[(b)] *Includes debt being paid from water and sewer system revenues. See Table 2, page A-1 for more detailed information.*

[(c)] *Excludes debt service paid from water and sewer revenues.*

TAX ADEQUACY (Includes Self-Supporting Debt) TABLE 6

2020 Certified Net Taxable Assessed Valuation	$ 2,198,509,226
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-21)	$ 4,361,489
Indicated Maximum Interest and Sinking Fund Tax Rate at 98% Collections	$ 0.20243

TAX ADEQUACY (Excludes Self-Supporting Debt) TABLE 7

2020 Certified Net Taxable Assessed Valuation	$ 2,198,509,226
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-21)	$ 4,127,318
Indicated Maximum Interest and Sinking Fund Tax Rate at 98% Collections	$ 0.19156

INTEREST AND SINKING FUND MANAGEMENT INDEX — TABLE 8

Interest and Sinking Fund Balance, Fiscal Year Ended September 30, 2019	$ 1,209,970
2019 Interest and Sinking (I&S) Fund Tax Levy of $0.177345 at 99% Collections Produces [(a)]	3,859,957
Total Available for Debt Service	$ 5,069,927
Less: Net General Obligation Debt Service Requirements, Fiscal Year Ending 9-30-20	3,812,054
Estimated Surplus at Fiscal Year Ending 9-30-20	$ 1,257,873

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

GENERAL OBLIGATION DEBT PRINCIPAL REPAYMENT SCHEDULE — TABLE 9

	Principal Repayment Schedule			Debt	Percent of
Fiscal Year Ending 9-30	Outstanding Debt	The Certificates	Total	Unpaid at End of Year	Principal Retired (%)
2020	$ 3,215,000	$ -	$ 3,215,000	$ 45,870,000	6.55%
2021	2,900,000	35,000	2,935,000	42,935,000	12.53%
2022	2,780,000	100,000	2,880,000	40,055,000	18.40%
2023	2,755,000	100,000	2,855,000	37,200,000	24.21%
2024	2,495,000	425,000	2,920,000	34,280,000	30.16%
2025	2,210,000	800,000	3,010,000	31,270,000	36.29%
2026	2,145,000	815,000	2,960,000	28,310,000	42.32%
2027	1,860,000	840,000	2,700,000	25,610,000	47.83%
2028	1,360,000	865,000	2,225,000	23,385,000	52.36%
2029	1,395,000	890,000	2,285,000	21,100,000	57.01%
2030	1,435,000	925,000	2,360,000	18,740,000	61.82%
2031	1,365,000	960,000	2,325,000	16,415,000	66.56%
2032	1,420,000	1,005,000	2,425,000	13,990,000	71.50%
2033	1,465,000	1,040,000	2,505,000	11,485,000	76.60%
2034	950,000	1,080,000	2,030,000	9,455,000	80.74%
2035	975,000	1,125,000	2,100,000	7,355,000	85.02%
2036	500,000	1,175,000	1,675,000	5,680,000	88.43%
2037	515,000	1,215,000	1,730,000	3,950,000	91.95%
2038	-	1,265,000	1,265,000	2,685,000	94.53%
2039	-	1,320,000	1,320,000	1,365,000	97.22%
2040	-	1,365,000	1,365,000	-	100.00%
	$ 31,740,000	$ 17,345,000	$ 49,085,000		

CLASSIFICATION OF ASSESSED VALUATION

TABLE 10

Category	2020 [a]	% of Total	2019	% of Total	2018	% of Total	2017	% of Total	2016	% of Total
Real Estate Residential	$ 1,550,340,692	59.33%	$ 1,430,402,813	57.74%	$ 1,239,942,980	55.37%	$ 1,090,500,844	55.19%	$ 946,863,819	53.73%
Real Estate Commercial	464,616,994	17.78%	427,950,002	17.27%	403,024,081	18.00%	379,797,170	19.22%	280,087,960	15.89%
Real Estate Industrial	116,945,878	4.48%	117,173,523	4.73%	103,321,188	4.61%	72,638,204	3.68%	73,943,013	4.20%
Personal Prop Commercial	347,804,334	13.31%	363,828,827	14.69%	346,372,096	15.47%	293,133,844	14.84%	298,398,435	16.93%
Personal Prop Industrial	132,656,960	5.08%	137,378,032	5.55%	146,195,411	6.53%	139,354,876	7.05%	162,386,659	9.21%
Mineral Lease Property	535,580	0.02%	698,360	0.03%	410,340	0.02%	354,050	0.02%	628,660	0.04%
Agricultural Property	57,386	0.00%	60,297	0.00%	50,681	0.00%	55,591	0.00%	89,255	0.01%
Total Appraised Value	$ 2,612,957,824	100.00%	$ 2,477,491,854	100.00%	$ 2,239,316,777	100.00%	$ 1,975,834,579	100.00%	$ 1,762,397,801	100.00%
Less Exemptions/Value Loss:										
Absolute Exemptions	$ 185,837,846		$ 119,631,325		$ 169,752,822		$ 172,861,126		$ 96,361,950	
Abatements	-		-		36,229,653		2,134,376		54,748,267	
Nominal Value	40,699		52,087		26,115		21,825		42,144	
Disabled Vets	23,137,459		19,009,247		14,123,011		9,770,666		7,252,037	
Freeport Inventory	45,520,105		51,446,181		52,541,801		48,758,513		41,820,186	
Over 65-Local	67,399,828		63,182,928		58,059,648		51,439,123		51,772,577	
Disabled-Local	3,300,000		4,170,000		3,669,999		3,210,000		3,339,900	
Pollution Control	349,788		350,802		310,218		349,304		436,791	
Misc Personal Property	15,059,617		13,737,003		3,250,105		1,030,901		-	
Incomplete Accounts / Under ARB Review	73,803,256		159,900,169		57,421,735		116,056,545		65,271,077	
Total Exemptions	$ 414,448,598		$ 431,479,742		$ 395,385,107		$ 405,632,379		$ 321,044,929	
Certified Net Taxable Valuation	$ 2,198,509,226		$ 2,046,012,112		$ 1,843,931,670		$ 1,570,202,200		$ 1,441,352,872	

[a] *July tax roll total Tarrant Appraisal District.*

Note: Assessed Valuations shown are Certified Values and may change during the year due to various supplements and protests. Valuations on a later date or in other tables of this Official Statement may not match those shown on this table.

Source: Tarrant Appraisal District (Certified September 1 Totals) and the City.

PRINCIPAL TAXPAYERS 2019 — TABLE 11

Name	Type of Business	2019 Taxable Assessed Valuation	% of Total 2019 Assessed Valuation
Miller Milling Company LLC	Food Processing	$ 55,498,955	2.71%
Ardent Mills LLC	Food Service / Processing	46,768,610	2.29%
Ergon Asphalt & Emulsions Inc.	Asphalt Production	37,208,316	1.82%
Ventura Foods LLC	Food Service / Processing	36,689,821	1.79%
CTI Holdings LLC	Food Service / Processing	32,621,811	1.59%
International American Education	Education	20,951,583	1.02%
Wal-Mart Real Estate Business Trust	Retail Sales	19,542,039	0.96%
Universal Forest Products Saginaw LLC	Wood Products / Manufacturing	18,445,402	0.90%
BNSF Railway Company	Railroad	16,842,252	0.82%
DOS Project LP	Industry Meat and Meat Products	15,140,680	0.74%
	Total	$ 299,709,469	14.65%

Based on a 2019 Certified Net Taxable Assessed Valuation of $2,046,012,112

Source: Tarrant Appraisal District

Note: 2020 Principal Taxpayers unavailable at this time.

PROPERTY TAX RATES AND COLLECTIONS [(a)] — TABLE 12

Tax Year	Net Taxable Assessed Valuation	Tax Rate	Tax Levy	% Collections Current	% Collections Total	Year Ended
2010	$ 1,112,366,436	$ 0.484000	$ 5,436,187	99.18%	99.89%	9/30/2011
2011	1,192,700,025	0.480000	5,724,960	99.41%	99.93%	9/30/2012
2012	1,164,124,528	0.490000	5,739,750	99.39%	99.92%	9/30/2013
2013	1,219,320,151	0.510000	6,223,951	99.37%	99.90%	9/30/2014
2014	1,275,728,662	0.510000	6,484,972	99.43%	99.93%	9/30/2015
2015	1,316,353,549	0.544000	7,175,560	99.53%	99.89%	9/30/2016
2016	1,441,352,872	0.513000	7,557,636	99.42%	99.84%	9/30/2017
2017	1,570,202,200	0.495000	8,075,537	99.40%	99.62%	9/30/2018
2018	1,843,931,670	0.471800	8,893,539	99.51%	99.76%	9/30/2019
2019	2,046,012,112	0.459000	9,391,196	99.14%	99.20% [(b)]	9/30/2020

[(a)] *See "AD VALOREM TAX PROCEDURES" and "CITY APPLICATION OF THE TEXAS TAX CODE" in the Official Statement for a description of the Issuer's taxation procedures.*

[(b)] *Collections as of June 30, 2020.*

Source: Texas Municipal Report published by the Municipal Advisory Council of Texas, Tarrant Appraisal District and the City.

TAX RATE DISTRIBUTION — TABLE 13

	2019	2018	2017	2016	2015
General Fund	$0.281655	$0.291129	$0.284186	$0.293308	$0.291937
I & S Fund	0.177345	0.180671	0.210814	0.219692	0.252063
TOTAL	$0.459000	$0.471800	$0.495000	$0.513000	$0.544000

Source: The Issuer

FUND BALANCES — TABLE 14

(As of May 31, 2020, unaudited)

General Operating Fund (Undesignated)	$	6,005,034
General Obligation Debt Service (I&S) Fund		3,987,410
Special Revenue Fund		6,681,330
Capital Projects Fund		5,367,322
Enterprise Fund (Undesignated)		4,032,015
Revenue Bond Reserve		158,410
Revenue Bond Debt Service (I&S) Reserve		135,271
General Fund Emergency Reserve		4,200,000
Enterprise Fund Emergency Reserve		2,250,000
Enterprise Fund (Designated)		2,818,030
General Fund (Designated)		3,903,322
Total	$	39,538,144

MUNICIPAL SALES TAX — TABLE 15

The table below shows total sales tax collections for the City. At an election held on November 2, 1993, registered voters of the City approved the imposition of a one-half percent (½%) additional sales tax for property tax reduction. Levy of the ad valorem tax reduction sales tax began in October 1994. At an election held in November 1997, registered voters of the City approved the creation of a Crime Control and Prevention District ("CCPD") and authorized the imposition of a one-half percent (½%) additional sales tax for crime prevention for five years. This authorization was renewed for an additional five years in May 2002. Levy of the original ½% crime prevention sales tax began in April 1998 and after initial renewal extended until April 2008. On May 12, 2007, the City had an election in which registered voters approved the imposition of a three-eighths percent (3/8%) additional sales tax for crime prevention for ten years (a reduction from the original ½% authorized) and a one-eighth percent (1/8%) additional sales tax for street maintenance. Levy of these additional sales tax collections began in April 2008 and was extended until April 2028. The City has not held an election regarding an additional sales tax for economic development purposes in accordance with provisions of Chapters 501, 502, 504 or 505, Texas Local Government Code, as amended. **Municipal sales taxes ARE NOT pledged for the payment of principal and interest on the Certificates.**

Fiscal Year	2.000% Total Collections	1.500% General Fund	0.125% Streets	% of Ad Valorem Tax Levy	($) Equivalent of Ad Valorem Tax Rate	0.375% Crime Prevention
2010-11	$ 4,997,209.24	$ 3,819,634.05	$ 318,302.84	76.12%	0.3684	$ 859,272.35
2011-12	5,351,697.63	4,080,855.68	340,071.31	77.22%	0.3707	930,770.64
2012-13	4,588,471.13	4,255,423.55	354,618.65	80.32%	0.3936	984,838.71
2013-14	4,710,839.55	4,348,467.29	362,372.26	75.69%	0.3860	999,011.44
2014-15	4,758,829.77	4,404,317.83	367,026.50	73.58%	0.3752	1,015,423.50
2015-16	4,764,550.76	4,398,046.86	366,503.90	66.40%	0.3612	1,026,109.51
2016-17	5,091,389.00	3,677,343.63	306,445.30	52.71%	0.2704	1,107,600.07
2017-18	5,224,842.34	3,778,344.25	314,862.02	50.69%	0.2509	1,131,636.07
2018-19	5,282,848.90	3,744,325.12	312,027.09	45.61%	0.2152	1,226,496.69
2019-20*	3,874,444.47	2,790,976.57	232,581.38	32.20%	0.1478	850,886.52

* As of July 2020.

Source: State Comptroller's Office of the State of Texas and information from the City.

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. The City accrues sales tax revenues to the month in which they are earned.

OVERLAPPING DEBT DATA AND INFORMATION — TABLE 16

(As of June 30, 2020)

Taxing Body	Gross Debt Principal Outstanding	% Overlapping	Amount Overlapping
Tarrant County	$ 266,375,000	0.96%	$ 2,557,200
Tarrant County Hospital District	16,135,000	0.96%	154,896
Eagle Mountain-Saginaw Independent School District	839,053,150	17.18%	144,149,331
Total Gross Overlapping Debt			$ 146,861,427
City of Saginaw	49,085,000 [(a)]	100.00%	49,085,000 [(a)]
Total **Gross** Direct and Overlapping Debt			$ 195,946,427 [(a)]
Ratio of Direct and Overlapping Debt Principal to 2020 Certified Net Taxable Assessed Valuation			8.91% [(a)]
Ratio of Direct and Overlapping Debt Principal to 2020 Actual Total Assessed Valuation			7.50% [(a)]
Per Capita Direct and Overlapping Debt			$ 8,486 [(a)]

[(a)] Includes the Certificates.

Source: The most recent Texas Municipal Report published by the Municipal Advisory Council of Texas

ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ENTITIES **TABLE 17**

Governmental Entity	2019 Assessed Valuation	% of Actual	2019 Tax Rate
Tarrant County	$ 213,412,565,613	100%	$ 0.234000
Tarrant County Hospital District	211,985,667,192	100%	0.224000
Tarrant County College District	213,412,565,613	100%	0.130000
Eagle Mountain-Saginaw ISD	10,969,630,513	100%	1.518000

Source: Texas Municipals Reports published by the Municipal Advisory Council of Texas

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS
OF OVERLAPPING GOVERNMENTAL ENTITIES **TABLE 18**

Taxing Body	Date of Authorization	Purpose		Amount Authorized	Issued To Date	Unissued
Tarrant County	8/8/98	Justice Center		$ 70,600,000	$ 63,100,000	$ 7,500,000
	8/8/98	Healthcare Facility		9,100,000	1,000,000	8,100,000
	5/13/06	County Buildings		62,300,000	47,300,000	15,000,000
			Total	$ 142,000,000	$ 111,400,000	$ 30,600,000
Eagle Mountain-Saginaw Independent School District	11/7/2017	School Buildings		$ 524,755,000	$ 77,690,000	$ 447,065,000
Tarrant County College District	11/5/2019	School Buildings		$ 825,000,000	$ 300,000,000	$ 525,000,000
Tarrant County Hospital District	None					

Source: Texas Municipals Reports published by the Municipal Advisory Council of Texas

AUTHORIZED BUT UNISSUED DIRECT
GENERAL OBLIGATION BONDS **TABLE 19**

None

GENERAL FUND COMBINED STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES **TABLE 20**

	Fiscal Year Ended September 30				
	2019	**2018**	**2017**	**2016**	**2015**
Revenues:					
Taxes	$ 12,454,203	$ 11,206,947	$ 10,761,311	$ 10,124,958	$ 10,089,566
Licenses and Permits	858,901	951,542	929,188	740,192	627,876
Charges for Services	87,150	84,000	84,000	83,000	80,000
Fines and Fees	509,672	505,110	518,907	635,652	665,378
Interest Income	295,148	191,974	84,195	32,068	5,183
Recreation Income	524,686	520,798	496,969	487,081	512,677
Intergovernmental	216,779	135,821	156,018	178,257	173,618
Miscellaneous Revenues	224,606	601,504	122,222	129,032	112,137
Total Revenues	$ 15,171,145	$ 14,197,696	$ 13,152,810	$ 12,410,240	$ 12,266,435
Expenditures:					
Current:					
General Administrative Offices	$ 1,846,648	$ 1,774,678	$ 1,647,854	$ 1,492,131	$ 1,632,392
Municipal Court	212,743	168,421	187,886	184,973	185,158
Fire	3,826,258	3,982,620	3,280,597	3,177,233	2,932,965
Police	5,284,720	4,546,478	4,144,841	4,002,172	3,864,955
Public Works	1,835,898	1,609,303	1,354,767	1,263,892	1,268,270
Parks	379,478	339,015	352,766	266,949	240,528
Community services	998,499	959,782	990,618	918,907	861,581
Library	601,026	569,005	568,246	537,893	520,281
Inspection	600,849	579,082	849,217	825,017	705,189
Animal Services *	329,854	398,633	-	-	-
Fleet Maintenance	434,837	456,219	471,007	399,692	493,996
Economic Development	243,050	567,978	46,520	50,197	19,363
Information Technology **	327,680	-	-	-	-
Total Expenditures	$ 16,921,540	$ 15,951,214	$ 13,894,319	$ 13,119,056	$ 12,724,678
Excess (Deficit) of Revenues Over Expenditures	$ (1,750,395)	$ (1,753,518)	$ (741,509)	$ (708,816)	$ (458,243)
Other Financing Sources (Uses):					
Operating Transfers In	1,797,112	1,705,322	1,697,052	1,632,566	1,582,674
Operating Transfers Out	(42,970)	-	-	(24,423)	(1,007,763)
Total Other Financing Sources (Uses)	$ 1,754,142	$ 1,705,322	$ 1,697,052	$ 1,608,143	$ 574,911
Excess (Deficit) of Revenues/Other Sources Sources Over Expenditures/Other Uses	3,747	(48,196)	955,543	899,327	116,668
Fund Balance - Beginning of Year	11,600,392	11,648,588	10,693,045	9,793,718	9,677,050
Fund Balance - September 30	$ 11,604,139	$ 11,600,392	$ 11,648,588	$ 10,693,045	$ 9,793,718

FYE 2020 Estimated Fund Balance is $10,605,028 ***

Source: The Issuer's Comprehensive Annual Financial Reports

* Prior to 2018 Animal Services was included in Inspections

** Prior to 2019 Information Technology was included in General Administrative Office

*** The $1,000,000 drawdown represents one-time expenditures for the following purposes: Replacement equipment, ADA study, replacement of city-wide phone system, replacement of cardiac monitors/defibrillators, and fire dispatch equipment.

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APPENDIX B

GENERAL INFORMATION REGARDING THE CITY OF SAGINAW AND TARRANT COUNTY, TEXAS

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GENERAL INFORMATION REGARDING THE CITY OF SAGINAW AND TARRANT COUNTY, TEXAS

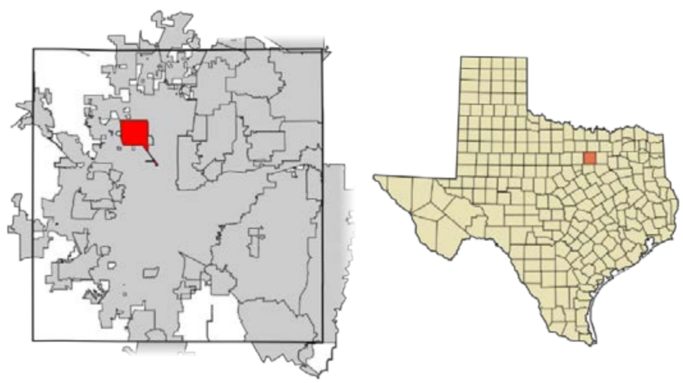
CITY OF SAGINAW, TEXAS

General

The City of Saginaw (the "City") is located in northwest Tarrant County just north of the City of Fort Worth on United States Highway 287. The economy is based on manufacturing and agribusiness. The City has some of the largest grain storage facilities in the United States. Alliance Airport, Meacham Airport, Eagle Mountain Lake, the United States Currency Plant, Texas Motor Speedway, and the Fort Worth Stockyards are all within fourteen miles of Saginaw's city limits. The City's 2010 census was 19,806, an increase of 60.06% over the 2000 census of 12,374. The City's current population estimate is 23,090.

Management

The City was incorporated in 1949 and is operating under a Charter adopted on January 19, 1988. The City has a Council/Manager form of government, with the City Council comprised of seven members including the Mayor. All seven Council Members are elected by place and number and at large for three-year staggered terms. The City Council is responsible for adopting ordinances and regulations governing the City, adopting the budget, determining policies, and appointing the City Manager, City Attorney, City Secretary, and Judge of the Municipal Court, as well as members of boards and commissions. The City Manager is responsible to the Council for appointing and supervising employees of the City (except for those appointed by the Council), and for preparing and administering the annual budget and capital improvement programs.



Population:

Census Report	City of Saginaw	Tarrant County
Current Estimate	23,090	2,057,470
2010	19,806	1,809,034
2000	12,374	1,446,219
1990	8,551	1,170,103
1980	5,736	860,880
1970	2,382	716,317

Sources: United States Bureau of the Census, Texas Municipal Reports, and the North Central Texas Council of Governments

Major Employers within the City for 2019

Employer	Type of Business	Approximate Number of Employees 2019
Eagle Mountain-Saginaw ISD	Public Education	2,668
CTI Beanmaker & Chefco Foods	Food Processing	435
Ventura Foods	Food Processing	410
Wal Mart Supercenter #5316	Retail Sales	400
Trinity N. American Freight Car, Inc.	Rail Car Manufacturing & Repair	375
Anchor Fabrication Corp	Metal Fabrication	310
Texas Army National Guard	Military Equipment Maintenance	250
BANA Incorporated	Pallet and Crate Manufacturing	230
Ranger Fire Inc	Fire Sprinkler Systems	200
Russo Corporation	Food Processing	200

Source: City's 2019 Comprehensive Annual Financial Report

Economic Condition and Outlook

The local economy in Saginaw remains good. Unemployment in the area remains low, job growth remains steady, and economic trends are stable. The real estate market continues to see high demand with a tight inventory. The City continues to see new housing starts which adds to its tax base. Taxable values for 2019/2020 increased 11% and included $65 million ($50 million residential, $7.5 million commercial, $7.5 million industrial) in added value from new construction. Willow Vista Estates Phase IIIC and Basswood Crossing Phase 3, both residential developments with a total of 287 lots, were completed. The expansion at Miller Milling and construction of the Ryder Truck Maintenance Depot are also completed. Sales tax collections for the current fiscal year to date are tracking 10% higher than last year. See also "INFECTIOUS DISEASE OUTBREAK**"** in the Official Statement for a discussion of the COVID-19 pandemic and its potential impact on the City.

Source: The City

Residential and Commercial Building Construction

Fiscal Year Ended 9-30	Residential Number of Permits	Residential Property Value $ Amount	Commercial Number of Permits	Commercial Property Value $ Amount	Total Number of Permits	Total Property Value $ Amount
2011	38	5,003,013	1	125,000	39	5,128,013
2012	51	6,753,338	3	3,015,800	54	9,769,138
2013	35	4,395,372	2	1,700,000	37	6,095,372
2014	58	13,630,275	10	10,709,222	68	24,339,497
2015	112	35,002,878	6	3,646,180	118	38,649,058
2016	164	51,591,787	13	14,435,200	177	66,026,987
2017	170	47,914,057	13	65,479,751	183	113,393,808
2018	251	75,769,451	8	11,968,141	259	87,737,592
2019	207	61,782,789	7	7,572,050	214	69,354,839
2020*	207	58,188,600	4	774,024	211	58,962,624

** Fiscal Year 2020 figures are as of May 31, 2020.*
Sources: Information from City sources.

TARRANT COUNTY, TEXAS

General

Tarrant County (the "County") was created in 1849 from Navarro County. The County is located in north Texas and is a component of the Dallas-Fort Worth Consolidated Metropolitan Statistical Area (CMSA), the most populous metropolitan area in Texas. The City of Fort Worth is the county seat. The County's 2010 census population was 1,809,034, an increase of 25.09% over the 2000 census population of 1,446,219. The County's current population estimate is 2,057,470.

Historically, the County's economic environment has been characterized by steady, yet modest growth. This has been in part because of the diverse nature of the business sectors making up the local economy, without an overwhelming dominance by any one industry. Similarly, local real estate values have demonstrated steady yet modest increases over the past decade.

Other segments of the local economy include aircraft, automobile and electronic manufacturing, tourism, entertainment, livestock and agri-business, transportation including major railroad services, financial services and tourism. Because of this diversity, the outlook for stable economic conditions seems favorable.

**Source: Tarrant County 2019 CAFR.*

Labor Force Statistics

	Tarrant County May 2020	Tarrant County May 2019	DFW-Fort Worth-Arlington MSA May 2020	DFW-Fort Worth-Arlington MSA May 2019
Civilian Labor Force	1,045,874	1,071,220	3,830,901	3,926,375
Total Employed	910,523	1,039,833	3,361,277	3,811,048
Total Unemployed	135,351	31,887	469,624	115,327
% Unemployed	12.9%	2.9%	12.3%	2.9%
% Unemployed (Texas)	12.7%	3.1%	12.7%	3.1%
% Unemployed (United States)	13.0%	3.4%	13.0%	3.4%

Source: Texas Workforce Commission, Labor Market Information Department.

APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

PROPOSED FORM OF OPINION OF BOND COUNSEL

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

CITY OF SAGINAW, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2020
IN THE AGGREGATE PRINCIPAL AMOUNT OF $17,345,000

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

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

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Certificates have been duly authorized, issued, and delivered in accordance with law; and that, except as may be limited by laws applicable to the Issuer relating to sovereign immunity of political subdivisions, bankruptcy, reorganization and other similar matters affecting creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion, the Certificates constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Certificates have been levied and pledged for such purpose, within the limit prescribed by law, and that the Certificates are additionally secured by and payable from a limited pledge of surplus revenues of the Issuer's waterworks and sewer system, remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve, and other requirements in connection with all of the Issuer's revenue bonds or other obligations (now or hereafter outstanding), which are payable from all or any part of the net revenues of the Issuer's waterworks and sewer system, as provided in the Ordinance.

IT IS FURTHER OUR OPINION THAT, except as discussed below, the interest on the Certificates is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Certificates are not "specified private activity bonds" and that, accordingly, interest on the Certificates will not be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code").

IN EXPRESSING THE AFOREMENTIONED OPINIONS, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Certificates and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon if the Issuer fails to comply with such covenants, interest on the Certificates may become includable in gross income retroactively to the date of issuance of the Certificates.

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

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

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

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

Respectfully,

APPENDIX D

CITY’S GENERAL PURPOSE AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED SEPTEMBER 30, 2019

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

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City of Saginaw, Texas

Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2019

City of Saginaw

Financial Section

City of Saginaw

Independent Auditor's Report

To the Honorable Mayor Todd Flippo
and Members of the City Council of the
City of Saginaw, Texas

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Weaver and Tidwell, L.L.P.
2300 North Field Street, Suite 1000 | Dallas, Texas 75201
Main: 972.490.1970 | Fax:972.702.8321
CPAs AND ADVISORS | WEAVER.COM

The Honorable Mayor Todd Flippo
and the Members of the City Council of the
City of Saginaw, Texas

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Texas Municipal Retirement System pension schedules, Texas Municipal Retirement System OPEB schedule, and budgetary comparison information on pages 5 through 13, 63 through 65, and 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

The combining and individual fund financial statements 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 fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 21, 2020

CITY OF SAGINAW, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED SEPTEMBER 30, 2019
(UNAUDITED)

As management of the City of Saginaw, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - v of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City of Saginaw exceeded its liabilities at the close of the most recent fiscal year by $113,025,882 (net position). This number must be viewed in the context that the vast majority of the City's net position is net investment in capital assets of $95,253,855 (84%) and that most capital assets of a government do not directly generate revenue nor can they be sold to generate liquid capital. The net position restricted for specific purposes totals $7,843,928 (7%). The remaining $9,928,099 (9%) is the unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.

- The City's total net position increased by $5,052,945. Increases in total assets, capital assets and tax note proceeds, and deferred outflows of resources related to pension are partially offset by an increase in net pension liability. The decrease in deferred inflows of resources is also related to pension. The City's pension contribution rate was increased from 6% to 7% on January 1, 2019.

- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of $27,165,796. Within this total $15,132,493 is restricted by specific legal requirements and $1,158,244 has been committed and assigned to specific types of expenditures. About 40% of this total amount, or $10,875,059, is unassigned and available for use with the City's fund designation and policies.

- At the end of the current year, unassigned fund balance for the general fund of $10,875,059 is 64% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government and administration, municipal court, fire, police, public services, parks, library, community services, city garage, inspections, animal services, information technology, and economic development. The business-type activities of the City include water and wastewater services. The government-wide financial statements can be found on pages 19-21 of this report.

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

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

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

The City maintains eight governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, five Special Revenue, Debt Service, and Capital Projects funds. The basic governmental funds financial statements can be found on pages 24-27.

Proprietary Funds – The City maintains one type of proprietary fund. The Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for its water and wastewater operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 30-33 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because those funds are not available to support the City's programs. The City is the trustee, or fiduciary, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The City does not currently have fiduciary activities to report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-59.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2019, the City of Saginaw's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $113,025,882.

The largest portion of the City's net position (84%) reflects its investments in capital assets (e.g., land, buildings, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service 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 resources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Saginaw's Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	$ 30,031,622	$ 29,037,843	$ 12,673,543	$ 11,580,612	$ 42,705,165	$ 40,618,455
Capital assets	93,131,516	88,786,676	26,113,970	24,927,375	119,245,486	113,714,051
Total assets	123,163,138	117,824,519	38,787,513	36,507,987	161,950,651	154,332,506
Deferred outflows of resources	2,914,355	1,338,432	352,885	192,673	3,267,240	1,531,105
Long term liabilities	41,173,795	36,352,184	2,756,280	2,354,798	43,930,075	38,706,982
Other liabilities	5,935,387	5,469,951	1,781,635	2,333,924	7,717,022	7,803,875
Total liabilities	47,109,182	41,822,135	4,537,915	4,688,722	51,647,097	46,510,857
Deferred inflows of resources	480,152	1,231,566	64,760	148,251	544,912	1,379,817
Net Position						
Net Investment in capital assets	70,565,446	65,704,199	24,688,409	23,273,899	95,253,855	88,978,098
Restricted	7,659,462	6,958,205	184,466	179,178	7,843,928	7,137,383
Unrestricted	263,251	3,446,846	9,664,848	8,410,610	9,928,099	11,857,456
Total net position	$ 78,488,159	$ 76,109,250	$ 34,537,723	$ 31,863,687	$ 113,025,882	$ 107,972,937

An additional portion of the City's net position $7,843,928 (7%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of $9,928,099 (9%) may be used to meet the City's ongoing obligation to citizens and creditors.

The $5,052,945 increase in net position is a result of increased capital assets and tax note proceeds received at the end of the year and a decrease in deferred inflows and outflows related to pension accounting partially offset by an increase in long term, net pension liability. The City's pension contribution rate was increased from 6% to 7% on January 1, 2019. As of September 30, 2019, the City is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Analysis of the City's Operations – The following table provides a summary of the City's operations for the year ended September 30, 2019. Overall the City had an increase in net position of $5,052,945. Total City revenues increased by $3,464,456. Revenue increases are due to contributed assets of Basswood Crossing Phase 3 and Willow Vista Estates Phase IIIC residential developments. Ad valorem tax revenue increased due to higher property values and an increased tax rate to cover increased operating costs. Sales tax collections increased due to the strong economy and continuing construction activity. Franchise fees collected for both gas and electric utilities increased, as well as, interest earnings due to higher interest rates. These increases were partially offset by a decrease in water sales due to moderate summer temperatures and increased rainfall during the spring and summer months. Miscellaneous revenues decreased due to the repayment of an economic development incentive loan in the previous fiscal year.

City of Saginaw's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Fees, fines and charges for services	$ 3,125,528	$ 3,112,368	$ 10,327,466	$ 10,434,663	$ 13,452,994	$ 13,547,031
Operating grants and contributions	219,411	159,428	-	-	219,411	159,428
Capital grants and contributions	3,930,917	2,544,847	2,233,163	1,360,420	6,164,080	3,905,267
General revenues						
Ad valorem taxes	8,911,747	8,172,372	-	-	8,911,747	8,172,372
Sales taxes	6,809,346	6,356,478	-	-	6,809,346	6,356,478
Franchise taxes	1,764,936	1,660,835	-	-	1,764,936	1,660,835
Other taxes	105,233	79,388	-	-	105,233	79,388
Penalties and interest	14,604	22,706	106,370	109,754	120,974	132,460
Interest income	657,032	475,921	236,213	145,445	893,245	621,366
Miscellaneous	244,135	590,747	77,814	74,087	321,949	664,834
Total revenues	25,782,889	23,175,090	12,981,026	12,124,369	38,763,915	35,299,459
Expenses						
General administrative office	2,887,428	2,306,824	-	-	2,887,428	2,306,824
Municipal court	237,810	167,338	-	-	237,810	167,338
Fire	4,547,729	3,410,291	-	-	4,547,729	3,410,291
Police	6,404,221	4,732,436	-	-	6,404,221	4,732,436
Public works	4,127,755	3,717,371	-	-	4,127,755	3,717,371
Parks	393,026	345,716	-	-	393,026	345,716
Community services	1,309,456	1,141,716	-	-	1,309,456	1,141,716
Library	787,531	610,243	-	-	787,531	610,243
Inspections	751,460	563,502	-	-	751,460	563,502
Animal services	415,695	322,993	-	-	322,993	322,993
Fleet maintenance	535,473	499,089	-	-	535,473	499,089
Economic development	285,028	567,431	-	-	285,028	567,431
Information technology	384,523					
Interest on long term debt	915,915	1,017,739	-	-	915,915	1,017,739
Water and Wastewater	-	-	9,727,920	10,295,498	9,727,920	10,295,498
Total expenses	23,983,050	19,402,689	9,727,920	10,295,498	33,710,970	29,698,187
Increases (decreases) in net position before transfers	1,799,839	3,772,401	3,253,106	1,828,871	5,052,945	5,601,272
Transfers	579,070	579,130	(579,070)	(579,130)	-	-
Increase in net position	2,378,909	4,351,531	2,674,036	1,249,741	5,052,945	5,601,272
Net position - October 1	76,109,250	71,757,719	31,863,687	30,613,946	107,972,937	102,371,665
Net position - September 30	$ 78,488,159	$ 76,109,250	$ 34,537,723	$ 31,863,687	$ 113,025,882	$ 107,972,937

Total City expenses increased by $4,012,783. There are city wide increases related pension expense as a result of the 1% pension contribution rate increase. The increase in General Administration is due to a strategic planning consultant, a city-wide facility needs assessment, increased credit card processing fees, a conceptual plan for drainage, roadway, and traffic flow improvements to Knowles Drive, electrical upgrades for the enhanced holiday light display, and artwork on the Ardent Mills building. The increase is also due to matching costs related to the Green Ribbon Grant, a project that will improve the appearance of the east side of Saginaw Boulevard. The increase in Municipal Court is due to the department being fully staffed for the year and an upgrade to court software. An increase in Fire Department overtime, the salary and benefits of an additional firefighter position, and subscription fees for the new public safety radio system are offset by a decrease in capital outlay; a fire engine was replaced in the previous fiscal year. Increases in the Police Department include full year funding for a records clerk position that went from part-time to full-time and an additional jailer that was added in the middle of the previous year. Other increases include funding for an additional school crossing guard, jailer, and school resource officer. Funding was increased for replacement of body worn cameras, subscription fees for the public safety radio system and an additional patrol vehicle was replaced. Increased expenditures in Public Works are due to the ongoing construction of a food truck park and farmer's market at Willow Creek Park. Park expenditure increases funded a comprehensive parks conceptual plan. Increases in Community Services is due to maintenance and repairs to the Aquatic Center. Computers for public use were replaced at the Library. The decrease in Animal Services is due to a service truck that was replaced in the previous year. Fleet Maintenance decreases were due to lower fuel costs and fewer contract repairs. The decrease in Economic Development reflects the economic development incentive loan from the previous year. Expenditures related to Information Technology were previously accounted for as part of General Administration are now accounted for separately. The decrease in interest expense is due to debt retirement. The decrease in the Enterprise Fund is due to decreased expense for the purchase of water and the treatment of wastewater. A decrease due to repairs of the Park Center elevated storage tank in the previous year are partially offset by the expenses related to the second phase of the wastewater inflow and infiltration study and the repairs identified in the first phase.

City Governmental activities increased net position by $2,378,909 and Enterprise Fund activities increased net position by $2,674,036.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds – The focus of the City of Saginaw'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. Unassigned fund balance may serve as a useful measure of the City's net resources available at the end of the fiscal year.

At the end of the current fiscal year, the City of Saginaw's governmental funds reported combined ending fund balances of $27,165,796. Approximately 40% of this total ($10,875,059) constitutes unassigned fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed for other purposes. The General Fund increased by $3,747. The planned use of fund balance did not occur due to increased sales tax, franchise fee, property tax, building permit, and interest earning revenues. In addition the food truck/farmers market project and the all abilities playground at Willow Creek Park were not completed by fiscal year end. The Basswood Developer Agreement payment and home matching grant requirement were not completed and there were salary savings in many departments due to employee turnover during the fiscal year. The fund balance increase of $94,496 in the Debt Service Fund is due to increased property tax revenue. The increase of $209,686 in the Capital Projects Fund reflects the use of previously issued bonds for the Bailey Boswell Road construction project and the tax notes issuance of $2,000,000 at fiscal year-end. There was a planned increase in the Drainage Utility Fund balance for cash funding of future planned drainage projects. The increase is more than expected due to increased drainage fees, interest earnings and a delay in the design of East Cement Creek drainage improvement projects. The planned drawdown of the Crime Control and Prevention

District Fund was less than budgeted due to higher than budgeted sales tax collections and interest earnings. The Street Maintenance Fund balance increased by $111,140 due to increased sales tax collections and the delay of the Burlington Road reconstruction project, Anderson Street repairs, and the delay of railroad crossing improvements. There was an increase in the Donations Fund balance of $104,520. Donation balance increases for Parks and Library will be used for future projects/programs. Escrow Fund balance increased due to increased Hotel/Motel Tax collections and the transfers from General Fund for future equipment replacement and economic development incentives.

Proprietary Fund – The City's proprietary fund statements provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Enterprise Fund is $9,664,848. Total net position of the Enterprise Fund increased by $2,674,036 from fiscal year 2018 to fiscal year 2019. The increase is due to decreased expense for the purchase of water and the treatment of wastewater and contributed water and sewer lines for the Basswood Crossing Phase 3 and Willow Vista Estates Phase IIIC residential developments.

Budgetary Highlights – The City Council approved revisions to the original budget appropriations. General Fund revenues were increased by $785,070 or 5%. Increased revenues were due to increased property tax collections, building permits, sales tax, recreation fees, rental registration fees, a donation for the all abilities playground, and interest earnings. These increases were partially offset by a decrease in court fines and telecommunication franchise fees. General Fund expenditures increased by $1,407,360 or 8.5% primarily for projects that are carried forward from the previous fiscal year. The projects include court software upgrade, the public safety radio system, a traffic signal at Knowles and McLeroy, the Basswood Developer's agreement, a crosswalk at Basswood and Whistle Stop, the Food Truck Park, and the matching requirement for the HOME grant application. The budget was also increased for engineering fees for the Green Ribbon Grant, a facility needs assessment, long range financial and strategic planning, credit card processing fees and Police overtime due to department vacancies and additional special events.

The Crime Control and Prevention District revenue budget was increased by $81,000 due to sales tax collections and interest earnings.

The Drainage Fund revenues increased due to increased drainage fee collections and interest earnings. Expenditures increased for the carry forward of the Basswood Developer's agreement and Knowles concept plan partially offset by the delay of the East Cement Creek drainage project.

The Donations Fund revenues were increased a total of $39,425 due to additional donations to the Fire Department and the Train and Grain Festival. Expenditures were increased by $100,720 for outfitting of the arson dog vehicle, supplies for the Fire Department clown troop, Train and Grain Festival supplies, additions to the holiday light display and the July Fourth fireworks celebration.

The budgeted revenues in the General Escrow Fund were increased by $79,000 for increased insurance claims, increased Hotel/Motel tax collections, and a transfer for Economic Development incentives. Expenditures increased by $88,960 as a result of increased insurance claims, Train and Grain advertising, and the carry forward of the Basswood Developer's agreement.

CAPITAL ASSETS

The City of Saginaw's investment in capital assets for its governmental and business-type activities as of September 30, 2019 amounts to $119,245,486 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, improvements, infrastructure and construction in progress.

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

- Continued construction of the East Bailey Boswell Road project ($1,905,167).
- Public Safety Radio System ($553,810).
- Replacement of self-contained breathing apparatus equipment ($315,983).
- Food Truck Park construction ($242,506).
- Design of the Saginaw Boulevard 16" water line Phase 2 ($85,000).
- Design of all abilities playground at Willow Creek Park ($67,819).
- Fire Department Rescue Vehicle ($63,266).
- BNSF railroad crossing improvements at McLeroy Boulevard ($56,000).
- Design for East Cement Creek Drainage Phase 2 ($52,120).
- Completion of traffic signal at West McLeroy Boulevard and Knowles ($50,557).
- Construction of a cross walk at Basswood and Whistle Stop ($47,977).
- Roof replacement at the Senior Center ($20,035).
- Completion of the City Council agenda/live streaming project ($16,696).
- Police Department lighting and interview room recording equipment ($13,938).
- Purchase of a digital work station for Building Inspection ($13,740).
- Additions to the holiday light display ($12,800).
- Completion of the Municipal Court software upgrade ($10,816).
- Completion of Traffic Signal at Bailey Boswell Road and Basswood Boulevard ($10,410).
- Completion of the Saginaw Boulevard 12" water line ($10,396).
- City-wide equipment replacement ($398,858).
- Donated streets and ROW for Willow Vista Estates Phase IIIC ($770,117).
- Donated water and sewer lines for Willow Vista Estates Phase IIIC ($390,194).
- Donated streets, drainage, and ROW for Basswood Crossing Phase 3 ($3,160,800).
- Donated water and sewer lines for Basswood Crossing Phase 3 ($1,385,048).
- Design for landscaping along Business 287/Saginaw Boulevard ($37,625).

Capital Assets at Year End
Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	$ 15,674,160	$ 14,527,200	$ 16,657	$ 16,657	$ 15,690,817	$ 14,543,857
Improvements	1,943,249	1,937,259	-	-	1,943,249	1,937,259
Buildings	19,733,581	19,713,546	154,587	154,587	19,888,168	19,868,133
Equipment	9,691,892	7,623,973	1,476,322	1,418,367	11,168,214	9,042,340
Infrastructure	102,628,780	99,788,376	37,630,137	35,584,887	140,258,917	135,373,263
Construction in progress	15,994,458	14,783,021	102,808	277,420	16,097,266	15,060,441
Accumulated depreciation	(72,534,604)	(69,586,699)	(13,266,541)	(12,524,543)	(85,801,145)	(82,111,242)
Total	$ 93,131,516	$ 88,786,676	$ 26,113,970	$ 24,927,375	$ 119,245,486	$ 113,714,051

Additional information on the City of Saginaw's capital assets can be found in Note 5 on pages 44-45.

DEBT ADMINISTRATION

At the end of the fiscal year, the City had a total bonded debt of $32,305,889. Of this amount, $31,640,000 comprises bonded debt backed by the full faith and credit of the government and $50,000 represents bonds secured solely by water and wastewater revenues.

Outstanding Bond Debt at Year End

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligations	$ 26,435,000	$ 28,765,000	$ 1,420,000	$ 1,615,000	$ 27,855,000	$ 30,380,000
Certificates of obligation	1,785,000	1,950,000	-	-	1,785,000	1,950,000
Revenue bonds payable	-	-	50,000	100,000	50,000	100,000
Tax notes	2,000,000	-	-	-	2,000,000	-
Premiums on bonds	615,889	672,612	-	1,730	615,889	674,342
Total	$ 30,835,889	$ 31,387,612	$ 1,470,000	$ 1,716,730	$ 32,305,889	$ 33,104,342

During the fiscal year, the City's total debt decreased by $798,453 or 2.4%. Enterprise Fund principal payments of $245,000 and General Fund principal payments of $2,495,000 were made. The City's General Obligation Bonds, and Certificates of Obligation have a Standard and Poor's Ratings Services rating of AA/Stable and a Moody's Investor Service rating of Aa3. The Revenue bonds have a Standard and Poor's Rating of AA/Stable and a Moody's rating of Aa3.

Additional information on the City of Saginaw's long-term debt can be found on pages 46-48 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In the 2019-2020 budget, General Fund revenues and transfers in are budgeted to increase by $364,210 (2.2%) from the 2018-2019 revised budget year with property tax making up 35% and sales tax making up 30% of budgeted revenues. Certified assessed valuations increased 11% from the preceding year. The increased value has allowed the property tax rate to drop from .4718 to .459 with budgeted property tax revenues estimated at $5,987,865 ($3,770,280 for the Debt Service Fund). General Fund expenditures and transfers decreased by $436,540 or 2.4%. The approved budget will be revised for the Food Truck Park, the all abilities playground at Willow Creek Park, and the Basswood Developer's agreement that were not completed by fiscal year end. Funding is provided for a 3% salary increase and staffing additions: a firefighter, an Emergency Management Coordinator, two Police Officers, and a Jailer. One-time expenses include advertising for a bond election, expenses related to the transfer of fire dispatch to the City of Fort Worth from Tarrant County, replacement of 5 cardiac monitors/defibrillators, an additional traffic pre-emption device at Saginaw Boulevard and Palomino Drive, the replacement of an outdoor warning siren at Palomino, Fire Department uniforms, the replacement of a Public Service Truck, an intersection evaluation for compliance with the Americans with Disabilities Act, the replacement of an all-terrain vehicle and pressure washer for Parks, additional electrical service for the holiday light display, replacement of room dividers, gymnasium lighting and treadmills at the Recreation Center, a body camera system and additional cages for Animal Services, the replacement of the financial management system server, and the city wide phone system. The General Fund budget is balanced with the use of $729,080 from the beginning fund balance for these one-time expenses.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Finance Director at P.O. Box 79070, Saginaw, Texas 76179, or call (817) 232-4640.

City of Saginaw

Basic Financial Statements

City of Saginaw

Government-Wide Financial Statements

City of Saginaw

City of Saginaw, Texas
Statement of Net Position
September 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Deposits and investments	$ 20,326,336	$ 10,399,149	$ 30,725,485
Receivables:			
Taxes, net of allowance	1,309,071	-	1,309,071
Accounts, net of allowance	82,004	1,431,927	1,513,931
Other	247,434	-	247,434
Notes Receivable	1,000	-	1,000
Restricted assets:			
Deposits and investments	8,065,777	842,467	8,908,244
Capital assets:			
Land	15,674,160	16,657	15,690,817
Improvements	1,943,249	-	1,943,249
Buildings	19,733,581	154,587	19,888,168
Equipment	9,691,892	1,476,322	11,168,214
Infrastructure	102,628,780	37,630,137	140,258,917
Construction in progress	15,994,458	102,808	16,097,266
Accumulated depreciation	(72,534,604)	(13,266,541)	(85,801,145)
Total assets	123,163,138	38,787,513	161,950,651
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge for refunding	224,923	44,439	269,362
Related to TMRS pension	2,687,848	307,987	2,995,835
Related to TMRS OPEB	1,584	459	2,043
Total deferred outflows of resources	2,914,355	352,885	3,267,240
LIABILITIES			
Accounts payable and accrued liabilities	1,860,665	871,164	2,731,829
Accrued interest payable	71,296	2,470	73,766
Unearned revenue	314,303	-	314,303
Payable from restricted assets:			
Contracts payable	647,400	-	647,400
Current portion of revenue bonds payable	-	250,000	250,000
Customer deposits	-	658,001	658,001
Noncurrent liabilities:			
Debt due within one year	3,041,723	-	3,041,723
Debt due in more than one year	27,794,166	1,220,000	29,014,166
Net pension liability	13,083,784	1,499,593	14,583,377
Total OPEB liability	295,845	36,687	332,532
Total liabilities	47,109,182	4,537,915	51,647,097
DEFERRED INFLOWS OF RESOURCES			
Related to TMRS pension	468,514	63,467	531,981
Related to TMRS OPEB	11,638	1,293	12,931
Total deferred inflows of resources	480,152	64,760	544,912
NET POSITION			
Net investment in capital assets	70,565,446	24,688,409	95,253,855
Restricted for:			
Debt service	1,155,316	184,466	1,339,782
Other purposes	6,504,146	-	6,504,146
Unrestricted	263,251	9,664,848	9,928,099
TOTAL NET POSITION	$ 78,488,159	$ 34,537,723	$ 113,025,882

The Notes to Basic Financial Statements are an integral part of these statements.

City of Saginaw, Texas

Statement of Activities

For the Fiscal Year Ended September 30, 2019

		Program Revenues		
Program Activities	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General administrative offices	$ 2,887,428	$ 43,455	$ -	$ -
Municipal court	237,810	387,843	-	-
Fire	4,547,729	87,150	53,987	-
Police	6,404,221	6,574	165,424	-
Public works	4,127,755	794,783	-	3,930,917
Parks	393,026	-	-	-
Community services	1,309,456	811,469	-	-
Library	787,531	8,978	-	-
Inspection	751,460	959,843	-	-
Animal services	415,695	25,433	-	-
City garage	535,473	-	-	-
Economic development	285,028	-	-	-
Information technology	384,523	-	-	-
Interest on long term debt	915,915	-	-	-
Total governmental activities	23,983,050	3,125,528	219,411	3,930,917
Business-type activities:				
Water and wastewater	9,727,920	10,327,466	-	2,233,163
Total business-type activities	9,727,920	10,327,466	-	2,233,163
TOTAL GOVERNMENT	$ 33,710,970	$ 13,452,994	$ 219,411	$ 6,164,080

General revenues
Taxes
Ad valorem
Sales
Franchise taxes
Other taxes
Penalties and interest
Interest income
Miscellaneous revenues
Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

The Notes to Basic Financial Statements are an integral part of these statements.

Net (Expenses) Revenue and Changes in Net Position		
Governmental Activities	Business- type Activities	Total
$ (2,843,973)	$ -	$ (2,843,973)
150,033	-	150,033
(4,406,592)	-	(4,406,592)
(6,232,223)	-	(6,232,223)
597,945	-	597,945
(393,026)	-	(393,026)
(497,987)	-	(497,987)
(778,553)	-	(778,553)
208,383	-	208,383
(390,262)	-	(390,262)
(535,473)	-	(535,473)
(285,028)	-	(285,028)
(384,523)	-	(384,523)
(915,915)	-	(915,915)
(16,707,194)	-	(16,707,194)
-	2,832,709	2,832,709
-	2,832,709	2,832,709
$ (16,707,194)	$ 2,832,709	$ (13,874,485)
$ 8,911,747	$ -	$ 8,911,747
6,809,346	-	6,809,346
1,764,936	-	1,764,936
105,233	-	105,233
14,604	106,370	120,974
657,032	236,213	893,245
244,135	77,814	321,949
579,070	(579,070)	-
19,086,103	(158,673)	18,927,430
2,378,909	2,674,036	5,052,945
76,109,250	31,863,687	107,972,937
$ 78,488,159	$ 34,537,723	$ 113,025,882

City of Saginaw

Fund Financial Statements
Governmental Funds

City of Saginaw, Texas
Balance Sheet - Governmental Funds
September 30, 2019

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Deposits and investments	$ 12,399,154	$ 1,209,653	$ -	$ 6,717,529	$ 20,326,336
Receivables:					
Taxes, net of allowance	987,283	16,959	-	304,829	1,309,071
Accounts	82,004	-	-	-	82,004
Other	119,790	-	-	127,644	247,434
Prepaid items	-	-	-	-	-
Note receivable	1,000	-	-	-	1,000
Restricted assets					
Deposits and investments	-	-	8,065,777	-	8,065,777
TOTAL ASSETS	$ 13,589,231	$ 1,226,612	$ 8,065,777	$ 7,150,002	$ 30,031,622
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued liabilities	$ 1,676,645	$ -	$ -	$ 184,020	$ 1,860,665
Payable from restricted assets:					
Contracts payable	-	-	647,400	-	647,400
Unearned revenue	281,631	-	-	32,672	314,303
Total liabilities	1,958,276	-	647,400	216,692	2,822,368
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	26,816	16,642	-	-	43,458
Total deferred inflows of resources	26,816	16,642	-	-	43,458
Fund balances:					
Nonspendable					
Prepaids items	-	-	-	-	-
Restricted:					
Debt service	-	1,209,970	-	-	1,209,970
Capital projects	-	-	7,418,377	-	7,418,377
Street maintenance	-	-	-	1,766,915	1,766,915
Crime prevention	-	-	-	488,741	488,741
Drainage	-	-	-	2,636,085	2,636,085
Other	-	-	-	1,612,405	1,612,405
Committed:					
Donations	-	-	-	429,164	429,164
Assigned for future capital purchases	729,080	-	-	-	729,080
Unassigned	10,875,059	-	-	-	10,875,059
Total fund balances	11,604,139	1,209,970	7,418,377	6,933,310	27,165,796
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 13,589,231	$ 1,226,612	$ 8,065,777	$ 7,150,002	$ 30,031,622

The Notes to Basic Financial Statements are an integral part of these statements.

City of Saginaw, Texas
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2019

TOTAL FUND BALANCE - GOVERNMENTAL FUND	$	27,165,796
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		93,131,516
Interest payable on long term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.		(71,296)
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.		43,458
Long-term liabilities, including bonds payable and capital leases are not due and payable in the current period and therefore are not reported in the fund financial statements. A deferred charge on an advanced refunding of bonds payable of $224,923 is reflected as a deferred outflow of resources on the Statement of Net Position.		(30,610,966)
Included in noncurrent liabilities is the recognition of the City's net pension liability required by GASB 68 in the amount of $13,083,784, a deferred resource outflow related to TMRS of $2,687,848, and a deferred resource inflow related to TMRS of $468,514. This resulted in a decrease in net position.		(10,864,450)
Included in noncurrent liabilities is the recognition of the City's net OPEB liability required by GASB 75 in the amount of $295,845, a deferred resource outflow related to TMRS of $1,584, and a deferred resource inflow related to TMRS of $11,638. This resulted in a decrease in net position.		(305,899)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	$	78,488,159

The Notes to Basic Financial Statements are an integral part of these statements.

City Of Saginaw, Texas

Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For The Year Ended September 30, 2019

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 12,454,203	$ 3,420,215	$ -	$ 1,736,210	$ 17,610,628
Licenses and permits	858,901	-	-	-	858,901
Charges for services	87,150	-	-	794,783	881,933
Fines and fees	509,672	-	-	20,098	529,770
Interest income	295,148	66,191	157,853	137,840	657,032
Recreation income	524,686	-	-	-	524,686
Intergovernmental	216,779	-	-	2,632	219,411
Miscellaneous revenues	224,606	-	-	331,141	555,747
Total revenues	15,171,145	3,486,406	157,853	3,022,704	21,838,108
EXPENDITURES					
Current:					
General administrative office	1,846,648	-	-	689,712	2,536,360
Municipal court	212,743	-	-	-	212,743
Fire	3,826,258	-	-	-	3,826,258
Police	5,284,720	-	-	73,566	5,358,286
Public works	1,835,898	-	-	-	1,835,898
Parks	379,478	-	-	-	379,478
Community services	998,499	-	-	-	998,499
Library	601,026	-	-	-	601,026
Inspection	600,849	-	-	-	600,849
Animal services	329,854	-	-	-	329,854
City garage	434,837	-	-	-	434,837
Economic development	243,050	-	-	-	243,050
Information technology	327,680	-	-	-	327,680
Capital outlay	-	-	1,905,167	371,766	2,276,933
Principal retirement	-	2,495,000	-	-	2,495,000
Interest charges	-	886,610	-	-	886,610
Fiscal agent's fees and debt issuance costs	-	10,300	43,000	-	53,300
Total expenditures	16,921,540	3,391,910	1,948,167	1,135,044	23,396,661
Excess (deficiency) of revenues over expenditures	(1,750,395)	94,496	(1,790,314)	1,887,660	(1,558,553)
OTHER FINANCING SOURCES (users)					
Transfers in	1,797,112	-	-	42,970	1,840,082
Transfers out	(42,970)	-	-	(1,218,042)	(1,261,012)
Issuance of debt	-	-	2,000,000	-	2,000,000
Total other financing sources (uses)	1,754,142	-	2,000,000	(1,175,072)	2,579,070
Net change in fund balances	3,747	94,496	209,686	712,588	1,020,517
Fund Balance, beginning	11,600,392	1,115,474	7,208,691	6,220,722	26,145,279
FUND BALANCE, ending	$ 11,604,139	$ 1,209,970	$ 7,418,377	$ 6,933,310	$ 27,165,796

The Notes to Basic Financial Statements are an integral part of these statements.

City of Saginaw, Texas

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities

For the Fiscal Year Ended September 30, 2019

TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND	$	1,020,517
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.		3,841,795
Governmental funds do not recognize assets contributed by developers or donated to the City. However, in the statement of activities the fair market value of those assets are recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense.		3,949,543
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 an expenditure in the governmental funds.		(3,446,498)
The issuance of long term debt (e.g. bonds) 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. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are capitalized and amortized in the statement of activities. This amount consists of an issuance in the amount of $2,000,000, repayments of $2,495,000 and amortization of $21,407 for premiums and deferred charges on refundings, which is the net effect of these differences in the treatment of long-term debt and related items.		516,407
Current year changes in the net pension liability, deferred inflows of resources and the deferred outflows of resources of the pension plan. The net effect of these items increased net position.		(3,477,754)
Current year changes in the net OPEB liability and the deferred outflows of resources of the pension plan. The net effect of these items decreased net position.		(22,927)
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		2,588
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.		(4,762)
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	$	2,378,909

The Notes to Basic Financial Statements are an integral part of these statements.

City of Saginaw

Fund Financial Statements
Proprietary Funds

City of Saginaw, Texas
Statement of Net Position
Proprietary Funds
September 30, 2019

		Enterprise Fund
ASSETS		
Current assets:		
Deposits and investments	$	10,399,149
Deposits and investments-restricted		184,466
Receivables:		
Accounts receivable, net of allowance of $62,357		793,169
Unbilled accounts		638,758
Total current assets		12,015,542
Noncurrent assets:		
Capital assets, at cost:		
Land and land improvements		16,657
Buildings and improvements		154,587
Waterworks and sewer system		37,630,137
Machinery and equipment		1,476,322
Construction in progress		102,808
Accumulated depreciation		(13,266,541)
Total capital assets, net of accumulated depreciation		26,113,970
Deposits and investments-restricted		658,001
Total noncurrent assets		26,771,971
Total assets		38,787,513
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge for refunding		44,439
Related to the TMRS pension		307,987
Related to the TMRS OPEB		459
Total deferred outflows of resources		352,885
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities		871,164
Accrued interest		2,470
Revenue bonds payable		250,000
Total current liabilities		1,123,634
Noncurrent liabilities:		
Revenue bonds payable		1,220,000
Customer deposits		658,001
Net pension liability		1,499,593
Total OPEB liability		36,687
Total noncurrent liabilities		3,414,281
Total liabilities		4,537,915
DEFERRED INFLOWS OF RESOURCES		
Related to the TMRS pension		63,467
Related to the TMRS OPEB		1,293
Total deferred inflows of resources		64,760
NET POSITION		
Net investment in capital assets		24,688,409
Restricted for revenue bond retirement		184,466
Unrestricted		9,664,848
TOTAL NET POSITION	$	34,537,723

The Notes to the Basic Financial Statements are an integral part of these statements.

City of Saginaw, Texas
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2019

	Enterprise Fund
OPERATING REVENUES	
Water and sewer sales	$ 8,605,437
Penalties	106,370
Surcharges	1,722,029
Miscellaneous	77,814
Total operating revenue	10,511,650
OPERATING EXPENSES	
Cost of sales and services	6,330,349
Administrative	2,572,955
Depreciation	791,175
Total operating expenses	9,694,479
Operating income	817,171
NONOPERATING REVENUES (EXPENSES)	
Investment income	236,213
Gain (Loss) on sale of machinery and equipment	19,400
Interest expense and agent fees	(52,841)
Total nonoperating revenues (expenses)	202,772
Income before contributions and transfers	1,019,943
CAPITAL COTRIBUTIONS AND TRANSFERS	
Capital contributions	1,775,242
Impact and tap fees	457,921
Transfers out	(653,025)
Transfers in	73,955
Total capital contributions and transfers	1,654,093
Change in net position	2,674,036
Net position, beginning	31,863,687
NET POSITION, ending	$ 34,537,723

The Notes to the Basic Financial Statements are an integral part of these statements.

City of Saginaw, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2019

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 10,393,145
Cash paid to employees	(529,688)
Cash paid to suppliers	(8,567,653)
Net cash provided by operating activities	1,295,804
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers out to other funds	(653,025)
Transfers from other funds	73,955
Net cash used in noncapital financing activities	(579,070)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from sale of machinery and equipment	19,400
Impact and tap fees	457,921
Principal paid on bonds	(245,000)
Purchase of capital assets	(202,528)
Interest and fees paid on debt issuance	(36,952)
Fiscal agent fees	750
Net cash used in capital and related financing activities	(6,409)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	236,213
Net cash provided by investing activities	236,213
Net change in cash	946,538
CASH AND CASH EQUIVALENTS, beginning of year	10,295,078
CASH AND CASH EQUIVALENTS, end of year	$ 11,241,616

The Notes to the Basic Financial Statements are an integral part of these statements.

City of Saginaw, Texas
Statement of Cash Flows – Continued
Proprietary Funds
For the Fiscal Year Ended September 30, 2019

		Enterprise Fund Restricted Assets		Statement of Cash Flows
	Current Assets	Current	Noncurrent	Totals
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION				
Cash and cash equivalents - beginning	$ 9,485,977	$ 179,178	$ 629,923	$ 10,295,078
Net increase	913,172	5,288	28,078	946,538
Cash and cash equivalents - ending	$ 10,399,149	$ 184,466	$ 658,001	$ 11,241,616
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income				$ 817,171
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation				791,175
Increase in accounts receivable				(146,583)
Decrease in prepaids				190
Increase in deferred outflows of resources-pension				(181,362)
Decrease in deferred outflows of resources-OPEB				2,335
Decrease in accounts payable and accrued expenses				(583,191)
Increase in customer deposits				28,078
Increase in net pension liability				652,563
Decrease in total OPEB liability				(1,081)
Decrease in deferred inflows of resources-pension				(83,491)
Net cash provided by operating activities				$ 1,295,804
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING, CAPITAL AND INVESTING ACTIVITIES				
Capital asset contributions from developers				$ 1,775,242

The Notes to the Basic Financial Statements are an integral part of these statements.

City of Saginaw

Note 1. Summary of Significant Accounting Policies

A. General Statement

The City of Saginaw (the City) was incorporated in 1949. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: general government, court, police and fire protection, street maintenance, building inspection services, library services, animal services, recreation, parks operation and maintenance, and maintenance and operation of City-owned buildings. The City contracts with the City of Fort Worth for water purchases and wastewater service but owns the waterworks and wastewater systems within the City.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the City are described below.

B. Financial Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements include the primary government and organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either there is ongoing financial benefit or burden or operational responsibility. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has operational responsibility for an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government. Complete financial statements for the individual component units may be obtained at the City’s office.

The following entity was found to be a component unit of the City and is included in the combined financial statements:

Blended Component Unit – The Saginaw Crime Control and Prevention District (CCPD) serves all the citizens of the City and is used to account for the accumulation and use of resources to add law enforcement officers and purchase additional equipment for law enforcement purposes. The governing body of the Saginaw CCPD Fund is the same as that of the primary government and the primary government has operational responsibility. The Saginaw CCPD is reported as a governmental activity in the government-wide financial statements and as a Special Revenue Fund in the governmental financial statements.

C. Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City, except for fiduciary funds. The effect of interfund activity, within the governmental and business-type activities columns, have been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Fund Financial Statements

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

Governmental funds are those funds through which most governmental functions typically are financed. The City has presented the following major governmental funds:

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

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

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

Proprietary Funds are those funds for activities supported by user fees and charges. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary fund:

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

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

D. Measurement Focus and Basis of Accounting

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

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

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

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

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

E. Budgetary Control

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

1. Prior to October 1, the City administration submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of a resolution.
4. Any revisions that alter the total expenditures of any fund must be approved by the City Council. The City Council amended the budget during the year.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Saginaw CCPD Fund, Enterprise Fund and Debt Service Fund. A budget is legally adopted for the General Fund, Saginaw CCPD Fund, Drainage Utility Fund, Street Maintenance Fund, Donations Funds, General Escrow Fund, and Debt Service Fund.

Budgets for the General Fund, Saginaw CCPD Fund, Drainage Utility Fund, Street Maintenance Fund, Donations Funds, General Escrow Fund, and Debt Service Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

All appropriations lapse on September 30 of the fiscal year.

Budgeted amounts are as originally adopted or as amended by the City Council.

F. Cash and Investments

Cash of all funds, including restricted cash, are pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. An individual fund's pooled cash and investments are available upon demand and are considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities not included in the common pooled accounts that are purchased with a maturity of ninety days or less are also considered "cash equivalents."

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

State statutes authorize the City to invest in obligations of the U.S. Government or its agencies; obligations of the State of Texas or its agencies; and certain other obligations, repurchase agreements, money market mutual funds and certificates of deposits within established criterion.

G. Interfund Receivables and Payables

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

H. Capital Assets

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

Assets capitalized, not including infrastructure assets, have an original cost of $5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	40 Years
Water and Wastewater System	50 Years
Infrastructure	10-50 Years
Equipment	5-25 Years
Improvements	20 Years

I. Accumulated Vacation, Compensatory Time and Sick Leave

City employees earn vacation leave and compensatory time off for holidays worked. All annual vacation leave must be taken within one year after it is earned unless an exception has been granted by the City Manager. All earned vacation leave not taken within one year of its accumulation will be forfeited. Unused sick leave accumulated during the year is carried over into the next year with a maximum accrual of forty working days or twenty shifts. At the time of resignation or retirement, employees with ten or more years of service will be paid for unused sick leave. The compensated absences liability increased $14,348 over the course of the fiscal year and ended September 30, 2019 with a liability of $958,917.

J. Nature and Purpose of Designations of Fund Balance

The City follows Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) for classification of fund balances. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

Fund balance categories under GASB 54 are Nonspendable and Spendable. Classifications under the Spendable category are Restricted, Committed, Assigned and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

In accordance with GASB 54, the City classifies governmental fund balances in its financial statements, as follows:

1. Nonspendable Fund Balance

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

2. Spendable Fund Balance

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

   i. The aggregate fund balance of the debt service fund is legally restricted for payment of bonded indebtedness and is not available for other purposes until all bonded indebtedness is liquidated.

   ii. The fund balance of the capital projects fund reflects an amount restricted for construction and major renovation projects, and it usually represents unexpended proceeds from the sale of bonds, which primarily have restricted use.

   iii. The proceeds of specific revenue sources that is restricted to expenditures for specified purposes as designated by grantors, contributors, by vote of citizens, or governmental entities over state or local program grants.

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

c. Assigned Fund Balance – Includes amounts intended to be used by the City for specific purposes. Pursuant to GASB 54, this intent can be expressed by an official or body to which the governing body delegates that authority. Through a resolution, the City has delegated the City Manager to determine and define the amounts of those components of fund balance that are classified as Assigned. Examples take on the similar appearance as those enumerated for committed fund balance, including the appropriation of existing fund balance to eliminate a deficit in next year's budget.

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

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

At the end of each fiscal year, the General Fund should maintain unassigned fund balance that is no less than 15% of the subsequent year's General Fund appropriated expenditure budget. This target amount has been established in order to provide a reasonable level of assurance that the City's day-to-day operations will be able to continue even if circumstances occur where revenues are insufficient to cover expenditures.

K. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. In circumstances where an expense is to be made for a purpose for which amounts are available in multiple net position classifications, restricted position will be fully utilized first followed by unrestricted as necessary.

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

M. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information has been determined based on the City's actuary report. For this purpose, OPEB expense recognized each fiscal year is equal to the change in the total OPEB liability from the beginning of the year to the end of the year, adjusted for deferred recognition of certain changes in the liability. Benefit payments are treated as being equal to the employer's yearly contributions for retirees. Information regarding the City's total OPEB liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

N. Management's Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates. The assumptions utilized for purposes of measuring the net pension liability, total OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension/OPEB expense for a year can and does vary from actual results.

Note 2. Cash and Investments

Cash and investments as of September 30, 2019 consist of the following:

Deposits with financial institutions	$	1,237,423
Investments		38,396,306
	$	39,633,729

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 30 days thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no specific limitations with respect to this metric.

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

Investment Type	Weighted Average Amount	Maturity
TexPool	$ 38,396,306	34 days

As of September 30, 2019, the City did not invest in any securities which are highly sensitive to interest rate fluctuations.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Rating as of September 30, 2019
TexPool	$ 38,396,306	AAA	AAAm

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. As of September 30, 2019, other than external investment pools, the City did not have 5% or more of its investments with one issuer.

Custodial Credit Risk

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

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

At September 30, 2019, the carrying amount of the City's cash on hand and deposits were $1,237,423 and the bank balance was $1,884,773. $250,000 of the bank balance was covered by depository insurance under the FDIC, with the remaining $1,634,773 secured with securities held by pledging financial institutions.

Investment in State Investment Pools

The Texpool investment pool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, the investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pool transacts at a net asset value of $1.00 per share, has weighted average maturities of 60 days or less and weighted average lives of 120 days or less, investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. Texpool has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity. Texpool is subject to regulatory oversight by the State Treasurer, although it is not registered with the Securities and Exchange Commission.

Note 3. Restricted Assets

Restricted assets in the Enterprise Fund are held for the following purposes in accordance with bond ordinances or other legal restrictions:

Debt Service - Interest and Sinking Fund	
Cash and investments	$ 184,466
Refundable water and wastewater deposits	658,001
Total	$ 842,467

Note 4. Notes Receivable

During the year ended September 30, 2018, the City loaned $460,000 to a residential developer to construct the Mariposa Apartment Homes at Spring Hollow. The purpose of the Loan was to assist Spring Hollow in meeting the requirements for a federal tax credit. Payments totaling $459,000 were received during the fiscal year ended September 30, 2018. As of September 30, 2019, the outstanding balance was $1,000. The remaining balance is due over a 15 year term, bearing an interest rate of 3%.

Note 5. Capital Assets

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

	Balance, October 1, 2018	Additions/ Completions	Retirements/ Adjustments	Balance, September 30, 2019
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 14,527,200	$ 1,146,960	$ -	$ 15,674,160
Construction in progress	14,783,021	1,211,437	-	15,994,458
Total capital assets, not being depreciate	29,310,221	2,358,397	-	31,668,618
Capital assets being depreciated:				
Buildings	19,713,546	20,035	-	19,733,581
Improvements	1,937,259	5,990	-	1,943,249
Infrastructure	99,788,376	2,840,404	-	102,628,780
Equipment	7,623,973	2,566,512	(498,593)	9,691,892
Total capital assets, being depreciated	129,063,154	5,432,941	(498,593)	133,997,502
Less accumulated depreciation for:				
Buildings	7,131,539	502,299	-	7,633,838
Improvements	933,621	90,216	-	1,023,837
Infrastructure	56,260,011	2,322,549	-	58,582,560
Equipment	5,261,528	531,434	(498,593)	5,294,369
Total accumulated depreciation	69,586,699	3,446,498	(498,593)	72,534,604
Total capital assets being depreciated, ne	59,476,455	1,986,443	-	61,462,898
Governmental activities capital assets, net	$ 88,786,676	$ 4,344,840	$ -	$ 93,131,516

	Balance, October 1, 2018	Additions/ Completions	Retirements/ Adjustments	Balance, September 30, 2019
Business-type Activities:				
Capital assets, not being depreciated:				
Land	$ 16,657	$ -	$ -	$ 16,657
Construction in progress	277,420	(174,612)	-	102,808
Total capital assets, not being depreciated	294,077	(174,612)	-	119,465
Capital assets, being depreciated:				
Buildings	154,587	-	-	154,587
Water and wastewater system	35,584,887	2,045,250	-	37,630,137
Equipment	1,418,367	107,132	(49,177)	1,476,322
Total capital assets, being depreciated	37,157,841	2,152,382	(49,177)	39,261,046
Less accumulated depreciation				
Buildings	71,898	3,540	-	75,438
Water and wastewater system	11,448,601	700,283	-	12,148,884
Equipment	1,004,044	87,352	(49,177)	1,042,219
Total accumulated depreciation	12,524,543	791,175	(49,177)	13,266,541
Total capital assets being depreciated, net	24,633,298	1,361,207	-	25,994,505
Business-type activities capital assets, net	$ 24,927,375	$ 1,186,595	$ -	$ 26,113,970

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

Governmental activities:	
General administrative office	$ 115,499
Municipal court	1,944
Fire	181,246
Police	310,305
Public works	2,461,825
Community services	183,311
Library	45,025
Inspections/code enforcement	14,147
Animal services	10,479
Fleet maintenance	44,614
Parks	77,912
Information technology	191
	$ 3,446,498
Business-type activities:	
Water and wastewater	$ 791,175

The City has active construction projects as of September 30, 2019. Total accumulated commitments for capital projects are $546,131 for the Capital Projects Fund and $9,068 for the General Fund.

Note 6. Long-Term Debt

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

	Governmental	Business-type
2009 Certificates of Obligation Bonds, dated May 1, 2009, due in annual installments through September 1, 2025, bearing interest rates of 3.8% to 4.6%	$ 615,000	$ -
2010 Certificates of Obligation Bonds, dated August 1, 2010, due in annual installments through September 1, 2030, bearing interest rates of 2.5% to 4%	1,170,000	-
2010 Waterworks and Sewer System Refunding Revenue Bonds, dated August 1, 2010, due in annual installments through September 1, 2020, bearing interest rates of 2% to 3%	-	50,000
2012 General Obligation Refunding Bonds, dated April 1, 2012, due in annual installments through September 1, 2023, bearing interest rates of 2% to 3%.	1,215,000	-
2013 General Obligation Refunding Bonds, dated August 29, 2013, due in annual installments through September 1, 2033, bearing interest rates of 2% to 4.1%	6,505,000	-
2014 General Obligation Refunding Bonds, dated April 8, 2014, due in annual installments through September 1, 2024, bearing an interest rate of 1.99%.	1,120,000	210,000
2015 General Obligation Bonds, dated September 7, 2015, due in annual installments through September 1, 2035, bearing an interest rate of 1.00% through 3.50%.	6,440,000	-
2015 General Obligation Refunding Bonds, dated December 22, 2015, due in annual installments through September 1, 2027, bearing an interest rate of 1.98%.	-	1,210,000
2016 General Obligation Refunding Bonds, dated June 21, 2016, due in annual installments through September 1, 2027, bearing an interest rate of 1.69%.	3,860,000	-
2017 General Obligation Bonds, dated June 1, 2017, due in annual installments through September 1, 2037, bearing an interest rate of 3.00%.	7,295,000	-
2019 Tax Notes, dated September 17, 2019, due in annual installments through March 1, 2026, bearing an interest rate of 1.40%.	2,000,000	
Premium on bonds	615,889	-
Total bonds payable	$ 30,835,889	$ 1,470,000

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2019:

	Balance, October 1, 2018	Increases	Decreases	Balance, September 30, 2019	Due Within One Year
Governmental activities:					
General obligation bonds	$ 28,765,000	$ -	$ (2,330,000)	$ 26,435,000	$ 2,380,000
Certificates of obligation	1,950,000	-	(165,000)	1,785,000	175,000
Tax notes	-	2,000,000	-	2,000,000	430,000
Premiums on bonds	672,612	-	(56,723)	615,889	56,723
Total governmental activities	$ 31,387,612	$ 2,000,000	$ (2,551,723)	$ 30,835,889	$ 3,041,723
Business-type activities:					
Revenue bonds	$ 100,000	$ -	$ (50,000)	$ 50,000	$ 50,000
General obligation bonds	1,615,000	-	(195,000)	1,420,000	200,000
Premiums on bonds	1,730	-	(1,730)	-	-
Total business-type activities	$ 1,716,730	$ -	$ (246,730)	$ 1,470,000	$ 250,000

The City issues general obligation bonds and certificates of obligation. General obligation bonds and certificates of obligation are direct obligations of the City and pledge the full faith and credit of the City.

The annual requirements to amortize all debts outstanding as of September 30, 2019, are as follows:

General Obligation Bonds	Governmental Activities		
Due Fiscal Year Ending September 30,	Principal	Interest	Total
2020	$ 2,380,000	$ 759,853	$ 3,139,853
2021	2,065,000	704,128	2,769,128
2022	2,115,000	653,483	2,768,483
2023	2,160,000	601,569	2,761,569
2024	1,895,000	548,472	2,443,472
2025-2029	7,315,000	2,077,142	9,392,142
2030-2034	6,515,000	951,025	7,466,025
2035-2039	1,990,000	108,050	2,098,050
Totals	$ 26,435,000	$ 6,403,722	$ 32,838,722

Certificates of Obligation

Due Fiscal Year Ending September 30,	Governmental Activities Principal	Interest	Total
2020	$ 175,000	$ 70,190	$ 245,190
2021	185,000	63,860	248,860
2022	195,000	56,945	251,945
2023	200,000	49,458	249,458
2024	210,000	41,513	251,513
2025-2029	690,000	101,478	791,478
2030-2034	130,000	5,200	135,200
Totals	$ 1,785,000	$ 388,644	$ 2,173,644

Tax Notes

Due Fiscal Year Ending September 30,	Governmental Activities Principal	Interest	Total
2020	$ 430,000	$ 23,746	$ 453,746
2021	410,000	19,110	429,110
2022	225,000	14,665	239,665
2023	230,000	11,480	241,480
2024	230,000	8,260	238,260
2025-2029	475,000	6,685	481,685
Totals	$ 2,000,000	$ 83,946	$ 2,083,946

General Obligation Bonds

Due Fiscal Year Ending September 30,	Business-type Activities Principal	Interest	Total
2020	$ 200,000	$ 28,138	$ 228,138
2021	210,000	24,170	234,170
2022	220,000	20,004	240,004
2023	150,000	15,642	165,642
2024	155,000	12,672	167,672
2025-2029	485,000	19,305	504,305
Totals	$ 1,420,000	$ 119,931	$ 1,539,931

Revenue Bonds

Due Fiscal Year Ending September 30,	Business-type Activities Principal	Interest	Total
2020	$ 50,000	$ 1,500	$ 51,500
Totals	$ 50,000	$ 1,500	$ 51,500

Note 7. Property Tax

Property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business property located in the City. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the City Council.

Taxes are due on October 1, the levy date, and are delinquent after the following January 31. Tax assessments are automatic on January 1, each year. Penalties and interest are included for any payment received after January 31. Penalties start at 6% of the outstanding balance, respectively and increase to 12% for payments received after July 1. Interest increases 1% for each month the balance is outstanding after January 31.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual have been recognized as revenue. Property taxes are recorded net of the allowance for uncollectible taxes ($148,677 for the General Fund and $140,538 for the Debt Service Fund). The allowance is evaluated annually based upon analysis of historical trends, current economic conditions and other pertinent factors. Uncollectible personal property taxes are written off upon expiration of the five year statute of limitations.

Note 8. Pension Plan

Plan Description

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

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

Benefits

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

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Plan provisions for the City are as follows:

Employee deposit rate	6-7%
Matching ratio (City to employee)	2-1
A member is vested after	5 years
Updated service credit	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating

Members can retire at certain ages, based on the years of service with the City. The Service Retirement Eligibilities for the City are 5 years at 60 years of age or 20 years at any age.

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	56
Inactive employees entitled to but not yet receiving benefits	80
Active employees	150
	286

Contributions

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

Employees for the City of Saginaw were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Saginaw were 17.44% and 21.33% in calendar years 2018 and 2019, respectively. The city's contributions to TMRS for the year ended September 30, 2019, were $1,491,686 and were equal to the required contributions.

Net Pension Liability

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

Actuarial assumptions

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

Inflation	2.5% per year
Overall payroll growth	3.5% to 10.5% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103% and due to the size of the City, rates are multiplied by an additional factor of 100%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with 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 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.

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 if 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 weighing 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 of return for each major asset class are summarized in the following table:

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

Discount Rate

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2017	$ 37,451,286	$ 29,393,535	$ 8,057,751
Changes for the year:			
Service cost	1,567,813	-	1,567,813
Interest	2,777,269	-	2,777,269
Change of benefit terms	3,431,070	-	3,431,070
Difference between expected and actual experience	(144,360)	-	(144,360)
Changes of assumptions	-	-	-
Contributions - employer	-	1,491,686	(1,491,686)
Contributions - employee	-	513,196	(513,196)
Net investment income	-	(880,810)	880,810
Benefit payments, including refunds of employee contributions	(1,043,059)	(1,043,059)	-
Administrative expense	-	(17,017)	17,017
Other changes	-	(889)	889
Net changes	6,588,733	63,107	6,525,626
Balance at December 31, 2018	$ 44,040,019	$ 29,456,642	$ 14,583,377

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 21,236,634	$ 14,583,377	$ 9,150,809

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2019, the City recognized pension expense of $2,596,090.

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	$ -	$ (531,981)
Changes in actuarial assumptions	33,012	-
Difference between projected and actual investment earnings	1,510,121	-
Contributions subsequent to the measurement date	1,452,702	-
Totals	$ 2,995,835	$ (531,981)

$1,452,702 was reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ending December 30, 2019 (i.e. recognized in the City's financial statements for the year ended September 30, 2020). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,		
2019	$	326,539
2020		58,884
2021		116,609
2022		520,305
2023		(11,185)
Thereafter		-
Totals	$	1,011,152

Note 9. Postemployment Benefits Other Than Pensions

Plan Description

The City participates in a single employer, defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF) administered by the Texas Municipal Retirement System (TMRS). The SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan.

The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The city may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of $7,500.

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	45
Inactive employees entitled to but not yet receiving benefits	14
Active employees	150
	209

Net OPEB Liability

The City's net OPEB liability of $332,532 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The net OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5% per year
Overall payroll growth	3.5% to 10.5% per year
Discount Rate	3.71%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103% and due to the size of the City, rates are multiplied by an additional factor of 100%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with 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.

Discount Rate

The discount rate was to measure the net OPEB liability was 3.71%. The discount rate was based on Fidelity Index's "20-Year Municipal GO AA Index" rate as of the measurement date.

		Total OPEB Liability
Balance at December 31, 2017	$	343,342
Changes for the year:		
Service cost		17,962
Interest		11,619
Change of benefit terms		-
Difference between expected and actual experience		(13,397)
Changes of assumptions or other inputs		(24,428)
Benefit payments		(2,566)
Net changes		(10,810)
Balance at December 31, 2018	$	332,532

Sensitivity of the net OPEB liability to changes in the discount rate

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

	1% Decrease in Discount Rate (2.71%)	Discount Rate (3.71%)	1% Increase in Discount Rate (4.71%)
City's OPEB liability	$ 398,219	$ 332,532	$ 280,811

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

For the year ended September 30, 2019, the City recognized OPEB expense of $28,147.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ (11,611)
Changes in actuarial assumptions	-	(1,320)
Contributions subsequent to the measurement date	2,043	-
Total	$ 2,043	$ (12,931)

$2,043 was reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability for the measurement year ending December 30, 2019 (i.e. recognized in the City's financial statements for the year ended September 30, 2020). Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:"

Year ended December 31,	
2019	$ (1,434)
2020	(1,434)
2021	(1,434)
2022	(1,434)
2023	(1,434)
Thereafter	(5,761)
Total	$ (12,931)

Note 10. Commitments

The City renewed a twenty (20) year contract in 2017 with the City of Fort Worth for the treatment and transportation of wastewater. Payments under this contract are on a strength and volume basis per month. Also, there is a twenty-five dollar ($25) per meter monthly service charge.

The City renewed a twenty (20) year contract in 2010 with the City of Fort Worth for the delivery of treated water. Payments under this contract are on a volume and rate of use basis per month. There is also a twenty-five dollar ($25) per meter monthly service charge.

The City entered into an agreement in 2019, under Chapter 380 of the Texas Local Government Code, for the reimbursement of $2,000,000 for the development costs for property development and roadway improvements. As of September 30, 2019, no costs have been incurred or reimbursed.

Note 11. Interfund Balances and Transfers

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

Receivable Fund	Payable Fund	Amount
General Fund	Enterprise Fund	$ 653,025
General Fund	Saginaw CCPD Fund	1,005,300
General Fund	Donations Fund	8,120
General Fund	Escrow Fund	7,707
General Fund	Drainage Utility Fund	122,960
Enterprise Fund	Drainage Utility Fund	73,955
Escrow Fund	General Fund	42,970
		$ 1,914,037

Transfers are primarily used to move funds from:

- The Enterprise Fund to the General Fund for vehicle maintenance expenses and operating expenses.
- The Saginaw CCPD Fund to the General Fund for salaries and related expenses for ten Police Officers, one Public Safety Officer, one Dispatcher, and half (1/2) of one of the School Resource Officers.
- The Donations Fund to the General Fund for two seasonal part-time library pages.
- The Escrow Fund to the General Fund for police over-time for bailiff duty.
- The Drainage Utility Fund to the General Fund for salaries and related expenses.
- The Drainage Utility Fund to the Enterprise Fund for half (1/2) of the cost of the Environmental Specialist and Environmental Assistant.
- The General Fund to the Escrow Fund for the annual contribution to the equipment replacement escrow.

Note 12. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City insures its buildings and contents, law enforcement liability, public officials' liability, general liability and auto liability under a renewable one year policy with the Texas Municipal League. The City insures its workers compensation risk by participating in the Texas Municipal League Intergovernmental Risk Pool which is a self-insurance policy mechanism for political subdivisions in Texas. Rates are set by the State Insurance Board. Each participant's contribution to the pool is adjusted based on its workers' compensation history. The City is responsible only to the extent of premiums paid and contributions made to Texas Municipal League and the Intergovernmental Risk Pool. There have been no significant changes in insurance coverage as compared to last year and settlements have not exceeded coverage in each of the past three fiscal years.

Note 13. Tax Abatements and Economic Incentive Agreements

Tax Abatements under Chapter 312 of the Texas Tax Code and economic incentive agreements under Chapter 380 of the Texas Tax Code allow the City to negotiate tax abatement agreements and economic incentive agreements with applicants. These agreements authorize the appraisal districts to reduce the assessed value of the taxpayer’s property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. Property taxes abated under these programs were $206,978 in fiscal year 2019.

Note 14. New Accounting Pronouncements

The GASB pronouncements effective in fiscal years 2019 and 2020 are listed as follows:

The GASB issued Statement No. 83, Certain Asset Retirement Obligations. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement applies to all state and governmental entities. This statement is effective for fiscal year 2019. The implementation of this statement did not impact the City’s financial statements.

The GASB issued Statement No. 84, Fiduciary Activities, which will be effective for fiscal year 2020. The objective of this Statement is to establish standards of accounting and financial reporting for fiduciary activities. This Statement applies to all state and governmental entities. The City will evaluate the impact of the standard on its financial statements and will the necessary steps to implement it.

The GASB issued Statement No. 88, Certain Disclosures Related to debt, including Direct Borrowings and Direct Placements. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement applies to all state and governmental entities. This statement is effective for fiscal year 2019. The implementation of this statement did not impact the City’s financial statements.

The GASB issued Statement No. 90, Majority Equity Interests- An Amendment of GASB Statements No. 14 and 16, which will be effective for fiscal year 2020. The objective of this Statement is to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement applies to all state and governmental entities. The City will evaluate the impact of the standard on its financial statements and will the necessary steps to implement it.

Note 15. Subsequent Events

The City has evaluated all events and transactions that occurred after September 30, 2019 through January 21, 2020, the date the financial statements were issued.

City of Saginaw

Required Supplementary Information

City of Saginaw

City of Saginaw, Texas

Schedule of Changes in Net Pension Liability and Related Ratios

Texas Municipal Retirement System

	Year Ended December 31				
	2014	2015	2016	2017	2018
TOTAL PENSION LIABILITY					
Service cost	$ 1,094,648	$ 1,192,902	$ 1,237,546	$ 1,287,912	$ 1,567,813
Interest (on the total pension liability)	2,004,340	2,134,257	2,224,580	2,372,294	2,777,269
Changes of benefit terms	-	-	-	-	3,431,070
Difference between expected and actual experience	(494,746)	(194,482)	(306,070)	(93,610)	(144,360)
Change of assumptions	-	89,204	-	-	-
Benefit payments, including refunds of employee contributions	(793,956)	(800,864)	(752,837)	(1,232,910)	(1,043,059)
Net change in total pension liability	1,810,286	2,421,017	2,403,219	2,333,686	6,588,733
Total pension liability, beginning	28,483,078	30,293,364	32,714,381	35,117,600	37,451,286
TOTAL PENSION LIABILITY, ending (a)	$ 30,293,364	$ 32,714,381	$ 35,117,600	$ 37,451,286	$ 44,040,019
PLAN FIDUCIARY NET POSITION					
Contributions - employer	$ 1,247,471	$ 1,351,553	$ 1,404,336	$ 1,427,850	$ 1,491,686
Contributions - employee	433,652	453,288	472,046	488,154	513,196
Net investment income	1,120,846	31,855	1,527,402	3,497,782	(880,810)
Benefit payments, including refunds of employee contributions	(793,956)	(800,864)	(752,837)	(1,232,910)	(1,043,059)
Administrative expense	(11,699)	(19,398)	(17,251)	(18,123)	(17,017)
Other	(962)	(958)	(929)	(920)	(889)
Net change in plan fiduciary net position	1,995,352	1,015,476	2,632,767	4,161,833	63,107
Plan fiduciary net position, beginning	19,588,107	21,583,459	22,598,935	25,231,702	29,393,535
PLAN FIDUCIARY NET POSITION, ending (b)	$ 21,583,459	$ 22,598,935	$ 25,231,702	$ 29,393,535	$ 29,456,642
NET PENSION LIABILITY/ (ASSET), ending (a) - (b)	$ 8,709,905	$ 10,115,446	$ 9,885,898	$ 8,057,751	$ 14,583,377
Plan fiduciary net position as a percentage of total pension liability	71.25%	69.08%	71.85%	78.48%	66.89%
Covered Payroll	$ 7,227,528	$ 7,554,795	$ 7,867,428	$ 8,135,894	$ 8,553,265
Net pension liability as a percentage of covered payroll	120.51%	133.89%	125.66%	99.04%	170.50%

Other Information:

Notes

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

City of Saginaw, Texas
Schedule of Contributions
Texas Municipal Retirement System

	Year Ended September 30				
	2015	2016	2017	2018	2019
Actuarially Determined Contribution	$ 1,247,471	$ 1,351,553	$ 1,404,336	$ 1,427,850	$ 1,491,686
Contributions in relation to the actuarially determined contribution	1,327,755	1,416,758	1,437,537	1,488,506	1,819,055
Contribution deficiency (excess)	$ (80,284)	$ (65,205)	$ (33,201)	$ (60,656)	$ (327,369)
Covered payroll	$ 7,431,617	$ 8,101,429	$ 8,085,355	$ 8,444,346	$ 8,911,253
Contributions as a percentage of covered payroll	17.87%	17.49%	17.78%	17.63%	20.41%

Valuation Date:

Notes	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	Level Percentage of Payroll, Closed
Remaining Amortization Period	27 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 with

Other Information:

Notes	Increased employee contribution rate from 6% to 7%

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

City of Saginaw, Texas
Schedule of Changes in Net OPEB Liability and Related Ratios
Texas Municipal Retirement System

	Year Ended December 31	
	2017	2018
TOTAL OPEB LIABILITY		
Service cost	$ 14,645	$ 17,962
Interest	11,297	11,619
Change of benefit terms	-	-
Difference between expected and actual experience	-	(13,397)
Changes of assumptions or other inputs	27,069	(24,428)
Benefit payments*	(2,441)	(2,566)
Net change in total OPEB liability	50,570	(10,810)
Total OPEB liability, beginning	292,772	343,342
Total OPEB LIABILITY, ending	$ 343,342	$ 332,532
Covered Payroll	$ 8,135,894	$ 8,553,265
Total OPEB liability as a percentage of covered payroll	4.22%	3.89%

Other Information:

Notes: GASB 75, Paragraph 97, requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date of December 31, 2018 - the period from January 30, 2018 - December 31, 2018.

Only two years of data is presented in accordance with GASB 75 paragraph 245. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

City of Saginaw, Texas

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund
For the Fiscal Year Ended September 30, 2019

	Budgeted amounts		Actual	Variance with
			GAAP	Final Budget
	Original	Final	Basis	Over / (Under)
REVENUES				
Taxes	$ 11,706,835	$ 12,191,835	$ 12,454,203	$ 262,368
Licenses and permits	685,000	755,000	858,901	103,901
Charges for services	84,000	88,200	87,150	(1,050)
Fines and fees	476,850	478,850	509,672	30,822
Interest income	160,000	294,000	295,148	1,148
Recreation income	500,000	520,000	524,686	4,686
Intergovernmental	220,045	215,045	216,779	1,734
Miscellaneous revenues	100,000	174,870	224,606	49,736
Total revenues	13,932,730	14,717,800	15,171,145	453,345
EXPENDITURES				
Current:				
General administrative office	1,668,235	1,864,160	1,846,648	(17,512)
Municipal court	210,705	227,110	212,743	(14,367)
Fire	3,817,585	3,822,585	3,826,258	3,673
Police	4,974,730	5,533,800	5,284,720	(249,080)
Public works	1,516,020	2,205,130	1,835,898	(369,232)
Parks	553,885	525,885	379,478	(146,407)
Community services	1,074,565	1,084,115	998,499	(85,616)
Library	635,690	635,690	601,026	(34,664)
Inspections/code enforcement	613,790	673,790	600,849	(72,941)
Animal services	355,975	355,975	329,854	(26,121)
City garage	564,360	484,360	434,837	(49,523)
Economic development	289,235	267,235	243,050	(24,185)
Information technology	308,995	311,295	327,680	16,385
Total expenditures	16,583,770	17,991,130	16,921,540	(1,069,590)
EXCESS (DEFICENCY) OR REVENUES OVER EXPENDITURES	(2,651,040)	(3,273,330)	(1,750,395)	1,522,935
OTHER FINANCING SOURCES (USES)				
Transfers in	1,794,405	1,794,405	1,797,112	2,707
Transfers out	(28,905)	(50,905)	(42,970)	7,935
Total other financing sources (uses)	1,765,500	1,743,500	1,754,142	10,642
Net change in fund balance	(885,540)	(1,529,830)	3,747	1,533,577
FUND BALANCES, beginning of year	11,600,392	11,600,392	11,600,392	-
FUND BALANCES, end of year	$ 10,714,852	$ 10,070,562	$ 11,604,139	$ 1,533,577

Financial Advisory Services
Provided By:

SAMCO Capital