OFFICIAL STATEMENT

Dated: October 22, 2020

Ratings:
S&P: "A+" / "AA" Insured
BAM Insured
(See "BOND INSURANCE" and "OTHER INFORMATION – Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS - Tax Exemption" herein.

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

$2,800,000
CITY OF NASH, TEXAS
(Bowie County)
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2020

Dated: October 15, 2020 **Due: August 15, as shown on Page 2**
Interest to Accrue from Date of Delivery (defined below)

PAYMENT TERMS . . . Interest on the $2,800,000 City of Nash, Texas Combination Tax and Revenue Certificates of Obligation, Series 2020 (the "Certificates") will accrue from the date of delivery and will be payable February 15 and August 15 of each year, commencing February 15, 2021, 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 initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. No physical delivery of the Certificates will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "The Certificates - Book-Entry-Only System" herein. The initial Paying Agent/Registrar shall be The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "The Certificates - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE. . . The Certificates are issued by the City of Nash, Texas (the "City") pursuant to the Texas Constitution, and the general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and constitute direct obligations of the City, payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the City, and (ii) a limited pledge of $1,000 of the net revenues of the City's Waterworks and Sewer System, as provided in the ordinance authorizing the Certificates (the "Ordinance") (see "The Certificates - Authority for Issuance").

PURPOSE. . . Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations to be incurred for (1) public works, to wit: (a) street repair and improvements, (b) renovating and improving existing City buildings and facilities, (c) purchasing and installing materials, supplies and equipment for various City departments, and (2) professional services rendered in connection with such projects and purposes and the financing thereof.

BOND INSURANCE . . . The scheduled payment of principal of and interest on the Certificates when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Certificates by Build America Mutual Assurance Company See "BOND INSURANCE" herein.
.

CUSIP PREFIX: 631182
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page 2

LEGALITY . . . The Certificates are offered for delivery when, as and if issued and received by the Underwriter and subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Dallas, Texas, as Bond Counsel, (see Appendix C, "Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon for the Underwriter by its Counsel, McCall, Parkhurst & Horton L.L.P., Dallas, Texas.

DELIVERY . . . It is expected that the Certificates will be tendered for delivery through the facilities of DTC on or about November 12, 2020.

SAMCO CAPITAL MARKETS, INC.

MATURITY SCHEDULE **CUSIP Prefix: 631182** [1]

Maturity August 15	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix[1]
2021	$ 125,000	3.000%	0.320%	DD1
2022	105,000	3.000%	0.400%	DE9
2023	110,000	3.000%	0.490%	DF6
2024	115,000	3.000%	0.570%	DG4
2025	115,000	3.000%	0.680%	DH2
2026	120,000	3.000%	0.830%	DJ8

$255,000 3.000% Term Bonds Due August 15, 2028, Priced to Yield 1.050% - CUSIP 631182DL3[1]

$265,000 3.000% Term Bonds Due August 15, 2030, Priced to Yield 1.340%- CUSIP 631182DN9[1]

$285,000 3.000% Term Bonds Due August 15, 2032, Priced to Yield 1.510% [2] - CUSIP 631182DQ2[1]

$300,000 3.000% Term Bonds Due August 15, 2034, Priced to Yield 1.640% [2] - CUSIP 631182DS8[1]

$315,000 3.000% Term Bonds Due August 15, 2036, Priced to Yield 1.740% [2] - CUSIP 631182DU3[1]

$335,000 3.000% Term Bonds Due August 15, 2038, Priced to Yield 1.820% [2] - CUSIP 631182DW9[1]

$355,000 3.000% Term Bonds Due August 15, 2040, Priced to Yield 1.950% [2] - CUSIP 631182DY5[1]

(Interest to accrue from the Date of Delivery)

---

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the City, the Financial Advisor, or the Underwriter take any responsibility for the accuracy of such numbers.

(2) Yield shown is yield to first call date, August 15, 2030

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after August 15, 2032, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “The Certificates - Optional Redemption”).

MANDATORY SINKING FUND REDEMPTION . . . The Certificates maturing on August 15, 2028, 2030, 2032, 2034, 2036, 2038, and 2040 (the “Term Certificates”) are subject to mandatory sinking fund redemption as described herein (see “THE CERTIFICATES – Mandatory Sinking Fund Redemption”).

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

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

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

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE THE MARKET PRICE OF THE ISSUE AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE CITY, ITS FINANCIAL ADVISOR, AND THE UNDERWRITER MAKE NO 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.

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

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this 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. See "Continuing Disclosure of Information" for a description of the City's undertaking to provide certain information on an ongoing basis. No representation is made by the City regarding the use, presentation and interpretation of the financial information of the City made by third parties, including, without limitation, the Municipal Securities Rulemaking Board.

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

This Official Statement contains "Forward-Looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from 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 hereof, this page, the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

OFFICIAL STATEMENT SUMMARY

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

THE CITY .... The City of Nash, Texas (the "City") is a political subdivision and Type A general law municipal corporation of the State, located in Bowie County, Texas. The City covers approximately 4.68 square miles (see "INTRODUCTION - Description of the City").

THE CERTIFICATES .... The Certificates are issued as $2,800,000 Combination Tax and Revenue Certificates of Obligation, Series 2020, are issued as serial certificates maturing on August 15 in the years 2021 through 2026 and as Term Certificates maturing on August 15 in the years 2028, 2030, 2032, 2034, 2036, 2038 and 2040 (see "THE CERTIFICATES - General").

PAYMENT OF INTEREST .... Interest on the Certificates will accrue from the date of delivery, and is payable February 15, 2021, and each August 15 and February 15 thereafter until maturity or prior redemption (see "THE CERTIFICATES - General").

TAX MATTERS .... In the opinion of Bond Counsel, the interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption "TAX MATTERS" herein.

AUTHORITY FOR ISSUANCE .... The Certificates are authorized and issued pursuant to the Texas Constitution, the general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and the Ordinance adopted by the City Council of the City. See "THE CERTIFICATES – Authority for Issuance".

SECURITY FOR THE CERTIFICATES .... The Certificates constitute direct obligations of the City, payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and (ii) a limited pledge of $1,000 of the net revenues of the City's Waterworks and Sewer System, as provided in the Ordinance. (See "THE CERTIFICATES – Security and Source of Payment").

OPTIONAL REDEMPTION .... The City reserves the right, at its option, to redeem Certificates having stated maturities on and after August 15, 2032, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE CERTIFICATES - Optional Redemption"). Additionally, the Term Certificates are subject to mandatory sinking fund redemption as more particularly described herein (see "The CERTIFICATES – Mandatory Sinking Fund Redemption").

QUALIFIED TAX-EXEMPT OBLIGATIONS .... The Certificates have been designated as "Qualified Tax-Exempt Obligations" for financial institutions (see "TAX MATTERS - Qualified Tax-Exempt Obligations for Financial Institutions").

USE OF PROCEEDS .... Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations to be incurred for (1) public works, to wit: (a) street repair and improvements, (b) renovating and improving existing City buildings and facilities, (c) purchasing and installing materials, supplies and equipment for various City departments, and (2) professional services rendered in connection with such projects and purposes and the financing thereof.

RATINGS .... The Certificates are rated "AA" by Standard & Poor's Financial Services LLC ("S&P") by virtue of municipal bond insurance policy to be issued by BAM upon delivery of the Certificates. In addition, the underlying rating of the Certificates and the presently outstanding tax supported debt of the City are "A+" by S&P, without regard to credit enhancement (see "OTHER INFORMATION – Ratings" herein).

INSURANCE .... The scheduled payment of principal of and interest on the Certificates when due will be guaranteed Certificates by BAM (see "BOND INSURANCE").

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

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

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated City Population[(1)]	Taxable Assessed Valuation [(2)]	Per Capita Taxable Assessed Valuation	Total G.O. Debt Outstanding At Fiscal Year End	Per Capita Total GO Debt	Ratio GO Debt to Taxable Assessed Valuation	% of Total Tax Collections
2017	3,415	$ 214,042,397	62,677	$ 3,890,000	$ 1,139	1.82%	114.89%
2018	3,681	217,939,901	59,207	3,680,000	1,000	1.69%	127.09%
2019	3,827	242,815,996	63,448	3,465,000	905	1.43%	125.60%
2020	4,000	366,236,118	91,559	3,245,000	811	0.89%	76.39% [(4)]
2021	4,000	375,515,813	93,879	5,690,000 [(3)]	1,423 [(3)]	1.52% [(3)]	N/A

(1) Source: City officials.
(2) As reported by the Bowie County Appraisal District on City's annual State Property Tax Board Reports; subject to change during the ensuing year.
(3) Includes the Certificates.
(4) Collections as of August 26, 2020.

GENERAL FUND CONSOLIDATED STATEMENT SUMMARY

	Fiscal Years Ending September 30,				
	2019	2018	2017	2016	2015
Beginning Balance	$1,071,939	$ 870,641	$ 865,140	$ 576,725	$ 250,246
Total Revenue	2,139,448	1,897,213	1,796,553	1,736,711	1,648,378
Total Expenditures	2,013,824	1,537,184	1,710,993	2,068,918	1,344,862
Prior Period Adjustment	-	-	-	-	22,963
Net Other Sources (Uses)	(185,945)	(158,731)	(80,059)	620,622	-
Ending Balance	$1,011,618	$1,071,939	$ 870,641	$ 865,140	$ 576,725

For additional information regarding the City, please contact:

Mr. Doug Bowers
City of Nash Texas
119 Elm Street (75569-2729)
P. O. Box 520
Nash, Texas 75569-0520
(903) 838-0751, Office
(903) 831-3411 Fax
dbowers@nashtx.org

or

Mr. Jason Hughes
Hilltop Securities Inc.
1201 Elm St., Suite 3500
Dallas, TX 75201
(214) 953-8707 Office
(214) 953-4050 Fax
jason.hughes@hilltopsecurities.com

CITY ADMINISTRATION

ELECTED OFFICIALS

City Council	Length of Service	Term Expires	Occupation
Robert Bunch Mayor	14 Years	May 2022	Owner & President – BWI Companies
Cranford Graves Mayor Pro-Tem	11 Years	May 2022	Transportation Coordinator
Danica Porter Councilmember	6 Years	May 2022	City Secretary - Atlanta, TX
Charles Underwood Councilmember	11 Years	May 2022	Insurance Adjuster
Dale Vickers Councilmember	8 Years	May 2021	Retired Educator / Associate Pastor
Jimmy Norwood Councilmember	1 Year	May 2021	Retired - International Paper

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service
Doug Bowers	City Administrator	7 Years
Jennifer Studdard	City Secretary	10 Years

CONSULTANTS AND ADVISORS

Auditors .... Wilf & Henderson, PC
Texarkana, Texas

Bond Counsel .... Norton Rose Fulbright US LLP
Dallas, Texas

Financial Advisor.. Hilltop Securities Inc.
Dallas, Texas

OFFICIAL STATEMENT
RELATING TO

$2,800,000
CITY OF NASH, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2020

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of $2,800,000 City of Nash, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2020 (the "Certificates"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance adopted on the date of sale of the Certificates which authorized the issuance of the Certificates, except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Certificates and certain information regarding the City of Nash, Texas (the "City") and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, Hilltop Securities Inc., Dallas, Texas.

Description of the City . . . The City is a political subdivision and Type A general law municipal corporation of the State, duly organized and existing under the laws of the State, particularly Chapters 6 and 22 of the Texas Local Government Code. The City was incorporated in 1959. The City is governed by the Aldermanic form of government and the City Administrator is the chief administrative officer. The City Council is comprised of an elected Mayor and five Aldermen, each serving 2-year staggered terms. Some of the services that the City provides are: police and fire protection, streets and bridges, water and sanitary sewer utilities, parks and recreation, and general administrative services. The 2010 Census population for the City resulted in a count of 2,960, an increase over the 2000 Census count of 2,169. The estimated 2021 population is 4,000. For more information regarding the City, see "Appendix A – General Information Regarding the City."

INFECTIOUS DISEASE OUTBREAK – COVID-19

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

On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas in response to the Pandemic. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness and mitigation. These include executive orders which have, among other things, imposed limitations on social gatherings, established occupancy limits of 50 percent for most businesses in Texas, and required every person in Texas to wear a face covering over the nose and mouth while inside a commercial entity, building, or space open to the public, or in an outdoor public space when it is not feasible to maintain six feet of social distance, subject to certain exceptions. The Governor retains the authority to impose additional restrictions on activities. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

In addition to the actions by state and federal officials, certain local officials, including the Mayor of the City, previously declared a local state of disaster and public health emergency and in many instances 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 have 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 "DEBT INFORMATION – Pension Fund." Actions taken to slow the Pandemic are expected to continue to reduce economic activity within the City and a reduction in the collection of taxes, System revenues and other fees and charges collected by the City may negatively impact the City's and the System's operating budget and overall financial condition.

The City also collects a sales and use tax on all taxable transactions within the City's boundaries, and other fees that depend on business activity. Actions taken to slow the Pandemic are expected to continue to reduce economic activity within the City on which the City collects taxes, charges, and fees. A reduction in the collection of taxes, sales revenues 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 or the System. 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 and the System cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the City's and the System's operations and financial condition, and the effect could be material.

THE CERTIFICATES

DESCRIPTION OF THE CERTIFICATES. . . The Certificates are dated October 15, 2020, and are scheduled to mature on August 15 in each of the years and in the amounts shown on page 2 hereof. Interest will accrue from the date of delivery and will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on each February 15 and August 15 until maturity or prior redemption, commencing February 15, 2021. The definitive Certificates will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. No physical delivery of the Certificates will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "THE CERTIFICATES - Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE… The Certificates are being issued pursuant to the Texas Constitution, and the general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and the Ordinance.

SECURITY AND SOURCE OF PAYMENT… The Certificates are payable from (i) a continuing direct annual ad valorem tax levied by the City, within the limits prescribed by law, upon all taxable property within the City and (ii) a limited pledge of $1,000 of the net revenues of the City's Waterworks and Sewer System (the "System"), as provided in the Ordinance.

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

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after August 15, 2032, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Certificates are to be redeemed, the City may select the maturities of Certificates to be redeemed. If less than all the Certificates of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) shall determine by lot the Certificates, or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

MANDATORY SINKING FUND REDEMPTION . . . The Certificates maturing on August 15 in the years 2028, 2030, 2032, 2034, 2036, 2038, and 2040 (the "Term Certificates") are subject to mandatory sinking fund redemption in the amounts and at the price of par plus accrued interest to the redemption date of August 15 in the following years:

Term Certificates Maturing August 15, 2028

Year	Amount
2027	$ 125,000
2028*	130,000

Term Certificates Maturing August 15, 2030

Year	Amount
2029	$ 130,000
2030*	135,000

Term Certificates Maturing August 15, 2032

Year	Amount
2031	$ 140,000
2032*	145,000

Term Bonds Maturing August 15, 2034

Year	Amount
2033	$ 150,000
2034*	150,000

Term Bonds Maturing August 15, 2036

Year	Amount
2035	$ 155,000
2036*	160,000

Term Certificates Maturing August 15, 2038

Year	Amount
2037	$ 165,000
2038*	170,000

Term Certificates Maturing August 15, 2040

Year	Amount
2039	$ 175,000
2040*	180,000

*Maturity.

The particular Term Certificates to be redeemed shall be chosen by the Paying Agent/Registrar at random by lot or other customary method of random selection; provided, however, the principal amount of the Term Certificates of the stated maturity required to be redeemed on a mandatory redemption date shall be reduced, at the option of the City, by the principal amount of any Term Certificates of like stated maturity which, at least fifty (50) days prior to the mandatory redemption date, (i) shall have been acquired by the City at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation or (ii) shall have been redeemed pursuant to the optional redemption provisions set forth above and not theretofore credited against a mandatory redemption requirement.

NOTICE OF REDEMPTION. . . Not less than 30 days prior to a redemption date for the Certificates, the City will cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to each registered owner of a Certificate to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. Any notice of redemption so mailed will be conclusively presumed to have been duly given irrespective of whether received by the owner of the Certificate. If such notice of redemption is given and if due provision for such payment is made and all other conditions to redemption are satisfied, all as provided above and as further described in the following paragraph, the Certificates or portions thereof which are to be so redeemed thereby automatically will be treated as redeemed prior to their scheduled maturities, and they will not bear interest after the date fixed for redemption, and they will 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 notice of conditional 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 such 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 relating to the Certificates, notice of proposed amendment to the Ordinance 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 participants and indirect participants may implement a redemption of such Certificates from the

Beneficial Owners. Any such selection of Certificates within a maturity to be redeemed 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 participants, indirect participants, or Beneficial Owners of the selection of portions of the Certificates for redemption. (See "THE CERTIFICATES - Book-Entry-Only System" herein.)

DEFEASANCE . . . The Ordinance provides for the defeasance of Certificates when the payment of the principal of and premium, if any, on such Certificates, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with the Paying Agent/Registrar or an authorized escrow agent, in trust (1) money sufficient to make such payment or (2) Government Securities, certified by an independent public accounting firm of national reputation or other qualified third party to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Certificates. The Ordinance provides that "Government Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (d) any other then authorized securities or obligations that may be used to defease obligations such as the Certificates under the then applicable laws of the State of Texas.

Upon such deposit as described above, such Certificates shall no longer be regarded to be outstanding or unpaid and will cease to be outstanding obligations secured by the Ordinance or treated as debt of the City for purposes of taxation or applying any limitation on the City's ability to issue debt or for any other purpose. After firm banking and financial arrangements for the discharge and final payment or redemption of the Certificates have been made as described above, all right of the City to initiate proceedings to call the Certificates for redemption or take any other action amending the terms of the Certificates are extinguished; provided, however, that the right to call the 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 the Certificates for redemption; (ii) gives notice of the reservation of that right to the owners of the 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.

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

AMENDMENTS . . . The City may amend the Ordinance without the consent of or notice to any registered owners of the Certificates in any manner not detrimental to the interests of such registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the City may, with the written consent of the holders of a majority in aggregate principal amount of the Certificates, then outstanding, amend, add to, or rescind any of the provisions of the Ordinance; except that, without the consent of the registered owners of all of the Certificates, no such amendment, addition, or rescission may (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Certificates reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on Certificates, (2) give any preference to any Certificate over any other Certificate, or (3) reduce the aggregate principal amount of Certificates required to be held by the holders of such Certificates for consent to any such amendment, addition, or rescission as provided in the Ordinance.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Certificates is to be transferred and how the principal of and interest on the Certificates are to be paid to and accredited 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 Underwriter believe the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.*

The City and the Underwriter cannot and do 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, 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 securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Certificate will be issued for each maturity of the Certificates in the aggregate principal amount of each such maturity and will be deposited with DTC.

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

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 Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interest in the 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 the 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 Participant to whose account 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 the 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 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 Paying Agent/Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 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. will consent or vote with respect to the Certificates unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Certificates will be made to DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to DTC is the responsibility of the City, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement . . . In reading this Official Statement it should be understood that while the 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.

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

Effect of Termination of Book-Entry-Only System . . . In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the City with respect to the Certificates, printed Certificates will be issued to the holders and the Certificates will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "THE CERTIFICATES - Transfer, Exchange and Registration" below.

PAYING AGENT/REGISTRAR. . . The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Certificates are duly paid, and any successor Paying Agent/Registrar shall be a bank, trust company, financial institution or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Certificates. Upon any change in the Paying Agent/Registrar for the Certificates, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Certificates by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

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

Payment Provisions. . . Interest on the Certificates shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest shall be paid (i) by check sent by United States mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Certificates will be paid to the registered owner at the stated maturity or earlier redemption of a Certificate upon presentation to the designated payment/transfer office of the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Certificates, all payments will be made as described under "THE CERTIFICATES - Book-Entry-Only System" herein. 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 close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

Record Date for Interest Payment. . . The record date ("Record Date") for the interest payable on the Certificates on any interest payment date means the last business day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a Certificate 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.

Replacement Certificates . . . If any Certificate is mutilated, destroyed, stolen or lost, a new Certificate in the same principal amount and series as the Certificate so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Certificate, such new Certificate will be delivered only upon surrender and cancellation of such mutilated Certificate. In the case of any Certificate issued in lieu of and substitution for a Certificate which has been destroyed, stolen or lost, such new Certificate will be delivered only (a) upon filing with the Paying Agent/Registrar a certificate to the effect that such Certificate has been destroyed, stolen or lost and proof of ownership thereof, and (b) upon furnishing the Paying Agent/Registrar with indemnity satisfactory to hold the City and the Paying Agent/Registrar harmless. The person requesting the authentication and delivery of a new Certificate must pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

Certificateholders' Remedies . . . The Ordinance does not specify events of default with respect to the Certificates. If the City defaults in the payment of principal of or interest on the Certificates or the redemption price of a Certificate when due, or if it fails to make payments into any fund or funds created in the Ordinance, or defaults in the observation or performance of any other covenants, conditions or obligations set forth in the Ordinance, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Certificates if there is no other available remedy at law to compel performance of the Certificates or the obligations under the Ordinance and the City's obligations are not uncertain or disputed. The issuance of a writ 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 Obligations may not be able to bring such a suit against the City for breach of the covenants in the Obligations 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 Obligations. 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 Obligations may exercise the remedy of mandamus to enforce the obligations of the City under the Ordinance. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract).

Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or 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 creditors' rights would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Certificates are qualified with respect to the customary rights of debtors relative to their creditors.

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

Sources of Proceeds	
Par Amount of Certificates	$2,800,000.00
Reoffering Premium	308,048.70
Total Sources of Proceeds	$3,108,048.70
Proceeds	
Deposit to Construction Fund	$3,000,000.00
Underwriter's Discount	26,314.09
Gross Bond Insurance Premium	11,953.60
Costs of Issuance[(1)]	69,781.01
Total Uses of Proceeds	$3,108,048.70

(1) Includes rounding amount.

(The remainder of this page left blank intentionally.)

BOND INSURANCE

The following information has been supplied by Build America Mutual Assurance Company for inclusion in this Official Statement. No representation is made by the City, the Underwriter or the Financial Advisor as to the accuracy or completeness of the information.

The following information is not complete and reference is made to Appendix D for a specimen of the municipal bond insurance policy of BAM.

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

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

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

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

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

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

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2020 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $488.7 million, $143.6 million and $345.1 million, respectively.

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

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

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

Additional Information Available from BAM

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

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

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

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

BOND INSURANCE RISK FACTORS

GENERAL . . .The City has obtained a commitment from a bond insurance company (the "Insurer") to provide a municipal bond insurance policy relating to the Certificates (the "Policy").

In the event of default of the payment of principal or interest with respect to the Certificates when all or some becomes due, any owner of the Certificates shall have a claim under the applicable Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy may not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional redemption of the Certificates by the City which is recovered by the City from the Bond owner as a voidable preference under applicable bankruptcy law may be covered by the Policy, however, such payments may be made by the Insurer at such time and in such amounts as would have been due absent such prepayment by the City unless the Insurer chooses to pay such amounts at an earlier date.

Default of payment of principal and interest will not obligate acceleration of the obligations of the Insurer without appropriate consent. The Insurer may require its consent to any remedies and the Insurer's consent may be required in connection with amendments to any applicable Bond documents.

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Certificates will be payable solely from the moneys pledged pursuant to the applicable Ordinance. In the event the Insurer becomes obligated to make payments with respect to the Certificates, no assurance is given that such event will not adversely affect the market price of the Certificates or the marketability (liquidity) for the Certificates.

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

The obligations of the Insurer are contractual obligations and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or State law related to insolvency of insurance companies.

Neither the City, nor the Financial Advisor have made independent investigations into the claims-paying ability of any potential Insurer and no assurance or representation regarding the financial strength or projected financial strength of any potential Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the City to pay principal of and interest on the Certificates and the claims-paying ability of the Insurer, particularly over the life of the Certificates.

Claims-Paying Ability and Financial Strength of Municipal Bond Insurers . . . Moody's Investor Services, Inc., Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, and Fitch Ratings have downgraded the claims-paying ability and financial strength of most providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers is possible. In addition, certain events in the credit markets have had substantial negative effects on the bond insurance business. These developments could be viewed as having a material adverse effect on the claims-paying ability of such bond insurers, including any bond insurer of the Certificates.

AD VALOREM PROPERTY TAXATION

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

Valuation of Taxable Property. . . The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Bowie Central Appraisal District (the "Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

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

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

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

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

Local Option Homestead Exemptions. . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

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

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

Freeport and Goods-In-Transit Exemptions. . . Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods, that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days ("Goods-in-Transit"), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer's motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

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

Tax Increment Reinvestment Zones. . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "tax increment". During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

Tax Abatement Agreements. . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

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

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

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

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

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

CITY'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES. . . Taxes levied by the City are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the City, having power to tax the property. The City's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the City is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

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

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

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

PUBLIC HEARING AND MAINTENANCE AND OPERATIONS TAX RATE LIMITATIONS. . . The following terms as used in this section have the meanings provided below:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

CITY APPLICATION OF TAX CODE . . . The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of $10,000, and does not grant an exemption to the market value of the disabled. The City has not granted an additional exemption of 20% of the market value of residence homesteads; minimum exemption of $5,000.

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

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

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

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

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

The City does tax Freeport Property.

The City does not tax Goods-in-Transit.

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

Tax Abatement Policy . . . The City has established a tax abatement program to encourage economic development. In order to be considered for tax abatement, a project must meet several criteria pertaining to job creation and property value enhancement. Generally, projects are eligible for a tax abatement of up to 50%, depending on impact, for a period of 3 to 5 years.

Tax Increment Financing Zones . . . The City, in cooperation with the Commissioner's Court of Bowie County (the "County"), established a Tax Increment and Reinvestment Zone (TIRZ) in July 2010. The TIRZ covers approximately 347 acres within the City. The City and the County contribute 100 percent of additional property tax revenues generated within the TIRZ starting at the 2010 tax appraised level and continuing for the next 25 years. The money raised inside the TIRZ would be earmarked to go back toward funding public improvements within the TIRZ, including water and sewer lines and streets.

Table 1 - Valuation, Exemptions and Debt Obligations

2020/2021 Market Valuation Established by Bowie County Appraisal District (excluding totally exempt property)		$ 382,322,232
Less Exemptions/Reductions at 100% Market Value:		
Local Option, Residential Homestead Exemptions Over Age 65	$ 2,002,579	
Disabled Veteran or Deceased Veteran's Survivors	2,242,529	
Production Loss	1,416,365	
10% Cap On Residential Homesteads	505,186	
Pollution Control	635,372	
Minimum $500 Exemption	4,388	6,806,419
2020/2021 Net Taxable Assessed Valuation		$ 375,515,813 (1)
City Funded Debt Payable from Ad Valorem Taxes as of 9/30/20		
Outstanding Obligations		$ 3,245,000
The Certificates		2,800,000
Total General Obligation Tax Debt		$ 6,045,000
General Obligation Interest and Sinking Fund for G.O. Debt (as of 9/30/20)		$ 63,424
Ratio General Obligation Tax Debt to Taxable Assessed Valuation		1.61%

2021 Estimated Population - 4,000
Per Capita Taxable Assessed Valuation - $93,879
Per Capita Total General Obligation Debt Payable from Ad Valorem Taxes - $1,511

(1) Excludes the incremental value of $38,552,510 allocated within the Tax Increment and Reinvestment Zone.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Value for Fiscal Year Ended Sept. 30,					
	2021		2020		2019	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 85,627,860	22.40%	$ 81,433,528	21.86%	$ 77,683,879	31.13%
Real, Residential, Multi-Family	16,827,191	4.40%	16,381,179	4.40%	13,446,349	5.39%
Real, Vacant Lots/Tracts	4,289,982	1.12%	4,216,588	1.13%	5,152,025	2.06%
Real, Acreage (Land Only)	2,303,505	0.60%	2,371,176	0.64%	1,463,204	0.59%
Real, Farm and Ranch Improvements	3,837,544	1.00%	3,722,155	1.00%	3,980,312	1.59%
Real, Commercial	31,578,662	8.26%	30,346,630	8.14%	30,351,556	12.16%
Real, Industrial	40,329,049	10.55%	40,058,947	10.75%	16,027,677	6.42%
Real and Tangible Personal, Utilities	3,453,875	0.90%	3,316,615	0.89%	3,564,319	1.43%
Tangible Personal, Commercial	24,348,328	6.37%	27,340,653	7.34%	22,640,135	9.07%
Tangible Personal, Industrial	158,113,221	41.36%	151,845,331	40.75%	65,546,906	26.26%
Tangible Personal, Mobile Homes	3,408,605	0.89%	3,418,766	0.92%	3,365,743	1.35%
Real Property, Inventory	15,500	0.00%	222,193	0.06%	215,106	0.09%
Special Inventory	8,188,910	2.14%	7,920,392	2.13%	6,137,191	2.46%
Total Appraised Value Before Exemptions	$ 382,322,232	100.00%	$ 372,594,153	100.00%	$ 249,574,402	100.00%
Less: Total Exemptions/Reductions	6,806,419		6,358,035		6,758,406	
Net Taxable Assessed Valuation	$ 375,515,813 (1)		$ 366,236,118 (2)		$ 242,815,996 (3)	

	Taxable Appraised Value for Fiscal Year Ended Sept. 30,			
	2018		2017	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 75,524,046	33.60%	$ 74,399,854	33.70%
Real, Residential, Multi-Family	11,303,501	5.03%	9,385,608	4.25%
Real, Vacant Lots/Tracts	5,190,015	2.31%	4,967,418	2.25%
Real, Acreage (Land Only)	1,457,289	0.65%	1,511,515	0.68%
Real, Farm and Ranch Improvements	3,156,769	1.40%	3,106,174	1.41%
Real, Commercial	30,458,181	13.55%	28,996,837	13.14%
Real, Industrial	13,681,529	6.09%	13,353,649	6.05%
Real and Tangible Personal, Utilities	3,547,643	1.58%	4,225,303	1.91%
Tangible Personal, Commercial	23,000,923	10.23%	24,165,005	10.95%
Tangible Personal, Industrial	48,377,052	21.52%	48,022,387	21.76%
Tangible Personal, Mobile Homes	3,275,425	1.46%	3,165,314	1.43%
Real Property, Inventory	214,732	0.10%	196,706	0.09%
Special Inventory	5,585,777	2.49%	5,243,347	2.38%
Total Appraised Value Before Exemptions	$ 224,772,882	100.00%	$ 220,739,117	100.00%
Less: Total Exemptions/Reductions	6,832,981		6,696,720	
Net Taxable Assessed Valuation	$ 217,939,901 (4)		$ 214,042,397 (5)	

(1) Excludes the incremental value of $38,552,510 allocated within the Tax Increment and Reinvestment Zone.
(2) Excludes the incremental value of $37,663,020 allocated within the Tax Increment and Reinvestment Zone.
(3) Excludes the incremental value of $31,943,828 allocated within the Tax Increment and Reinvestment Zone.
(4) Excludes the incremental value of $27,671,947 allocated within the Tax Increment and Reinvestment Zone.
(5) Excludes the incremental value of $26,812,620 allocated within the Tax Increment and Reinvestment Zone.

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

TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated City Population [(1)]	Net Taxable Assessed Valuation [(2)]	Net Taxable Assessed Valuation Per Capita	Total G.O. Debt Outstanding At Fiscal Year End	Ratio of G.O. Debt to Net Taxable Assessed Valuation	G.O. Debt Per Capita
2017	3,415	$ 214,042,397	62,677	3,890,000	1.82%	$ 1,139
2018	3,681	217,939,901	59,207	3,680,000	1.69%	1,000
2019	3,827	242,815,996	63,448	3,465,000	1.43%	905
2020	4,000	366,236,118	91,559	3,245,000	0.89%	811
2021	4,000	375,515,813	93,879	5,690,000 [(3)]	1.52% [(3)]	1,423 [(3)]

(1) Source: City officials.
(2) As reported by the Bowie County Appraisal District. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records. Excludes the incremental values allocated within the Tax increment and Reinvestment Zone. See footnotes to Table 2 – Taxable Assessed Valuations by Category, herein.
(3) Includes the Certificates.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Total Tax Rate	General Fund Rate	Interest and Sinking Fund Rate	Tax Levy	% Current Collections	% Total Collections
2017	$ 0.561160	$ 0.402281	$ 0.158879	$ 1,242,211	114.89%	114.89%
2018	0.598353	0.426652	0.171701	1,222,325	127.09%	127.09%
2019	0.559764	0.406925	0.152839	1,309,599	125.60%	125.60%
2020	0.379424	0.279161	0.100263	1,455,345	76.39% [(1)]	76.39% [(1)]
2021	0.457800	0.274900	0.182900	1,426,069	N/A	N/A

(1) Collections as of August 26, 2020.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2020/2021 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
TCI Texarkana, Inc.	Aluminum Manufacturer	$ 141,919,756	37.79%
Arconic Inc.	Aluminum Manufacturer	27,035,939	7.20%
JCM Industries Inc.	Pipe Fitting Manufacturer	7,313,674	1.95%
BWI Companies Inc.	Wholesale Distributor of Lawn and Garden Products	7,014,261	1.87%
Bodega Bay Limited	Pipe Fitting Manufacturer	4,452,726	1.19%
Texana Tank Car & MFG CO (170273)	Tank Car Manufacturer	4,378,142	1.17%
Texana Tank Car & MFG CO (21428)	Tank Car Manufacturer	3,774,639	1.01%
Robbins, Eddie E.	Vehicle Sales / Service	3,520,300	0.94%
Lonestar Truck Group, LLC	Truck / Trailer Sales	3,441,265	0.92%
Isabella Acres LLC	Apartments	2,815,754	0.75%
		$ 205,666,456	54.77%

As shown in Table 5, above, the top ten taxpayers of the City account for 54.77% of the City's tax base, with one taxpayer accounting for 37.79% of the City's tax base. Adverse developments in economic conditions could adversely impact the taxable values in the City, resulting in less tax revenue. If any major taxpayer were to default in the payment of taxes, the City's ability to make timely payments of debt service on the Certificates may be dependent on its ability to enforce and liquated its tax lien, which is a time-consuming process.

GENERAL OBLIGATION DEBT LIMITATION…No general obligation debt limitation is imposed on the City under current State law (however, see "The Certificates - Tax Rate Limitation").

TABLE 6 - TAX ADEQUACY (1)

2021 Net Principal and Interest Requirements	$ 530,200
$0.1456 Tax Rate at 97% Collection Produces	$ 530,348
Average Annual Net Principal and Interest Requirements, 2021-2040	$ 389,209
$0.1069 Tax Rate at 97% Collection Produces	$ 389,384
Maximum Net Principal and Interest Requirements, 2028	$ 539,475
$0.1482 Tax Rate at 97% Collection Produces	$ 539,819

(1) Includes the Certificates. Calculations are based on the City's taxable assessed valuation that excludes the 2020/2021 incremental value of $38,552,510 allocated within the Tax Increment and Reinvestment Zone.

TABLE 7 - ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Jurisdiction	2020/2021 Taxable Assessed Valuation	2020/2021 Tax Rate	Total G.O. Tax Debt As of 9/30/20	Estimated % Applicable	Direct and Overlapping Tax Debt As of 9/30/20
City of Nash	$ 375,515,813 (1)	$0.37942	$ 6,045,000 (2)	100.00%	$ 6,045,000
Texarkana ISD	2,274,274,063	1.32300	52,169,525	11.20%	5,842,987
Texarkana College	6,039,815,044	0.12300	9,484,809	4.34%	411,641
Bowie County	5,119,440,259	0.42400	19,200,000	4.79%	919,680
Total Direct and Overlapping G. O. Tax Debt					$13,219,308
Ratio of Total Direct and Overlapping Tax Debt to City's Taxable Assessed Valuation					3.52%
Per Capita Total Overlapping G. O. Tax Debt					$ 3,305

(1) Excludes the 2020/2021 incremental value of $38,552,510 allocated within the Tax Increment and Reinvestment Zone.
(2) Includes the Certificates.

(The remainder of this page left blank intentionally.)

DEBT INFORMATION

TABLE 8 - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding Debt Service [(1)]			The Certificates [(2)]			Total Net Debt Service	% of Total Principal Retired
	Principal	Interest	Total	Principal	Interest	Total		
2021	$ 230,000	$ 111,500	$ 341,500	$ 125,000	$ 63,700	$ 188,700	$ 530,200	
2022	235,000	105,975	340,975	105,000	80,250	185,250	526,225	
2023	240,000	99,150	339,150	110,000	77,100	187,100	526,250	
2024	255,000	91,500	346,500	115,000	73,800	188,800	535,300	
2025	265,000	83,350	348,350	115,000	70,350	185,350	533,700	29.69%
2026	275,000	74,900	349,900	120,000	66,900	186,900	536,800	
2027	280,000	65,000	345,000	125,000	63,300	188,300	533,300	
2028	295,000	54,925	349,925	130,000	59,550	189,550	539,475	
2029	305,000	44,300	349,300	130,000	55,650	185,650	534,950	
2030	315,000	33,325	348,325	135,000	51,750	186,750	535,075	64.60%
2031	325,000	21,350	346,350	140,000	47,700	187,700	534,050	
2032	70,000	9,000	79,000	145,000	43,500	188,500	267,500	
2033	75,000	6,200	81,200	150,000	39,150	189,150	270,350	
2034	80,000	3,200	83,200	150,000	34,650	184,650	267,850	
2035	-	-	-	155,000	30,150	185,150	185,150	85.94%
2036	-	-	-	160,000	25,500	185,500	185,500	
2037	-	-	-	165,000	20,700	185,700	185,700	
2038	-	-	-	170,000	15,750	185,750	185,750	
2039	-	-	-	175,000	10,650	185,650	185,650	
2040	-	-	-	180,000	5,400	185,400	185,400	100.00%
	$ 3,245,000	$ 803,675	$ 4,048,675	$ 2,800,000	$ 935,500	$ 3,735,500	$ 7,784,175	

____

(1) "Outstanding Debt" does not include lease/purchase obligations, if any, or notes payable, if any.
(2) Average life of the Certificates – 11.137 years.

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION[1]

G.O. Debt Service Requirements, Fiscal Year Ending September 30, 2021		$ 530,200
Interest and Sinking Fund Balance, Fiscal Year Ending September 30, 2020	$ 63,424	
2020/21 Interest and Sinking Fund Budgeted Tax Levy	563,762	$ 627,186
Estimated Balance, Fiscal Year Ending September 30, 2021		$ 96,986

(1) Includes the Certificates.

TABLE 10 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT

The City has no authorized but unissued general obligation bonds.

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

TABLE 11 - OTHER OBLIGATIONS

As of August 31, 2020, the city has no outstanding other obligations.

PENSION FUND

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

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

BENEFITS PROVIDED . . . TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS. At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest. Employees of the City of Nash are eligible for retirement at age 60 with 5 years of service or at any age with 25 years of service. Employees contribute to the fund at the rate of 7%. The City matches two dollars for one dollar. City match vests after 5 years of service. The City adopted the updated service credit provision of the plan in 2017 at 100%.

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	8
Inactive employees entitled to but not yet receiving benefits	7
Activee employees	20
	35

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 (BAN) 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 Nash were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Nash were 17.97% and 17.63% in calendar years 2018 and 2019, respectively. The city's contributions to TMRS for the year ended September 30, 2019 were $186,644 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	2.50% per year
Overall payroll growth	2.80% 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%. 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 arc used with males rates multiplied by 109% and female rates multiplied by l 03% 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, 20 10 through December 3 1, 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 20 11 , and dated December 31, 20 13. 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 prodi1ction of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixwed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	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 Fiducia1y Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balance at 12/31/2017	$ 3,207,878	$ 2,023,914	$ 1,183,964
Changes for the year:			
Service Cost	164,325	-	164,325
Interest	219,136	-	219,136
Change of benefit terms	-	-	-
Difference between expected and actual experience	40,058	-	40,058
Changes in assumptions	-	-	-
Contributions - employer	-	187,368	(187,368)
Contributions - employee	-	72,987	(72,987)
Net investment income	-	(60,797)	60,797
Benefit payments, including refunds to employees	(87,158)	(87,158)	-
Administrative expense	-	(1,172)	1,171
Other Changes	-	(61)	61
Net Changes	336,361	111,167	225,193
Balance at 12/31/2018	$ 3,544,239	$ 2,135,081	$ 1,409,158

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 I-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 (asset liability)	$ 2,024,921	$ 1,409,158	$ 912,518

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 $254,788. 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 exonomic experience	$ 88,625	$ -
Changes in actuarial assumptions	13,415	-
Difference between projected and actual investment earnings	108,995	-
Contributions subsequent of the measurement date	136,427	-
	$ 347,462	$ -

$136,427 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30	
2020	$ 73,917
2021	45,010
2022	37,489
2023	52,751
2024	1,868
Thereafter	-
Total	$ 211,035

SUPPLEMENTAL DEATH BENEFITS FUND

The City also participates in the cost-sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System {TMRS) known as the Supplemental Death Benefits Fund (SDBF). The city elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The city may terminate coverage under and discontinue participation in the SOBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit," or OPEB.

City offers supplemental death to:	Plan Year 2018	Plan Year 2019
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

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

The City's contributions to the TMRS SDBF for the years ended 2019, 2018 and 2017 were $1,769, $1,889, and $1,667, respectively, which equaled the required contributions each year.

(The remainder of this page left blank intentionally.)

FINANCIAL INFORMATION

TABLE 12 – CHANGES IN NET ASSETS

	Fiscal Year Ending September 30,				
	2019	2018	2017	2016	2015
Revenues:					
Charges for Services	$ 139,551	$ 100,745	$ 82,048	$ 133,824	$ 96,222
Operating and Capital Contributions	660,782	848,917	56,000	623,551	205,236
Property Taxes	1,640,899	1,560,760	1,427,077	1,386,835	1,317,624
Other Taxes	695,239	583,729	543,982	501,095	557,997
Investment Income	8,489	5,196	1,673	1,360	1,550
Miscellaneous	26,857	27,044	18,857	12,166	12,439
Total Revenues	$ 3,171,817	$ 3,126,391	$ 2,129,637	$ 2,658,831	$ 2,191,068
Expenditures:					
General Government	$ 484,487	$ 449,413	$ 695,794	$ 411,201	$ 598,175
Police	757,483	713,853	1,144,571	672,849	641,888
Municipal Court	141,351	114,861	88,618	82,501	73,150
Fire	237,709	138,537	84,779	83,257	83,692
Street	848,692	541,101	634,269	425,115	393,311
Intergovernmental	207,380	493,632	-	267,348	-
Debt Service - Interest and Fiscal Charges	118,396	122,494	126,900	131,896	160,307
Total Expenditures	$ 2,795,498	$ 2,573,891	$ 2,774,931	$ 2,074,167	$ 1,950,523
Increase (Decrease) in Net Assets Before Transfers	$ 376,319	$ 552,500	$ (645,294)	$ 584,664	$ 240,545
Other Sources (Uses) Transfers in (out)	-	10,051	-	300,622	-
Gain (Loss) on sale of assets	-	-	(17,931)	-	-
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	376,319	562,551	(663,225)	885,286	240,545
Net Assets, Beginning of Year	3,681,716	3,119,165	3,782,390	2,897,104	2,449,761
Prior Period Adjustment	279,885			-	206,798
Net Assets, End of Year	$ 4,337,920	$ 3,681,716	$ 3,119,165	$ 3,782,390	$ 2,897,104

(The remainder of this page left blank intentionally.)

TABLE 12A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ending September 30,				
Revenues:	2019	2018	2017	2016	2015
Property Taxes	$ 1,277,369	$ 1,186,028	$ 1,092,062	$ 1,055,907	$ 946,653
Sales and Other Taxes	611,772	510,705	475,700	431,723	478,048
Gross Receipts and Franchise Tax	83,467	73,024	68,282	69,372	79,949
Intergovernmental	6,000	6,000	6,000	6,500	5,500
Fines and Fees	135,730	97,951	137,812	162,910	126,388
Interest	6,479	4,013	1,415	1,067	1,101
Miscellaneous	18,631	19,492	15,282	9,232	10,739
Total Revenues	$ 2,139,448	$ 1,897,213	$ 1,796,553	$ 1,736,711	$ 1,648,378
Expenditures:					
Administrative and General	$ 435,764	$ 408,886	$ 414,558	$ 341,480	$ 398,374
Police	691,489	641,992	638,646	576,662	564,122
Municipal Court	117,934	108,123	93,403	125,200	107,078
Fire	216,174	122,173	59,641	61,985	59,495
Street	520,366	230,925	212,220	157,547	156,020
Capital Outlay	32,097	25,085	270,571	784,090	37,819
Debt Service	-	-	21,954	21,954	21,954
Total Expenditures	$ 2,013,824	$ 1,537,184	$ 1,710,993	$ 2,068,918	$ 1,344,862
Excess (Deficiency) of Revenues Over Expenditures	$ 125,624	$ 360,029	$ 85,560	$ (332,207)	$ 303,516
Other Financing Sources (Uses)	(185,945)	(158,731)	(80,059)	620,622	-
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(60,321)	201,298	5,501	288,415	303,516
Beginning Fund Balance	1,071,939	870,641	865,140	576,725	250,246
Prior Period Adjustment	-	-	-	-	22,963
Ending Fund Balance	$ 1,011,618	$ 1,071,939	$ 870,641	$ 865,140	$ 576,725

(The remainder of this page left blank intentionally.)

TABLE 13 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, Texas Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Certificates. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. In 1995, the citizens of the City voted to implement the additional ½ cent sales tax to be used for economic development purposes. The City collects this additional sales and use tax solely for the benefit of the Nash Industrial Development Corporation, a Type A economic development corporation (the "Development Corporation"), and this additional sales and use tax may be pledged to secure payment of sales tax revenue bonds issued by the Development Corporation.

Fiscal Year End 9/30	1% City Sales Tax Collections[1]	% of Ad Valorem Tax Levy	Ad Valorem Tax Rate Equivalent	City Estimate of Population	Per Capita
2016	$ 459,892	41.98%	$ 0.2437	3,348	$ 137
2017	470,208	37.85%	0.2197	3,415	138
2018	508,716	41.62%	0.2334	3,681	138
2019	584,336	44.62%	0.2406	3,827	153
2020	638,616 (2)	43.88%	0.1744	4,000	160

(1) Does not include 1/2% sales tax for the Development Corporation.
(2) Collections through August 2020.

The sales tax breakdown for the City is as follows:

City Sales & Use Tax	1.00¢
Development Corporation	0.50¢
Bowie County	0.50¢
State Sales & Use Tax	6.25¢
Total	8.25¢

FINANCIAL POLICIES

For a summary of accounting policies, please see "APPENDIX B, EXCERPTS FROM THE CITY OF NASH, TEXAS, COMPREHENSIVE ANNUAL FINANCIAL REPORT For The Fiscal Year Ended September 30, 2019", Note I.

INVESTMENTS

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

LEGAL INVESTMENTS . . . Available City funds are invested as authorized by Texas law and in accordance with investment policies approved by the City Council of the City. Both State law and the City's investment policies are subject to change. Under State law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in the State of Texas that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025; or (ii) a depository institution with a main office or branch office in the State of Texas that the investing entity selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3); (9) certificates of deposit and share certificates (i) issued by a depository institution that has its main office or a branch office in the State of Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor, or are secured by obligations described in the clauses (1) through (8) or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City in a certificate of deposit through (I) a broker that has its main office or a branch office in the State of Texas and is selected by the City as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (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 the depository institution selected under (a) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clauses (1) or (13) 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 of Texas; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less, (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (13) commercial paper with a stated maturity of 365 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a bank organized under the laws of the United States or any state, (14) a no-load money market mutual fund registered with and regulated by the Securities and Exchange Commission that provides the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and complies with federal Securities and Exchange Commission Rule 2a-7, and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and have a duration of one year or more and are invested exclusively in obligations described in this paragraph or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities 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.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAA-m or an equivalent by at least one nationally recognized rating service or no lower than investment grade by at least one nationally recognized rating service with a weighted average maturity no greater than 90 days. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

INVESTMENT POLICIES . . . 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 includes a list of authorized investments for City funds, 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 funds' 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, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the City shall submit an investment report 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, of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and 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 strategy statements and (b) state law. No person may invest City funds without express written authority from the City Council.

ADDITIONAL PROVISIONS . . . Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt 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 Treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

TABLE 14 - CURRENT INVESTMENTS

As of August 26, 2020, the City's funds were invested as follows:

Description	% of Investments	Book Value	Market Value
Bank Account	100.00%	$5,123,969	$ 5,123,969
	100.00%	$5,123,969	$ 5,123,969

TAX MATTERS

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

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

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

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Certificates. Prospective purchasers of the Certificates should be aware that the ownership of tax-exempt obligations such as the Certificates may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust ("FASIT"), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

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

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

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

TAX ACCOUNTING TREATMENT OF DISCOUNT AND PREMIUM ON CERTAIN CERTIFICATES. . . The initial public offering price of certain Certificates (the "Discount Certificates") may be less than the amount payable on such Certificates at maturity. An amount equal to the difference between the initial public offering price of a Discount Certificate (assuming that a substantial amount of the Discount Certificates of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Certificate. A portion of such original issue discount allocable to the holding period of such Discount Certificate by the initial purchaser will, upon the disposition of such Discount Certificate (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Certificates described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Certificate, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Certificate and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

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

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

The purchase price of certain Certificates (the "Premium Certificates") paid by an owner may be greater than the amount payable on such Certificates at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Certificate over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Certificate in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Certificate. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity (or, in some cases with respect to a callable Certificate, the yield based on a call date that results in the lowest yield on the Certificate).

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports …The City will provide certain updated financial information and operating data which is customarily prepared by the City and is publicly available to the MSRB on an annual basis. The information to be updated includes quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 6 and 8 through 14 and in Appendix B to the extent that such information and financial statements are customarily prepared by the City and are publicly available (currently, information that is customarily prepared by the City and is publicly available consists of the City's annual audited financial statements and annual property tax reports). The City will update and provide this information within six months after the end of each fiscal year.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the Securities and Exchange Commission (the "SEC") as permitted by the Rule. The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation.

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

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

For these purposes, (a) any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City and (b) the City intends to words used in the immediately preceding clauses (15) and (16) and the definition of Financial Obligation in this section to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

AVAILABILITY OF INFORMATION. . . 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. Pursuant to subsection (d)(2)(iii) of the Rule, the foregoing information, data and notices can be obtained from the City Administrator, Doug Bowers, (903) 838-0751.

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of certain specified events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the 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 continuing disclosure agreement or from any statement made pursuant to its agreement, although holders and beneficial owners of the Certificates may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City , if (1) the agreement, as amended would have permitted an underwriter to purchase or sell the Certificates in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances, and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provisions of the Ordinance that authorizes such amendment) of the outstanding Certificates consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Certificates. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates. 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 type of information and data provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . The City has previously entered into continuing disclosure undertakings in accordance with the Rule with respect to its outstanding General Obligation Refunding Bonds, Series 2011, and Combination Tax and Revenue Certificates of Obligation, Series 2014. Pursuant to such undertakings, the City is obligated to annually provide certain annual financial information and operating data, including its audit, as well as provide timely notice of certain enumerated events. On December 4, 2019, the rating for the City was upgraded by S&P from A to A+. The City did not file the Material Event Notice associated with this upgrade in a timely manner. Additionally, the City's audits and financial information and operating data for fiscal years 2015 through 2019 were not timely filed with EMMA. All information has since been filed including notices of late filings. The City will implement procedures to ensure the timely filings pursuant to its undertakings.

OTHER INFORMATION

RATINGS

The Certificates are rated "AA" by S&P Global Ratings, A Standard & Poor's Financial Services LLC business ("S&P") by virtue of a municipal bond insurance policy to be issued by BAM upon delivery of the Certificates. In addition, the Certificates and the presently outstanding tax supported debt of the City are rated "A+" by S&P without regard to credit enhancement. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the views of such organization and the City makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that they will not be revised downward or withdrawn entirely such rating company, if in the judgment such company, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Certificates.

LITIGATION

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

REGISTRATION AND QUALIFICATION OF 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.

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, investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Certificates by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Certificates be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION - Ratings" 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 subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the 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.

LEGAL MATTERS

The City will furnish complete transcripts of proceedings had incident to the authorization and issuance of the Certificates, including the unqualified approving legal opinions of the Attorney General of Texas approving the Initial Bond and Initial Certificate, respectively and to the effect that the Certificates are valid and legally binding obligations of the City, and based upon examination of such transcripts of proceedings, the approving legal opinions 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 Underwriter 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 connection with the issuance of the Certificates. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under the captions "The Certificates" (exclusive of the subcaptions "Tax Rate Limitation", "Book-Entry-Only System", and "Certificateholders' Remedies"),), "Tax Matters" and "Continuing Disclosure of Information" (exclusive of the subcaption "Compliance with Prior Undertakings") and the subcaptions "Registration and Qualification of Certificates for Sale," "Legal Matters" (exclusive of the last two sentences of the first paragraph thereunder) and "Legal Investments and Eligibility to Secure Public Funds in Texas" under the caption "Other Information" in the Official Statement and such firm is of the opinion that the information relating to the 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 legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Certificates is contingent on the sale and delivery of the Certificates. The legal opinions will accompany the Certificates deposited with DTC or will be printed on the Certificates in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriter by its counsel, McCall, Parkhurst & Horton L.L.P., Dallas, Texas. The legal fee of such firm is contingent upon the sale and delivery of the Certificates.

The 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 that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

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

FINANCIAL ADVISOR

Hilltop Securities Inc. is employed as Financial Advisor to the City in connection with the issuance of the Certificates. The Financial Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. Hilltop Securities Inc. will not submit a bid for the Certificates, either independently or as a member of a syndicate organized to submit a bid for the Certificates. Hilltop Securities Inc.in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.
The Financial Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

UNDERWRITING

The Underwriter has agreed, subject to certain conditions, to purchase the Certificates from the City, at a price equal to the initial offering prices to the public shown on page 2 of this Official Statement, less an underwriting discount of $26,314.09. The Underwriter will be obligated to purchase all of the Certificates if any Certificates are purchased.

The Certificates to be offered to the public may be offered and sold to certain dealers (including the Underwriter and other dealers depositing Certificates into investment trusts) at prices lower than the public offering prices of such Certificates, and such public offering prices may be changed, from time to time, by the Underwriter.

FORWARD-LOOKING STATEMENTS DISCLAIMER

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

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

MISCELLANEOUS

The Ordinance authorizing the issuance of the Certificates approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorized its further use in the reoffering of the Certificates by the Underwriter

ROBERT BUNCH
Mayor
City of Nash, Texas

ATTEST:

JENNIFER STUDDARD
City Secretary
City of Nash, Texas

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

THIS PAGE INTENTIONALLY LEFT BLANK

THE CITY

Description and Location of the City . . . The City of Nash, Texas, is located in Bowie County in the extreme northeastern part of the state, bordering Texarkana, Texas on U.S. Highway 82 and Interstate 30, 180 miles east of Dallas, Texas and 145 miles southwest of Little Rock, Arkansas.

Transportation . . . The area is served by 39 motor freight carriers and 1 intercity bus lines in the City of Texarkana. The Texarkana Urban Transportation District began operating a local bus system in the fall of 2000.

The Texarkana Municipal Airport, with its 6,600-foot and 5,200-foot, lighted, concrete runways, is capable of handling all modern aircraft. Currently American Eagle provides direct scheduled service to and from the airport in Dallas, Texas. Aircraft maintenance, service facilities and car rentals are available.

Economy . . . The primary factors contributing to the economic growth of Texarkana, Texas and Texarkana, Arkansas are services, manufacturing, retail trade, agricultural and government. Listed below are the largest employers:

Name of Firm	Type of Business	Number of Employees
Red River Army Depot and Tenants	Manufacturer/Processors	6,000
Christus St. Michael Health Care	General Medical Hospital	1,900
Cooper Tire & Rubber	Manufacturer of Passenger Tires	1,860
Domtar, Inc.	Fine Finished Papers	1,150
Wal-Mart/Sam's Club	Discount Stores	1,100
International Paper Company	Cup and Folding Cartons	925
Wadley Regional Medical	General Medical Hospital	850
Texarkana, TX ISD	Primary & Secondary Education	795
Texarkana, AK ISD	Primary & Secondary Education	785
Southern Refrigerated Transport	Refrigerated Trucking	750
City of Texarkana, Texas	City Government	615

The City of Texarkana has a large number of defense-related jobs that are dependent on the Federal Government and Department of Defense spending, and as such are subject to Federal budgetary and spending fluctuations and reductions.

Employment

	Annual Average				
	2020(1)	2019	2018	2017	2016
Bowie County					
Civilian Labor Force	39,073	39,899	39,474	39,276	39,610
Total Employment	36,074	38,130	37,542	37,479	37,749
Unemployment	2,999	1,769	1,932	1,797	1,861
Percent Unemployment	7.7%	4.4%	4.9%	4.6%	4.7%
State of Texas					
Civilian Labor Force	13,795,761	14,045,312	13,816,690	13,574,795	13,335,578
Total Employment	12,724,001	12,551,791	13,285,118	12,989,682	12,720,226
Unemployment	1,071,760	1,493,521	531,572	585,113	615,352
Percent Unemployment	7.8%	10.6%	3.8%	4.3%	4.6%

(1) Averages as of July 2020.
Source: Texas Workforce Commission, Labor Market Information Department.

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX B

EXCERPTS FROM THE

CITY OF NASH, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2019

The information contained in this appendix consists of excerpts from the City of Nash, Texas Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2019, and is not intended to be a complete statement of the City’s financial condition. Reference is made to the complete Report for further information.

THIS PAGE INTENTIONALLY LEFT BLANK

WILF & HENDERSON, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
Member of American Institute of Certified Public Accountants
Member of Private Company Practice Section
Member of AICPA Governmental Audit Quality Center

Independent Auditor's Report

Honorable Mayor and
Members of the City Council
Nash, Texas

Members of the Council:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

1810 Galleria Oaks • Texarkana, Texas 75503 • 903.793.5646 • Fax 903.792.7630 • www.wilhen.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-10, budgetary comparison information on page 41, TMRS schedule of changes in net pension (asset) liability and related ratios on page 42, and TMRS schedule of pension contributions on page 43 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 City of Nash's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 25, 2020, on our consideration of the City of Nash, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Nash, Texas' internal control over financial reporting and compliance.

Wilf & Henderson, P.C.

WILF & HENDERSON, P.C.
Certified Public Accountants
Texarkana, Texas

June 25, 2020

Management's Discussion and Analysis (MD&A) for the City of Nash is designed to:

- Assist the reader in focusing on significant financial issues;
- Provide an overview of the City's financial activities;
- Identify changes in the City's overall financial position and results of operations and assist the user in determining whether financial position has improved or deteriorated as a result of the year's operations;
- Identify any significant variations from the original, amended, and final budget amounts and include any currently known reasons for those variations that are expected to have a significant effect on future services or liquidity; and
- Identify individual fund issues or concerns.

The information contained within this MD&A should be considered only as part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes that are provided in addition to this MD&A.

Overview of the Financial Statements

The MD&A requires supplementary information that introduces the reader to the basic financial statements and provides an overview of the City's financial activities. The City's basic financial statements consist of the following components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the financial statements.

A general description of the components of the basic financial statements follows.

Government-Wide Financial Statements

The government-wide financial statements are designed to present the financial operations of the City as a whole in a format similar to private sector companies. All governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. If the City determines that presentation of a component unit (which are other governmental units for which the City can exercise significant influence or for which the Primary Government financial statements would be misleading if component unit information is not presented) is necessary to allow the reader to determine the relationship of the component unit and primary government, the component unit information is presented in a separate column of the financial statements or in a separate footnote.

The focus is on the government-wide (entity-wide) Statement of Net Position and Statement of Activities to give the reader a broad overview of the City's financial position and results of operations.

a. The Statement of Net Position presents information on the City's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as Net Position. Over time, the increases or decreases in net position (and changes in the components of net position) may serve as a useful indicator of whether the financial position of the City is improving or weakening. Although the focus of this MD&A will be on the analysis of the overall changes to net position, the reader should refer to Note 1 - Significant Accounting Policies for an explanation of the components of net position.

b. The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. The format for the Statement of Activities presents the expenses for each function (administrative, police protection, fire protection, public works, sanitation, and park) reduced by the Program Revenues (charges for services, operating grants and contributions, and capital grants and contributions) directly related to each respective function, to determine net costs of each function. The net costs of each function are normally covered by general revenues.

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 and legal requirements. The City of Nash uses two categories of funds to account for financial transactions: governmental funds and proprietary funds.

Governmental funds are used to account for most of the basic services and projects reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The City of Nash's governmental funds include the General Fund for accounting for the City's basic services, the Debt Service Fund for accounting of debt payments, Special Revenue for accounting of restricted resources for a specific purpose and Capital Projects Fund for accounting of construction projects.

The Proprietary Fund accounts for water, sewer, and sanitation services for the City of Nash. Enterprise funds are used to account for the same functions as business-type activities presented in the government-wide financial statements, but the fund presentation provides more detail.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the City's more immediate decisions on the current use of financial resources. We describe the differences between government-wide financial statements (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

Notes to the Financial Statements

When reviewing this MD&A, the reader should also refer to and review the notes to the financial statements, as well as the government-wide and fund financial statements.

City Highlights

Unrestricted net position balance at September 30, 2019 in the governmental activities (including the General Fund) decreased from $378,492 to $240,578. The business-type activities (consisting of the City's Public Works Funds) unrestricted net position balance increased from $1,644,513 to $1,807,650. Unrestricted net position represents the net balance accumulated by the City above the amount of net investment in capital assets and the amount for restricted net position (restricted because of constraints imposed by grantors, contributors, or by laws and regulations).

- For governmental activities, the total net investment in capital assets (after subtracting out debt owed on capital assets) increased from $2,834,745 to $3,418,282. For business type activities, the total of net investment in capital assets increased from $2,266,052 to $2,519,065.

- For governmental activities, the City's long-term debt at September 30, 2019, decreased from $3,717,419 to $3,498,728 due to payments of principal.

- The most significant continuing revenue sources for governmental activities of the City consisted of $1,640,899 of property tax revenues and $695,239 in other tax revenues.

Government-Wide Financial Analysis

Statement of Net position

Included is a Statement of Net Position for the City of Nash. The format allows the reader to view the overall financial position of the City.

City of Nash
Statement of Net Position

	Governmental Activities		Business-Type Activities		Component Unit	
	2019	2018	2019	2018	2019	2018
Current assets	$ 2,045,011	$ 1,975,940	$ 2,242,165	$ 2,031,534	$ 1,624,972	$ 1,444,155
Capital assets	6,917,010	6,552,164	2,519,065	2,266,052	977,596	1,351,250
Total Assets	8,962,021	8,528,104	4,761,230	4,297,586	2,602,568	2,795,405
Deferred outflows of resources	291,869	200,872	55,593	38,261	-	-
Current liabilities	233,551	294,388	264,641	228,050	1,669	6,026
Long-term liabilities	3,498,728	3,717,419	-	-	91,569	207,214
Net pension liability	1,183,691	994,528	225,467	189,436	-	-
Total Liabilities	4,915,970	5,006,335	490,108	417,486	93,238	213,240
Deferred inflow of resources	-	40,925	-	7,796	-	-
Net Position:						
Net investment in capital assets	3,418,282	2,834,745	2,519,065	2,266,052	886,027	1,351,250
Restricted	679,060	468,479	-	-	-	-
Unrestricted	240,578	378,492	1,807,650	1,644,513	1,623,303	1,230,915
Total Net Position	$ 4,337,920	$ 3,681,716	$ 4,326,715	$ 3,910,565	$ 2,509,330	$ 2,582,165

Statement of Activities

A statement of activities for the City of Nash is presented below listing the major categories of revenues and expenses for the fiscal year ended September 30, 2019. An explanation of the components of this statement is included immediately following the table.

	Governmental Activities		Business-Type Activities		Component Unit	
Revenues	2019	2018	2019	2018	2019	2018
Program Revenues						
Charges for Services	$ 139,551	$ 100,745	$ 1,844,402	$ 1,711,625	$ -	$ -
Operating and Capital Contributions	660,782	848,917	-	36,000		
General Revenues						
Property taxes	1,640,899	1,560,760	-	-	-	-
Other taxes	695,239	583,729	-	-	305,842	255,314
Investment earnings	8,489	5,196	6,241	4,191	19,620	15,859
Miscellaneous	26,857	27,044	-	-	25,792	5,842
Total General Revenues	3,171,817	3,126,391	1,850,643	1,751,816	351,254	277,015
Expenses						
Administration and general	484,487	449,413	-	-	-	-
Police	757,483	713,853	-	-	-	-
Municipal court	141,351	114,861	-	-	-	-
Fire	237,709	138,537	-	-	-	-
Street	848,692	541,101	-	-	-	-
TDHCA Home Grant	207,380	493,632	-	-	-	-
Debt service - interest and fees	118,396	122,494	-	-	-	-
Water, sewer and garbage	-	-	1,434,493	1,400,127	-	-
NIDC	-	-	-	-	208,410	236,109
Total Expenses	2,795,498	2,573,891	1,434,493	1,400,127	208,410	236,109
Other Sources (Uses)						
Operating transfer in (out)	-	-	-	-	-	-
Gain (Loss) on sale of assets	-	10,051	-	-	64,206	27,109
Total Other Sources (Uses)	-	10,051	-	-	64,206	27,109
Increase (Decrease) in Net Position	376,319	562,551	416,150	351,689	207,050	68,015
Beginning Net Position	3,681,716	3,119,165	3,910,565	3,558,876	2,582,165	2,514,150
Prior Period Adjustment	279,885	-	-	-	(279,885)	-
Ending Net Position	$ 4,337,920	$ 3,681,716	$ 4,326,715	$ 3,910,565	$ 2,509,330	$ 2,582,165

Government-Wide Review of Statement of Activities

The statement of net position presents revenues, expenses, and changes in net position separately for governmental activities and business-type activities. The format allows for presentation of general revenues (i.e., taxes, investment earnings, miscellaneous revenues, and gain on sale of capital assets) followed by a listing of general revenues to support the City's overall governmental or business-type activities. Expenses are presented on a functional basis, with depreciation on fixed assets directly allocated to the related expense (e.g., administration and general, police, fire).

Governmental Activities

Operating revenues are divided into taxes and other sources of revenue. For the City of Nash, the major tax revenues are property tax revenue of $1,640,899 and other tax revenue of $695,239. Remaining revenue sources consist of investment earnings of $8,489, miscellaneous revenue of $26,857 and a CDBG grant for street construction and HOME grant. Majority of the increase in revenues is due to the increase in property taxes.

Expenses are presented in the statement of activities by function and total $2,795,498 (including interest on long-term debt) for the current fiscal year-end. Expenses increased $221,607 due to a street improvement project. Expenses decreased for the HOME grant in the current year.

Business-Type Activities

Business-type activities provided by the City of Nash consist of water, sewer, and sanitation totaling $1,844,402. The increase of $132,777 is due to the increase in rates. Revenues for the current fiscal year in the investment earnings subcategory are $6,241.

The City reports the total amount of expenses as $1,434,493 for the fiscal year ended September 30, 2019. The change in net position (revenues less expenses) for the current fiscal year is $416,150. This is an increase over the prior year change of $351,689.

Governmental Funds

At year-end, the City's governmental funds, consisting of the General Fund, Debt Service Fund, Grant Fund, Capital Project Funds and Other Non-Major Funds reported combined fund balances of $1,695,649 with $684,031 recorded as restricted, $11,579 recorded as committed, and $1,000,039 recorded as unassigned. Under the modified-accrual basis for fund financial statements, the emphasis is on accounting for current financial resources of the City.

The fund-reporting format presents in the Statement of Revenues, Expenditures, and Changes in Fund Balance all revenue types followed by the expenses of the City, also presented on a functional basis. However, for the fund financial statements, the City reports only current year capital expenditures and does not report depreciation on capital assets. The major revenue sources are similar to the government-wide presentation above, with additional detail provided for services for which the City receives a fee or charge for services (licenses and permits, sanitation fees, fines, court fees, and parks and recreation fees). The General Fund reported revenue in excess of expenditures of $125,624 before transfers out. Fund balance at the end of the current fiscal year for the General Fund was $1,011,618. Debt Service Fund reported revenue in excess of expenditures of $30,154. Fund balance at the end of the current fiscal year for the Debt Service Fund was $124,001. Grant Fund reported expenditures in excess of revenues of $202. Fund balance at the end of the current fiscal year for the Grant Fund was $433. Capital Project Funds reported expenditures in excess of revenues of $8,762. Fund balance at the end of the current fiscal year for the Capital Project Funds was $522,420. Other Non-Major funds reported revenue in deficiency of expenditures of $3,882. Fund balance at the end of the current fiscal year for Other Non-Major funds was $37,177.

Proprietary Fund

The total amounts presented for the Proprietary Fund (utility fund for water, sewer and sanitation services) are identical to the government-wide presentation. Statement of Revenues, Expenses, and Changes in Net Position, presents a more detailed listing of expenses than presented in the government-wide statements, pending implementation of financial reporting improvements to report activities of the water, sewer and sanitation systems on a functional basis. The major operating expenses of this fund include $844,127 for water and sewer, $445,236 for garbage, and $145,130 for depreciation and amortization. Non-operating revenues and expenses includes $6,241 of interest.

Budget

The City Council did not amend the 2018-2019 budget during the year.

Capital Assets and Long-Term Debt

Capital Assets

At the end of the fiscal year 2019, the governmental activities had $6,917,010 invested in a broad range of capital assets, the business-type activities had $2,519,065 invested in capital assets and NIDC had $997,596 invested in capital assets. Detailed information about the City's capital assets is presented in Note 7 to the financial statements.

Long-Term Debt

At year-end in the governmental activities, the City owed $3,498,728 in bonds. In the business-type activities, there was no long-term debt. NIDC owes $91,569 in notes payable at year-end. Detailed information about the City's long-term liabilities is presented in Note 8 to the financial statements.

Next Year's Budget and Economic Factors

The budget for 2020 was approved by the City Council during its regular September council meeting.

The City had little turnover in most departments, which is equal to the prior budget year personnel ratio. This was due to the Council's continued support with providing insurance, education, and cost of living pay.

The Council does not intend to use fund balance on any funds other than the capital projects funds.

The adopted tax rate for 2019-2020 is $0.379424. The City's valuation will result in similar tax dollars available. It is anticipated that the equity position of the City will remain about the same. The financial position of the City is at adequate levels to provide the services that citizens are requiring.

Requests for Information

This financial report is designed to provide a general overview of the City of Nash's finances and to demonstrate the City's accountability. If you have questions regarding this report or need additional information, contact the City Secretary's Office at 119 Elm Street, Nash, Texas 75569. The phone number for the City is (903) 838-0751.

CITY OF NASH, TEXAS
BASIC FINANCIAL STATEMENTS

Exhibit A-1

CITY OF NASH, TEXAS
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2019

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS				
Cash and cash equivalents	$ 1,835,502	$ 1,858,387	$ 3,693,889	$ 1,203,008
Restricted cash	-	-	-	15,684
Accounts receivable, net of allowances	331,200	262,087	593,287	-
Interfund accounts	(121,691)	121,691	-	-
Due from primary government	-	-	-	62,806
Notes receivable, net of allowance	-	-	-	343,474
Capital assets:				
Land and construction in progress	365,984	11,254	377,238	506,142
Other capital assets, net of accumulated depreciation	6,551,026	2,507,811	9,058,837	471,454
Total assets	$ 8,962,021	$ 4,761,230	$ 13,723,251	$ 2,602,568
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow related to TMRS, net	$ 291,869	$ 55,593	$ 347,462	-
LIABILITIES				
Accounts payable and accrued expenses	$ 109,874	$ 111,720	$ 221,594	$ 1,669
Accrued interest payable	14,600	-	14,600	-
Due to component unit	62,806	-	62,806	-
Deferred revenues	46,271	-	46,271	-
Customer deposits	-	152,921	152,921	-
Non-current liabilities:				
Due within one year	220,000	-	220,000	91,569
Due in more than one year	3,278,728	-	3,278,728	-
Net pension liability (TMRS)	1,183,691	225,467	1,409,158	-
Total liabilities	4,915,970	490,108	5,406,078	93,238
NET POSITION				
Net investment in capital assets	3,418,282	2,519,065	5,937,347	886,027
Restricted for:				
Debt service	119,030	-	119,030	-
Capital projects	522,420	-	522,420	-
Federal and State Programs	37,610	-	37,610	-
Unrestricted	240,578	1,807,650	2,048,228	1,623,303
Total net position	$ 4,337,920	$ 4,326,715	$ 8,664,635	$ 2,509,330

The accompanying notes are an integral part of this statement.

Exhibit B-1

CITY OF NASH, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position — Primary Government			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Unit
Primary government:								
Governmental activities:								
Administration and general	$ 484,487	$ -	$ 6,000	$ -	$ (478,487)	$ -	$ (478,487)	$ -
Police	757,483	-	-	-	(757,483)	-	(757,483)	-
Municipal Court	141,351	139,551	-	-	(1,800)	-	(1,800)	-
Fire	237,709	-	-	-	(237,709)	-	(237,709)	-
Street	848,692	-	-	447,402	(401,290)	-	(401,290)	-
Home grant	207,380		207,380	-	-	-	-	
Debt service interest and fees	118,396	-	-	-	(118,396)	-	(118,396)	-
Total governmental activities	2,795,498	139,551	213,380	447,402	(1,995,165)	-	(1,995,165)	-
Business-type activities:								
Water, sewer, and garbage	1,434,493	1,844,402	-	-	-	409,909	409,909	-
Total business-type activities	1,434,493	1,844,402	-	-	-	409,909	409,909	-
Total primary government	$ 4,229,991	$ 1,983,953	$ 213,380	$ 447,402	$ (1,995,165)	$ 409,909	$ (1,585,256)	$ -
Component Unit:								
NIDC	208,410	-	-	-	-	-	-	(208,410)
Total component unit	$ 208,410	$ -	$ -	$ -	-	-	-	(208,410)
General revenues:								
Property taxes					1,640,899	-	1,640,899	-
Other taxes					695,239	-	695,239	305,842
Investment earnings					8,489	6,241	14,730	19,620
Miscellaneous					26,857	-	26,857	25,792
Gain (loss) on sale of capital assets					-	-	-	64,206
Total general revenues					2,371,484	6,241	2,377,725	415,460
Change in net position					376,319	416,150	792,469	207,050
Net position at beginning of year					3,681,716	3,910,565	7,592,281	2,582,165
Prior period adjustment					279,885	-	279,885	(279,885)
Net position at end of year					$ 4,337,920	$ 4,326,715	$ 8,664,635	$ 2,509,330

The accompanying notes are an integral part of this statement

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

	General Fund	Debt Service Fund	Grant Fund
ASSETS			
Cash and cash equivalents	$ 1,192,539	$ 63,427	$ 72,739
Accounts receivable, net of allowances	321,064	9,629	507
Due from other funds	-	60,574	15,419
Total Assets	$ 1,513,603	$ 133,630	$ 88,665
LIABILITIES			
Accounts payable and accrued expenses	$ 109,873	$ -	$ -
Due to component unit	62,806	-	-
Due to other funds	208,523	-	88,232
Deferred revenue	-	-	-
Total Liabilities	381,202	-	88,232
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenues	26,141	9,629	-
Unavailable warrant revenues	94,642	-	-
Total Deferred Inflows of Resources	120,783	9,629	-
FUND BALANCES			
Restricted Fund Balance:			
Retirement of Long-Term Debt	-	124,001	-
Capital Projects	-	-	-
Federal or State Funds Grant Restriction	-	-	433
Committed Fund Balance:			
Volunteer Fire Department	9,026	-	-
Park	2,553	-	-
Unassigned Fund Balance:			
Reported in the General Fund	1,000,039	-	-
Total Fund Balances	1,011,618	124,001	433
Total Liabilities, Deferred Inflows, and Fund Balances	$ 1,513,603	$ 133,630	$ 88,665

The accompanying notes are an integral part of this statement.

Capital Project Funds	Other Non-major Funds	Total Governmental Funds
$ 423,920	$ 82,877	$ 1,835,502
-	-	331,200
98,500	571	175,064
$ 522,420	$ 83,448	$ 2,341,766
$ -	$ -	$ 109,873
-	-	62,806
-	-	296,755
-	46,271	46,271
-	46,271	515,705
-	-	35,770
-	-	94,642
-	-	130,412
-	-	124,001
522,420	-	522,420
-	37,177	37,610
-	-	9,026
-	-	2,553
-	-	1,000,039
522,420	37,177	1,695,649
$ 522,420	$ 83,448	$ 2,341,766

CITY OF NASH, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

Total Fund Balances - Governmental Funds	$ 1,695,649
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was $9,722,178 and the accumulated depreciation was ($3,170,014). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. At the beginning of the year, the balances of these liabilities were ($3,717,419). The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	2,834,745
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2019 capital outlays of $479,499, reclassification of assets of $279,885 and debt principal payments of $215,000 is to increase net position.	974,384
The 2019 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to (decrease) net position.	(394,538)
Included in the noncurrent assets/(liabilities) is the recognition of the City's net pension asset/(liability) required by GASB 68 in the amount of ($1,183,691), a deferred resource inflow in the amount of $0, and a deferred resource outflow in the amount of $291,869. This resulted in an (decrease) in net position.	(891,822)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of debt as an increase in debts payable and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	119,502
Net Position of Governmental Activities	$ 4,337,920

The accompanying notes are an integral part of this statement.

THIS PAGE INTENTIONALLY LEFT BLANK

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

	General Fund	Debt Service Fund	Grant Fund
REVENUES			
Property Taxes	1,277,369	367,519	$ -
Sales and other taxes	611,772	-	-
Gross receipts and franchise tax	83,467	-	-
Grant Revenue	-	-	599,240
Grant Match	-	-	55,542
Intergovernmental	6,000	-	-
Fines and fees	135,730	-	-
Interest	6,479	260	202
Miscellaneous	18,631	-	-
Total Revenues	2,139,448	367,779	654,984
EXPENDITURES			
Current			
Administration and general	435,764	-	-
Police	691,489	-	-
Municipal court	117,934	-	-
Fire	216,174	-	-
Street	520,366	-	-
Home grant expenditures	-	-	207,380
Total Current	1,981,727	-	207,380
Capital Outlay			
Streets	-	-	447,402
Police Department	32,097	-	-
Total Capital Outlay	32,097	-	447,402
Debt service			
Principal	-	215,000	-
Interest	-	122,625	-
Total Debt Service	-	337,625	-
Total Expenditures	2,013,824	337,625	654,782
Excess (deficiency) of revenues over expenditures	125,624	30,154	202
OTHER FINANCING SOURCES (USES)			
Operating transfers in (out)	(185,945)	-	-
Total other financing sources (uses)	(185,945)	-	-
Net change in fund balance	(60,321)	30,154	202
Fund balance, beginning of year	1,071,939	93,847	231
Fund balance, end of year	$ 1,011,618	$ 124,001	$ 433

The accompanying notes are an integral part of this statement.

Capital Project Funds	Other Non-major Funds	Total Governmental Funds
$ -	$ -	$ 1,644,888
-	-	611,772
-	-	83,467
-	-	599,240
-	-	55,542
-	-	6,000
-	3,821	139,551
1,238	310	8,489
-	8,226	26,857
1,238	12,357	3,175,806
-	-	435,764
-	5,040	696,529
-	3,435	121,369
-	-	216,174
-	-	520,366
10,000	-	217,380
10,000	8,475	2,207,582
-	-	447,402
-	-	32,097
-	-	479,499
-	-	215,000
-	-	122,625
-	-	337,625
10,000	8,475	3,024,706
(8,762)	3,882	151,100
185,945	-	-
185,945	-	-
177,183	3,882	151,100
345,237	33,295	1,544,549
$ 522,420	$ 37,177	$ 1,695,649

Exhibit C-4

CITY OF NASH, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Total Net Change in Fund Balances - Governmental Funds	$ 151,100
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2019 capital outlays of $479,499 and debt principal payments of $215,000 is to increase net position.	694,499
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to (decrease) net position.	(394,538)
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/18 caused the change in the ending net position to increase in the amount of $114,599. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling ($115,207). The City's reported TMRS net pension expense had to be recorded. The net pension expense decreased the change in net position by ($56,633). The result of these changes is to (decrease) the change in net position.	(57,241)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include eliminating interfund transactions, reclassifying the proceeds of new debt, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to (decrease) net position.	(17,501)
Change in Net Position of Governmental Activities	$ 376,319

The accompanying notes are an integral part of this statement

CITY OF NASH, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Enterprise Fund	Total Proprietary Funds
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,858,387	$ 1,858,387
Accounts receivable, net of allowances	262,087	262,087
Due from other funds	121,691	121,691
Total current assets	$ 2,242,165	$ 2,242,165
Capital assets:		
Land	11,254	11,254
Other capital assets, net of accumulated depreciation	2,507,811	2,507,811
Total capital assets	2,519,065	2,519,065
Total assets	$ 4,761,230	$ 4,761,230
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to TMRS, net	$ 55,593	$ 55,593
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	$ 111,720	$ 111,720
Total current liabilities	111,720	111,720
Non-current liabilities		
Customer deposits	152,921	152,921
Net pension liability (TMRS)	225,467	225,467
Total non-current liabilities	378,388	378,388
Total liabilities	$ 490,108	$ 490,108
NET POSITION		
Net investment in capital assets	$ 2,519,065	$ 2,519,065
Unrestricted	1,807,650	1,807,650
Total net position	$ 4,326,715	$ 4,326,715

The accompanying notes are an integral part of this statement.

Exhibit D-2

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

	Enterprise Funds	Total Proprietary Funds
OPERATING REVENUES		
Charges for sales and services	1,820,622	$ 1,820,622
Other	23,780	23,780
Total Operating Revenues	1,844,402	1,844,402
OPERATING EXPENSES		
Water and Sewer	844,127	844,127
Garbage	445,236	445,236
Depreciation and amortization	145,130	145,130
Total Operating Expenses	1,434,493	1,434,493
Net operating income (loss)	409,909	409,909
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	6,241	6,241
Total nonoperating revenues (expenses)	6,241	6,241
Changes in net position	416,150	416,150
Net position, beginning of year	3,910,565	3,910,565
Net position, end of year	$ 4,326,715	$ 4,326,715

The accompanying notes are an integral part of this statement.

CITY OF NASH, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Enterprise Fund	Total Proprietary Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 1,851,723	$ 1,851,723
Cash payments to suppliers for goods and services	(975,381)	(975,381)
Cash payments to employees for services and benefits	(293,884)	(293,884)
Net cash provided by operating activities	582,458	582,458
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Net change in interfund receivables / payables	(14,307)	(14,307)
Net cash (used) by noncapital financing activities	(14,307)	(14,307)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition or construction of capital assets	(398,143)	(398,143)
Net cash (used) by capital and related financing activities	(398,143)	(398,143)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	6,241	6,241
Net cash provided by investing activities	6,241	6,241
Net increase (decrease) in cash and cash equivalents	176,249	176,249
Cash and cash equivalents, beginning of year	1,682,138	1,682,138
Cash and cash equivalents, end of year	$ 1,858,387	$ 1,858,387
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net operating income (loss)	$ 409,909	$ 409,909
Adjustment to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation and amortization	145,130	145,130
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(20,075)	(20,075)
Increase (decrease) in accounts payable and accrued expenses	9,194	9,194
Increase (decrease) in customer deposits	27,397	27,397
Increase (decrease) in pension plan assets and outflows	10,903	10,903
Net cash provided by operating activities	$ 582,458	$ 582,458

The accompanying notes are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies

The City of Nash, Texas is a City government operating under the applicable laws and regulations of the State of Texas. It is governed by City Council elected by registered voters of the City. The City prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants.

GASB Statement 68, *Accounting and Financial Reporting for Pensions,* issued June 2012 was adopted for the year ending September 30, 2015. The City participates in the Texas Municipal Retirement System (TMRS). This Statement establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) in which:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

GASB Statement 68 requires the employer to report the net pension asset or liability, pension expense, and related deferred inflows and outflows of resources associated with providing retirement benefits to their employees and former employees in their basic financial statements. This statement required governmental entities to record the net pension asset or liability and the related outflows and inflows retroactively.

GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued June 2015 was adopted for the year ending September 30, 2018. The City participates in the TMRS Supplemental Death Benefits (SDB) plan. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Because the OPEB calculated amounts are immaterial for the City of Nash, these amounts are not recorded in the financial statements.

A. <u>Reporting Entity</u>

The City Council is elected by the public and it has the authority to make decisions and significantly influence operations. It has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." The City has a component unit, an entity for which the City is considered financially accountable. This is a discretely presented component unit, which is reported in a separate column of the financial statements to emphasize it is legally separate from the government.

B. <u>Individual Component Unit Disclosures-Discretely Presented Component Units</u>

The Nash Industrial Development Corporation (Nash IDC or NIDC), is a non-profit corporation organized in September 1995. The City Council appointed the Industrial Development Board, which is comprised of five members to govern the Corporation. The Corporation is organized exclusively for the purposes of promoting and developing the commercial, industrial, and manufacturing enterprises and to promote and encourage employment and the public welfare in the City of Nash, Texas. The Corporation is funded by a one-third of one percent sales and use tax which became effective October 1, 1995 for the promotion and development of new and expanded business enterprises pursuant to the provisions of Article 5190.6, section 4A of Revised Civil Statutes of the State of Texas. The Corporation does not provide services to the primary government; therefore, the Corporation is considered a discretely presented component unit. The Nash IDC does not have separately issued financial statements.

C. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the City of Nash with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, charges for services, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the City operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the City. Examples include fees charged for water, sewer, and garbage service. The "grants and contributions" column includes amounts paid by organizations outside the City to help meet the operational or capital requirements of a given function. If a revenue is not a program revenue, it is a general revenue used to support all of the City's functions. Taxes are always general revenues.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as interfund transfers.

The fund financial statements provide reports on the financial condition and results of operations for two fund categories - governmental and proprietary. The City considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

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

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The City considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The City considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the City to refund all or part of the unused amount.

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

E. Fund Accounting

The City reports the following major governmental funds:

1. **General Fund** – The general fund is the City's primary operating fund. It accounts for financial resources except those required to be accounted for in another fund.

2. **Debt Service Funds** – The City accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

3. **Grant Fund** – The City accounts for resources from state or federal granting agencies for a specific purpose for the City, including a CDBG grant for street construction and a HOME grant for affordable housing in the community.

4. **Capital Projects Fund** – The proceeds from long-term debt financing and revenue and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Additionally, the City reports the following fund type(s):

Governmental Funds:

1. **Special Revenue Funds** – The City accounts for resources restricted to, or designated for, specific purposes by the City or a grantor in a special revenue fund.

Additionally, the City reports the following major proprietary fund:

Proprietary Funds:

1. **Enterprise Funds** – The City's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The City's major Enterprise Fund is the water and sewer fund.

Budget and Budgetary Accounting

Formal budgetary integration is employed as a management control device during the year for the general fund. This budget is adopted on a basis consistent with generally accepted accounting principles. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

The budgets for the general fund and proprietary fund operations are prepared on the cash basis. Revenues are budgeted in the year receipt is expected; and expenditures are budgeted in the year the applicable purchase orders are expected to be issued. The budget and actual financial statements are reported on this basis. Unencumbered appropriations for annually budgeted funds lapse at fiscal year-end.

The City does not record encumbrances as part of its accounting records.

F. Other Accounting Policies

1. For purposes of the statement of cash flows for proprietary funds, the City considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

2. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

3. Capital assets, which include land, buildings, machinery and equipment and roads and bridges, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

   The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

   Buildings, machinery and equipment of the City are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	15 – 30
Infrastructure	20 – 30
Machinery and equipment	3 – 10
Water and sewer system	10 - 50

4. Some cash and investments are restricted for future debt payments.

5. When the City incurs an expense for which it may use either restricted or unrestricted position, it uses the restricted assets first whenever they will have to be returned if they are not used.

6. Investments are recorded at fair market value.

7. Bond issuance costs are expensed in the year the debt is issued.

8. Deferred Outflows/Inflows of Resources – The City implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities for the year ended September 30, 2014. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

   In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of item that qualifies for reporting in this category on the fund financial statements, property taxes and outstanding warrants. These amounts will be recognized as an inflow of resources in the subsequent years as collected.

9. 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.

10. Fund Equity – The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories as following:

    Nonspendable fund balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

    Restricted fund balance – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

    Committed fund balance – represents amounts that can only be used for specific purposes imposed by a formal action of the City's highest level of decision-making authority, the Council. Committed resources cannot be used for any other purposes unless the Council removes or changes the specific use by taking the same formal action that imposed the constraint originally.

    Assigned fund balance – represents amount the City intends to use for specific purposes as expressed by the Council or an official delegated with the authority.

    Unassigned fund balance – represents the residual classification for the general fund or deficit balances in other funds.

    In circumstances where 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 expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and then unassigned fund balance.

11. Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

12. Comparative Data - Governments are required to present comparative data only in connection with Management's Discussion and Analysis (MD&A).

Note 2 – Deposits and Investments

Legal and Contractual Provisions Governing Deposits and Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (S) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act the City is in substantial compliance with the requirements of the Act and with local policies.

Additional contractual provisions governing deposits and investments for the City are as follows:

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the City has adopted a deposit and investment policy. That policy does address the following risks:

1. Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's policy regarding types of deposits allowed and collateral requirements is that the funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping in an amount sufficient to protect the City's funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

   Deposits of the City are insured or collateralized with securities held by the pledging financial institution's trust department or agent in the name of the City.

   The captions and amounts of cash and cash equivalents on the Statement of Net Position at September 30, 2019, consist of the following:

	General Fund	Debt Service Fund	Grant Fund	Capital Project Funds	Other Governmental Funds	Balance Sheet Total	Proprietary Fund	Component Unit
Cash in bank	1,192,539	63,427	72,739	423,920	82,877	1,835,502	1,858,387	1,203,008
Total	1,192,539	63,427	72,739	423,920	82,877	1,835,502	1,858,387	1,203,008

   The City's cash deposits at September 30, 2019 and during the year ended September 30, 2019 were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

2. Custodial Credit Risk-Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Positions in external investment pools are not subject to custodial credit risk. The City has no investments exposed to custodial credit risk at the end of the period.

3. Interest-Rate Risk - Interest-rate risk occurs when potential purchases of debt securities do not agree to pay face value for these securities if interest rates rise. The City does not purchase investment where the face value is not guaranteed.

4. Concentration Risk - Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investments in external investment pools are not subject to concentration risk. The City is not exposed to any amounts of concentration risk.

5. Other Credit Risk Exposure - The City has no investments in external investment pools.

Note 3 – Interfund Transactions

Interfund balances are as follows as of September 30, 2019:

	Receivables (Due From)	Payables (Due To)
General Fund:		
Debt Service Fund	-	(60,574)
Grant Fund	-	(15,419)
Capital Project	-	(98,500)
Nonmajor Governmental Fund	-	(571)
Major Enterprise Fund	-	(33,459)
Component Unit	-	(62,806)
	-	(271,329)
Debt Service Fund:		
General Fund	60,574	-
Grant Fund:		
General Fund	15,419	-
Major Enterprise Fund	-	(88,232)
	15,419	(88,232)
Capital Project:		
General Fund	98,500	-
Nonmajor Governmental Funds:		
General Fund	571	-
Major Enterprise Fund:		
General Fund	33,459	-
Grant Fund	88,232	-
Component Unit	-	-
	121,691	-
Component Unit:		
General Fund	62,806	-
Total	359,561	(359,561)

The interfund transactions between the Grant Fund and the General Fund and Major Enterprise Fund were primarily the result of timing of grant reimbursements. The $62,806 owed to the Component Unit from the General Fund is sales tax receivable for one-third of August and September 2019 collections. The $60,574 between the General Fund and the Debt Service Fund was additional I&S collections. The remainder interfund balances were prior year transactions not cleared during the current year. Interfund transfers for the year ended September 30, 2019, were as follows:

	Transfer From (In)	Transfer To (Out)
General Fund:		
Capital Project Funds	-	185,945
	-	185,945
Capital Project Funds:		
General Fund	185,945	-
	185,945	-
Total	185,945	185,945

The transfer from the General Fund to the Capital Project Fund in the amount of $185,945 was for TIRZ tax revenue recorded in the General Fund.

Note 4 – Disaggregation of Receivables and Payables

Receivables at September 30, 2019, were as follows:

	Property Taxes	Sales Taxes	Charges for Services	Other Receivables	Total Receivables
Governmental Activities:					
General Fund	56,911	167,706	-	182,838	407,455
Debt Service Fund	20,378	-	-	-	20,378
Grant Fund	-	-	-	507	507
Total Governmental Activities	77,289	167,706	-	183,345	428,340
Amount not scheduled for collection during the subsequent year	(41,518)	-	-	(55,622)	(97,140)
Business-Type Activities:					
Major Enterprise Fund	-	-	262,523	-	262,523
Amounts not scheduled for collection during the subsequent year	-	-	(436)	-	(436)
Component Unit Activities:					
NIDC	-	-	-	492,157	492,157
Amounts not scheduled for collection during the subsequent year	-	-	-	(148,683)	(148,683)

Payables at September 30, 2019, were as follows:

	Accounts Payable	Salaries & Benefits	Other Payables	Total Payables
Governmental Activities:				
General Fund	37,398	45,132	27,343	109,873
Grant Fund	-	-	-	-
Total - Governmental Activities	37,398	45,132	27,343	109,873
Business-Type Activities				
Major Enterprise Fund	85,392	22,402	3,926	111,720
Total - Business-Type Activities	85,392	22,402	3,926	111,720
Component Unit Activities:				
NIDC	1,249	420	-	1,669
Total- Component Unit Activities	1,249	420	-	1,669

Note 5 – Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

The Bowie County Appraisal District bills and collects property taxes for the City of Nash. The State of Texas Constitution limits the City's ad valorem tax rate for all purposes to $1.50 per one hundred dollars of assessed valuation. Ad valorem tax revenue during the year ended September 30, 2019, was levied using a rate of $0.559764 per one hundred dollars of assessed valuation. . Taxes were allocated between the Maintenance and Operations $0.406925 and Debt Service $0.152839. Based on 100% of estimated market value, the City has a tax margin of $0.940236 per $100 of valuation The City could raise an additional $2,283,375 per year from the present assessed valuation of $242,851,296 before the limit is reached. The amount assessed for the 2018 tax roll was $1,359,394.

Note 6 – Delinquent Taxes Receivable

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Note 7 – Capital Asset Activity

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

	Balance October 1, 2018	Additions	Retirements / Reclassifications	Balance September 30, 2019
Governmental Activities:				
Land	$ 86,099	$ -	$ 279,885	$ 365,984
Construction in Progress	358,559	-	(358,559)	-
Infrastructure	45,230	-	-	45,230
Buildings and improvements	759,249	-	-	759,249
Streets	7,393,291	447,402	358,559	8,199,252
Machinery and equipment	1,079,750	32,097	-	1,111,847
Total at historic cost	9,722,178	479,499	279,885	10,481,562
Less accumulated depreciation for:				
Infrastructure	(77,971)	(2,261)	43,609	(36,623)
Buildings and improvements	(395,440)	(23,132)	-	(418,572)
Streets	(1,764,058)	(317,870)	(69,209)	(2,151,137)
Machinery and equipment	(932,545)	(51,275)	25,600	(958,220)
Total accumulated depreciation	(3,170,014)	(394,538)	-	(3,564,552)
Governmental Activities Capital Assets, net	6,552,164	84,961	279,885	6,917,010
Business-Type Activities:				
Land	11,254	-	-	11,254
Vehicle	36,000	23,115	-	59,115
Water and sewer system	4,737,061	375,028	36,070	5,148,159
Construction in progress	36,070	-	(36,070)	-
Total at historic cost	4,820,385	398,143	-	5,218,528
Less accumulated depreciation for:				
Water and sewer system	(2,554,333)	(145,130)	-	(2,699,463)
Total accumulated depreciation	(2,554,333)	(145,130)	-	(2,699,463)
Business-Type Activities Capital Assets, net	2,266,052	253,013	-	2,519,065
Primary Government Capital Assets, net	$ 8,818,216	$ 337,974	$ 279,885	$ 9,436,075

Current year additions of $479,499 in Governmental Activities include $447,402 of construction of Atwoods street, which was funded by a CDBG grant. In the prior year the City signed a construction contract with Francis Excavation, L.L.C. in the in the amount of $641,379 for the Atwoods street project. The project was completed in the current year at a total cost of $805,961. The city also purchased a police vehicle for $32.097. There was also a reclassification of land from the component unit to the Governmental Activities in the current year.

Business-type activities current year additions of $398,143 include costs associated with the water extension project that was started in the prior year for $266,672 for a total project cost of $302,742. Current year additions also include a sewer machine with a vacuum trailer in the amount of $81,332, a Ford F150 in the amount of $23,115 and a new monitoring system for the water tank site in the amount of $27,024.

Depreciation expense was charged to governmental functions as follows:

	Governmental Activities	Business-Type Activities
Administration and general	23,132	-
Police	33,619	-
Fire	17,656	-
Street	320,131	-
Water, sewer and garbage	-	145,130
	394,538	145,130

Discretely Presented Component Unit

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

	Balance October 1, 2018	Additions	Retirements / Reclassifications	Balance September 30, 2019
Capital Assets, not being depreciated:				
Land	$ 818,419	$ -	$ (312,279)	$ 506,140
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	818,419	-	(312,279)	506,140
Capital Assets, being depreciated:				
Improvements other than buildings	288,567	-	-	288,567
Machinery and equipment	911	-	-	911
Infrastructure	687,612	-	-	687,612
Total capital assets, being depreciated	977,090	-	-	977,090
Less accumulated depreciation for:				
Improvements other than buildings	(117,054)	(26,995)	-	(144,049)
Machinery and equipment	(911)	-	-	(911)
Infrastructure	(326,294)	(34,380)	-	(360,674)
Total accumulated depreciation	(444,259)	(61,375)	-	(505,634)
Total capital assets, being depreciated, net	532,831	(61,375)	-	471,456
NIDC capital assets, net	$ 1,351,250	$ (61,375)	$ (312,279)	$ 977,596

The NIDC sold 3.27 acres of land for $98,190. The sale had $1,593 of related expenses. The NIDC recognized a gain on sale of $64,203. There was a reclassification of land from the component unit to the governmental activities in the current year of $279,885.

Depreciation was charged to functions/programs of the NIDC (Component Unit) for the fiscal year ended September 30, 2019 as follows:

Component Unit - NIDC	$ 61,375
Total depreciation expense - Component unit activities	$ 61,375

Note 8 – Changes in Long-Term Debt

General Obligation bonds

During September 2011, the City issued General Obligation Refunding Bonds, Series 2011 to refund a portion of the City's outstanding general obligation debt to achieve a present value debt service savings and to pay the costs of issuance of the bonds. The refunding resulted in a decrease to debt service requirements of $493,000 with a net present value benefit of approximately $419,000. Principal and interest are due February and August each year beginning February 2012 and continuing until maturity, August 2031. The bonds bear an interest rate of 2.00% to 3.75%.

Refunding bonds outstanding for governmental activities at September 30, 2019 as follows:

	Rate of Interest	Original Issue	Outstanding 9/30/2019
General Obligation bonds:			
General obligation refunding bonds, series 2011 due serially in varying amounts through August 15, 2031. Issued to refund a portion of the City's outstanding debt obligations	2.00 - 3.75%	3,920,000	2,605,000
Total general obligation bonds		3,920,000	2,605,000

Requirements Year Ended 9/30	General Obligation Bonds General	Interest	Total
2020	180,000	84,776	264,776
2021	185,000	80,276	265,276
2022	190,000	75,650	265,650
2023	195,000	69,950	264,950
2024	205,000	64,100	269,100
2025-2029	1,140,000	216,876	1,356,876
2030-2031	510,000	14,438	524,438
	2,605,000	606,066	3,211,066

Certificates of Obligation

During May 2014, the City issued Certificates of Obligation, Series 2014. The proceeds from the sale will be used for street repairs and related professional services. Principal and interest are due February and August each year beginning February 2015 and continuing until maturity, August 2034. The certificates of obligation bear an interest rate of 2.00% to 4.00%.

Certificates of obligation outstanding for governmental activities at September 30, 2019 are as follows:

	Rate of Interest	Original Issue	Outstanding 9/30/2019
Certificate of Obligation:			
Certificates of obligation, series 2014 due serially in varying amounts through August 15, 2034. Issued for street repairs and related professional services	2.00 - 4.00%	1,040,000	860,000
Total certificate of obligation		1,040,000	860,000

Requirements Year Ended 9/30	Certificates of Obligation General	Interest	Total
2020	40,000	32,026	72,026
2021	45,000	31,225	76,225
2022	45,000	30,326	75,326
2023	45,000	29,200	74,200
2024	50,000	27,400	77,400
2025-2029	280,000	105,600	385,600
2030-2034	355,000	44,200	399,200
	860,000	299,977	1,159,977

Changes in long-term liabilities

The following is a summary of changes in long-term liabilities for the year ended September 30, 2019:

	Balance at 10/1/2018	Issued	Retired	Balance at 9/30/2019	Due Within One Year
Primary Government					
Governmental Activities:					
Refunding bonds	2,780,000	-	(175,000)	2,605,000	180,000
Certificates of obligation	900,000	-	(40,000)	860,000	40,000
Bond premium	37,419	-	(3,691)	33,728	-
Total Governmental Activities	3,717,419	-	(218,691)	3,498,728	220,000

Discretely Presented Component Unit

On September 18, 2015, Nash Industrial Development Corporation borrowed money from Red River Employees Federal Credit Union for purchase of land in the amount of $275,000. The note is payable in 60 monthly installments of $1,833 at an interest rate of 2.49%.

Long-term debt transactions for the year ended September 30, 2019 are summarized as follows:

	Balance at 10/01/18	Issued	Retired	Balance at 09/30/19	Due Within One Year
Note Payable	207,214	-	(115,645)	91,569	91,569
	207,214	-	(115,645)	91,569	91,569

The annual requirements to retire long-term debt as of September 30, 2019 are as follows:

Requirements Year Ended 9/30	Notes from Direct Borrowings		
	General	Interest	Total
2020	91,569	5,070	96,639
	91,569	5,070	96,639

Note 9 – Retirement Plan

Plan Description

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

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

Benefits Provided

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

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

Employees of the City of Nash are eligible for retirement at age 60 with 5 years of service or at any age with 25 years of service. Employees contribute to the fund at the rate of 7%. The City matches two dollars for one dollar. City match vests after 5 years of service. The City adopted the updated service credit provision of the plan in 2017 at 100%.

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	8
Inactive employees entitled to but not yet receiving benefits	7
Active employees	20
Total	35

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 Nash were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Nash were 17.97% and 17.63% in calendar years 2018 and 2019, respectively. The city's contributions to TMRS for the year ended September 30, 2019 were $186,644 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	2.50% per year
Overall payroll growth	2.80% 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%. 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 through December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	100.0%	

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

Changes in the Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balance at 12/31/2017	$ 3,207,878	$ 2,023,914	$ 1,183,964
Changes for the year:			
Service cost	164,325	-	164,325
Interest	219,136	-	219,136
Change of benefit terms	-	-	-
Difference between expected and actual experience	40,058	-	40,058
Changes of assumptions	-	-	-
Contributions - employer	-	187,368	(187,368)
Contributions - employee	-	72,987	(72,987)
Net investment income	-	(60,797)	60,797
Benefit payments, including refunds to employees	(87,158)	(87,158)	-
Administrative expense	-	(1,172)	1,172
Other changes	-	(61)	61
Net changers	336,361	111,167	225,194
Balance at 12/31/2018	$ 3,544,239	$ 2,135,081	$ 1,409,158

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 (asset) liability	$ 2,024,921	$ 1,409,158	$ 912,518

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 $254,788. 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	$ 88,625	$ -
Changes in actuarial assumptions	13,415	-
Difference between projected and actual investment earnings	108,995	-
Contributions subsequent of the measurement date	136,427	-
	$ 347,462	$ -

$136,427 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30.	
2020	$ 73,917
2021	45,010
2022	37,489
2023	52,751
2024	1,868
Thereafter	-
Total	$ 211,035

Supplemental Death Benefits Fund

The City also participates in the cost-sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The city elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The city may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit," or OPEB.

Your city offers supplemental death to:	**Plan Year 2018**	**Plan Year 2019**
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

Contributions

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

The City's contributions to the TMRS SDBF for the years ended 2019, 2018 and 2017 were $1,769, $1,889, and $1,667, respectively, which equaled the required contributions each year.

Note 10 – Restricted Assets

Certain assets are restricted for debt service on bonded debt, special revenue grants and for construction projects.

Note 11 – Contingencies

Litigation
There are no lawsuits pending against the City.

Federal Award Programs (Grants)
The City has received Federal and State Awards for specific purposes that are subject to review and audit by the grantor agencies. Such audits could result in a request for reimbursement for expenditures disallowed under the terms and conditions of the appropriate agency. City management does not believe that any significant costs will be incurred by the City.

Note 12 – Risk Management

The City is exposed to various risks of loss to torts of theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 2019, the City purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Note 13 – Health Care Coverage

During the year ended September 30, 2019, employees of the City of Nash were covered by a health insurance plan with Blue Cross-Blue Shield.

Note 14 – Compliance with Bond Ordinances

All the covenants of the bond ordinances have been complied with. The following information is provided for compliance with the ordinances:

A. Insurance

Policy Number	Insurance Company	Policy Period	Coverage	Amount
TML - 5775	Texas Municipal League	10-1-18 / 19	Workers' Compensation	Statutory
			General Liability	2,000,000
			Automobile Liability	500,000
			Law Enforcement Liability	2,000,000
			Errors & Omissions	2,000,000
			Real & Personal Property (Bldgs & Conts)	4,048,394

B. Customers at September 30, 2018 and 2019:

	2018	2019
Water	1,528	1,524
Sewer	2,797	2,791
Sanitation	1,473	1,473

Note 15 – Water Supply Contract and Participation Agreement

The City executed a water supply contract with the City of Texarkana, Texas on April 27, 2009. The contract has been amended to change the terms and provisions of the original contract. The amendment also recognizes the establishment of the Riverbend Water Resources District which was created by the 81st Texas Legislature, codified in Title 6, Special District Local Laws Code, Subtitle L, Chapter 9601, effective June 19, 2009, to which, the City became a member.

The City incurred $138,541 of expenditures for water under the water supply contract for the year ending September 30, 2019. The amount incurred is based on actual water consumption. Membership fees paid to Riverbend totaled $4,319 for the year ending September 30, 2019.

Note 16 – Wagner Creek Wastewater Treatment Plant Contract (WCWWTP)

The City executed a wastewater treatment plant contract with the City of Texarkana, Texas and the City of Wake Village, Texas. The City is responsible for one-third of operating costs and one-third of payments on a construction not for upgrades and renovations. The City incurred $218,079 of expenditures under the wastewater treatment plant contract for the year ending September 30, 2019.

Note 17 – Prior Period Adjustment

Land purchased in governmental activities was recorded as a component unit asset in the past. An adjustment had to be made to reclassify the land. The City of Nash recognized an increase in net position for governmental activities and a decrease in net positions for the component unit on the government-wide financial statements in the amount of $279,885 for the year ended September 31, 2019.

Note 18 – Subsequent Events

On March 13, 2020, Texas Governor Greg Abbott declared Texas in a state of disaster as a result of the COVID-19 pandemic. The pandemic will most probably have a significant effect on governmental and private entities. The extent of the effect cannot, at this time, be estimated or quantified.

City Administration has evaluated subsequent events through June 25, 2020, the date which the financial statements were available to be issued.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

THIS PAGE INTENTIONALLY LEFT BLANK

NORTON ROSE FULBRIGHT

Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201-7932
United States

Tel +1 214 855 8000
Fax +1 214 855 8200
nortonrosefulbright.com

[Delivery Date]

IN REGARD to the authorization and issuance of the "City of Nash, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2020", dated October 15, 2020, in the principal amount of $2,800,000 (the "Certificates"), we have examined into their issuance by the City of Nash, Texas (the "City"), solely to express legal opinions as to the validity of the Certificates and the exclusion of the interest on the Certificates from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Certificates, or the sufficiency of the security for or the value or marketability of the Certificates.

THE CERTIFICATES are issued in fully registered form only and in denominations of $5,000 or any integral multiple thereof (within a maturity). The Certificates mature on August 15 in each of the years specified in the ordinance adopted by the City Council of the City authorizing the issuance of the Certificates (the "Ordinance"), unless redeemed prior to maturity in accordance with the terms stated on the Certificates. The Certificates accrue interest from the date, at the rates, and in the manner and interest is payable on the dates, all as provided in the Ordinance.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings of the City in connection with the issuance of the Certificates, including the Ordinance, (ii) certifications and opinions of officers of the City relating to the expected use and investment of proceeds of the sale of the Certificates and certain other funds of the City and to certain other facts within the knowledge and control of the City, and (iii) such other documentation, including an examination of the Certificate executed and delivered initially by the City (which we found to be in due form and properly executed), and such matters of law as we deem relevant to the matters discussed below. In such examinations, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies and the accuracy of the statements and information contained in such certificates.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Certificates have been duly authorized by the City and, when issued in compliance with the provisions of the Ordinance, are valid, legally binding and enforceable obligations of the City, payable from an ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the City, and are additionally payable from and secured by a limited pledge of the Net Revenues (as defined in the Ordinance) of the City's Waterworks and Sewer System in the manner and to the extent provided in the Ordinance, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization,

moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with the general principles of equity.

2. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance relating to sections 141 through 150 of the Code, interest on the Certificates for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof.

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

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

<u>**APPENDIX D**</u>

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _________

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

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ______________________________________

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

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

Financial Advisory Services
Provided By

HilltopSecurities
A Hilltop Holdings Company