OFFICIAL STATEMENT
Dated December 15, 2020

NEW ISSUE - BOOK-ENTRY-ONLY

Ratings: S&P - "AA"
(See "OTHER PERTINENT INFORMATION - Municipal Bond Ratings" herein)

In the opinion of Bond Counsel (defined herein), assuming continuing compliance by the City (defined herein) after the date of initial delivery of the Bonds (defined herein) with certain covenants contained in the Ordinance (defined herein) and subject to the matters set forth under "TAX MATTERS" herein, interest on the Certificates for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income of the owners thereof pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Certificates, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. See "TAX MATTERS" herein.

$10,970,000
CITY OF SEGUIN, TEXAS
(A political subdivision of the State of Texas located in Guadalupe County)
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2021

Dated Date: January 1, 2021 **Due: September 1, as shown on page -ii- herein**

The City of Seguin, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021 (the "Certificates") are being issued pursuant to the Constitution and general laws of the State of Texas (the "State") pursuant to the provisions of the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code Section 271.041 through Section 271.064, Chapter 1502, as amended, Texas Government Code, the City's Home Rule Charter, and an ordinance (the "Ordinance") of the City Council of the City of Seguin, Texas (the "City") adopted on December 15, 2020. See "THE CERTIFICATES - Authority for Issuance" herein.

The Certificates constitute direct and general obligations of the City payable primarily from ad valorem taxes levied against all taxable property therein, within the limits prescribed by law (See "TAX RATE LIMITATIONS"). In addition, the Certificates are further secured by a lien on and pledge of the Pledged Revenues (being a limited amount of the Net Revenues derived from the operation of the City's combined electric power, waterworks, and sewer system (the "System") not to exceed $1,000 during the entire period the Certificates or interest thereon remain outstanding) such lien and pledge, however, being subordinate and inferior to the lien on and pledge of the Net Revenues which are or may be pledged to the payment of the City's currently outstanding Prior Lien Obligations or any Additional Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City (as each such term is described and defined in the Ordinance). The City also previously authorized the issuance of the Limited Pledge Obligations (as defined in the Ordinance) that are payable in part from and secured by a lien on and pledge of a limited amount of the Net Revenues of the System in accordance with the ordinances authorizing the issuance of the currently outstanding Limited Pledge Obligations. In the Ordinance, the City has reserved the right to issue Additional Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise. (See "THE CERTIFICATES - Security for Payment" and "TAX RATE LIMITATIONS" herein.)

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

The proceeds of the Certificates will be used for the purpose of making permanent public improvements and for other public purposes, to-wit: (1) constructing bridge improvements and street improvements (including utilities repair, replacement, and relocation), curbs, gutters, and sidewalk improvements, including drainage and landscaping incidental thereto; (2) constructing, acquiring, purchasing, renovating, enlarging, and improving the City's public works facilities, including fire station improvements; (3) designing, constructing, acquiring, purchasing, renovating, enlarging, and improving the City's parks and recreational facilities and equipment, including nature trails within the City; (4) the purchase of materials, supplies, equipment, machinery, a street sweeper, landscaping, land and rights-of-way for authorized needs and purposes relating to the aforementioned capital improvements; and (5) payment for professional services relating to the design, construction, project management, and financing of the aforementioned projects. See "THE CERTIFICATES - Use of Proceeds."

FOR MATURITY SCHEDULE, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL YIELDS, CUSIP NUMBERS, AND REDEMPTION PROVISIONS FOR THE CERTIFICATES SEE INSIDE PAGE OF THIS FRONT COVER.

The Certificates are offered for delivery, when, as and if issued and received by the initial purchaser thereof at a competitive sale (the "Purchaser") pursuant to a competitive sale subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by Norton Rose Fulbright US LLP, Austin, Texas, Bond Counsel. See "LEGAL MATTERS" herein for a discussion of Bond Counsel's legal opinion. It is expected that the Certificates will be available for delivery through the services of DTC on or about January 14, 2021.

$10,970,000
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2021

CUSIP NO. PREFIX[1]: 815832

Principal Amount($)	Stated Maturity (September 1)	Interest Rate (%)	Initial Yield (%)	CUSIP No. Suffix[1]
130,000	2022	5.000	0.300	WB2
130,000	2023	5.000	0.350	WC0
185,000	2024	5.000	0.400	WD8
240,000	2025	5.000	0.500	WE6
250,000	2026	5.000	0.550	WF3
265,000	2027	5.000	0.650	WG1
285,000	2028	5.000	0.850	WH9
300,000	2029	5.000	0.950	WJ5
305,000	2030	5.000	1.050[2]	WK2
305,000	2031	2.500	1.100[2]	WL0
320,000	2032	2.500	1.150[2]	WM8
265,000	2033	2.500	1.250[2]	WN6
265,000	2034	2.500	1.300[2]	WP1
290,000	2035	2.500	1.350[2]	WQ9
285,000	2036	2.500	1.400[2]	WR7
435,000	2027	2.500	1.450[2]	WS5
2,235,000	2038	2.500	1.500[2]	WT3
2,240,000	2039	2.500	1.550[2]	WU0
2,240,000	2040	2.500	1.600[2]	WV8

(Interest to accrue from the Dated Date)

The City reserves the right to redeem the Certificates maturing on and after September 1, 2030, in whole or in part, in the principal amount of $5,000 or any integral multiple thereof (and, if less than all Certificates within a stated maturity are redeemed, selected by lot by the Paying Agent/Registrar), on September 1, 2029, or any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. See "THE CERTIFICATES - Redemption Provisions of the Certificates" herein

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

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

CITY OF SEGUIN, TEXAS
205 North River Street
Seguin, Texas 78155

CITY COUNCIL

Name	Position	Years of Service	Term Expires November	Occupation
Donna Dodgen[(1)(2)]	Mayor	1st	2024	Medical
Chris Rangel	Councilperson, District 4	4	2024	Education
Joe Rea[(2)]	Councilperson, District 1	1st	2024	Retired
Sonia Mendez[(2)]	Councilperson, District 2	1st	2024	Retired Education
Chris Aviles	Councilperson, District 3	2	2022	Law Enforcement
Jeremy Roy	Councilperson, District 5	2	2022	Clergy
Monica Napier Carter[(2)]	Councilperson, District 6	1st	2024	Medical
Penny Wallace	Councilperson, District 7	2	2022	Businesswoman
Mark Herbold	Councilperson, District 8	6	2022	Insurance

(1) *Ms. Dodgen served as a councilmember from 2012 through 2018.*
(2) *Elected November 3, 2020 and took office November 17,2020; all replaced elected officials who had reached their respective term limit and were not eligible to run for reelection.*

ADMINISTRATION

Name	Position	Length of Service With City
Steve Parker[(1)]	City Manager	1 year
Ricardo Cortes	Assistant City Manager	13 years
Naomi Manski[(2)]	City Secretary	30 years
Susan Caddell	Director of Finance	29 years
Tracy Stalnaker	Assistant Director of Finance	8 years
Andrew Quittner	City Attorney	10 years

(1) *Mr. Steve Parker was appointed as the City Manager on October 29, 2019. Prior to his service with the City, Mr. Parker served as Assistant City Manager for the City of San Marcos, Texas for 10 years. His first day of service with the City was January 6, 2020.*
(2) *Ms. Manski was appointed as the City Secretary on October 1, 2016.*

CONSULTANTS AND ADVISORS

Armstrong, Vaughn & Associates, P.C. — Auditors
Universal City, Texas

Norton Rose Fulbright US LLP — Bond Counsel
Austin, Texas

SAMCO Capital Markets, Inc. — Financial Advisor
San Antonio, Texas

For Additional Information Contact:

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San Antonio, Texas 78209
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Susan Caddell, Director of Finance
City of Seguin
Post Office Box 591
Seguin, Texas 78155
(830) 401-2300
Fax (830) 401-2450
Email: scaddell@seguintexas.gov

USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman, or other person has been authorized by the City to give any information or to make any representation with respect to the Certificates, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing.

This Official Statement, which includes the cover page and appendices thereto, does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Certificates by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information set forth herein has been obtained from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Purchaser.

The information and expressions of opinion 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 information or opinions set forth herein after the date of this Official Statement. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will under any circumstances create any implication that there has been no change in the information or opinions set forth herein after the date of this Official Statement.

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

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 JURISDICTIONS IN WHICH THESE CERTIFICATES HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION FOR THE PURCHASE THEREOF.

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

None of the City, the Financial Advisor, or the Purchaser makes any representation or warranty with respect to the information contained in this Official Statement regarding The Depository Trust Company ("DTC") or its book-entry-only system described under the caption "BOOK-ENTRY-ONLY SYSTEM"" as such information has been provided by DTC.

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

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TABLE OF CONTENTS

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

OFFICIAL STATEMENT SUMMARY INFORMATION

The following information is qualified in its entirety by more detailed information and financial statements appearing elsewhere in this Official Statement:

THE ISSUER	The City of Seguin, Texas (the "City") is a political subdivision and municipal corporation of the State of Texas (the "State"), operating pursuant to its Home Rule Charter, located in Guadalupe County, Texas. The City covers approximately 23.87 square miles and is the county seat of Guadalupe County. (See "APPENDIX B - General Information Regarding the City of Seguin and Its Economy.")
THE CERTIFICATES.......................	The Certificates are issued as "City of Seguin, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021" (the "Certificates"). The Certificates are being issued pursuant to the Constitution and general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, Chapter 1502, Texas Government Code, as amended, the City's Home Rule Charter, and an ordinance (the "Ordinance") adopted by the City Council of the City on December 15, 2020. (See "THE CERTIFICATES - Authority for Issuance" herein.) Semiannual interest payments begin on September 1, 2021 and continue on each March 1 and September 1 of each year thereafter until stated maturity or prior redemption. The Certificates are being issued in the aggregate principal amount of $10,970,000. The Certificates will mature on the dates and in the amounts indicated on page -ii- hereof.
DATED DATE	January 1, 2021.
REDEMPTION	Certificates stated to mature on and after September 1, 2030 are subject to optional redemption, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof (and, if less than all Certificates within a stated maturity are redeemed, selected by lot by the Paying Agent/Registrar) on September 1, 2029 or any date thereafter, at a price of par (100%) plus accrued interest to the date fixed for redemption. (See "THE CERTIFICATES - Redemption Provisions of the Certificates.")
PAYING AGENT/REGISTRAR	The initial Paying Agent/Registrar is Zions Bancorporation, National Association, dba Amegy Bank, Houston, Texas.
SECURITY FOR THE CERTIFICATES	The Certificates constitute direct and general obligations of the City payable primarily from ad valorem taxes levied annually against all taxable property therein, within the limits prescribed by law. (See "THE CERTIFICATES - Security for Payment" and "TAX RATE LIMITATIONS" herein). In addition, the Certificates are further secured by a lien on and pledge of the Pledged Revenues (being a limited amount of the Net Revenues derived from the operation of the City's combined electric power, waterworks, and sewer system (the "System") not to exceed $1,000 during the entire period the Certificates or interest thereon remain outstanding) such lien and pledge, however, being subordinate and inferior to the lien on and pledge of the Net Revenues which are or may be pledged to the payment of the City's currently outstanding Prior Lien Obligations or any Additional Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City (as each such term is described and defined in the Ordinance). The City also previously authorized the issuance of the Limited Pledge Obligations (as defined in the Ordinance) that are payable in part from and secured by a lien on and pledge of a limited amount of the Net Revenues of the System in accordance with the ordinances authorizing the issuance of the currently outstanding Limited Pledge Obligations. In the Ordinance, the City has reserved the right to issue Additional Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise. (See "THE CERTIFICATES - Security for Payment" and "TAX RATE LIMITATIONS" herein.)
Book-Entry-Only System	The City intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York relating to the method and timing of payment as to principal and interest of the Certificates and the method of transfer. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

TAX EXEMPTION	In the opinion of Bond Counsel, the interest on the Certificates will be excludable from gross income for federal tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under the caption "TAX MATTERS" herein, including the alternative minimum tax of the owners thereof.
USE OF PROCEEDS	The proceeds of the Certificates will be used for the purpose of making permanent public improvements and for other public purposes, to-wit: (1) constructing bridge improvements and street improvements (including utilities repair, replacement, and relocation), curbs, gutters, and sidewalk improvements, including drainage and landscaping incidental thereto; (2) constructing, acquiring, purchasing, renovating, enlarging, and improving the City's public works facilities, including fire station improvements; (3) designing, constructing, acquiring, purchasing, renovating, enlarging, and improving the City's parks and recreational facilities and equipment, including nature trails within the City; (4) the purchase of materials, supplies, equipment, machinery, a street sweeper, landscaping, land and rights-of-way for authorized needs and purposes relating to the aforementioned capital improvements; and (5) payment for professional services relating to the design, construction, project management, and financing of the aforementioned projects. (See "THE CERTIFICATES - Use of Proceeds.")
RATINGS	S&P Global Ratings ("S&P") has assigned its municipal bond rating of "AA" to the Certificates. See "OTHER PERTINENT INFORMATION - Municipal Bond Ratings" herein.
FUTURE ISSUES	The City does not anticipate issuing additional general obligation debt in the next twelve months, except potentially refunding bonds for debt service savings.
PAYMENT RECORD	The City has never defaulted on the payment of its general obligation tax debt.
DELIVERY	When issued, anticipated on or about January 14, 2021.
LEGALITY	The Certificates are subject to the approval of legality by the Attorney General of the State of Texas and the approval of certain legal matters by Norton Rose Fulbright US LLP, Austin, Texas, as Bond Counsel. (See "APPENDIX D - Form of Opinion of Bond Counsel" herein.)

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OFFICIAL STATEMENT

RELATED TO

$10,970,000
CITY OF SEGUIN, TEXAS
(A political subdivision of the State of Texas located in Guadalupe County, Texas)
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2021

INTRODUCTION

This Official Statement of the City of Seguin, Texas (the "City") is provided to furnish certain information in connection with the sale of the City's $10,970,000 Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021 (the "Certificates").

This Official Statement, which includes the cover page and the appendices hereto, provides certain information about 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 upon request from the City and, during the offering period, from the City's Financial Advisor, SAMCO Capital Markets, Inc., 1020 N.E. Loop 410, Suite 640, San Antonio, Texas 78209, by electronic mail or upon payment of reasonable copying, mailing, and handling charges.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. A copy of the Official Statement pertaining to the Certificates will be filed by the Purchaser with the Municipal Securities Rulemaking Board through its Electronic Municipal Markets Access ("EMMA") system. See "CONTINUING DISCLOSURE OF INFORMATION" herein for a description of the City's undertaking to provide certain information on a continuing basis. Capitalized terms used, but not defined herein, shall have the meanings ascribed thereto in the Ordinance (defined below).

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 the State of Texas (the "State"). 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 the State in response to the Pandemic which has been subsequently extended and remains in effect. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a State agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness and mitigation. These include executive orders which have, among other things, imposed limitations on social gatherings and established occupancy limits for most businesses in Texas. Business establishments including restaurants, retail establishments, manufacturers, and office buildings are subject to a 75 percent occupancy limit. Additionally, such orders 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. In a separate order, the Governor has required that every hospital reserve at least 10 percent of its hospital capacity for treatment of COVID-19 patients, and further imposed a moratorium on elective surgeries in any "Trauma Service Area" that has had seven consecutive days in which the number of COVID-19 hospitalized patients as a percentage of all hospitalized patients exceeds 15 percent. 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 the State and federal officials, certain local officials, including the City and Guadalupe County, Texas, have declared a local state of disaster and have issued "shelter-in-place" orders. Many of the federal, state and local actions and policies under the aforementioned disaster declarations and shelter-in-place orders are focused on limiting instances where the public can congregate or interact with each other, which affects the operation of businesses and directly impacts the economy.

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

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

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

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

THE CERTIFICATES

Authority for Issuance

The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas (the "State") pursuant to the provisions of the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code Section 271.041 through Section 271.064, Chapter 1502, as amended, Texas Government Code, the City's Home Rule Charter, and an ordinance (the "Ordinance") adopted by the City Council of the City on December 15, 2020.

General Description

The Certificates are dated January 1, 2021 (the "Dated Date") and will accrue interest from the Dated Date, and such interest shall be payable on March 1 and September 1 in each year, commencing September 1, 2021, until stated maturity or prior redemption. The Certificates will mature on the dates, in the principal amounts and will bear interest at the rates set forth on the inside cover page of this Official Statement.

Interest on the Certificates is payable to the registered owners appearing on the bond registration books of the Paying Agent/Registrar on the Record Date (defined below) and such interest shall be paid by the Paying Agent/Registrar (i) by check sent by United States mail, first class postage prepaid, to the address of the registered owner recorded in the bond register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. The principal of the Certificates is payable at maturity or redemption, upon their presentation and surrender to the Paying Agent/Registrar. The Certificates will be issued only in fully registered form in any integral multiple of $5,000 principal for any one maturity.

Initially the Certificates will be registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Certificates will be made to the owners thereof.** Notwithstanding the foregoing, as long as the Certificates are held in the Book-Entry-Only System, 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 "BOOK-ENTRY-ONLY SYSTEM" herein.

Use of Proceeds

The proceeds of the Certificates will be used for the purpose of making permanent public improvements and for other public purposes, to-wit: (1) constructing bridge improvements and street improvements (including utilities repair, replacement, and relocation), curbs, gutters, and sidewalk improvements, including drainage and landscaping incidental thereto; (2) constructing, acquiring, purchasing, renovating, enlarging, and improving the City's public works facilities, including fire station improvements; (3) designing, constructing, acquiring, purchasing, renovating, enlarging, and improving the City's parks and recreational facilities and equipment, including nature trails within the City; (4) the purchase of materials, supplies, equipment, machinery, a street sweeper, landscaping, land and rights-of-way for authorized needs and purposes relating to the aforementioned capital improvements; and (5) payment for professional services relating to the design, construction, project management, and financing of the aforementioned projects.

Security for Payment

The Certificates constitute direct and general obligations of the City payable primarily from ad valorem taxes levied annually against all taxable property therein, within the limits prescribed by law. See "TAX RATE LIMITATIONS". In addition, the Certificates are further secured by a lien on and pledge of the Pledged Revenues (being a limited amount of the Net Revenues derived from the operation of the City's combined electric power, waterworks, and sewer system (the "System") not to exceed $1,000 during the entire period the Certificates or interest thereon remain outstanding) such lien and pledge, however, being subordinate and inferior to the lien on and pledge of the Net Revenues which are or may be pledged to the payment of the City's currently outstanding Prior Lien Obligations or any Additional Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City (as each such term is described and defined in the Ordinance). The City also previously authorized the issuance of the Limited Pledge Obligations (as defined in the Ordinance) that are payable in part from and secured by a lien on and pledge of a limited amount of the Net Revenues of the System in accordance with the ordinances authorizing the issuance of the currently outstanding Limited Pledge Obligations. In the Ordinance, the City has reserved the right to issue Additional Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise. See "TAX RATE LIMITATIONS" herein.

Redemption Provisions of the Certificates

The City reserves the right to redeem the Certificates maturing on and after September 1, 2030 in whole or in part, in the principal amount of $5,000 or any integral multiple thereof, on September 1, 2029 or any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. The years of maturity of the Certificates called for redemption shall be selected by the City.

Selection of Certificates for Redemption

If less than all of the Certificates are redeemed within a stated maturity at any time, the Certificates to be redeemed shall be selected by the Paying Agent/Registrar at random and by lot or other customary method in multiples of $5,000 within any stated maturity.

Notice of Redemption

Not less than 30 days prior to a redemption date for the Certificates, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to 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 relating to the Certificates kept by the Paying Agent/Registrar (the “Security Register”) at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE OF REDEMPTION SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER ONE OR MORE CERTIFICATEHOLDERS FAILED TO RECEIVE SUCH NOTICE.

All notices of redemption shall (i) specify the date of redemption for the Certificates, (ii) identify the Certificates to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state the Certificates, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Certificates, or the principal amount thereof to be redeemed, shall be made at the designated corporate trust office of the Paying Agent/Registrar only upon presentation and surrender thereof by the registered owner. If a Certificate is subject by its terms to redemption and has been called for redemption and notice of redemption thereof has been duly given or waived as provided in the Ordinance, such Certificate (or the principal amount thereof to be redeemed) so called for redemption shall become due and payable, and on the redemption date designated in such notice, interest on said Certificate (or the principal amount thereof to be redeemed) called for redemption shall cease to accrue and such Certificate shall not be deemed to be Outstanding.

The Paying Agent/Registrar and the City, so long as a Book-Entry-Only System is used for the Certificates, will mail any notice of redemption, 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, shall 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 held 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 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 “BOOK-ENTRY-ONLY SYSTEM” herein.

Legality

The Certificates are subject to the approval of legality by the Attorney General of the State of Texas and the approval of certain legal matters by Norton Rose Fulbright US LLP, Austin, Texas, Bond Counsel. The legal opinion of Bond Counsel will accompany the Certificates deposited with DTC or will be printed on the Certificates. A form of the legal opinion of Bond Counsel appears in APPENDIX D attached hereto.

Delivery

When issued; anticipated on or about January 14, 2021.

Payment Record

The City has never defaulted with respect to the payment of the principal and interest requirements on any of its bonded indebtedness.

Future Bond Issues

The City does not anticipate issuing additional general obligation debt in the next twelve months, except potentially refunding bonds for debt service savings.

Defeasance

Any Certificate will be deemed paid and shall no longer be considered to be outstanding within the meaning of the Ordinance when payment of the principal of and interest on such Certificate to its stated maturity or redemption date will have been made or will have been provided by depositing with the Paying Agent/Registrar, or an authorized escrow agent, (1) cash in an amount sufficient to make such payment, (2) Government Obligations (defined below) of such maturities and interest payment dates and bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment, or (3) a combination of money and Government Obligations. The foregoing deposits shall be certified as to sufficiency by an independent accounting firm, the City's financial advisor, the Paying Agent/Registrar, or such other qualified institution as specified in the Ordinance.

The Ordinance provides that "Government Obligations" 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 the governing body of the City authorizes the defeasance, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that on the date the governing body of the City adopts or approves the proceedings authorizing the financial arrangements have been refunded and are rated as to investment quality by a nationally recognized investment rating firm less than "AAA" or its equivalent, and (d) any additional securities and obligations hereafter authorized by State law as eligible for use to accomplish the discharge of obligations such as the Certificates. The City has additionally reserved the right in the Ordinance, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Obligations originally deposited, to reinvest the uninvested money for such deposit for such defeasance, and to withdraw for the benefit of the City money in excess of the amount required for the defeasance. There is no assurance that the ratings for U.S. Treasury securities acquired to defease any Certificates, or those for any other Government Obligations, will be maintained at any particular rating category. Further, there is no assurance that current State law will not be amended in a manner that expands or contracts the list of permissible defeasance securities (such list consisting of those securities identified in clauses (a) through (c) above), or any rating requirement thereon, that may be purchased with defeasance proceeds relating to the Certificates ("Defeasance Proceeds"), though the City has reserved the right to utilize any additional securities for such purpose in the event the aforementioned list is expanded. Because the Ordinance does not contractually limit such permissible defeasance securities and expressly recognizes the ability of the City to use lawfully available Defeasance Proceeds to defease all or any portion of the Certificates, registered owners of Certificates are deemed to have consented to the use of Defeasance Proceeds to purchase such other defeasance securities, notwithstanding the fact that such defeasance securities may not be of the same investment quality as those currently identified under Texas law as permissible defeasance securities.

Upon such deposit as described above, such Certificates shall no longer be regarded to be outstanding or unpaid for purposes of applying any debt limitation on indebtedness or for purposes of taxation. After firm banking and financial arrangements for the discharge and final payment or redemption of the Certificates have been made as described above, all rights 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.

Amendments

The City may amend the Ordinance without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the 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 all of the registered owners of the Certificates then outstanding, no such amendment, addition, or rescission may (1) change the date specified as the date on which the principal of, or any installment of interest on any Certificate is due and payable, reduce the principal amount thereof, or the rate of interest thereon, the redemption price therefor, or in any other way modify the terms of payment of the principal of, or interest on the Certificates, (2) give any preference to any Certificate over any other Certificate, or (3) reduce the percentage of the aggregate principal amount of Certificates required to be held for consent to any amendment, addition, or waiver.

Defaults and Remedies

If the City defaults in the payment of principal or interest, or redemption price, on the Certificates 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 Ordinance and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the 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 bondholders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. Texas cities are generally immune from suits for money damages for breach of contracts under the doctrine of sovereign immunity. The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) ("Tooke") that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Furthermore, Tooke, and subsequent jurisprudence, held that a municipality is not immune from suit for torts committed in the performance of its proprietary functions, as it is for torts committed in the performance of its governmental functions (the "Proprietary-Governmental Dichotomy"). Governmental functions are those that are enjoined on a municipality by law and are given by the State as a part of the State's sovereignty, to be exercised by the municipality in the interest of the general public, while proprietary functions are those that a municipality may, in its discretion, perform in the interest of the inhabitants of municipality.

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

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

If a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Certificates are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

REGISTRATION, TRANSFER, AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar is Zions Bancorporation, National Association, dba Amegy Bank, Houston, Texas. The Certificates will be issued in fully registered form in multiples of $5,000 for any one stated maturity, and principal and semiannual interest will be paid by the Paying Agent/Registrar. If the Certificates are not held in the Book-Entry-Only System, interest on the Certificates will be paid by check or draft mailed on each interest payment date by the Paying Agent/Registrar to the registered owner at the last known address as it appears on the Paying Agent/Registrar's books on the Record Date (see "REGISTRATION, TRANSFER AND EXCHANGE - Record Date" herein) or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner, and principal of the Certificates will be paid to the registered owner at stated maturity or earlier redemption upon presentation to the Paying Agent/Registrar.

Successor Paying Agent/Registrar

The City covenants that until the Certificates are paid it will at all times maintain and provide a Paying Agent/Registrar. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the City, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the City shall be a bank, trust company, financial institution or other entity duly qualified and legally authorized to serve and perform the duties of Paying Agent/Registrar for the Certificates. Upon any change in the Paying Agent/Registrar for the Certificates, the City will promptly cause a notice thereof to be sent to each registered owner of the Certificates by United States mail, first class, postage prepaid, which notice shall give the address of the new Paying Agent/Registrar.

Record Date

The record date ("Record Date") for determining the person entitled to the payment of interest on a Certificate is the fifteenth day of the month next preceding each interest payment date.

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

Special Record Date for Interest Payment

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each registered owner of a Certificate appearing on the 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.

Registration, Transferability and Exchange

In the event the Book-Entry-Only System shall be discontinued, printed certificates will be issued to the registered owners of the Certificates and thereafter the Certificates may be transferred, registered, and assigned on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Certificate may be assigned by the execution of an assignment form on the Certificate or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Certificate or Certificates will be delivered by the Paying Agent/Registrar in lieu of the Certificates being transferred or exchanged at the designated office of the Paying Agent/Registrar or sent by United States registered mail to the new registered owner at the registered owner's request, risk and expense. New Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three (3) business days after the receipt of the Certificates to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in denominations of $5,000 for any one stated maturity or any integral multiple thereof and for a like aggregate principal amount and at the same maturity or maturities as the Certificate or Certificates surrendered for exchange or transfer. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Limitation on Transferability of Certificates Called for Redemption

Neither the City nor the Paying Agent/Registrar are required (1) to make any transfer or exchange during a period beginning at the opening of business 45 days before the day of the first mailing of a notice of redemption of Certificates and ending at the close of business on the day of such mailing, or (2) to transfer or exchange any Certificates so selected for redemption when such redemption is scheduled to occur within 45 calendar days; provided however, that such limitation of transfer is not applicable to an exchange by the registered owner of the uncalled balance of a Certificate.

Replacement Certificates

If any Certificate is mutilated, destroyed, stolen or lost, a new Certificate of like kind and in the same amount 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 in substitution for a Certificate which has been destroyed, stolen, or lost, such new Certificate will be delivered only (a) upon filing with the City and the Paying Agent/Registrar evidence satisfactory to establish to the City and the Paying Agent/Registrar that such Certificate has been destroyed, stolen or lost and proof of the ownership thereof, and (b) upon furnishing the City and the Paying Agent/Registrar with Certificate or indemnity satisfactory to them. The person requesting the authentication and delivery of a new Certificate must comply with such other reasonable regulations as the Paying Agent/Registrar may prescribe and pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

BOOK-ENTRY-ONLY SYSTEM

The following 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 credited by The Depository Trust Company ("DTC"), New York, New York, 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, the Purchaser, and the Financial Advisor believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Certificates, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Certificates), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, 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) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest 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 S&P Global Ratings rating of "AA+". The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission (the "SEC"). More information about DTC can be found at www.dtcc.com.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them. Redemption notices shall be sent to DTC. If less than all of the Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's 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 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, security 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 none of the City, the Purchaser, or the Financial Advisors take 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.

Effect of Termination of Book-Entry-Only System

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the City, printed certificates will be issued to the respective holders and the Certificates will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under the caption "REGISTRATION, TRANSFER AND EXCHANGE" above.

SOURCES AND USES OF FUNDS

The proceeds from the sale of the Certificates will be applied approximately as follows:

Sources	
Par Amount of Certificates	$10,970,000.00
Reoffering Premium on the Certificates	1,254,990.60
Accrued Interest	11,790.28
Total Sources	$12,236,780.88
Uses	
Deposit to Construction Fund	$12,000,000.00
Deposit to Certificate Fund (accrued interest)	11,790.28
Purchaser's Discount	118,256.60
Cost of Issuance	103,000.00
Contingency	3,734.00
Total Uses	$12,236,780.88

INVESTMENT POLICIES

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

Legal Investments

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

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

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

Current Investments*

As of December 1, 2020, the following percentages of the City's investable funds were invested as indicated below:

Category of Investments	Amount	Percentage	Term of Investments
Depository Bank - Cash	$ 4,609,553	5.16%	Daily Liquidity
Money Market Fund	267,618	0.30%	Daily Liquidity
Investment Pools	84,516,088	94.54%	Daily Liquidity
Total	$89,393,259	100.00%	

* *Unaudited.*

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

PENSION FUND AND OTHER POST-EMPLOYMENT BENEFITS

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34, "Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments." The objective of this Statement is to enhance the clarity and usefulness of the general-purpose external financial reports of state and local governments to the citizenry, legislative and oversight bodies, and investors and creditors. The City implemented GASB 34 for its fiscal year ending September 30, 2003. While adoption of this Statement altered the presentation of some financial information, there was no material adverse impact to the City's financial position, results of operation, or cash flows. In June 2012, Government Accounting Standards Board (GASB) Statement No. 68 (Accounting and Financial Reporting for Pensions) was issued to improve accounting and financial reporting by state and local governments regarding pensions. GASB Statement No. 68 requires reporting entities, such as the City, to recognize their proportionate share of the net pension liability and operating statement activity related to changes in collective pension liability. This means that reporting entities, such as the City, that contribute to the Texas Municipal Retirement System pension plan will report a liability on the face of their government-wide financial statements. Such reporting began with the City's fiscal year ended September 30, 2016. GASB Statement No. 68 applies only to pension benefits and does not apply to Other Post-Employment Benefits. See Note J - Employees' Retirement Systems in the Notes to Basic Financial Statements September 30, 2019 included in "APPENDIX C - Excerpts from the City of Seguin, Texas Audited Financial Statements for the year ended September 30, 2019."

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

GASB 45, which sets forth standards for the measurement, recognition, and display of post-employment benefits other than pensions (such as health and life insurance for current and future retirees), applies to the City and requires implementation by the City for the fiscal year that began October 1, 2009. GASB 45 requires the City to: (i) measure the cost of benefits, and recognize other post-employment benefits expense, on the accrual basis of accounting over the working lifetime of the employees; (ii) provide information about the actuarial liabilities for promised benefits associated with past services and whether, or to what extent, the future costs of those benefits have been funded; and provide information useful in assessing potential demands on the employer's future cash flows. The employer's contributions to OPEB costs that are less than an actuarially determined annual required contribution will result in a net OPEB cost, which under GASB 45 must be recorded as a liability in the employer's financial statements.

During fiscal year 2009, the City implemented GASB 45. See Note K - Other Post-Employment Benefits Other Than Pensions - Retiree Health Benefits in the Notes to Basic Financial Statements September 30, 2019 included in "APPENDIX C - Excerpts from the City of Seguin, Texas Audited Financial Statement for the year ended September 30, 2019."

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 Guadalupe 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 ad valorem 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. The City Council approved the imposition of the tax freeze in December 2013.

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. The City took official action before January 1, 1990 to tax Freeport Property. On December 6, 2011 the City Council took official action to tax Goods-in-Transit.

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.

The City has adopted criteria and entered into abatement agreements with Caterpillar, Tractor Supply, and Minigrip. See Footnote 1 to the table entitled "Top Ten Taxpayers and Their 2019 Valuations" included in APPENDIX A to this Official Statement for a description of an economic development agreement between the City and Caterpillar, Inc., and a payment in lieu of taxes agreement with CPS Energy concerning the Rio Nogales Combined Cycle Natural Gas electric generation facility.

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.

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. The City does not allow split payments or discounts.

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 City has approved a one-fourth percent (1/4%) sales and use tax for property tax reduction. See "APPENDIX A - Municipal Sales Tax".

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.

Debt Tax Rate Limitations

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

TAX MATTERS

Tax Exemption

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

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the City made in 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 the 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.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the 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 municipal 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.

Tax Changes

Existing law may change to reduce or eliminate the benefit to Registered Owners 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.

Ancillary Tax Consequences

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

Tax Accounting Treatment of Discount Certificates

The initial public offering price to be paid for certain Certificates may be less than the amount payable on such Certificates at maturity (the "Discount Certificates"). 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 Certificates. A portion of such original issue discount, allocable to the holding period of a Discount Certificate by the initial purchaser, will be treated as interest for federal income tax purposes, excludable from gross income on the same terms and conditions as those for other interest on the Certificates. 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 his taxable year.

However, such accrued 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, property and casualty insurance companies, life insurance companies, S corporations with subchapter C earnings and profits, owners of an interest in a FASIT, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

In the event of the sale or other taxable disposition of a Discount Certificate 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 for federal income tax purposes of accrued interest upon disposition of Discount Certificates and with respect to the state and local tax consequences of owning Discount Certificates. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on the Discount Certificates may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

Tax Accounting Treatment of Premium Certificates

The initial public offering price to be paid for certain Certificates may be greater than the stated redemption price on such Certificates at maturity (the "Premium Certificates"). An amount equal to the difference between the initial public offering price of a Premium Certificate (assuming that a substantial amount of the Premium Certificates of that maturity are sold to the public at such price) and its stated redemption price at maturity constitutes premium to the initial purchaser of such Premium Certificates. The basis for federal income tax purposes of a Premium Certificate in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium with respect to the Premium Certificates. 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 which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity.

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

In the Ordinance, the City has made the following agreements for the benefit of the holders and Beneficial Owners of the Certificates. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually and timely notice of specified events to the MSRB. The information provided to the MSRB through EMMA is available free of charge at www.emma.msrb.org.

Annual Reports

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

The City will provide certain updated financial information and operating data to the MSRB annually. The information to be updated with respect to the City includes all quantitative financial information and operating data of the general type included in this Official Statement. The information is of the type included in APPENDIX A, exclusive of the tables reflecting "Direct and Estimated Gross Overlapping Funded Debt Payable from Ad Valorem Taxes," "ESTIMATED INTEREST & SINKING FUND MANAGEMENT INDEX 2020-21," and "ESTIMATED INTEREST & SINKING FUND MANAGEMENT INDEX 2021-22" and in APPENDIX C. The City will update and provide this information within six months after the end of each of its fiscal years ending in and after 2020.

The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by Rule 15c2-12. The updated information will include audited financial statements, if it commissions an audit and the audit is completed by the required time. If audited financial statements are not provided with annual information, the City will provide unaudited financial statements at such time and later provide audited financial statements when and if the audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX C 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 the last day of March in each year, unless it changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB.

Notice of Certain Events

The City will file with the MSRB notice of any of the following events with respect to the Certificates in a timely manner (and not more than 10 business days after 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 a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional Paying Agent/Registrar or the change of name of a Paying Agent/Registrar, if material; (15) incurrence of a Financial Obligation of the City (as defined by the Rule, which includes certain debt, debt-like, and debt-related obligations), if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the City, any of which reflect financial difficulties. Neither the Certificates nor the Ordinance make any provision for debt service reserves, credit enhancement, or liquidity enhancement. In the Ordinance, the City adopted policies and procedures to ensure timely compliance of its continuing disclosure undertakings. In addition, the City will provide timely notice of any failure by the City to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports." The City will provide each notice described in this paragraph to the MSRB.

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

Availability of Information from MSRB

All information and documentation filing required to be made by the City in accordance with its undertaking made for the Certificates will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB.

Limitations and Amendments

The City has agreed to update information and to provide notices of material events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell 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 or Beneficial Owners of Certificates may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its 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 Certificates in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Certificates consent or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the Beneficial Owners of the Certificates. The City may also repeal or amend these provisions if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but in either case only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the City amends its agreement, it must include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and data provided.

Compliance with Prior Undertakings

Except as hereafter described, the City has during the past five years complied in all material respects with continuing disclosure agreements made by it in accordance with the Rule.

S&P (defined herein) provides ratings on the City's utility system revenue bonds (the "Revenue Bonds") (see "OTHER PERTINENT INFORMATION - Municipal Bond Rating"). On December 13, 2011, as part of a routine surveillance, S&P upgraded the underlying ratings on the then-outstanding Revenue Bonds from "A-" to "A". On November 25, 2014, S&P again upgraded the underlying ratings on the then-outstanding Revenue Bonds from "A" to "A+". On November 26, 2014, the City filed notice of the second credit rating upgrade with the MSRB (the "MSRB") through EMMA; the City, however, did not file notice of the first upgrade. The City filed notice of the first credit rating upgrade applicable to the Revenue

Bonds that remain outstanding, as well as notice of its initial failure to timely file notice of the same, with the MSRB through EMMA on January 26, 2016.

The City has outstanding multiple series of obligations whose repayment is guaranteed pursuant to bond insurance policies issued by various monoline bond insurance companies including Syncora Guarantee Inc. (formerly XL Capital Assurance Inc.) and Assured Guaranty Municipal Corp. (formerly Financial Security Assurance). Beginning in 2008, the ratings on municipal bond insurers were downgraded or withdrawn with frequency; more recently, certain of these insurers have been upgraded. The City's continuing disclosure undertakings made in accordance with the Rule with respect to these insured series of obligations require that notice of rating changes be given only if such change was material within the meaning of federal securities laws. Information about these rating actions was widely and publicly reported, particularly throughout the municipal bond industry. The City is of the position that because the occurrence of these events was widely reported or known, their occurrence was, therefore, not material within the meaning of federal securities laws. Nevertheless, the City has, as of November 25, 2014, filed a notice with EMMA indicating the current enhanced ratings on its outstanding and insured utility system revenue indebtedness. That notice was, however, filed under the wrong CUSIP number (filed under the CUSIP number for the City's general obligation debt). It has since been filed under the correct CUSIP number as of January 12, 2016 and is available through EMMA.

In 2010, the City issued utility system revenue bonds and in connection with such issuance committed to annually provide a table illustrating debt service requirements for the Schertz/Seguin Local Government Corporation's contract revenue bonds. The City has inadvertently omitted such table from its annual filings; however, such table has been provided annually in the disclosure of the Schertz/Seguin Local Government Corporation and in other debt offering documents of the City. The City filed such table as an amendment to its 2019 annual filing and will hereafter include such table in its annual filings.

LEGAL MATTERS

The City will furnish the Purchaser with a complete transcript of proceedings incident to the authorization and issuance of the Certificates, including the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the Certificates are valid and legally binding obligations of the City payable from the proceeds of an annual ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the City, and based upon examination of such transcript of proceedings, the approval of certain legal matters by Norton Rose Fulbright US LLP, Austin, Texas ("Bond Counsel"), to the effect that the Certificates are valid and legally binding obligations of the City and, subject to the qualifications set forth herein under "TAX MATTERS," the interest on the Certificates is excludable from the gross income of the owners thereof for federal income tax purposes under existing statutes, published rulings, regulations, and court decisions. Though it represents the Financial Advisor and Purchaser 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. A form of Bond Counsel's opinion appears in APPENDIX D attached hereto. Bond Counsel was not requested to participate, and did not take part, in the preparation of this Official Statement except as hereinafter noted and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein, except that, in their capacity as Bond Counsel, such firm has reviewed the information under the captions "THE CERTIFICATES (except under the subcaptions "Use of Proceeds," "Delivery," "Payment Record," "Additional Bond Issues," and "Defaults and Remedies" as to which no opinion is expressed). "REGISTRATION, TRANSFER AND EXCHANGE," "TAX MATTERS," "LEGAL MATTERS", "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS," and "OTHER PERTINENT INFORMATION - Registration and Qualification of Certificates for Sale," and "CONTINUING DISCLOSURE OF INFORMATION" (except matters discussed under the subcaption "Compliance with Prior Undertakings" as to which no opinion is expressed) 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 the 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 are contingent on the sale and delivery of the Certificates. The legal opinion of Bond Counsel will accompany the Certificates deposited with DTC or will be printed on definitive bonds in the event of discontinuance of the Book-Entry-Only System.

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

LITIGATION

In the opinion of certain officials of the City, the City is not a party to any litigation or other proceedings pending or, to its knowledge, threatened, in any court, agency or other administrative body (either state or federal which, if decided adversely to the City, would have a material adverse effect on the financial statements of the City.

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Securities Procedures Act (Chapter 1201, Texas Government Code) and Section 271.051, as amended, Texas Local Government Code, provides that the Certificates are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the 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 at least "A" or its equivalent as to investment quality by a national rating agency. See "OTHER PERTINENT INFORMATION - Municipal Bond 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 at least $1 million of capital, 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.

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

OTHER PERTINENT INFORMATION

Authenticity of Financial Data and Other Information

The financial data and other information contained herein have been obtained from the City's records, audited financial statements and other sources that 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.

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 act of any other 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.

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

Municipal Bond Ratings

S&P Global Ratings ("S&P") has assigned its municipal bond rating of "AA" to the Certificates. See "CONTINUING DISCLOSURE OF INFORMATION - Compliance with Prior Undertakings" herein.
An explanation of the significance of such rating may be obtained from S&P. The rating of the Certificates by S&P reflects only the view of such company at the time the rating is given, and the City makes no representation as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Certificates.

Financial Advisor

SAMCO Capital Markets, Inc. (the "Financial Advisor") is employed as the 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. In the normal course of business, the Financial Advisor may also from time to time sell investment securities to the City for the investment of bond proceeds or other funds of the City upon the request of the City. SAMCO Capital Markets, 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 bond documentation with respect to the federal income tax status of the Certificates.

Initial Purchaser

After requesting bids for the Certificates, the City accepted the bid of The Baker Group LP (the "Purchaser") to purchase the Certificates at the interest rates shown on page -ii- of the Official Statement at a price of $12,106,734.00, which is inclusive of a Purchaser's discount of $118,256.00, plus accrued interest from their dated date through their date of initial delivery. The City can give no assurance that any trading market will be developed for the Certificates after their sale by the City to the Purchaser. The City has no control over the price at which the Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

Forward-Looking Statements

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

It is important to note that the City's actual results could differ materially from those 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 would prove to be accurate.

Information from External Sources

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

Certification of the Official Statement

At the time of payment for and delivery of the Certificates, the Purchaser will be furnished a certificate, executed by proper officers, acting in their official capacity, to the effect that to the best of their knowledge and belief: (a) the description and statements of or pertaining to the City contained in its Official Statement, and any addenda, supplement or amendment thereto, on the date of such Official Statement on the date of sale of the Certificates and the acceptance of the best bid therefor, and on the date of the initial delivery of the Certificates, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of circumstances under which they are made, not misleading; (c) insofar as the description and statements, including financial data, of or pertaining to entities, other than the City, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and that the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City since September 30, 2018, the date of the last audited financial statements of the City.

Authorization of the Official Statement

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

This Official Statement has been approved by the City Council of the City for distribution in accordance with provisions of the United States Securities and Exchange Commission's rule codified at 17 C.F.R. Section 240.15c-12, as amended.

The Ordinance also approved the form and content of this Official Statement and any addenda, supplement or amendment thereto and authorize its further use in the reoffering of the Certificates by the Purchaser.

CITY OF SEGUIN, TEXAS

/s/ Donna Dodgen
Mayor

ATTEST:

/s/ Naomi Manski
City Secretary

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APPENDIX A

SELECTED FINANCIAL INFORMATION
OF THE CITY OF SEGUIN, TEXAS

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VALUATION AND DEBT DATA

General Purpose, General Obligation Bonds and Certificates

2020 Total Appraised Valuation[1]	$2,914,112,896
Less Exemptions and Exclusions[2]	589,297,380
2020 Net Taxable Assessed Valuation (100% of market value)	$2,324,815,516

(1) Source: Guadalupe Appraisal District. The Appraisal Review Board approved Certified Values as of February 1, 2020.
(2) Does not Include frozen values.

Outstanding Debt By Issues	Amount Outstanding At 9-30-2020[1]
Certificates of Obligation, Series 2011	$ 1,500,000
General Obligation Refunding Bonds, Series 2011	280,000
General Obligation Refunding Bonds, Series 2013	3,740,000
Certificates of Obligation, Series 2013	1,250,000
General Obligation Bonds, Series 2014	17,990,000
General Obligation Refunding Bonds, Series 2014	5,515,000
General Obligation Refunding Bonds, Series 2015[2]	11,220,000
Certificates of Obligation, Series 2016	11,950,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2016A	8,425,000
Tax Notes, Series 2017	390,000
Tax Notes, Series 2018	166,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2018	6,050,000
Tax Notes, Series 2019	105,000
General Obligation Refunding Bonds, Series 2019[2]	14,515,000
Certificates of Obligation, Series 2020	9,125,000
Certificates of Obligation, Series 2021 (the "Certificates")	10,970,000
Total General Obligation Debt	$103,191,000
Less: Self-supporting Debt	11,485,000
Net Tax Supported General Obligation Debt	91,706,000
Less: Interest and Sinking Fund Balance (as of 9-30-2020)	1,351,644
Net General Obligation Debt Outstanding	$90,354,356
Ratio Net Tax Supported General Obligation Debt to 2020 Net Taxable Assessed Valuation	3.94%
Ratio Net General Obligation Debt to 2019 Net Taxable Assessed Valuation	3.89%

(1) Unaudited.
(2) A portion of debt service of this issue is supported by payments from the City's Utility System.

2010 U. S. Census Population - 25,175
2019 Estimated Population - 31,218
Per Capita 2020 Net Taxable Assessed Valuation - $74,470
Per Capita Total Net Tax Supported General Obligation Debt - $2,937.92
Per Capita Net General Obligation Debt - $2,894.62

Future Issues

The City has no authorized and unissued general obligation voted authority from any bond election; however, the City may, from time to time and without an election, issue debt obligations payable from its collection of ad valorem taxes, including (but not limited to) certificates of obligation, public property finance contractual obligations, certain types of capital leases, and tax notes.

TAXATION DATA

Tax Rate Distribution

Tax Year	2020	2019	2018	2017	2016
Local Maintenance	$0.2811	$0.2767	$0.2763	$0.2879	$0.3104
Interest and Sinking Fund	0.2601	.2645	.2649	.2533	.2308
Totals	$0.5412	$0.5412	$0.5412	$0.5412	$0.5412

Tax Collection Data

Taxes are due October 1 and become delinquent after January 31. No split payments or discounts are allowed. Penalties and Interest: (a) 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. However, a tax delinquent on July 1 incurs a total penalty of twelve percent (12%) of the amount of the delinquent tax without regard to the number of months the tax has been delinquent; (b) a delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid; and an additional penalty up to a maximum of twenty percent (20%) of taxes, penalty and interest may be imposed to defray costs of collection for taxes delinquent after July 1. All percentage of collections set forth below exclude penalties and interest.

Tax Year	Taxable Assessed Valuation[1]	Tax Rate	% Collections Current	% Collections Total	Year Ending
2010	$1,328,080,868	$0.4893	97.02%	98.96%	09-30-11
2011	1,388,352,916	0.5073	97.20%	99.34%	09-30-12
2012	1,428,682,800	0.5073	98.14%	108.00%	09-30-13
2013	1,369,727,941	0.5173	97.81%	99.80%	09-30-14
2014	1,471,733,571	0.5244	98.41%	99.34%	09-30-15
2015	1,554,809,696	0.5256	97.93%	99.83%	09-30-16
2016	1,798,558,709	0.5412	97.14%	99.89%	09-30-17
2017	1,957,487,506	0.5412	98.40%	100.60%	09-30-18
2018	2,093,595,780	0.5412	98.73%	100.34%	09-30-19
2019	2,159,840,485 [2][3]	0.5412	98.01%	100.36%	09-30-20
2020	2,324,815,516 [2][4]	0.5412	(in the process of collection)		09-30-21

(1) City's Comprehensive Annual Financial Report.
(2) Guadalupe Appraisal District.
(3) Unaudited.
(4) See the table of Top 10 Taxpayers and Their 2020 Valuations herein.

Non-Funded Debt

Capital Leases

The City has entered into a lease agreement to finance the acquisition of public safety, public works and golf equipment. The City has also financed the acquisition of the Springs Hill Wastewater Collection System through its Utility Fund. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

Future minimum obligations and the net present value of these minimum lease payments as of September 30, 2019 are as follows:

Year Ending September 30,	Governmental Activities
2020	$ 469,745
2021	504,035
2022	264,417
2023	165,896
Total Payments	1,403,093
Less: Amount Representing Interest	109,840
Present value of minimum lease payments	$1,293,253

Source: City's 2019 Comprehensive Annual Financial Report.

Schedule of Delinquent Taxes Receivable Fiscal Year Ended September 30, 2019 (Unaudited)

Year Ended 9/30	Ending Balance
2010	$ 10,468
2011	10,739
2012	12,166
2013	14,632
2014	26,677
2015	29,289
2016	35,625
2017	49,625
2018	82,124
2019	137,802
Total	$409,147

Source: City's Comprehensive Annual Financial Report.

Municipal Sales Taxes

The City has adopted the Municipal Sales and Use Tax Act, VATCS, Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City, the proceeds of which are credited to the General Fund and are not pledged to the payment of the Bonds. Collection and enforcement 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 addition to the 1% sales tax, the City collects one-quarter percent (1/4 of 1%) to be used to reduce the property tax rate. Subject to the approval of a majority of the voters in a local option election, state law also provides certain cities the option of assessing a sales and use tax for a variety of other purposes, including economic and industrial development, municipal street maintenance and repair, and sports and community venues. State law limits the maximum aggregate sales and use tax rate in any area to 8¼%. Accordingly, the collection of local sales and use taxes in the area of the City (including sales and use taxes levied by the City) is limited to no more than 2% (when combined with the State sales and use tax rate of 6 1/4%). Beginning in fiscal year 1995, the City has collected an additional sales and use tax of one-fourth of one percent (1/4 of 1%) for its economic development as permitted under provision of Article 5190.6, Section 4A (now codified primarily in Chapter 504, Texas Local Government Code). Net collections on fiscal year basis are as follows:

Fiscal Year	Rate [1]	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate
2008	1 1/2%	$5,155,539	101.87	0.46
2009	1 1/2%	5,022,478	89.40	0.41
2010	1 1/2%	5,278,917	86.16	0.41
2011	1 1/2%	5,281,333	84,60	0.39
2012	1 1/2%	6,533,697	96.56	0.47
2013	1 1/2%	6,918,184	99.23	0.49
2014	1 1/2%	6,909,704	97.32	0.50
2015	1 1/2%	7,214,240	98.39	0.52
2016	1 1/2%	7,389,899	96.56	0.50
2017	1 1/2%	7,434,928	82.72	0.44
2018	1 1/2%	7,970,496	80.77	0.44
2019	1 1/2%	7,970,112	68.18	0.37
2020	1 1/2%	8,613,777	73.69	0.40

Source: City of Seguin.

(1) 1.00% City sales tax; 0.25% to be used by the City to reduce property taxes; and 0.25% for Seguin Economic Development Corporation. The remaining 0.50% is collected by the Commissioners Court of Guadalupe County to reduce property taxes.

Top 10 Taxpayers and Their 2020 Valuations[(1)]

Name	Type of Property	2020 Net Assessed Valuation	Percent of Total 2020 Assessed Valuation
Vitesco Technologies	Manufacturing	$176,389,771	7.59%
Caterpillar Inc	Manufacturing	74,449,075	3.20%
Niagara Bottling LLC	Water Bottle Manufacturing	73,057,603	3.14%
Helmerich & Payne International	Contract Drilling	36,151,067	1.56%
8th Street Properties	Real Estate	33,093,154	1.42%
Cargill Inc	Manufacturing	17,893,651	0.77%
Hexcel Reinforcements Corporation	Fiberglass Manufacturing	16,753,051	0.72%
MA Ranch at Seguin LLC	Land/Development	13,125,000	0.56%
Ameritex Pipe & Products LLC	Manufacturing	11,497,480	0.49%
Wonder Properties LTD	Apartment Buildings	11,291,000	0.49%
Total		$463,700,852	19.95% [(2)]

Source: Guadalupe Appraisal District.

(1) *The Rio Nogales Combined Cycle Natural Gas electric generation facility (previously a top ten taxpayer) was purchased in fiscal year 2012 by CPS Energy in San Antonio, Texas, a municipal-owned utility. As a result, the City and CPS Energy reached an agreement that paid the City $9,585,200 to compensate for all future tax losses due to this electric generation power plant now being tax-exempt. The City also has abatement agreements with Caterpillar, Inc. that will end in 2020. Based on current valuations, Caterpillar, Inc. would be the top taxpayer in the City when the values become fully taxable.*

(2) *As shown in the table above, the top ten taxpayers in the City account for in excess of 19% of the City's tax base. Adverse developments in economic conditions, especially in a particular industry in which any one of these large taxpayers participates, could adversely impact these businesses and, consequently, the tax values in the City, resulting in less local tax revenue. If any major taxpayer, or a combination of top taxpayers, were to default in the payment of taxes, the ability of the City to make timely payment of debt service on the Bonds may be dependent on its ability to enforce and liquidate its tax lien, which is a time-consuming process that may only occur annually. (See "THE CERTIFICATES - Defaults and Remedies" and "AD VALOREM PROPERTY TAXATION - City's Rights in the Event of Tax Delinquencies.")*

Taxpayers by Classification

Classification	2020 Assessed Valuation	Percent of Total	2019 Assessed Valuation	Percent of Total	2018 Assessed Valuation	Percent of Total
Single Family Residential	$1,294,654,152	44.43%	$1,208,646,286	43.17%	$1,127,709,179	41.93%
Multi-Family Residential	76,423,242	2.62%	78,683,465	2.81%	76,233,344	2.83%
Vacant-Platted Lots	50,029,207	1.72%	41,582,572	1.49%	33,013,704	1.23%
Qualified Open Space	112,651,894	3.87%	110,909,713	3.96%	96,856,834	3.60%
Rural Land, Non-qualified Space	37,765,880	1.30%	36,941,814	1.31%	27,550,460	1.02%
Commercial Real Property	293,299,104	10.05%	308,727,324	11.03%	331,263,495	12.32%
Industrial Real Property	207,725,889	7.13%	213,929,169	7.64%	212,704,972	7.91%
Utilities	15,068,191	0.52%	14,157,338	0.51%	14,913,889	0.55%
Commercial Personal Property	148,794,109	5.11%	150,678,579	5.38%	151,177,168	5.62%
Industrial Personal Property	645,714,924	22.16%	603,489,244	21.55%	586,709,661	21.82%
Mobile Homes	6,969,261	0.23%	6,555,739	0.23%	5,799,672	0.22%
Residential Inventory	6,682,673	0.23%	8,287,172	0.30%	9,891,805	0.37%
Special Inventory	18,334,370	0.63%	17,372,394	0.62%	15,433,794	0.57%
Total Appraised Valuation	$2,914,112,896	100.00%	$2,799,960,809	100.00%	$2,689,257,977	100.00%
Less Exemptions & Exclusions	589,297,380		640,120,324		595,662,197	
Net Taxable Assessed Valuation	$2,324,815,516		$2,159,840,485		$2,093,595.780	

Source: Guadalupe Appraisal District.

Direct and Estimated Gross Overlapping Funded Debt Payable from Ad Valorem Taxes

Expenditures of the various taxing bodies overlapping the territory of the City are paid out of ad valorem taxes levied by these taxing bodies on properties overlapping the City. These political taxing bodies are independent of the City and may incur borrowings to finance their expenditures. The following statement of direct and estimated overlapping ad valorem tax bonds was developed from information contained in the "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 below may have authorized or issued additional bonds since the date stated below, and such entities may have programs requiring the authorization and/or issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of direct and overlapping extended debt of these various taxing bodies:

	Gross Debt		Percent	Amount
Political Subdivision	Amount	As Of	Overlapping	Overlapping
Seguin ISD	$155,939,858	9/39/2020	49.90%	$ 77,813,989
Guadalupe County	9,405,000	9/30/2020	19.08%	1,794,474
Total Net Overlapping Debt				79,608,463
Seguin, City of	91,706,0000		100.00%	91,706,000
Total Direct and Estimated Overlapping Debt				$171,314,463
Ratio Total Direct and Estimated Overlapping Debt to 2020 Net Taxable Assessed Valuation				7.37%

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ESTIMATED INTEREST & SINKING FUND MANAGEMENT INDEX 2020/21

Estimated Interest and Sinking Fund Balance at 9-30-2020	$1,351,644
Estimated Income from $0.2601 Collected Using 2019 Taxable Assessed Valuation of $2,324,815,516 at 97% Collections	5,865,440
Estimated Other Revenue	725,000
Estimated Total Funds Available	7,942,084
2020/21 Net Debt Service Requirement	6,767,878
Estimated Interest and Sinking Fund Balance at 9-30-2021	$1,174,206

CONSOLIDATED DEBT SERVICE REQUIREMENTS

Fiscal Year 30-Sept	Currently Outstanding Debt Service[1]	Plus: The Certificates at Actual Rates Principal Due 9/1	Interest Due 3/1	Interest Due 9/1	Total	Grand Total of All Debt Service
2021	6,550,210.88			$ 217,666.67	$ 217,666.67	$ 6,767,877.55
2022	6,413,382.63	$ 130,000	$ 163,250.00	163,250.00	456,500.00	6,869,882.63
2023	6,425,394.88	130,000	160,000.00	160,000.00	450,000.00	6,875,394.88
2024	6,332,581.63	185,000	156,750.00	156,750.00	498,500.00	6,831,081.63
2025	6,290,200.00	240,000	152,125.00	152,125.00	544,250.00	6,834,450.00
2026	6,286,425.00	250,000	146,125.00	146,125.00	542,250.00	6,828,675.00
2027	6,279,337.50	265,000	139,875.00	139,875.00	544,750.00	6,824,087.50
2028	6,267,043.75	285,000	133,250.00	133,250.00	551,500.00	6,818,543.75
2029	6,265,668.75	300,000	126,125.00	126,125.00	552,250.00	6,817,918.75
2030	6,268,581.25	305,000	118,625.00	118,625.00	542,250.00	6,810,831.25
2031	6,274,406.25	305,000	111,000.00	111,000.00	527,000.00	6,801,406.25
2032	6,272,906.25	320,000	107,187.50	107,187.50	534,375.00	6,807,281.25
2033	6,274,018.75	265,000	103,187.50	103,187.50	471,375.00	6,745,393.75
2034	6,281,862.50	265,000	99,875.00	99,875.00	464,750.00	6,746,612.50
2035	6,176,225.00	290,000	96,562.50	96,562.50	483,125.00	6,659,350.00
2036	6,009,356.25	285,000	92,937.50	92,937.50	470,875.00	6,480,231.25
2037	5,769,087.50	435,000	89,375.00	89,375.00	613,750.00	6,382,837.50
2038	2,820,525.00	2,235,000	83,937.50	83,937.50	2,402,875.00	5,223,400.00
2039	1,893,062.50	2,240,000	56,000.00	56,000.00	2,352,000.00	4,245,062.50
2040	1,711,875.00	2,240,000	28,000.00	28,000.00	2,296,000.00	4,007,875.00
	$112,862,151.27	$10,970,000	$2,164,187.50	$2,381,854.17	$15,516,041.67	$128,378,192.94

[1] This is the currently outstanding general obligation debt service net of the self-supporting debt service supported by City's utility system revenues and the Seguin Economic Development Corporation sales tax revenues.

ESTIMATED INTEREST & SINKING FUND MANAGEMENT INDEX 2021/22

Estimated Interest and Sinking Fund Balance at 9-30-2021	$1,174,206
Estimated Income from $0.2601 Collected Using Projected 2021Estimated Taxable Assessed Valuation of $2,417,808,137 at 97% Collections	6,100,057
Other Revenue (includes revenue for self-supporting debt)	600,000
Estimated Total Funds Available	7,874,263
Estimated 2021/22 Net Debt Service Requirement	6,869,883
Estimated Interest and Sinking Fund Balance at 9-30-2022	$1,004,380

COMPARATIVE CONDENSED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN GENERAL FUND BALANCE

The following statements reflect the historical operations of the City. Such summary has been prepared for inclusion herein based upon information obtained from the City's audited financial statements and records. Reference is made to such statements for further and complete information.

	Fiscal Year Ended September 30				
	2019	**2018**	**2017**	**2016**	**2015**
REVENUES					
Taxes	$13,657,432	$13,340,223	$12,678,017	$12,182,731	$11,377,976
Licenses and Permits	653,927	717,589	941,986	723,820	1,104,009
Intergovernmental	1,134,769	1,104,510	1,396,474	862,132	954,686
Charges for Services	6,106,516	5,779,712	5,711,530	5,696,651	5,635,600
Fines and Forfeits	1,193,263	1,573,956	1,707,497	1,497,809	1,728,156
Interest	332,668	226,354	144,635	64,240	10,728
Miscellaneous	1,922,403	823,332	819,081	762,398	740,455
Total Revenues	$25,000,978	23,565,676	23,399,220	$21,789,781	21,551,610
EXPENDITURES					
General Government	3,567,718	3,273,323	3,070,934	2,807,542	2,652,479
Public Safety	13,982,502	13,917,286	13,497,928	12,595,423	11,847,542
Public Service	7,495,600	7,186,793	7,191,996	7,075,027	6,523,397
Nondepartmental	2,358,388	2,047,463	2,386,674	1,970,564	1,691,140
Indirect Cost Allocation (recovery)	(4,968,672)	(4,819,725)	(4,641,289)	(4,352,992)	(4,190,324)
Capital Projects/Outlay	-0-	44,061	-0-	158,620	-0-
Total Expenditures	22,435,536	21,649,201	22,435,704	20,254,184	18,524,234
Excess of Revenues Over (Under) Expenditures	2,565,442	1,916,475	963,516	1,535,597	3,027,376
Total Other Financing Sources (Uses)	(2,227,274)	(2,086,818)	(2,948,073)	(4,367,865)	(4,031,458)
Special Items	-0-	-0-	-0-	-0-	-0-
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	338,168	(170,343)	(1,984,557)	(2,832,268)	(1,004,082)
Fund Balance at Beginning of Year	13,003,111	13,173,454	15,158,011	17,990,279	18,994,361
Equity Transfer	-0-	-0-	-0-	-0-	-0-
Fund Balance - September 30*	$13,341,279	$13,003,111	$13,173,454	$15,158,011	$17,990,279

Source: City's Comprehensive Annual Financial Reports.

* *The City's unaudited General Fund balance for the Fiscal Year ended September 30, 2020 was estimated to be approximately $13,848,738.*

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APPENDIX B

GENERAL INFORMATION REGARDING
THE CITY OF SEGUIN AND ITS ECONOMY

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This Appendix contains a brief discussion of certain economic and demographic characteristics of City. Information in this Appendix has been obtained from the sources noted. They are believed to be reliable, although no investigation has been made to verify the accuracy of such information. Much of this information was obtained from the City, Texas Workforce Commission, Seguin Area Chamber of Commerce, Guadalupe County, Texas, and the City's Texas Municipal Report. The following information is qualified by the impact from the effects of the COVID-19 pandemic. Within the body of the Official Statement, under caption "Infectious Disease Outbreak - COVID-19", the City described this event, as well as its initial impact and possible effects. The City has not attempted to update the descriptions included in this APPENDIX B to account for the effects of COVID-19, as the specific results of this event are evolving and their extent unknown; rather, the City makes reference to the aforementioned section of the body of the Official Statement and directs the reader thereto for a general discussion of the COVID-19 event as of the date of the Official Statement.

Economic and Demographic Characteristics

The City of Seguin, Texas (the "City") is located in South Central Texas and is the county seat and principal commercial center of Guadalupe County (the "County"). The City is located on Interstate Highway 10, about 35 miles east of San Antonio, 160 miles west of Houston, and 50 miles south of Austin, the State capital.

Incorporated in 1853, the City operates under a Home Rule Charter, which was adopted on December 7, 1971. The City has a council-manager type of government composed of the City Manager, Mayor and eight Councilpersons elected for four-year terms.

The Seguin-Guadalupe County economy is an important contribution to the San Antonio metropolitan area. Industry, agriculture and agribusiness, minerals, education, and recreation are major contributors.

Population

	1970	1980	1990	2000	2010	Est. 2020
City	15,934	17,854	18,853	22,011	25,175	31,386
County	33,354	46,700	64,874	89,023	131,533	163,694

Major Area Employers

The area has been economically stable for many years because of the industries located there. The major area employers, their products and approximate number of employees, as currently reported by the Seguin Economic Development Corporation, are given below:

Name	Product	Number of Employees
Caterpillar	Engine Assembly	2,190
Continental Automotive Systems	Automotive Manufacturing	1,600
Seguin Independent School District	Education	1,130
CMC Steel Texas	Steel Products Manufacturing	840
Tyson Foods, Inc.	Poultry Processing	745
Guadalupe Regional Medical Center	Healthcare	700
Guadalupe County	County Government	595
Texas Lutheran University	Higher Education	400
HEB	Retail	340
Walmart Supercenter	Retail	300
Hexel Reinforcements	Manufacturing	262
City of Seguin	City Government	249
Total		9,351

Many people commute to nearby San Antonio and Randolph Air Force Base for employment.

With the development of SH-130 providing an alternate route from the IH-35 gridlock, commercial traffic is diverted from just north of Austin to Seguin. This places Seguin as a very strategic location for distribution centers and manufacturers alike and will impact both retail and industrial market growths complimenting the already accelerated growth trend.

The City of Seguin, the Seguin Economic Development Corporation and NewQuest Properties continue to work together to make the Seguin Town Center Development a reality. The proposed mixed-use development located at the intersection of State Highway 46 and Interstate 10 in Seguin, will encompass 545 acres and includes plans for over 700,000 square feet of retail space, as well as tracts for residential and other commercial development. Major infrastructure improvements have been tackled in order to accommodate proposed developments at the site. Completed infrastructure improvements include the construction of a new frontage road with curb cuts, extension of sanitary sewer under Interstate 10 to the property line and construction of a new 1-million-gallon elevated water storage tank located half a mile away from the site. All parties are working together to aggressively market the site to prospective residential developers and retail anchor tenants. NewQuest anticipates that construction of the Seguin Town Center development will commence once a residential developer and a retail anchor tenant are secured.

Labor Force Statistics - Guadalupe County

	Annual Average					
Annual Average	2019	2018	2017	2016	2015	2014
Civilian Labor Force	81,486	79,824	77,510	74,988	72,288	71,566
Total Employed	79,087	77,326	74,946	72,296	69,720	68,501
Total Unemployed	2,399	2,497	2,564	2,692	2,568	3,065
% Unemployed	2.9%	3.1%	3.3%	3.6%	3.6%	4.3%
% Unemployed (Texas)	3.5%	3.9%	4.3%	4.6%	4.5%	5.1%
% Unemployed (United States)	3.7%	3.9%	4.4%	4.9%	5.3%	6.2%

Source: Texas Workforce Commission - Economic Research and Analysis Department, and United States Department of Labor.

Employment and Wages by Industry - Guadalupe County

	Number of Employees			
	Second Quarter 2020	Fourth Quarter 2019	Fourth Quarter 2018	Fourth Quarter 2017
Natural Resources and Mining	375	544	489	236
Construction	2,530	2,772	2,593	2,556
Manufacturing	7,338	8,118	8,119	7,644
Trade, Transportation & Utilities	10,518	10,536	10,482	12,379
Information	57	84	83	181
Financial Activities	1,065	1,079	1,083	1,113
Professional and Business Services	2,916	2,962	3,280	3,546
Education and Health Services	3,288	3,761	3,598	3,544
Leisure and Hospitality	3,339	4,179	4,443	4,129
Other Services	1,043	1,405	1,284	1,103
Unclassified	15	10	46	69
Federal Government	215	219	213	226
State Government	175	171	167	161
Local Government	6,219	6,498	6,243	6,182
Total Employment	39,092	42,337	42,123	43,069
Total Wages	$462,365,686	$503,263,021	$479,468,313	$466,903,178

Source: Texas Workforce Commission - Texas Labor Market Information.

Agriculture

Guadalupe County agricultural income is derived from beef, dairy cattle, hogs, and poultry. Crops include sorghum, corn, wheat, oats, cotton, peanuts and pecans.

Minerals

Minerals produced include oil, gas, sand and gravel. A part of Guadalupe County lies in the Austin Chalk formation from which there is considerable oil production.

Transportation

In addition to Interstate Highway 10, highway facilities include State Highways 46 and 123, and U.S. Highways 90 and 90-A. Interstate 35 goes through the western portion of Guadalupe County.

Railroad facilities are provided by Union Pacific Railroad.

Commercial air service is available at the nearby San Antonio International Airport or Austin Bergstrom. Small and medium sized private aircraft may land at two airfields located within 12 miles of downtown Seguin.

Four local motor freight carriers serve Seguin from local depots. Four additional motor freight carriers serve Seguin from terminals in nearby San Antonio.

Educational Facilities

The Seguin Independent School District, accredited by the Texas Education Agency, is administered by a board comprised of elected citizens who serve in their respective positions without compensation. In addition to the basic curriculum prescribed by the state for grades K through 12, the District offers a wide range of electives. There are extensive special education and vocational education programs, as well as provisions for the accelerated students.

In addition, pre-school and day care centers are located throughout the City with religious and secular programs. Private and parochial schools, representing many teaching disciplines and religious affiliations, can also be found in the area. Baptist, Lutheran, Catholic and other Christian faiths provide pre-school and some elementary through high school programs. There is one Montessori program offered.

Texas Lutheran University ("TLU"), a fully accredited four-year co-educational senior liberal arts institution of higher learning, is located in Seguin. TLU's 1,400 students (50-50, male/female) come from 36 states and seven foreign countries. The 15:1 student-teacher ratio allows for small classes. TLU has been listed as one of the top ten small colleges in the southern United States by the U.S. News and World Report survey of college presidents for 15 out of 16 years. TLU is a central part of life in Seguin and the university pumps an estimated $50 million into the Seguin economy annually.

The Central Texas Technology Center (the "CTTC") is a District Workforce Specialty Campus located minutes from downtown Seguin. The CTTC consists of a 25,000-square-foot facility. It is the area's first higher education facility dedicated to technology and it is a collaborative effort of the governing bodies and business development agencies of New Braunfels, Seguin and the Alamo Community College District (ACCD). The ACCD runs the programs, and classes provide college level education and training to residents of Comal, Guadalupe, Hays, Bexar and Wilson counties. An expansion project is currently underway to double the size of the facility.

Other educational facilities nearby include: Texas State University at San Marcos; University of Texas at Austin; and the San Antonio institutions of San Antonio College, Trinity University, St. Mary's University, University of Texas at San Antonio, The University of the Incarnate Word, Our Lady of the Lake University, and the University of Texas Health Science Center composed of schools of Dentistry, Nursing, Allied Health Sciences and graduate school of Biomedical Sciences.

Recreation

The Guadalupe River meanders through Guadalupe County and the City of Seguin in a northwest to southeast direction. Canyon Lake dam and reservoir are located in adjoining Comal County about thirty miles upstream from the City of Seguin and this impoundment usually assures the normal flow of the river and provides a variety of water sports including canoeing, tube floating and fishing in a very scenic setting. Other impoundments include Lake Placid, Lake McQueeney and Lake Dunlap, all of which provide boating, fishing and skiing.

Max Starke Park, owned by the City of Seguin, is a 160-acre park, which provides an 18-hole golf course, wave pool, tennis courts, baseball fields, and a large picnic area.

Seguin is also home to ZDT's Amusement Park. It is a family oriented amusement park with 11 attractions. The park draws numerous visitors to the area.

Community Services

Many cultural events are held at the Seguin-Guadalupe City Coliseum. The Jackson Auditorium at Texas Lutheran College, home of the Mid-Texas Symphony, hosts nationally and internationally renowned acts in music, theatre, and dance, as well as distinguished lecturers.

The One Seguin Art Center has brought area and out-of-town artistic activities to Seguin.

"Teatro de Artes de Juan Seguin" has brought area and out-of-town Mexican American artists through the annual events of Fiestas Patrias and Noche De Gala.

The Seguin-Guadalupe County Public Library offers a variety of programs for both children and adults. A major library expansion has resulted in enlargement of facilities from approximately 2,900 square feet to 9,600 square feet and an increase in the book collection from 38,000 to 68,000 volumes.

The City is served by two local daily newspapers. San Antonio and Austin daily newspapers are also available. Two radio stations, four commercial television stations and cable television serve the Seguin area.

Churches representing most religious denominations are available. Those not represented generally are available in nearby San Antonio.

Guadalupe Regional Medical Center, with an annual budget of $119 million, serves the area. The hospital currently has 107 acute care beds and 12 inpatient rehabilitation beds and has a staff of approximately 60 doctors. The hospital also provides Home Health and Hospice care. The Wellness Center provides an exercise facility for the community, outpatient physical therapy, and physician offices for new doctors. The Teddy Buerger Center is an outpatient psychiatric and substance abuse center. In addition to the hospital, several clinics are available in Seguin. Numerous hospitals and clinics are available in nearby San Antonio.

Financial

Commercial banks located in Seguin include First Commercial Bank, N.A., Bank of America, First American Bank of Texas, Wells Fargo, Prosperity Bank, Broadway National Bank, and Randolph-Brooks Federal Credit Union, Schertz Bank & Trust, and The First National Bank.

Growth Indices

Fiscal Year	City Building Permits Number Issued	Amount	City Sales Tax	Seguin ISD Enrollment
2007	1,026	$31,990,888	$4,857,969	7,326
2008	861	97,944,325	5,155,539	7,501
2009	694	35,680,585	5,022,478	7,559
2010	886	32,981,097	5,278,917	7,548
2011	756	27,276,413	5,281,333	7,548
2012	765	39,261,603	6,533,697	7,440
2013	906	45,228,136	6,918,184	7,514
2014	903	65,393,557	6,909,704	7,419
2015	1,093	82,433,635	7,214,240	7,459
2016	967	91,438,004	7,389,899	7,492
2017	584	94,487,487	7,434,928	7,425
2018	384	53,168,398	7,970,496	7,427
2019	444	*	7,970,110	7,343

Source: *City of Seguin and Seguin ISD.*

* *In fiscal year 2019, State law no longer allowed municipalities to request the value of projects.*

APPENDIX C

EXCERPTS FROM THE CITY OF SEGUIN
AUDITED FINANCIAL STATEMENT
FOR THE YEAR ENDED
SEPTEMBER 30, 2019

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CITY OF SEGUIN, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2019

Prepared by: Finance Department
Susan Caddell
Director of Finance

March 3, 2020

The Honorable Mayor and City Council
City of Seguin, Texas

We are pleased to present the Comprehensive Annual Financial Report of the City of Seguin, Texas (the City), for the fiscal year ended September 30, 2019. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the presented data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City of Seguin's financial statements have been audited by Armstrong, Vaughan & Associates, PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Seguin for the fiscal year ended September 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor has issued an unqualified ("clean") opinion on the City's financial statements for the year ended September 30, 2019. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this transmittal letter and should be read in conjunction with it.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the management's discussion and analysis letter, the government-wide financial statements, the fund financial statements, notes to the financial statements, as well as the auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

This report includes all funds of the City. The City provides a full range of services including: police and fire protection, health services, maintenance of streets, planning and zoning, parks and recreation, convention and visitors' bureau and general administrative services. The City also provides electric, water, and wastewater services; therefore, these activities are included in the reporting entity.

City of Seguin profile. The City of Seguin is the county seat and principal commercial center of Guadalupe County. Seguin is located thirty-five minutes east of San Antonio, fifty-five minutes south of Austin and about two and a half hours west of Houston. Seguin offers immediate access not only to Interstate 10, but to State Highway 130, the safe, fast and reliable alternative to congested Interstate 35 in Central Texas.

Founded in 1838 and incorporated in 1853, the City operates under a Home Rule Charter, which was adopted on December 7, 1971. The City has a council-manager type of government composed of the manager, mayor and eight councilpersons elected for four-year terms. The City Manager is the chief administrator and executive officer for the City and has full responsibility for carrying out Council policies and administering City operations, including hiring department Directors and all other City employees. City service departments provide a full range of services including police and fire protection, EMS services, building inspections, animal control services, parks and recreation services, golf, library services, public works services and general administrative services. In addition, the City of Seguin also provides electric, water and wastewater services.

Local economy. The City of Seguin has grown substantially since 1838, and today Seguin's economy is a vital component to the San Antonio metropolitan area. Seguin's diverse economy is made up of primary industries such as advanced manufacturing, distribution and warehousing, healthcare, agriculture, and education. Numerous businesses and Fortune ranked companies have major operations located within the City of Seguin. This includes Vitesco Technologies, Commercial Metals Corporation (CMC), Tyson Foods, Inc., Caterpillar, Inc., The Interplast Group – Minigrip, Alamo Group, Georgia Pacific, Niagara Bottling and Hexcel.

Manufacturing is the heart of the Seguin economy. Nearly 30 % of Seguin's workforce is employed within the manufacturing industry. In fact, the Seguin area has over 6,000 manufacturing jobs; this is more than three times the national average. The City of Seguin's proximity to San Antonio and Austin enables our manufacturers to tap into a large, diverse and skilled labor pool. Seguin is located three hours away from the U.S. – Mexico Border via Interstate 35 and two and a half hours away from the Port of Houston, one of the world's largest sea ports. This provides Seguin manufacturers with great access to get materials in and out to their customers around the world.

It's not all about manufacturing in Seguin, the City is also home to growing education and healthcare industries. In 2019, U.S. News & World Report ranked Seguin's Texas Lutheran University the #1 "Best Value" School and the #3 "Best College for Veterans" in the Western Region. Seguin's Guadalupe Regional Medical Center (GRMC) was the proud recipient of the Healthgrades 2018 Patient Safety Excellence Award, a designation that recognizes superior performance in hospitals that have prevented the occurrence of serious, potentially avoidable complications for patients during hospital stays. The distinction has placed GRMC in the top 5% of all short-term acute care hospitals in the United States for patient safety. Each year GRMC admits approximately 5,000 patients, treats 32,000 Emergency Department visits, delivers 700 babies, and performs 3,200 surgeries. GRMC contributes nearly $40 million per year to the local economy in salaries and benefits and is one of the largest employers in Guadalupe County. Jointly owned by the City of Seguin and Guadalupe County, GRMC is a not-for-profit community hospital committed to its values of compassion, teamwork, excellence, enthusiasm, and dedication.

The City of Seguin and the Seguin Economic Development Corporation continuously engage area employers in order to understand what needs to be done to remain economically competitive. Ensuring that we have strong workforce training options and a healthy talent pipeline will enable the City of Seguin to retain existing employers and will position us to recruit new ones.

The Alamo Colleges, in partnership with the Seguin Economic Development Corporation have worked to bring Alamo Colleges services to the Seguin area. Located just 15 minutes north of Seguin, the Central Texas Technology Center (CTTC) serves as an avenue for Seguin area residents and workers to attain entry-level skills or increase technical skills and to connect to jobs or higher education opportunities. Area high school students also benefit from the CTTC through the Alamo Academies. The Alamo Academies is a national award winning, innovative, STEM-based instructional model operated by the Alamo Area Academies Inc., a non-profit organization, in partnership with the Alamo Colleges. The Alamo Academies provides Seguin area youth with tuition-free career pathways into critical demand technical STEM occupations. The program utilizes contextualized industry-driven curricula resulting in 94% of graduates entering higher education or high-wage careers in Aerospace, Manufacturing, Information Technology, and Healthcare. The Seguin Economic Development Corporation provides annual funding to support the operations of the Academies in the Seguin region. This enables Seguin area high school students to participate in the Advanced Technology and Manufacturing Academy, as well as the Information Technology and Security Academy in conjunction with the Alamo Academies program. Facilities such as the CTTC and programs like the Alamo Academies help ensure that Seguin has a strong pipeline of skilled workers to fill the jobs of today and the jobs of the future.

Data provided by the Bureau of Labor Statistics indicates that Economic conditions within the State of Texas, the San Antonio-New Braunfels Metropolitan Statistical Area (MSA) and the City of Seguin continue to be strong. Seguin primary employers have continued to expand operations and add new workers. In 2019, the unemployment rate remained below 4%, averaging 3.2% for the year, while the labor force population averaged 13,624. From December 2018 to December 2019, the labor force population grew by about 2.6%. Unemployment rates in 2019 averaged 3.2% for the San Antonio-New Braunfels MSA, 2.9% for the City of New Braunfels, 3.0% for the City of San Antonio, and 3.1% for the City of Schertz —all rates considered by economist to be at full employment.

Comparing the San Antonio-New Braunfels MSA to the state and nation, the Texas unadjusted (actual) unemployment rate for 2019 averaged 3.5%. The nation's unadjusted (actual) unemployment rate averaged 3.6% for 2019.

In 2018, the Seguin Economic Development Corporation was successful in working with two existing manufacturers to facilitate new investments at their facilities by securing enterprise project designations by the State of Texas. CMC Steel was designated an enterprise project in the Spring of 2018, committing to creating 18 new jobs, retaining 462 jobs and investing $150 Million in their Seguin facility. Caterpillar was designated an enterprise project in the Fall of 2018, committing to retaining 975 jobs and investing $14 Million at their Seguin facility.

2019 was a very successful year for the City of Seguin and the Seguin Economic Development Corporation. Two major economic development projects were announced that will result in the creation of more than 300 new jobs and a total combined capital investment of more than $100 Million. In September 2019, Governor Greg Abbott announced that Continental Structural Plastics (CSP) selected a site within the City of Seguin to build their new 200,000 square foot automotive component manufacturing facility. CSP has committed to creating at least 200 new, well paying jobs and will be investing at least $65 Million in the new facility which is currently under construction. In December 2019, United Alloy announced plans to build a new 200,000 square foot manufacturing facility in Seguin. United Alloy, a major Caterpillar supplier, will invest more than $35 Million in the new facility and have committed to creating at least 100 new, well paying jobs in Seguin. Construction of the United Alloy facility is scheduled to start construction in March 2020.

Long-term financial planning. The City issued $305,000 in Tax Anticipation Notes to provide financing for the purchase of larger pieces of equipment. The City also issued 2019 General Obligation Bonds in the amount of $14,570,000 to provide for the refunding of the 2010 Utility Revenue Bonds ($7,240,000 outstanding) and 2010 Certificates of Obligation ($9,850,000 outstanding).

FINANCIAL INFORMATION

Internal control. Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA). The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

The City utilizes a computerized financial accounting system, which includes a system of internal accounting controls. Such controls have been designed and are continually being reevaluated to provide reasonable, but not absolute, assurances.

Budgeting Controls. The City also maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. However, budgetary accounting is maintained on a line-item basis. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end, however, encumbrances generally are reappropriated as part of the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet is responsibility for sound financial management.

Financial rating. The City's bond rating for Fitch Ratings and Standard & Poor's is as follows:

	Fitch Ratings	Standard & Poor's
General Obligation Bonds	AA/stable outlook	AA/stable outlook
Utility Revenue Bonds	A+/stable outlook	A+/stable outlook

Retirement Plan. The City provides pension benefits for all of its full-time employees through the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system.

Deferred Compensation Plan. The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Health Benefits Trust Fund. During fiscal year 2009, the City established a Health Benefits Trust Fund and Retiree Insurance Trust Fund. These funds were established for the receipt of health insurance premiums from the benefits paid by the City, premiums paid by retirees and dependent premiums paid by employees and retirees. The disbursements of these premiums are also paid out of these funds.

OTHER INFORMATION

Independent Audit. The City Charter requires an annual audit of the books, accounts, financial records, and transactions of all administrative departments of the City by independent certified public accountants selected by the City Council. This requirement has been complied with and the independent auditors' report by Armstrong, Vaughan & Associates, P.C., Certified Public Accountants, has been included in this report.

Acknowledgements. The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. We would also like to thank the members of the City Council and the citizens of the City of Seguin for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Douglas G. Faseler
City Manager

Susan Caddell
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Seguin

Texas

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrill

Executive Director/CEO

CITY OF SEGUIN, TEXAS

PRINCIPAL OFFICERS

DON KEIL..Mayor

MARK HERBOLD. ....Mayor Pro-Tem

CHRIS AVILES ....Councilman

JEANETTE CRABB ....Councilwoman

ERNESTO M. LEAL. ....Councilman

FONDA MATHIS ....Councilwoman

CHRIS RANGEL ....Councilman

JEREMY ROY ....Councilman

PENNY WALLACE ....Councilwoman

DOUG FASELER
City Manager

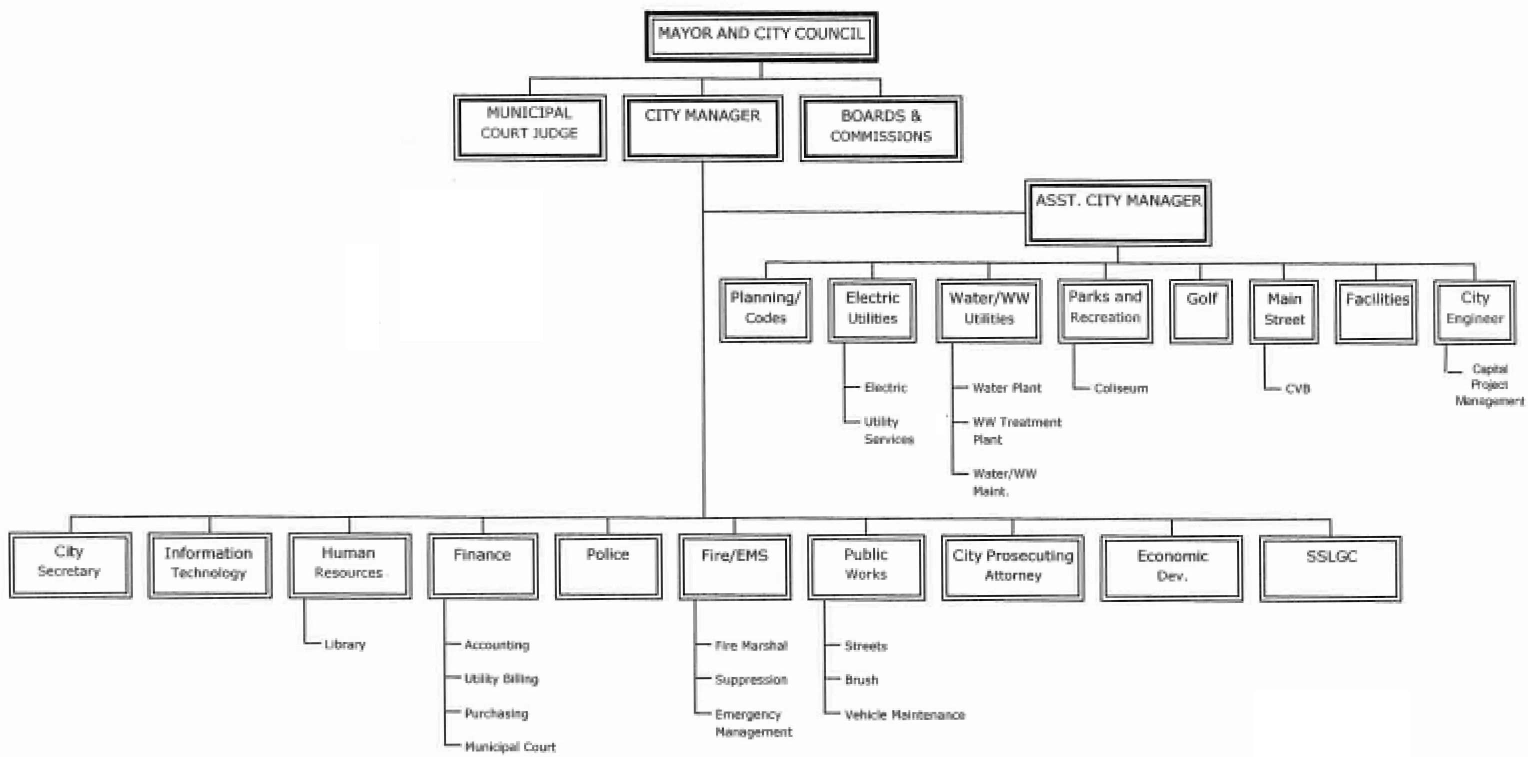
RICK CORTES ....Assistant City Manager

NAOMI MANSKI ....City Secretary

SUSAN CADDELL..Director of Finance

ANDREW QUITTNER..City Attorney

CITY OF SEGUIIN



Armstrong, Vaughan & Associates, P. C. Certified Public Accountants
Deborah F. Fraser Phil S. Vaughan Nancy L. Vaughan Kimberly J. Roach

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Seguin, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Seguin, Texas, 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

The City of Seguin, Texas' 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. The financial statements of the Seguin Economic Development Corporation (component unit) were not audited in accordance with *Government Auditing Standards*.

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.

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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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Seguin, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, schedules of changes and city contributions – defined benefit plan, and other postemployment benefits, as listed in the table of contents, 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 management's discussion and analysis, budgetary comparison information and schedules of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2020 on our consideration of the City of Seguin, 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 Seguin, Texas' internal control over financial reporting and compliance.

Armstrong, Vaughan & Associates, P.C.

Armstrong, Vaughan & Associates, P.C.

February 12, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Seguin, we offer readers of the City of Seguin's financial statements this narrative overview and analysis of the financial activities for the City of Seguin for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and the City's financial statements immediately following this analysis.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Seguin exceeded its liabilities at the close of the fiscal year ending September 30, 2019, by $117,299,181 (net position). Of this amount, $29,411,111 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- The City's total net position increased by $1,546,290 or 1.3% compared to the prior fiscal year.

- As of September 30, 2019 the City of Seguin's governmental funds reported combined ending fund balances of $31,881,679, a decrease of $4,142,949.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $10,796,436, or 48.1% of total General Fund expenses.

- The City's total debt decreased by $7,695,969 during the current fiscal year. The City issued $305,000 in Tax Anticipation Notes and issued 2019 General Obligation Bonds in the amount of $14,570,000. The 2010 Utility Revenue Bonds ($7,240,000 outstanding) and 2010 Certificates of Obligation ($9,850,000 outstanding) were refunded.

- During the year, the City's expenses were $595,045 more than the $34,392,934 generated in taxes and other revenues for governmental activities before transfers.

- The total cost of the City's governmental activity programs increased by $2,336,243 from last year, and no new programs were added this year. This year, we continued to spend down some of the previously issued bond funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not used vacation leave).

In the *statement of net position* and the *statement of activities,* the City's operations are divided into two kinds of activities:

1 Governmental Activities – Most of the City's basic services are reported here, such as public safety, public works and general administration. Property taxes, franchise fees and charges for services finance most of these activities.

2 Business-Type Activities – The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's Utility Fund, which include, electric, water and wastewater services, are reported here.

In addition, the *government-wide financial statements* include not only the City of Seguin itself, but also the Seguin Economic Development Corporation, a legally separate component unit for which the City is financially accountable. Financial information for this component unit is reported separately from the primary government and business-type activities.

The *government-wide financial statements* can be found on pages 15 - 18 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Seguin, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Governmental funds statements are reported using current financial resources measurement focus and the modified accrual basis of accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The relationships or differences between governmental activities (reported in the *statement of net position* and the *statement of activities*) and governmental funds are detailed in a reconciliation following the fund financial statements.

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and Debt Service Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated nonmajor fund presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the CAFR.

The basic governmental fund financial statements can be found on pages 19 - 24.

Proprietary funds. The City charges customers for certain services it provides. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *statement of net position* and the *statement of activities.*

The City maintains two different types of proprietary funds. The Utility Fund is a business-type activity and consists of revenues from charges for electric, water and wastewater sales. The Internal Service Funds account for revenues and expenditures for the employee health insurance, retiree health insurance and workers' compensation insurance. The fund financial statements provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary funds financial statements can be found on pages 25 - 29 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Seguin's own programs. The method of accounting utilized for these funds is similar in nature to that of the proprietary funds.

The basic fiduciary fund financial statements can be found on pages 30 - 31 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32 - 68 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's general fund budgetary schedule. The City of Seguin adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. Required supplementary information can be found on pages 69 - 79 of this report.

In addition, this report also contains certain required supplementary information concerning the City of Seguin's progress in funding its obligation to provide pension benefits to City staff and members of the City's firemen's pension fund, as well as funding progress for other postemployment benefits (health insurance) provided to retirees.

The combining statements referred to earlier in connection with nonmajor governmental and enterprise funds and individual internal service funds are presented immediately following the required supplementary information described in the preceding paragraph. Combining and individual fund statements can be found on pages 80 - 121 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2019, the City of Seguin's assets and deferred outflows of resources exceeded liabilities by $117,299,181. Table A-1 is a condensed version of the City's statement of net position for the years ended September 30, 2019 and 2018, respectively.

The largest portion of the City's total net position (69.2%) is its net investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Seguin uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The next largest portion of the City's total net position (25.1%) is its unrestricted net position.

Table A-1
City of Seguin's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current assets	$ 28,121,356	$ 28,177,210	$ 42,796,277	$ 42,318,382	$ 70,917,633	$ 70,495,592
Capital assets	100,785,314	99,413,041	99,201,153	92,015,611	199,986,467	191,428,652
Other non current assets	8,924,952 #	12,759,464	15,370,517	21,517,416	24,295,469	34,276,880
Total assets	137,831,622	140,349,715	157,367,947	155,851,409	295,199,569	296,201,124
Deferred Outflows of Resources	6,436,933	3,403,782	2,337,009	1,088,610	8,773,942	4,492,392
Liabilities						
Current liabilities	2,819,706	2,620,781	5,542,243	4,285,054	8,361,949	6,905,835
Noncurrent liabilities	110,330,440	108,177,461	67,959,016	59,969,809	178,289,456	168,147,270
Total liabilities	113,150,146	110,798,242	73,501,259	64,254,863	186,651,405	175,053,105
Deferred Inflows of Resources	16,467	1,426,359	6,458	554,507	22,925	1,980,866
Net Position						
Invested in Capital Assets	30,433,349	28,797,978	50,781,752	50,116,822	81,215,101	78,914,800
Restricted	3,325,349	3,098,632	3,347,620	3,053,820	6,672,969	6,152,452
Unrestricted(Deficit)	(2,656,756)	(367,714)	32,067,867	31,053,353	29,411,111	30,685,639
Total Net Position	$ 31,101,942	$ 31,528,896	$ 86,197,239	$ 84,223,995	$ 117,299,181	$ 115,752,891

An additional portion of the City of Seguin's net position (5.7%) is subject to external restrictions, including bond covenants, on how they must be used. The remaining balance of unrestricted net position of $29,411,111 may be used to meet the government's ongoing obligations to citizens and creditors.

Changes in Net position. The City's total government-wide revenues increased by $1,189,707 or 1.4%. This was largely due to increase in electric, water and sewer revenue along with an increase in property tax revenue. The City's total government-wide expenses increased by $8,287,005 or 10.5%. An increase in depreciation along with the demolition of an old wastewater treatment plant purchased by the City was a large factor in the increase of these expenditures.

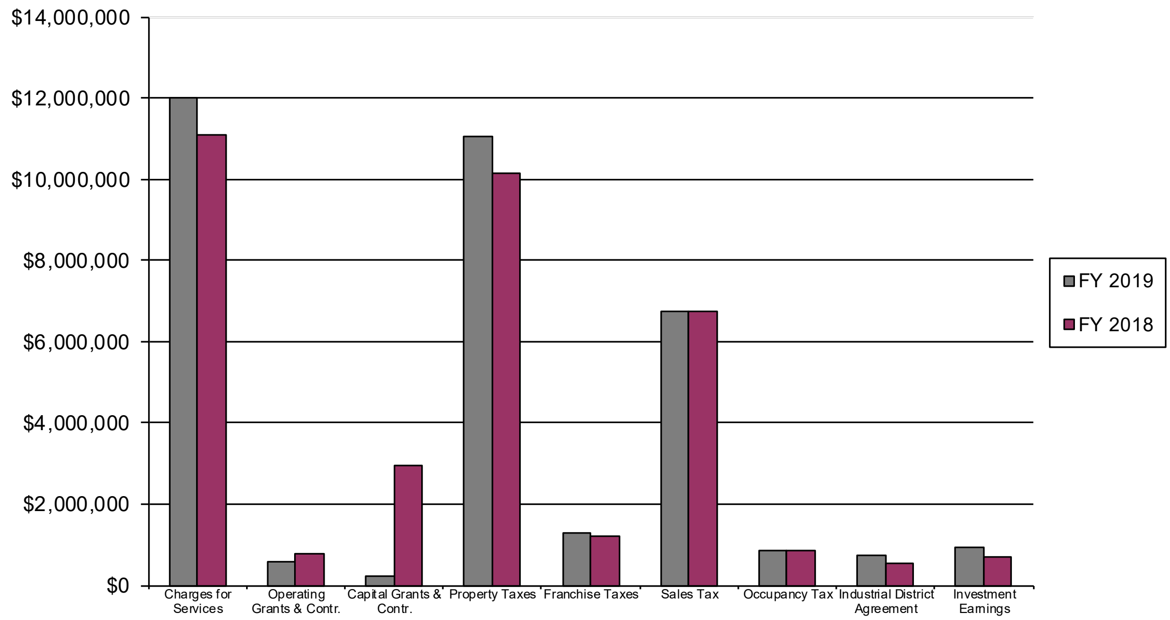
Table A-2
Changes in City of Seguin's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program Revenues:						
Charges for Services	$ 12,000,946	$ 11,086,538	$ 53,459,811	$ 52,260,672	$ 65,460,757	$ 63,347,210
Operating Grants and Contributions	589,086	760,164	-	-	589,086	760,164
Capital Grants and Contributions	228,219	2,952,449	69,004	-	297,223	2,952,449
General Revenues						
Property Taxes	11,037,342	10,126,201	-	-	11,037,342	10,126,201
Franchise Taxes	1,273,009	1,187,699	-	-	1,273,009	1,187,699
Sales Tax	6,760,360	6,729,041	-	-	6,760,360	6,729,041
Occupancy Tax	833,720	861,218	-	-	833,720	861,218
Industrial District Agreement	740,000	535,000	-	-	740,000	535,000
Investment Earnings	930,252	678,954	1,202,045	764,923	2,132,297	1,443,877
Gain (Loss) on Sale of Assets	-	-	9,432	660	9,432	660
Total Revenues:	34,392,934	34,917,264	54,740,292	53,026,255	89,133,226	87,943,519
Expenses:						
General Government	3,830,678	3,154,001	-	-	3,830,678	3,154,001
Public Safety	16,703,296	15,581,434	-	-	16,703,296	15,581,434
Public Service	11,603,192	11,044,845	-	-	11,603,192	11,044,845
Interest on Long-Term Debt	2,850,813	2,871,456	-	-	2,850,813	2,871,456
Utility	-	-	52,598,957	46,648,195	52,598,957	46,648,195
Total Expenses	34,987,979	32,651,736	52,598,957	46,648,195	87,586,936	79,299,931
Excess (Deficiency) Before	(595,045)	2,265,528	2,141,335	6,378,060	1,546,290	8,643,588
Transfers In (Out)	168,091	101,297	(168,091)	(101,297)	-	-
Increase (Decrease) in Net Position	$ (426,954)	$ 2,366,825	$ 1,973,244	$ 6,276,763	$ 1,546,290	$ 8,643,588

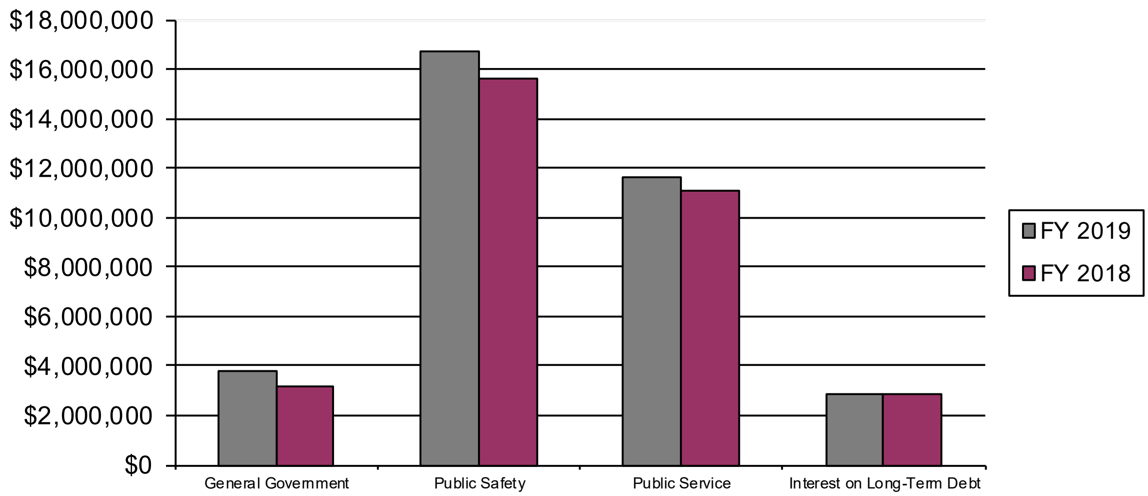
Governmental activities. The City's total governmental revenues decreased by $524,330 or 1.5% below last year. The City's total governmental expenses increased by $2,336,243 or 7.2% above last year.

- Capital Grants and Contributions and Operating Grants and Contributions decreased by $2,895,308 or 78%. Two large projects, which were partially funded through federal programs, were completed in FY18.
- Property Taxes increased by $911,141 or 9%. Property values increased more than 10% along with an increase in debt service payments.
- Interest and Investment Earnings increased by $251,298 or 37%. An increase in interest rates along with investments in higher yield investments occurred in FY19.
- Sales Tax remained flat this year, increasing by only $31,319, or .5%.
- The most significant governmental expense for the City was in providing for public safety, which incurred expenses of $16,703,296. These expenses are offset by revenues collected from a variety of sources, with the largest being from fines and penalties in the amount of $1,226,916. Additional funding also included EMS revenue in the amount of $1,092,268 and Fire and EMS interlocal agreements with Guadalupe County in the amount of $629,610. The major components of public safety are police and fire. Police accounted for $7.3 million in public safety expense while Fire accounted for $5.8 million in public safety expense.

Revenues - Governmental Activities

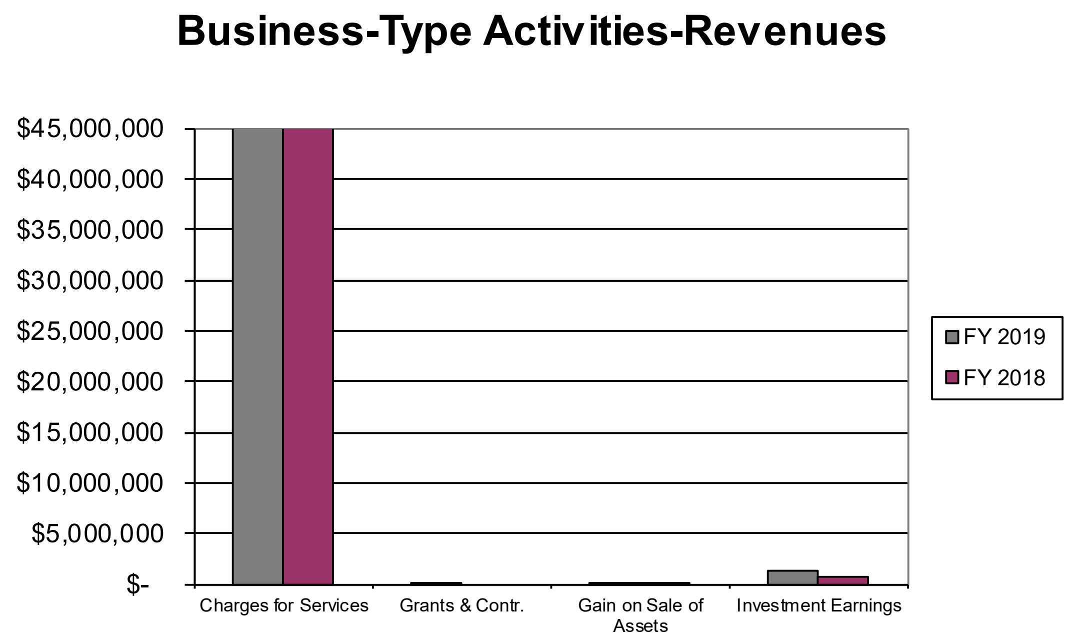


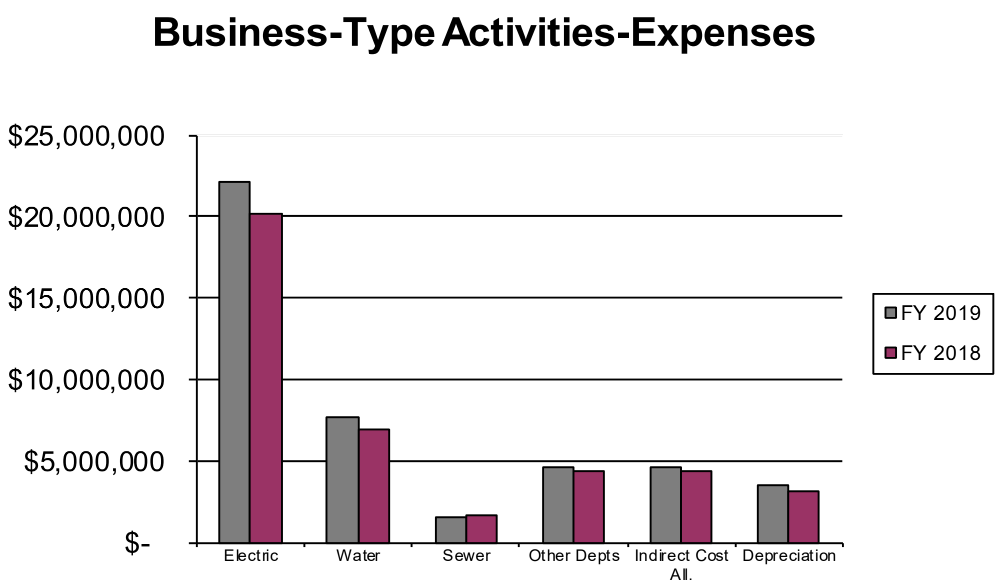
Expenses - Governmental Activities



Business-type activities. The City's total business-type revenues increased by $1,714,037 or 3.2%. The City's total business-type expenses increased by $5,950,762 or 12.8%.

- Electric revenues make up $3056 million of the charges for services. This year electric revenues increased slightly by $119,661.
- Water revenues make up $13 million of the charges for services. This year water revenues increased by $1,428,203 or 12.3%. The City contracted with another utility to provide water through a "take or pay" contract. This resulted in additional revenue of $1,429,260.
- Sewer revenues make up $8.4 million of the charges for services. This year sewer revenues increased by $423,596 or 5.3%. This was due to an increase in rates.





FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $31,881,679. This is a decrease of $4,142,949. We continue to spend down bond proceeds received in previous fiscal years. Of this total amount of fund balance, $10,796,436 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balances is as follows: 1) nonspendable fund balance in the amount of $157,477 which are prepaids and inventory, 2) restricted fund balance in the amount of $12,380,445, which are restricted to tourism and economic development, public safety, public service, capital projects or debt service, 3) committed fund balance in the amount of $2,541,425, which is committed to stabilization agreement and aquatic and golf fees, and 4) assigned fund balance in the amount of $6,005,896, which is assigned to capital projects.

The General Fund is the main operating fund of the City of Seguin. At the end of the current fiscal year, unassigned fund balance of the General Fund was $10,796,436, while total fund balance reached $13,341,279. Of this amount, $895,348 is attributable to the balance of a tax exemption settlement agreement. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. With the $895,348 taken out of the equation, unassigned fund balance represents 44.1% of general fund expenditures, while total fund balance represents 55.5% of that same amount.

The General Fund Capital Projects Fund has a total fund balance of $5,160,373, an decrease of $1,127,789. Projects that have been in progress were completed in FY19.

At the end of FY19, five bond funds had a total fund balance of $8,260,780. This was a decrease of $4,232,943. The City continues to spend down bond funds issued in previous years.

Other factors concerning the finances of governmental fund have already been addressed in the discussion of the City's governmental activities in the government-wide financial statements.

Proprietary funds. The City of Seguin's proprietary funds are utilized to account for operations of the City that are commercial in nature and accounted for in a manner more similar to private enterprise. The statements for proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Utility Fund at the end of the year amounted to $32,067,867. The restricted net position for debt services is $531,597, while restricted net position for impact fees is $2,816,023. Net position invested in capital assets amounted to $50,781,752.

GENERAL FUND BUDGETARY HIGHLIGHTS

For FY 2018-19, actual revenues on a budgetary basis were $25,000,978 compared to the final budget of $24,354,888, which is $646,090 above budget. Sales tax exceeded budget by $294,032 and franchise tax exceeded budget by $209,029.

For FY 2018-19, actual expenditures on a budgetary basis were $22,435,536 compared to the final budget of $24,411,231, which was $1,975,695 below final budget amounts. Some departments had employee turnover resulting in their personnel services being under budget and savings on other operating expenditures. Indirect cost allocation also exceeded budget by $68,672.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of 2019, the City had invested $199,986,467, net of depreciation, in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-3.) This amount represents a net increase (including additions and deductions) of $8,557,815 or 4.5%. The increase was due in part to large bond projects being completed or underway begun during fiscal year 2019. More detailed information about the City's capital assets can be found in Note G, page 46 - 47.

Table A-3

City of Seguin's Capital Assets

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2019	2018	2019	2018	2019	2018	2019 - 2018
Land	$ 4,666,816	$ 4,584,816	$ 796,030	$ 727,026	$ 5,462,846	$ 5,311,842	2.8%
Buildings and Improvements	38,323,587	37,932,843	38,912,318	36,648,795	77,235,905	74,581,638	3.6%
Improvements Other than Buildings	84,440,573	77,074,132	106,882,347	101,676,276	191,322,920	178,750,408	7.0%
Transportation and Equipment	20,503,576	19,716,519	9,553,670	8,569,917	30,057,246	28,286,436	6.3%
Construction in Progess	12,566,392	14,867,151	15,318,845	11,508,821	27,885,237	26,375,972	5.7%
Totals at Historical Cost	160,500,944	154,175,461	171,463,210	159,130,835	331,964,154	313,306,296	6.0%
Total Accumulated Depreciation	(59,715,630)	(54,762,420)	(72,262,057)	(67,115,224)	(131,977,687)	(121,877,644)	8.3%
Net Capital Assets	$ 100,785,314	$ 99,413,041	$ 99,201,153	$ 92,015,611	$ 199,986,467	$ 191,428,652	4.5%

Long-term debt. At year-end, the City had $131,097,254 in bonds, loans and capital leases outstanding as shown in Table A-4. This was a decrease of $7,695,969 or 5.5% from 2018. This fiscal year, the City issued $305,000 in Tax Anticipation Notes and issued 2019 General Obligation Bonds in the amount of $14,570,000. The 2010 Utility Revenue Bonds ($7,240,000 outstanding) and 2010 Certificates of Obligation ($9,850,000 outstanding) were refunded. More detailed information about the City's debt is presented in Notes H and I, pages 49 – 52.

The City's tax-supported debt rating by Fitch is AA with a stable outlook while Standard and Poor rating is AA with a stable outlook. The City's utility system revenue bonds' rating by Fitch is A+ with a stable outlook while Standard and Poor rating is A+ with a stable outlook. The current ratio of net tax-supported debt to assessed value of all taxable property is 4.2%. The pledged revenue coverage for the utility system revenue bonds is 1.92.

Table A-4

City of Seguin's Long-Term Debt

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2019	2018	2019	2018	2019	2018	2019-2018
Bonds Payable	$ 43,971,916	$ 37,628,666	$ 54,783,085	$ 57,826,333	$ 98,755,001	$ 95,454,999	3.5%
Certificates of Obligation	29,995,000	41,883,000	-	-	29,995,000	41,883,000	-28.4%
Tax Anticipation Notes	1,054,000	1,138,000	-	-	1,054,000	1,138,000	100.0%
Capital Leases	1,293,253	1,455,224	-	-	1,293,253	1,455,224	-11.1%
Total Bonds & Notes Payable	$ 76,314,169	$ 82,104,890	$ 54,783,085	$ 57,826,333	$ 131,097,254	$ 139,931,223	-6.3%

Net Pension Liability. The City's net pension liability is determined annually by an actuarial valuation. The City's net pension liability increased by $7,433,495, from $26,978,251 to $37,111,746. Over the past several years, the City has been contributing more than what was required in order to reduce the liability. In FY19, the city contributed $1,385,590 more than what was required.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During the budget process for fiscal year 2019-20, City staff and City Council considered many factors when setting the budget. Staff reviewed all of the fees charged to citizens and customers when using City services. Along with the fees, staff also considered the tax rate. They also reviewed expenditures and how the increases may be held to a minimum. The City set a goal to maintain financial stability, a lean organization, a competitively paid staff and investment in capital outlay. This helped to maintain the City's services with the least affect possible on our citizens through taxes, fees, and utility rates. The projected revenues and expenditures for the General Fund are budgeted to increase by $425,115 or 1.4% above the FY19 budget.

- Property tax revenue is budgeted to increase by $396,104. This is based upon an increase in values and increase debt service contribution.
- The property tax rate of $.5412/$100 remained the same as the prior year. It is higher than the effective rate by $.0061.
- ROW User Fees is budgeted to increase by $158,917, which is based upon electric, water, and sewer revenues in the Utility Fund.
- Salaries and benefits are budgeted to increase by $787,701. This includes a 2% cost of living effective January 1.
- Indigent Health Care is budgeted to increase by $155,805, which represents a 8.9% increase.

The projected revenues and expenditures for the Utility Fund are budgeted to increase by $2,529,906 or 5% above the FY19 budget.

- Electric revenue is budgeted to increase by $653,522 due to increase in consumption of residential and industrial customers in FY19.
- Water revenue is budgeted to increase by $828,850 based upon the approved rate adjustments from the updated water rate study and the increase in consumption with new development.
- Sewer revenue is budgeted to increase by $813,853 based upon the approved rate adjustments from the updated sewer rate study and the increase in the number of customers from new development.
- Salaries and benefits are budgeted to increase by $694,034. This includes a 2% cost of living effective January 1.
- ROW Use Fees are budgeted to increase by $158,917 due to an increase in revenue.
- Indirect cost allocation is budgeted to increase by $600,000 based upon prior years.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, at the City of Seguin, 205 North River Street, Seguin, Texas 78155.

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – wide financial statements
- Fund financial statements:
    - Governmental funds
    - Proprietary funds
    - Fiduciary funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

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

	Primary Government			Component Unit
ASSETS	Governmental Activities	Business-Type Activities	Total	Seguin Economic Development Corporation
Cash and Cash Equivalents	$ 1,062,033	$ 1,504,051	$ 2,566,084	$ 2,718
Investments	23,151,256	31,675,880	54,827,136	1,125,066
Receivables (net of allowances for uncollectibles)				
Taxes	2,288,808	-	2,288,808	-
Accounts	1,045,461	6,615,902	7,661,363	2,500
Grants	221,773	-	221,773	-
Miscellaneous	194,550	848,378	1,042,928	-
Due From Component Unit/ Primary Government	-	22,452	22,452	224,521
Inventories	24,153	2,052,290	2,076,443	-
Prepaids	133,322	77,324	210,646	292
Restricted Assets:				
Cash and Cash Equivalents	14,710	14,066	28,776	-
Investments	8,910,242	13,070,327	21,980,569	-
Notes Receivable	-	1,911,614	1,911,614	11,238
Net Present Value of Lease Financing	-	374,510	374,510	-
Capital Assets (Net)	100,785,314	99,201,153	199,986,467	3,615,717
Total Assets	137,831,622	157,367,947	295,199,569	4,982,052
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension/OPEB Related Outflows	5,878,674	2,130,537	8,009,211	-
Deferred Charge on Refunding	558,259	206,472	764,731	-
Total Deferred Outflows of Resources	$ 6,436,933	$ 2,337,009	$ 8,773,942	$ -

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2019

	Primary Government			Component Unit
LIABILITIES	Governmental Activities	Business-Type Activities	Total	Seguin Economic Development Corporation
Accounts Payable and Other Current Liabilities	$ 2,005,698	$ 4,386,111	$ 6,391,809	$ 75,724
Unearned Revenue	329,478	260,314	589,792	-
Accrued Interest Payable	260,009	-	260,009	-
Due to Component Unit/ Primary Government	224,521	-	224,521	22,452
Customer Deposits	-	593,985	593,985	600
Payable from Restricted Assets:				
Accrued Interest Payable	-	301,833	301,833	-
Current Portion of Long-Term Debt	-	2,033,084	2,033,084	-
Noncurrent Liabilities:				
Due within One Year	4,603,122	244,826	4,847,948	301,893
Due in more than One Year	76,668,136	55,686,149	132,354,285	2,313,021
Net Pension Liability	27,660,411	9,451,335	37,111,746	-
Total OPEB Liabilities	1,398,771	543,622	1,942,393	-
Total Liabilities	113,150,146	73,501,259	186,651,405	2,713,690
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension/OPEB Related Inflows	16,467	6,458	22,925	-
Total Deferred Inflows of Resources	16,467	6,458	22,925	
NET POSITION				
Net Investment in Capital Assets	30,433,349	50,781,752	81,215,101	1,000,803
Restricted for:				
Tourism & Economic Development	1,150,781	-	1,150,781	-
Public Safety	644,821	-	644,821	-
Public Service	308,638	-	308,638	-
Debt Service	1,221,109	531,597	1,752,706	-
Impact Fees	-	2,816,023	2,816,023	-
Unrestricted (Deficit)	(2,656,756)	32,067,867	29,411,111	1,267,559
Total Net Position	$ 31,101,942	$ 86,197,239	$ 117,299,181	$ 2,268,362

See accompanying notes to basic financial statements.

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

	Expenses		Program Revenues		
Functions and Programs	Direct	Indirect Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:					
Governmental Activities:					
General Government	$ 8,799,350	$ (4,968,672)	$ 4,907,833	$ 225,589	$ 6,626
Public Safety	16,703,296	-	3,123,547	116,554	13,269
Public Service	11,603,192	-	3,969,566	246,943	208,324
Interest on Long-term Debt	2,850,813	-	-	-	-
Total Governmental Activities	39,956,651	(4,968,672)	12,000,946	589,086	228,219
Business-Type Activities					
Utility	47,630,285	4,968,672	53,459,811	-	69,004
Total Business-Type Activities	47,630,285	4,968,672	53,459,811	-	69,004
Total Primary Government	$ 87,586,936	$ -	$ 65,460,757	$ 589,086	$ 297,223
Component Unit:					
Seguin Economic Development Corporation	1,557,052	$ -	$ 7,200	3,361	$ -
Total Component Unit	$ 1,557,052	$ -	$ 7,200	$ 3,361	$ -

General Revenues:
Taxes
Property Taxes
Franchise Taxes
Sales Taxes
Occupancy Taxes
Miscellaneous Revenues
Gain on Sale of Capital Assets
Interest and Investment Earnings
Total General Revenues

Transfers

Change in Net Position

Net Position at Beginning of Year
Net Position at End of Year

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Seguin Economic Development Corporation
$ 1,309,370	$ -	$ 1,309,370	$ -
(13,449,926)	-	(13,449,926)	-
(7,178,359)	-	(7,178,359)	-
(2,850,813)	-	(2,850,813)	-
(22,169,728)	-	(22,169,728)	-
-	929,858	929,858	-
-	929,858	929,858	-
(22,169,728)	929,858	(21,239,870)	-
-	-	-	(1,546,491)
-	-	-	(1,546,491)
11,037,342	-	11,037,342	-
1,273,009	-	1,273,009	-
6,760,360	-	6,760,360	1,328,352
833,720	-	833,720	-
740,000	-	740,000	-
-	9,432	9,432	-
930,252	1,202,045	2,132,297	25,505
21,574,683	1,211,477	22,786,160	1,353,857
168,091	(168,091)	-	-
(426,954)	1,973,244	1,546,290	(192,634)
31,528,896	84,223,995	115,752,891	2,460,996
$ 31,101,942	$ 86,197,239	$ 117,299,181	$ 2,268,362

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

ASSETS	General Fund	Debt Service Fund	Other Nonmajor Governmental Funds
Cash and Cash Equivalents	$ 604,893	$ 11,913	$ 142,858
Investments	12,590,563	1,276,637	8,705,774
Receivables (net of allowances for uncollectibles):			
Taxes	1,912,472	193,772	221,976
Accounts	996,794	-	263,861
Grants	79,395	-	-
Miscellaneous	64,612	-	-
Inventories	24,153	-	-
Prepaid Items	129,848	-	3,476
Restricted Assets:			
Cash and Cash Equivalents	-	-	14,922
Investments	-	-	8,574,582
Total Assets	$ 16,402,730	$ 1,482,322	$ 17,927,449
LIABILITIES			
Accounts Payable	$ 838,147	$ 1,204	$ 509,027
Accrued Expenditures	555,416	-	20,565
Due to Component Unit	224,521	-	-
Unearned Revenues	240,424	-	89,054
Due to Others	12,387	-	65,270
Total Liabilities	1,870,895	1,204	683,916
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	1,190,556	184,251	-
Total Deferred Inflows of Resources	1,190,556	184,251	-
FUND BALANCE			
Nonspendable:			
Prepaids and Inventory	154,001	-	3,476
Restricted:			
Tourism & Economic Development	-	-	1,150,781
Public Safety	22,854	-	621,967
Public Service	5,300	-	303,338
Capital Projects	-	-	8,979,338
Debt Service	-	1,296,867	-
Committed:			
Stabilization Arrangement	2,151,739	-	-
Aquatic/ Golf Fees	-	-	389,686
Assigned	210,949	-	5,794,947
Unassigned	10,796,436	-	-
Total Fund Balances	13,341,279	1,296,867	17,243,533
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCES	$ 16,402,730	$ 1,482,322	$ 17,927,449

See accompanying notes to basic financial statements.

Total Governmental Funds
$ 759,664
22,572,974
2,328,220
1,260,655
79,395
64,612
24,153
133,324
14,922
8,574,582
$ 35,812,501
$ 1,348,378
575,981
224,521
329,478
77,657
2,556,015
1,374,807
1,374,807
157,477
1,150,781
644,821
308,638
8,979,338
1,296,867
2,151,739
389,686
6,005,896
10,796,436
31,881,679
$ 35,812,501

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

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		$ 31,881,679
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		100,785,314
Internal service funds are used by management to charge costs related to employee insurance. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		1,230,127
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		1,374,807
Long-term liabilities, including bonds payable and capital leases, are not due and payable in the current period and, therefore, not reported in the funds:		
General Bonded Debt	75,020,916	
Unamortized Premiums and Deferred Charges	2,967,692	
Capital Leases	1,293,253	
Net Other Post Employment Benefit Obligations (Net of Deferred Outflows & Inflows)	1,355,794	
Net Pension Liability (Net of Deferred Outflows & Inflows)	21,841,180	
Compensated Absences	1,431,141	(103,909,976)
Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds.		(260,009)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		$ 31,101,942

See accompanying notes to basic financial statements.

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

	General Fund	Debt Service Fund	Other Nonmajor Governmental Funds
REVENUES			
Taxes	$ 13,657,432	$ 5,371,953	$ 842,538
Licenses and Permits	653,927	-	215,125
Intergovernmental	1,134,769	203,650	275,612
Charges for Services	6,106,516	-	1,559,322
Fines and Forfeits	1,193,263	-	168,897
Interest	332,668	84,738	488,255
Miscellaneous	1,922,403	-	148,898
Total Revenues	25,000,978	5,660,341	3,698,647
EXPENDITURES			
Current:			
General Government	3,567,718	-	1,985,765
Public Safety	13,982,502	-	-
Public Service	7,495,600	-	29,458
Nondepartmental	2,358,388	-	377,587
Indirect Cost Allocation (Recovery)	(4,968,672)	-	-
Capital Projects/Outlay	-	-	7,603,803
Debt Service:			
Principal	-	2,976,841	883,113
Interest and Fiscal Charges	-	2,787,967	60,579
Bond Issue Costs	-	110,390	8,574
Total Expenditures	22,435,536	5,875,198	10,948,879
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,565,442	(214,857)	(7,250,232)
OTHER FINANCING SOURCES (USES)			
Transfers In	58,952	425,000	1,945,264
Transfers Out	(2,286,226)	-	(66,431)
Issuance of Debt	-	8,370,000	687,229
Premiums on Issuance of Debt	-	1,631,980	-
Payments to Refunding Agent	-	(10,009,070)	-
Total Other Financing Sources (Uses)	(2,227,274)	417,910	2,566,062
Net Change in Fund Balance	338,168	203,053	(4,684,170)
Fund Balances at Beginning of Year	13,003,111	1,093,814	21,927,703
Fund Balances at End of Year	$ 13,341,279	$ 1,296,867	$ 17,243,533

See accompanying notes to basic financial statements.

Total Governmental Funds
$ 19,871,923
869,052
1,614,031
7,665,838
1,362,160
905,661
2,071,301
34,359,966
5,553,483
13,982,502
7,525,058
2,735,975
(4,968,672)
7,603,803
3,859,954
2,848,546
118,964
39,259,613
(4,899,647)
2,429,216
(2,352,657)
9,057,229
1,631,980
(10,009,070)
756,698
(4,142,949)
36,024,628
$ 31,881,679

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

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		$ (4,142,949)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Current Year Additions	6,665,809	
Current Period Depreciation	(5,264,350)	1,401,459
In the Statement of Activities, only the gain or loss on the disposal of a capital asset is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of disposed assets.		(29,185)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Increase in Unavailable Revenues		34,035
The issuance of long-term-debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position Also, governmental funds report the net effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:		
Proceeds of New Debt	(9,057,229)	
Premiums on Debt Issues	(1,631,980)	
Payments to Refunding Agent	10,009,070	
Principal Payments	3,859,954	
Amortization of Deferred Charges & Premiums	132,616	3,312,431
The governmental funds report pension and other postemployment benefit contributions as expenditures when paid. However, in the statement of activities, differences between pension plan and other postemployment benefit contributions and costs for the year are reported as an asset or obligation.		(950,387)
Some expenses reported in the Statement of Activities (including compensated absences and accrued interest expense) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(80,824)
Internal service funds are used by management to charge the costs of employee insurance to individual funds. The net revenue/(loss) is reported with governmental activities.		28,465
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		$ (426,954)

See accompanying notes to basic financial statements.

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

	Business-Type Activities Utility Fund	Governmental Activities Internal Service Funds
ASSETS		
Current Assets		
Cash and Cash Equivalents:		
Restricted Cash	$ 14,066	$ -
Unrestricted Cash	1,504,051	302,157
Investments:		
Restricted Investments	13,070,327	-
Unrestricted Investments	31,675,880	913,941
Accounts Receivable (Net)	6,615,902	-
Miscellaneous Receivables	848,378	17,647
Due from Component Unit	22,452	-
Current Portion of Note Receivable	250,000	-
Inventories	2,052,290	-
Prepaid Items	77,324	-
Total Current Assets	56,130,670	1,233,745
Noncurrent Assets		
Net Present Value of Lease Financing	374,510	-
Note Receivable (Net of Current)	1,661,614	-
	2,036,124	-
Capital Assets (Net)	99,201,153	-
Total Noncurrent Assets	101,237,277	-
Total Assets	157,367,947	1,233,745
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension and OPEB Related Outflows	2,130,537	-
Deferred Charge on Refundings	206,472	-
Total Deferred Outflows of Resources	$ 2,337,009	$ -

Continued

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (CONTINUED)
SEPTEMBER 30, 2019

	Business-Type Activities	Governmental Activities
	Utility Fund	Internal Service Funds
LIABILITIES		
Current Liabilities:		
Accounts Payable	$ 3,831,954	$ 3,618
Accrued Expenses	798,983	-
Unearned Revenue	260,314	-
Customer Deposits	593,985	-
Current Liabilities	5,485,236	3,618
Current Liabilities Payable from Restricted Assets:		
Accrued Interest Payable	301,833	-
Current Portion of Long-term Bonds	2,033,084	-
Current Liabilities Payable from Restricted Assets	2,334,917	-
Total Current Liabilities	7,820,153	3,618
Noncurrent Liabilities:		
Compensated Absences	207,006	-
Total Other Post Employment Benefit Liabilities	543,622	-
Net Pension Liability	9,451,335	-
Revenue & Refunding Bonds Payable	55,479,143	-
Total Noncurrent Liabilities	65,681,106	-
Total Liabilities	73,501,259	3,618
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension and OPEB Related Inflows	6,458	-
Total Deferred Inflows of Resources	$ 6,458	$ -
NET POSITION		
Net Investment in Capital Assets	50,781,752	-
Restricted for:		
Debt Service	531,597	-
Impact Fees	2,816,023	-
Unrestricted	32,067,867	1,230,127
Total Net Position	$ 86,197,239	$ 1,230,127

See accompanying notes to basic financial statements.

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

	Business-Type Activities	Governmental Activities
	Utility Fund	Internal Service Funds
OPERATING REVENUES		
Charges for Utility Service	$ 51,992,761	$ -
Charges for Premiums	-	3,304,760
Miscellaneous Revenues	1,467,050	7,193
Total Operating Revenues	53,459,811	3,311,953
OPERATING EXPENSES		
Administration	2,374,934	3,399,626
Operation and Maintenance:		
Electric Distribution	20,917,643	-
Utility Services	1,375,623	-
Water Production	6,545,119	-
Water/Sewer Maintenance	5,619,238	-
Sewer	1,705,233	-
Economic Development	308,175	-
Facilities Maintenance	807,432	-
Information Technology	583,508	-
City Attorney	119,959	-
Nondepartmental	5,316,850	-
Indirect Cost Allocation	4,968,672	-
Total Operating Expenses	50,642,386	3,399,626
OPERATING INCOME (LOSS)	2,817,425	(87,673)
NONOPERATING REVENUES (EXPENSES)		
Interest Income	1,202,045	24,606
Gain (Loss) on Sale of Assets	9,432	-
Interest and Fiscal Charges	(1,818,986)	-
Bond Issue Costs	(137,585)	-
Total Nonoperating Revenues (Expenses)	(745,094)	24,606
Net Income (Loss) Before Contributions and Transfers	2,072,331	(63,067)
Capital Contributions	69,004	-
Transfers In (Out)	(168,091)	91,532
	(99,087)	91,532
Change in Net Position	1,973,244	28,465
NET POSITION AT BEGINNING OF YEAR	84,223,995	1,201,662
NET POSITION AT END OF YEAR	$ 86,197,239	$ 1,230,127

See accompanying notes to basic financial statements.

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

	Business-Type Activities	Governmental Activities
	Utility Fund	Internal Service Funds
Cash Flows From Operating Activities:		
Cash Received From Customers	$ 54,166,068	$ 3,301,765
Cash Paid for Employee Wages & Benefits	(7,839,231)	-
Cash Paid to Suppliers for Goods & Services	(31,319,776)	(3,397,989)
Cash Paid General Fund for Indirect Costs	(4,968,672)	-
Net Cash Provided (Used) by Operating Activities	10,038,389	(96,224)
Cash Flows From Noncapital Financing Activities:		
Transfers From Other Funds	(168,091)	91,532
Net Cash Provided (Used) by Noncapital Financing Activities	(168,091)	91,532
Cash Flows From Capital and Related Financing Activities:		
Purchase/Construction of Capital Assets	(12,299,010)	-
Proceeds from Revenue and Refunding Bonds	6,200,000	-
Premiums received on Bonds	1,208,874	-
Payments to Refunding Agent	(7,357,649)	
Principal Payments on Long-term Bonds	(2,003,248)	-
Interest and Fiscal Charges Paid	(2,002,601)	-
Bond Issue Costs	(137,585)	-
Proceeds from Sale of Capital Assets	9,432	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(16,381,787)	-
Cash Flows From Investing Activities:		
Sale/(Purchase) of Investment Securities	7,904,305	(118,138)
Investment Interest Received	1,202,045	24,606
Lease Financing - Principal Payments Received	45,351	-
Long term Loan to Component Unit	(1,911,614)	-
Net Cash Provided (Used) by Investing Activities	7,240,087	(93,532)
Net Increase (Decrease) in Cash and Cash Equivalents	728,598	(98,224)
Cash and Equivalents at Beginning of Year:		
Cash and Cash Equivalents	731,075	400,381
Restricted Cash and Cash Equivalents	58,444	-
	789,519	400,381
Cash and Cash Equivalents at End of Year:		
Cash and Cash Equivalents	1,504,051	302,157
Restricted Cash and Cash Equivalents	14,066	-
	$ 1,518,117	$ 302,157

Continued

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-Type Activities	Governmental Activities
	Utility Fund	Internal Service Funds
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	$ 2,817,425	$ (87,673)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation:	5,182,472	-
(Increase) Decrease in Operating Assets:		
Accounts Receivable	647,477	(4,083)
Inventory/Prepaid Items	(287,917)	-
Net Deferred Pension/OPEB Related Outflows	(1,164,046)	-
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	848,787	(4,468)
Accrued Expenses	395,157	-
Unearned Revenue	91,091	-
Customer Deposits	(32,311)	-
Total Other Postemployment Benefit Liability	(5,868)	-
Net Pension Liability	2,094,171	-
Net Deferred Pension/OPEB Related Inflows	(548,049)	-
	$ 10,038,389	$ (96,224)
Transaction Not Affecting Cash and Cash Equivalents		
Capital Assets Contributed	$ 69,004	$ -

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2019

ASSETS	Private Purpose Trust Funds	Agency Fund
Cash and Cash Equivalents	$ 5,328	$ 25,507
Investments	270,445	-
Inventory	359,431	-
Total Assets	635,204	25,507
LIABILITIES		
Accounts Payable/ Due to Others	500	25,507
Total Liabilities	500	25,507
NET POSITION		
Held in Trust for Scholarship	2,487	-
Held in Trust for Riverside Cemetery	10,332	-
Held in Trust for Industrial Development	621,885	-
Total Net Position	$ 634,704	$ -

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Private Purpose Trust Funds
ADDITIONS	
Interest	$ 6,705
Donations	2,500
Total Additions	9,205
DEDUCTIONS	
Distributions to Participants	6,050
Total Deductions	6,050
Change in Net Position	3,155
Net Position, Beginning of Year	631,549
Net Position, End of Year	$ 634,704

See accompanying notes to basic financial statements.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Seguin, Texas ("City") was incorporated in 1853. The City Charter was adopted on December 7, 1971, under the provisions of the Home Rule Charter Act of the State of Texas. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: police and fire protection, health services, maintenance of streets, planning and zoning, parks and recreation, general administrative services, electric, water, and wastewater services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

1. REPORTING ENTITY

Component Units
As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations; thus, data from these units, if any existed, would be combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

The Seguin Economic Development Corporation, a nonprofit corporation, was incorporated under the Development Corporation Act of 1979, Texas Revised Civil Statutes Annotated, Article 5190.6, Section 4A. The Corporation is organized exclusively for public purposes of the City of Seguin, and the City Council appoints directors of the Corporation. It receives all proceeds from the 0.25% sales tax adopted in 1994 for economic development in Seguin. The corporation meets the criteria of a discretely presented component unit, described above, and is presented in the government-wide financial statements. Complete financial statements for the Seguin Economic Development Corporation may be obtained at City Hall.

Joint Ventures
A joint venture is a legally separate entity that results from a contractual arrangement and that is owned, operated, or governed by two or more participating governments. The following entities meet the criteria as joint ventures:

The Guadalupe Regional Medical Center is a joint venture between the City of Seguin and Guadalupe County. Each participating government appoints one-half of the board of directors and approves annual budgets. In addition, the participating governments are financially responsible for indigent health care provided by the hospital, and are contingently liable for hospital debts. Separate financial statements of the Guadalupe Regional Medical Center may be obtained by contacting the hospital administrator.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. REPORTING ENTITY (Continued)

Joint Ventures (Continued)
The Schertz/Seguin Local Government Corporation is a public, nonprofit corporation organized to aid, assist, and act on behalf of the cities of Schertz and Seguin in acquiring, constructing, maintaining, and operating a water utility system. The participating governments have an ongoing financial responsibility to fund the operation of the corporation through either purchase of services or by subsidizing the operations. Separate financial statements for the Schertz/Seguin Local Government Corporation may be obtained at City Hall.

Summarized financial data for joint ventures is provided in Note M.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the City and its component unit (except for City fiduciary activity). The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. The primary government is reported separately from the component unit within the government-wide statements.

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

Separate **fund financial statements** are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General Fund and Debt Service Fund meet criteria as ***major governmental funds***. Each major fund is reported in separate columns in the fund financial statements. Nonmajor funds include other Special Revenue and Capital Projects Funds. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Detailed statements for nonmajor funds are presented in the Combining Fund Statements and Schedules as “Supplementary Information”.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types, which have been accrued, are revenue from investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues.* Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes and grants not restricted to specific programs and investment earnings.

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The government reports the following major governmental funds:

The General Fund is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, public service and capital acquisition. Nondepartmental expenses include insurance costs, professional services and miscellaneous costs that do not benefit any one department, as well as contributions to the Guadalupe Regional Medical Center.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

Debt Service Fund accounts for ad valorem tax and contributions from the component unit to support city bonded debt.

Nonmajor funds include Special Revenue Funds (other than major projects and grants) and Capital Projects Funds.

Proprietary fund level financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's Proprietary Fund is the Utility Fund (used to account for the provision of electric, water and sewer services to residents) and the Internal Service Funds used to account for the City's group medical insurance program and workers compensation benefits.

Revenues are derived from charges for services for utilities, city contributions, employee and retiree/cobra premiums, and investment of idle funds. Expenses are charges incurred for operating, purchases of electricity and water, premiums and administrative expenses for insurance.

The **Proprietary Funds** are accounted for using the accrual basis of accounting as follows:

Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred. Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Fiduciary fund level financial statements include fiduciary funds which are classified into private purpose trust and agency funds. Fiduciary fund reporting focuses on net position and changes in net position. Agency funds do not involve a formal trust agreement. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the City.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. INVESTMENTS

State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (d). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAAm (or equivalent) rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one-half of one percent of the value of its shares.

The City reports investments at fair value based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments are stated at fair value (plus accrued interest) except for money market investments and participating interest-earning investment contracts (U.S. Treasuries) that have a remaining maturity at time of purchase of one year or less. Those investments are stated at amortized cost. Likewise, certificates of deposit are stated at amortized cost (see Note B).

6. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 and become due October 1, 2018 and past due after January 31, 2019. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible in the amount of $27,616.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. ACCOUNTS RECEIVABLE (Continued)

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles.

7. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

8. INVENTORIES & PREPAID ITEMS

Inventories of consumable supplies are valued at cost, which approximates market, using the first in/first out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

Inventories of repair and replacement parts for the utility system are valued at cost, which approximates market, using the moving average cost method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and in the fund financial statements are offset by a reservation of fund balance which indicates they do not represent “available spendable resources.”

9. RESTRICTED ASSETS

Certain proceeds of General Obligation Bonds, Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Funds are segregated to report those proceeds of revenue bond issuances that are restricted for use in construction. Funds are also segregated to provide for debt service as provided under bond indenture agreements.

10. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, such as equipment, are defined as assets with a cost of $5,000 or more. Infrastructure assets include City-owned streets, sidewalks, curbs and bridges.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. CAPITAL ASSETS (Continued)

Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation, with the exception of works of art and capital assets received in a service concession arrangement. Those assets are reported at acquisition value rather than fair value.

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. Interest has not been capitalized during the construction period on property, plant and equipment.

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

ASSETS	YEARS
Buildings and improvements	20 to 40 years
Improvements other than buildings	20 to 40 years
Utility system in service	20 to 67 years
Machinery and equipment	5 to 15 years

11. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category: deferred pension and other post employment benefits related costs which will be included in the subsequent actuarial valuation, and deferred charge on refundings reported in the government-wide statement of net position, as well as the Proprietary Fund statement of position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred inflows of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. Unavailable revenue is reported only in the governmental funds balance sheet under a modified accrual basis of accounting. Deferred inflows for pension and other post employment benefits are deferred and will be recognized in a subsequent actuarial valuation. Unavailable revenues from property tax and EMS receivables are deferred and recognized as an inflow of resource in the period the amounts become available.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. COMPENSATED ABSENCES

The City permits employees to accumulate earned but unused vacation pay benefits up to the amount earned in two years. Upon resignation, an employee may receive pay for any unused accrued vacation provided the employee gives two weeks written notice of the resignation and is not subject to discharge for misconduct. Unused sick leave may be accumulated to certain limits. In the event of termination, no reimbursement is made for accumulated sick leave. No liability is reported for unpaid accumulated sick leave. Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

13. UNEARNED REVENUE

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues received in advance of expenses/expenditures are reflected as unearned revenue.

14. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net position. On new bond issues, bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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

15. PENSIONS

The net pension liability, deferred outflows and inflows related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS), and additions to and deductions from TMRS' fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

16. OTHER POST-EMPLOYMENT BENEFITS

The fiduciary net position of the Texas Municipal Retirement System (TMRS) and the City's Retiree Health Insurance have been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions or deductions from the fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as both OPEBs are pay-as-you-go plans.

17. FUND EQUITY

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – pre-paid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the city council – the government's highest level of decision making authority. The City Council is the highest level of decision-making authority for the city that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (by adoption of another ordinance) to remove or revise the limitation.

The City Council adopted an ordinance in March 2012 establishing an *emergency fund stabilization arrangement*. The Ordinance requires additions to the fund in the event the fund balance falls below $2,000,000. Additions are to come from interest earnings, direct transfers from the General Fund and/or Utility Fund, or reimbursements from insurance or grants for expenditures incurred by the fund. The stabilization fund may be expended on recovery efforts for public infrastructure damage that occurs as a result of a disaster declared by the federal or state governments.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

17. FUND EQUITY (Continued)

Assigned fund balance. This classification reflects the amounts constrained by the city's "intent" to be used for specific purposes, but are neither restricted nor committed. The City Council has designated the City Manager as the responsible agent for assigning fund balances. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

As of September 30, 2019, the City Manager had assigned fund balances for the following:

- Excess recycling fees over expenditures were assigned for future expenditures associated with "green" waste disposal ($1,348), also favorable budget variances for street maintenance were assigned for future street projects ($4,583).
- Funds set aside in nonmajor capital project funds that are not otherwise restricted by bond covenants are assigned for specific capital projects.
- Funds reimbursed from Guadalupe County Regional Medical Center for indigent care are assigned for future indigent care costs of the county pursuant to an agreement with Guadalupe County to fund a portion of the indigent care in the county ($205,018).

Total assigned funds in the General Fund were $210,949. Total assigned balances in nonmajor capital project funds were $5,794,947.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

The City Council has set a General Fund minimum fund balance target at three months of expenditures and recurring transfers. No other fund balance policies exist.

18. NET POSITION

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

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

19. INTERFUND TRANSACTIONS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

The City allocates to the Utility (Proprietary) Fund an indirect cost percentage of general government administration expenses that are paid through the General Fund. During the year ended September 30, 2019, the City allocated $4,968,672 as a transfer for such services. The indirect cost allocation is reflected as an operating expense in the Utility Fund, and a reduction of current expenditures in the General Fund, and in a separate column in the Statement of Activities.

20. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. For the City, those revenues are charges for electric, water, and sewer services and premiums for employee insurances. Operating expenses are the necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as nonoperating.

21. USE OF ESTIMATES

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

22. COMPARATIVE DATA/RECLASSIFICATIONS

Comparative data for the prior year has been provided for the General Fund and Utility Fund in the fund financial statements in order to provide an understanding of the changes in the financial position and operation of these funds. Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 financial statement presentation. The reclassifications had no effect on the changes in financial position.

23. ADOPTION OF GASB STATEMENT NO. 88

During the year, the City implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, including Borrowings and Direct Placements.* The Statement established new requirements for long-term debt, including direct borrowings and placements. In addition, the Statement requires that a government disclose in the notes summarized information about 1) unused lines of credit, 2) assets pledged as collateral, and 3) terms specified in debt agreements with finance-related consequences. The Statement also requires that disclosures for direct borrowings and placements be distinct from other debt disclosures (see Note I).

NOTE B -- DEPOSITS AND INVESTMENTS

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

Investment Type		Fair Value	Input Level	Weighted Average Maturity (Days)
Primary Government				
Local Government Investment Pools:				
TexPool	$	10,000,254	1	34
LOGIC		63,927,097	1	49
Certificates of Deposit		741,000	1	25
Federal and Local Bonds		2,409,799	1	292
	$	77,078,150		
Portfolio Weighted Average Maturity				54
Component Unit				
Local Government Investment Pools:				
TexPool	$	742,845	1	34
LOGIC		382,221	1	49
	$	1,125,066		
Portfolio Weighted Average Maturity				39

Investment Rate Risk. The City and component unit manage exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year.

Credit Risk. The City's investment policy limits investments to obligations of the United States (up to 95% of total invested funds) or its agencies and instrumentalities (maximum 80% of funds); direct obligations of the State of Texas; obligations of states, agencies, contracts, cities, and other political subdivisions rated as to investment quality of not less than AAA by a nationally recognized investment firm. U.S. Government Securities are not considered to have credit risk and do not require disclosure of credit quality. The Florida State Revenue Bond is rated AA and Aa3 by S&P and Moody's respectively.

The City may also invest funds in government investment pools provided the pool maintains a AAA rating, the pool maintains a stable asset value, and the average dollar weighted maturity does not exceed 90 days. As of September 30, 2019, the investments in TexPool and LOGIC were rated AAAm by Standard & Poor's. The City may invest in Money Market Mutual funds that are regulated by the SEC and have a dollar weighted average stated maturity of 90 days or less and maintain a net asset value of $1.00 per share.

The City's and Component Units' investments in pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Both Texpool and Logic Pools operate in a manner consistent with Rule 2a7. Therefore, the investments are reported at $1 per share, which approximates fair value. There was no change in fair value of the investment pools for the year ended September 30, 2019. There are no limitations or restrictions on participant withdrawals.

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

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. As of September 30, 2019, the government's deposits were fully collateralized or insured by FDIC. The City's certificates of deposit are brokered through the City's depository and are fully insured through FDIC.

The Component Unit had deposits that were fully insured by FDIC.

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. As of September 30, 2019, the City and Component Unit were not exposed to custodial credit risk.

NOTE C -- PROPERTY TAX CALENDAR

The City's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the City. Assessed values are established by the Guadalupe County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2018, upon which the fiscal 2019 levy was based, was $2,117,411,174 (i.e., market value less exemptions). The estimated market value was $3,105,465,489 making the taxable value 68% of the estimated market value.

The City is permitted by the Constitution of the State of Texas to levy taxes up to $2.50 per $100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to $1.50 per $100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2019, was $0.5412 per $100 of assessed value, which means that the City has a tax margin of $1.9588 for each $100 value and could increase its annual tax levy by approximately $41,475,850 based upon the present assessed valuation of $2,117,411,174 before the limit is reached. However, the City may not adopt a tax rate that exceeds the tax rate calculated in accordance with the Texas Property Tax Code without holding a public hearing. The Property Tax Code subjects an increase in the effective tax rate to a referendum election, if petitioned by registered voters, when the effective tax rate increase is more than eight percent (8%) of the previous year's effective tax rate.

Property taxes are recorded as receivables and unearned revenues at the time the taxes are assessed. In governmental funds, revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue. In the government-wide financial statements, the entire levy is recognized as revenue, net of estimated uncollectible amounts (if any), at the levy date.

NOTE D -- INTERFUND RECEIVABLE/PAYABLE

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of September 30, 2019, balances of interfund amounts receivable or payable have been recorded as follows:

	Due From	Due To
Primary Government		
General Fund	$ -	$ 224,521
Enterprise Fund	22,452	-
	22,452	224,521
Component Unit		
General Fund	224,521	-
Enterprise Fund	-	22,452
	224,521	22,452
Totals	$ 246,973	$ 246,973

NOTE E -- NOTES RECEIVABLE

Primary Government

The City loaned money to the Seguin Economic Development Corporation (component unit) to purchase land to be sold and/or developed for economic development in the city. The note receivable, in the amount of $1,911,613, is to be repaid in annual installments of $250,000 each beginning May 1, 2020 thru May 1, 2027. The note is interest free, but carries acceleration clauses and interest at the maximum rate allowed by law in the event of default.

Component Unit

The SEDC (Component Unit) provides incentives in the form of grants and notes receivable to area businesses in conjunction with its function of generating economic development. One note receivable was outstanding at September 30, 2019 and matures in 2026 with a 3% annual interest rate. Future payments on the note is as follows:

Fiscal Year	Principal	Interest	Total
2020	$ 1,636	$ 315	$ 1,951
2021	1,686	265	1,951
2022	1,737	214	1,951
2023	1,791	160	1,951
2024	1,845	106	1,951
2025-2026	2,543	62	2,605
	$ 11,238	$ 1,122	$ 12,360

NOTE F -- NET PRESENT VALUE OF LEASE FINANCING

The City has leased property located at 2460 Crossroads Blvd., consisting of a 49,120 square foot building and improvements, to Pure and Gentle Soap Products, Inc. under a sales-type lease agreement. The lease is for an original term of twenty (20) years and transfers property to the lessee for $1 at the end of the lease term (2026), or earlier by paying the remaining base rental payments under the lease, discounted at 5.75%.

The agreement calls for the lessee to operate a business within the premises in order to generate sales tax revenue, property tax and utility revenue. Failure to continue the business would be considered a breach of the contract.

Future minimum lease payments under the lease are as follows:

September 30,	
2020	$ 75,151
2021	98,277
2022	105,986
2023	105,986
2024	105,986
2025	132,644
Total Payments	624,030
Less: Amount Representing Interest	(249,520)
Net Present Value of Lease Financing	$ 374,510

NOTE G -- CAPITAL ASSETS

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

Governmental Activities	Balance 10/1/2018	Additions	Disposals	Transfers/ Adjustments	Balance 9/30/2019
Land	$ 4,584,816	$ 82,000	$ -	$ -	$ 4,666,816
Construction in Progress	14,867,151	3,777,535	-	(6,078,294)	12,566,392
Total Assets Not Depreciated	19,451,967	3,859,535	-	(6,078,294)	17,233,208
Buildings and Improvements	37,932,843	390,744	-	-	38,323,587
Improvements Other Than Buildings	77,074,132	1,288,147	-	6,078,294	84,440,573
Transportation and Equipment	19,716,519	1,127,383	(340,326)	-	20,503,576
Totals at Historical Cost	154,175,461	6,665,809	(340,326)	-	160,500,944
Less Accumulated Depreciation:					
Buildings and Improvements	(8,850,201)	(919,345)	-	-	(9,769,546)
Improvement Other Than Buildings	(33,372,149)	(2,424,018)	-	-	(35,796,167)
Transportation and Equipment	(12,540,071)	(1,920,987)	311,141	-	(14,149,917)
	(54,762,421)	(5,264,350)	311,141	-	(59,715,630)
Governmental Capital Assets, Net	$ 99,413,040	$ 1,401,459	$ (29,185)	$ -	$ 100,785,314

NOTE G -- CAPITAL ASSETS

Business-Type Activities	Balance 10/1/2018	Additions	Disposals	Transfers/ Adjustments	Balance 9/30/2019
Land	$ 727,026	$ 69,004	$ -	$ -	$ 796,030
Construction in Progress	11,508,821	9,614,870	-	(5,804,846)	15,318,845
Total Assets Not Depreciated	12,235,847	9,683,874	-	(5,804,846)	16,114,875
Buildings and Improvements	36,648,795	1,664,748	-	598,775	38,912,318
Utility System	101,676,276	-	-	5,206,071	106,882,347
Transportation and Equipment	8,569,917	1,019,392	(35,639)	-	9,553,670
Totals at Historical Cost	159,130,835	12,368,014	(35,639)	-	171,463,210
Less Accumulated Depreciation:					
Buildings and Improvements	(19,524,979)	(508,344)	-	-	(20,033,323)
Improvement Other Than Buildings	(41,124,596)	(3,704,451)	-	-	(44,829,047)
Transportation and Equipment	(6,465,649)	(969,677)	35,639	-	(7,399,687)
	(67,115,224)	(5,182,472)	35,639	-	(72,262,057)
Business-Type Capital Assets, Net	$ 92,015,611	$ 7,185,542	$ -	$ -	$ 99,201,153
Discretely Presented Component Unit					
Land	$ 2,190,909	$ 1,921,614	$ (571,720)	$ -	$ 3,540,803
Buildings and Improvements	89,547	-	-	-	89,547
Accumulated Depreciation	(12,914)	(1,719)	-	-	(14,633)
	$ 2,267,542	$ 1,919,895	$ (571,720)	$ -	$ 3,615,717

Primary Government

Depreciation Expense was charged to functions as follows:

Governmental Activities:	
General Government	$ 71,738
Public Safety	1,511,357
Public Service	3,168,309
Nondepartmental	512,946
Total Governmental Activities	$ 5,264,350
Business-Type Activities:	
Administration	$ 6,392
Electric	883,104
Water Production	1,123,366
Water Distribution	2,199,512
Sewer Plant	260,948
Other	709,150
Total Business-Type Activities	$ 5,182,472

NOTE H -- CAPITAL LEASES

The City has entered into a lease agreement to finance the acquisition of public safety, public works and golf equipment. The City has also financed the acquisition of the Springs Hill Wastewater Collection System through its Utility Fund. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired though capital leases are as follows:

Assets:	Governmental Activities
Public Safety Vehices & Equipment	$ 2,715,839
Golf Course Equipment	75,755
Public Works Equipment	241,539
Less: Accumulated Depreciation	(872,278)
Total	$ 2,160,855

Future minimum obligations and the net present value of these minimum lease payments as of September 30, 2019 were as follows:

Year Ending September 30,	Governmental Activities
2020	$ 468,745
2021	504,035
2022	264,417
2023	165,896
Total Payments	1,403,093
Less: Amount Representing Interest	(109,840)
Present Value of Minimum Lease Payments	$ 1,293,253

NOTE I -- LONG-TERM DEBT

Bonded debt and obligations payable at September 30, 2019, comprise the following individual issues:

General Obligation Bonds:		
$2,884,816 2011 General Obligation Refunding Bonds due in annual installments of $265,000 to $550,000 through September 1, 2021; interest at 2.0% to 3.0%	$	566,916
$4,350,000 2013 General Obligation Refunding Bonds due in annual installments of $65,000 to $460,000 through February 1, 2024; interest at 1.51%		2,250,000
$19,785,000 2014 General Obligation Bonds due in annual installments of $200,000 to $4,130,000 through February 1, 2034; interest at 3.0 to 6.0%		18,425,000
$8,465,000 2014 General Obligation Refunding Bonds due in annual installments of $100,000 to $1,170,000 through September 1, 2026; interest at 2.0% - 4%		6,145,000
$9,370,000 2015 General Obligation Refunding Bonds due in annual installments of $100,000 to $1,945,000 through September 1, 2028; interest at 2.0% - 5.0%		8,215,000
$8,370,000 2019 General Obligation Refunding Bonds due in annual installments of $45,000 to $2,585,000 through March 1, 2031; interest at 3.0% - 5.0%		8,370,000
Total General Obligation Bonds		43,971,916
Certificates of Obligation		
$3,400,000 2011 Certificates of Obligation due in annual installments of $100,000 to $290,000 through September 1, 2031; interest at 2.0% to 3.5%		1,600,000
$2,500,000 2013 Certificates of Obligation due in annual installments of $100,000 to $200,000 through September 1, 2028; interest at 2.7%		1,450,000
$12,445,000 2016 Certificates of Obligation due in annual installments of $100,000 to $4,305,000 through September 1, 2036; interest at 3.0% to 5.0%		12,120,000
$8,800,000 2016A Certificates of Obligation due in annual installments of $100,000 to $4,200,000 through September 1, 2037; interest at 3.5% to 5.5%		8,575,000
$6,450,000 2018 Certificates of Obligation due in annual installments of $200,000 to $1,430,000 through September 1, 2038; interest at 3.5% to 5.5%		6,250,000
Total Certificate of Obligations		29,995,000
Tax Anticipation Notes		
$775,000 Tax Notes, Series 2017 due in annual installments of $85,000 to $135,000 through February 2024; interest at 1.785%		520,000
$649,000 Tax Notes, Series 2018 due in annual installments of $159,000 to $166,000 through February 2021; interest at 2.25%		329,000
$305,000 Tax Notes, Series 2019 due in annual installments of $100,000 to $105,000 through September 2021; interest at 2.3%		205,000
Total Tax Anticipation Notes		1,054,000
Total Governmental Bonded Debt	$	75,020,916

NOTE I -- LONG-TERM DEBT (Continued)

Utility Fund Revenue Bonds:	
$21,405,000 Utility System Revenue, Series 2014, due in annual installments of $190,000 to $2,335,000 through February 1, 2037; interest at 3.0% to 5.0%.	20,225,000
$4,430,000 Utility System Revenue, Series 2016, due in annual installments of $100,000 to $345,000 through February 1, 2037; interest at 3.0% to 5.0%.	4,130,000
$8,415,000 Utility System Revenue, Series 2017, due in annual installments of $190,000 to $620,000 through February 1, 2037; interest at 3.0% to 4.0%.	8,035,000
$9,900,000 Utility System Revenue, Series 2018, due in annual installments of $125,000 to $3,380,000 through February 1, 2038; interest at 3.25% to 5.0%.	9,775,000
Total Utility Revenue Bonds	42,165,000
General Obligation Bonds - Utility Portion	
$1,490,184 2011 General Obligation Refunding Bonds due in annual installments of $265,000 to $550,000 through September 1, 2021, Interest at 2.0% to 3.0%	88,085
$4,825,000 2013 General Obligation Refunding Bonds due in annual installments of $330,000 to $650,000 through February 1, 2023; interest at 1.51%	2,445,000
$5,385,000 2015 General Obligation Refunding Bonds due in annual installments of $25,000 to $1,025,000 through September 1, 2026; interest at 2.0% to 5.0%	3,885,000
$6,200,000 2019 General Obligation Refunding Bonds due in annual installments of $5,000 to $980,000 through March 1, 2031; interest at 3.0% to 5.0%	6,200,000
Total GO Refunding Bonds	12,618,085
Total Business-Type Bonded Debt	$ 54,783,085

The City is required by the revenue bond ordinances to establish certain accounts to maintain and operate the Utility System and to provide for the payment of bond principal and interest. A reserve fund is not required as long as the net revenues for each fiscal year are equal to at least 110% of the average annual debt service requirements of all bonds similarly secured (*Springing Reserve Fund Covenant).* The City is in compliance with the Covenant and, accordingly, a reserve fund is not maintained.

The annual requirements to amortize all bonded debt and obligations outstanding as of September 30, 2019, including interest payments, are as follows:

	Public Offerings			
Year Ending	Governmental Activities		Business-Type Activities	
September 30,	Principal	Interest	Principal	Interest
2020	$ 3,016,916	$ 2,804,688	$ 2,033,084	$ 2,036,878
2021	2,940,000	2,709,659	2,160,000	1,971,942
2022	3,090,000	2,606,327	2,260,000	1,889,341
2023	3,240,000	2,483,607	2,385,000	1,802,476
2024	3,345,000	2,376,061	2,300,000	1,717,269
2025-2029	18,725,000	9,966,363	13,035,000	6,933,706
2030-2034	23,235,000	5,681,844	16,030,000	4,061,431
2035-2038	16,375,000	1,284,331	14,580,001	1,020,544
	$ 73,966,916	$ 29,912,880	$ 54,783,085	$ 21,433,587

NOTE I -- LONG-TERM DEBT (Continued)

Year Ending September 30,	Private Placement (Tax Notes) Governmental Activities Principal	Private Placement (Tax Notes) Governmental Activities Interest
2020	$ 393,000	$ 16,049
2021	406,000	8,832
2022	85,000	3,793
2023	85,000	2,276
2024	85,000	759
	$ 1,054,000	$ 31,709

Changes in Long-Term Liabilities

Governmental Activities	Balance 10/1/2018	Additions	Reductions	Balance 9/30/2019	Due Within One Year
General Obligation Bonds	$ 37,628,666	$ 8,370,000	$ (2,026,750)	$ 43,971,916	$ 2,196,916
Bond Premiums	2,109,775	1,631,980	(215,807)	3,525,948	-
Certificates of Obligation	40,745,000	-	(10,750,000)	29,995,000	820,000
Tax Anticipation Notes	1,138,000	305,000	(389,000)	1,054,000	393,000
Capital Leases	1,455,224	382,229	(544,200)	1,293,253	420,834
Compensated Absences	1,366,249	819,999	(755,107)	1,431,141	772,372
Total Governmental Activities	84,442,914	11,509,208	(14,680,864)	81,271,258	4,603,122
Business-Type Activities					
Revenue Bonds	50,315,000	-	(8,150,000)	42,165,000	985,000
General Obligation Refunding Bonds	7,511,333	6,200,000	(1,093,248)	12,618,085	1,048,084
Bond Premiums	1,705,094	1,208,874	(184,826)	2,729,142	-
Compensated Absences	438,382	264,156	(244,826)	457,712	250,706
Total Business-Type Activities	59,969,809	7,673,030	(9,672,900)	57,969,939	2,283,790
Total Primary Government	$ 144,412,723	$ 19,182,238	$ (24,353,764)	$ 139,241,197	$ 6,886,912

Compensated absences for governmental activities are generally liquidated by the general fund.

General Obligation Refunding Bonds, Series 2019, were issued in the amount of $14,570,000 to advance refund Utility System Revenue Bonds, Series 2010 ($7,240,000 outstanding), and Certificates of Obligation, Series 2010 ($9,850,000 outstanding). Proceeds from the bonds were placed with an escrow agent solely to repay the debt service related to the refunded obligations. The refunded obligation in the amount of $17,090,000, collectively, are considered defeased and are not shown as outstanding on these financial statements. The refunding resulted in gross debt service savings of $2,176,875, and a present value gain of $1,754,712.

Tax Anticipation Notes were issued to fund the purchase of public works equipment. The bonds were privately placed with a bank and contain no subjective acceleration clauses, events of default with finance-related consequences or termination events with finance-related consequences.

NOTE I -- LONG-TERM DEBT (Continued)

Component Unit

The component unit received funds from First Commercial Bank N.A. to partially finance the purchase of land held for future economic incentive and development. The original principal amount of $863,128 carries interest at the rate of 2.54% for a 10-year fixed period, after which the interest rate will equal the Prime Rate less 1.00%. The loan calls for monthly payments of $5,786.78 (including principal and interest) and is secured by the real estate.

The component unit also received a loan from the City to fund the purchase of approximately 60 acres to be used or developed for economic development in the City. The note is to be repaid in 7 annual installments of $250,000 beginning May 1, 2020, and carries no interest (see Note E).

Long-term debt activity for the component unit is summarized as follows:

	Balance Outstanding 10/1/2018	Increases	Decreases	Balance Outstanding 9/30/2019
Notes Payable	$ 753,922	$ 1,911,614	$ (50,622)	$ 2,614,914

Annual requirements to amortize the notes payables as of September 30, 2019 are as follows:

Fiscal Year	Principal	Interest	Total
2020	$ 301,893	$ 17,548	$ 319,441
2021	303,294	16,147	319,441
2022	304,683	14,759	319,442
2023	306,108	13,334	319,442
2024	307,537	11,904	319,441
Thereafter	1,091,399	31,978	1,123,377
	$ 2,614,914	$ 105,670	$ 2,720,584

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS

Texas Municipal Retirement System

Plan Description

The City participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the state of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an 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. The TMRS 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 retirement system

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)

Texas Municipal Retirement System (Continued)

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 payment 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.

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

	Plan Year 2018	Plan Year 2017
Inactive employees or beneficiaries currently receiving benefits	243	229
Inactive employees entitled to but not yet receiving benefits	195	171
Active employees	374	381
	812	781

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.

For the year ending September 30, 2019, employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.61% and 15.24% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019 were $4,628,145, and exceeded the required contributions by $1,385,590.

NOTE J -- EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Texas Municipal Retirement System (Continued)

Net Pension Liability

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

Actuarial Assumptions

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

Inflation	2.5% per year
Salary Increases	3.5% to 10.5%, including inflation
Investment Rate of Return*	6.75%

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

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

NOTE J -- EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Texas Municipal Retirement System (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding the 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). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

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

Discount Rate

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

NOTE J -- EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Texas Municipal Retirement System (Continued)

Changes in the Net Pension Liability

The below schedule presents the changes in the Net Pension Liability as of December 31, 2018:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2017:	$ 106,790,092	$ 77,111,841	$ 29,678,251
Changes for the year:			
Service Cost	3,662,307	-	3,662,307
Interest	7,168,895	-	7,168,895
Change of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	59,508	-	59,508
Changes of Assumptions	-	-	-
Contributions - Employer	-	4,344,789	(4,344,789)
Contributions - Employee	-	1,469,963	(1,469,963)
Net Investment Income	-	(2,310,563)	2,310,563
Benefit Payments, Including Refunds of Employee Contributions	(4,830,794)	(4,830,794)	-
Administrative Expense	-	(44,642)	44,642
Other Changes	-	(2,332)	2,332
Net Changes	6,059,916	(1,373,579)	7,433,495
Balance at December 31, 2018:	$ 112,850,008	$ 75,738,262	$ 37,111,746

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:

	Discount Rate		
	5.75%	6.75%	7.75%
Net Pension Liability (Asset)	$ 53,810,812	$ 37,111,746	$ 23,546,373

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

NOTE J -- EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Texas Municipal Retirement System (Continued)

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

For the year ended September 30, 2019, the City recognized pension expense of $4,670,485. Also as of 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	$ 298,419	$ -
Changes in Actuarial Assumptions	32,758	-
Differences between Projected and Actual Investment Earnings	4,004,977	-
Contributions subsequent to the Measurement Date	3,616,937	
	$ 7,953,091	$ -

Deferred outflows of resources in the amount of $3,616,937 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2019 (subsequent fiscal period). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in future years as follows:

For the Plan Year ended December 31,	
2019	$ 1,541,365
2020	676,241
2021	609,528
2022	1,509,020
	$ 4,336,154

NOTE K – OTHER POST-EMPLOYMENT BENEFITS

TMRS Supplemental Death Benefits Other Post-Employment Benefit

The City also participates in the cost sharing single-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.

NOTE K – OTHER POST-EMPLOYMENT BENEFITS (Continued)

TMRS Supplemental Death Benefits Other Post-Employment Benefit (Continued)

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other post-employment benefit," or OPEB. Membership in the plan at December 31, 2018, the valuation and measurement date, consisted of:

	2018
Inactive Employees or Beneficiaries Currently Receiving Benefits	183
Inactive Employees Entitled to but Not Yet Receiving Benefits	48
Active Employees	374
	605

The SDBF required contribution rates, based on these assumptions, are as follows:

	Total SDBF Contribution Rate	Retiree SDBF Contribution Rate
For the Plan Year Ended December 31,		
2017	0.18%	0.06%
2018	0.19%	0.06%
2019	0.19%	0.06%

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 assumptions of the plan are as follows:

Methods and Assumptions Used to Determine Contribution Rates:

Inflation	2.50%
Salary Increases	3.50% to 10.50% Including Inflation
Discount Rate	3.71% (Based on Fidelity's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
Mortality Rates - Service Retirees	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generated basis with scale BB.
Mortality Rates - Disabled Retirees	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

NOTE K – OTHER POST-EMPLOYMENT BENEFITS (Continued)

TMRS Supplemental Death Benefits Other Post-Employment Benefit (Continued)

Total City's Total OPEB Liability (TOL), based on the above actuarial factors, as of December 31, 2018, the measurement and actuarial valuation date, was calculated as follows:

	Total OPEB Liability
Balance at December 31, 2017	$ 1,112,919
Changes for the year:	
Service Cost	44,099
Interest	37,359
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	(17,970)
Changes in Assumptions or Other Inputs	(76,558)
Benefit Payments	(12,600)
Net Changes	(25,670)
Balance at December 31, 2018	$ 1,087,249

There is no separate trust maintained to fund this TOL. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75 to pay related benefits.

The following presents the TOL of the City, calculated using the discount rate of 3.31% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower (2.31%) and 1-percentage point higher (4.31%) than the current rate:

	Discount Rate 2.71%	Discount Rate 3.71%	Discount Rate 4.71%
Total OPEB Liability	$ 1,294,156	$ 1,087,249	$ 926,020

For the year ended September 30, 2019, the City recognized OPEB expense of $40,200. Also as of September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the TMRS OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	$ -	$ 8,053
Differences in Expected and Actual Experience	-	14,872
Contributions After the Measurement Date	9,762	-
	$ 9,762	$ 22,925

NOTE K – OTHER POST-EMPLOYMENT BENEFITS (Continued)

TMRS Supplemental Death Benefits Other Post-Employment Benefit (Continued)

Deferred outflows of resources in the amount of $9,762 is related to OPEB benefits resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the total TMRS OPEB liability for the plan year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to the TMRS OPEB will be recognized in OPEB expense in future periods as follows:

For the Plan Year Ended December 31,		
2019	$	(1,744)
2020		(1,744)
2021		(1,744)
2022		(4,655)
2023		(13,038)
Thereafter		-
	$	(22,925)

City of Seguin Retiree Health Other Post-Employment Benefit Plan

In addition to the TMRS OPEB, The City administers a single-employer defined benefit healthcare plan for retirees, established under legal authority of the City Charter. The City is the only employer participating in the Plan. The Plan does not issue a publicly available financial report. Actuarial valuations are performed for the plan every two years.

The City provides post-employment benefits for eligible participants enrolled in City-sponsored plans. The benefits are provided in the form of an implicit rate subsidy where the City contributes towards the retiree health premiums before achieving Medicare eligibility. While the Plan offers retiree only rates, a very small implicit liability still exists. Membership in the plan as of September 30, 2019, the measurement date, consisted of:

	2019
Inactive Employees or Beneficiaries Currently Receiving Benefits	17
Inactive Employees Entitled to but Not Yet Receiving Benefits	39
Active Employees	306
	362

NOTE K – OTHER POST-EMPLOYMENT BENEFITS (Continued)

City of Seguin Retiree Health Other Post-Employment Benefit Plan (Continued)

Current active employees must be eligible for service retirement under the Texas Municipal Retirement System. To attain this eligibility active employees must be at least age 60 with 5 years of service or have at least 20 years of employment with the City. Furthermore, there is a subsidy offered only to employees hired prior to January 2008.

Minimum Years of Continuous Service	Minimum Age	City Contributions
15	57	0%
20	57	50% *
25	57	100% *

* The City Contribution toward retiree coverage is based on a percentage of the City Contribution made for active duty employees. Retiree rates are actuarially established and adopted annually by the City/Employee Benefit Trust. Qualification for 100% contribution entitles the retiree to 100% of the contribution made for an active employee but does not necessarily mean retiree insurance coverage will be at no cost.

Methods and Assumptions Used to Determine Contribution Rates:

Inflation	2.50%
Salary Increases	3.50%
Discount Rate	2.66% (Bond Buyer 20-Bond GO Index)
Mortality Rates	RP-2014 generational table scaled using MP-17 and applied on a gender-specific basis
Health Care Cost Trend Rates	6.5% for 2019, Decreasing 0.5% each year reaching ultimate rate of 4.5%

The City's Retiree Health OPEB Liability (TOL), based on the above actuarial factors, as of September 30, 2019, the measurement and actuarial valuation date, was calculated as follows:

	Total OPEB Liability
Balance at September 30, 2018	$ 850,024
Changes for the year:	
Service Cost	14,232
Interest	33,354
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes in Assumptions or Other Inputs	61,514
Benefit Payments	(103,980)
Net Changes	5,120
Balance at September 30, 2019	$ 855,144

NOTE K – OTHER POST-EMPLOYMENT BENEFITS (Continued)

City of Seguin Retiree Health Other Post-Employment Benefit Plan (Continued)

Methods and Assumptions Used to Determine Contribution Rates (Continued):

There is no separate trust maintained to fund this TOL. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement NO. 75 to pay related benefits.

The following presents the TOL of the City, calculated using the discount rate of 3.89% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower (2.89%) and 1-percentage point higher (4.89%) than the current rate:

	Discount Rate 1.66%	Discount Rate 2.66%	Discount Rate 3.66%
Total OPEB Liability	$ 789,000	$ 855,144	$ 933,000

The following presents what the total OPEB liability of the City would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (6% decreasing to 3.5%) or 1-percentage point higher (8% decreasing to 5.5%) than the current healthcare cost trends:

	1% Decrease	Current Trend	1% Increase
Total OPEB Liability	$ 807,000	$ 855,144	$ 907,000

For the year ended September 30, 2019, the City recognized OPEB expense of $76,559. Also as of September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	$ 46,358	$ -
Contributions Subsequent to the Measurement Date	-	-
	$ 46,358	$ -

Amounts reported as deferred outflows and inflows of resources related to the City's Retired Health OPEB will be recognized in OPEB expense as follows:

For the Plan Year ended September 30,	
2020	$ 4,554
2021	4,554
2022	4,554
2023	4,554
2024	4,554
Thereafter	23,588
	$ 46,358

NOTE L -- INTERFUND TRANSFERS

Interfund transfers during the year ended September 30, 2019, were as follows:

Receiving Fund/Activity	Transferring Fund/Activity	Amount	
Nonmajor Capital Projects	Utility Fund	$ 157,475	Contribution to Capital Project
Internal Service/Retiree Ins	Utility Fund	10,616	Supplement Operations
Internal Service/Retiree Ins	General Fund	80,916	
Total Transfers		$ 249,007	

NOTE M -- COMMITMENTS AND CONTINGENCIES

Litigation

The City is the subject of various claims and litigation that have arisen in the course of its operations. Management is of the opinion that the City's liability in these cases, if decided adversely to the City, will not have a material effect on the City's financial position.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Construction Commitments

The City has entered into construction and engineering contracts for the improvement of various streets and utility systems, as well as park improvements. Estimated future commitments associated with these contracts as of September 30, 2019 are as follows:

Primary Government	Total Commitments	Incurred Thru September 2019	Estimated Future Commitments
General Government			
Bldgs, Streets & Drainage	$ 5,904,767	$ 1,686,060	$ 4,218,707
Professional Services	1,026,073	490,127	535,946
	6,930,840	2,176,187	4,754,653
Utility System			
Utility System Improvements	12,216,514	3,239,903	8,976,611
Professional Services (Engineering)	3,080,316	1,746,296	1,334,020
	15,296,830	4,986,199	10,310,631
Total Primary Government Commitments	$ 22,227,670	$ 7,162,386	$ 15,065,284
Component Unit			
Professional Services	$ 89,040	$ 52,189	$ 36,851
	$ 89,040	$ 52,189	$ 36,851

NOTE M -- COMMITMENTS AND CONTINGENCIES (Continued)

Economic Development Agreements

WDW Development, LP Agreement

The City entered into a Chapter 380 Agreement with WBW Land Investments, LP (WBW) which provides that the City shall reimburse WBW for certain public infrastructure improvements out of 50% of the increased tax received from home sales in the residential development project known as the Meadows at Nolte Farms over a period of ten years, beginning one year immediately after the date of initial completion, at a cost not to exceed $500,000. The City estimates the increase in assessed value on the project over the base year to be $15,000,000. Reimbursements to WBW began March 2017. Reimbursement for the year ended September 30, 2019 was $78,225.

Perry Homes, LLC

The City entered into a Chapter 380 Agreement with Perry Homes, LLC ("developer") to reimburse the developer 75% of the 1% unrestricted sales taxes collected on materials that are purchased to construct homes in Seguin. The agreement period begins February 2018. Total reimbursements for 2019 were $14,394.

Power Purchase Agreements

On December 17, 2015, the City entered into a fifteen (15) year agreement with the City of Garland to purchase energy produced by a solar-power facility, along with associated Environmental Attributes. The terms of the agreement began on the Commercial Operation Date (March 17, 2017) and ends on the day preceding the 15th anniversary of the agreement. In addition, the City entered into a separate twenty (20) year agreement with the City of Garland to purchase energy produced by a wind energy facility, along with associated Environmental Attributes. The terms of the agreement began on the Commercial Operation Date (November 13, 2016) and ends on the day preceding the 20th anniversary of the agreement. Both agreements carry performance guarantees for all parties, as well as mutual security provisions.

Commitments under Noncapitalized Leases

Commitments under noncapitalized (operating) leases for copiers provide for future rental payments as of September 30, 2019 as follows:

Year Ending September 30,	Rentals
2020	$ 39,717
2021	29,037
2022	18,506
2023	10,243
2024	5,918
Total	$ 103,421

NOTE M -- COMMITMENTS AND CONTINGENCIES (Continued)

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances lapse at year-end and do not constitute expenditures or liabilities because the commitments must be reappropriated and honored during the subsequent year. Therefore, there were no outstanding encumbrances as of September 30, 2019.

Guadalupe Regional Medical Center

The City of Seguin is contingently liable for 50% of operating deficits produced by Guadalupe Regional Medical Center (GRMC), if any, with Guadalupe County contingently responsible for the remainder. As of September 30, 2019, long-term debt of GRMC consisted of Revenue Bonds in the amount of $111,635,000, and capital lease obligations in the amount of $4,734,973. The bonds are secured by revenues of the GRMC, mortgage insurance issued by FHA and funds held in trust.

Following is a summary of financial data as reported in the Guadalupe Regional Medical Center's most recent audited financial statements for the year ended September 30, 2019:

Assets:	
Current Assets	$ 84,223,455
Other Assets	8,228,713
Capital Assets (Net)	106,135,306
Deferred Outflows of Resources	10,259,794
Total Assets and Deferred Outflows	208,847,268
Liabilities & Net Assets:	
Current Liabilities	28,429,632
Other Liabilities	123,453,045
Total Liabilities	151,882,677
Deferred Inflows of Resources	1,494,635
Net Position	$ 55,469,956
Operating Revenues:	
Net Revenues from Patient Services	$ 202,738,100
Other Operating Revenues	7,197,043
Total Operating Revenues	209,935,143
Operating Expenses:	199,104,461
Total Net Operating Income	10,830,682
Nonoperating Revenues and (Expenses)	(4,035,501)
Increase (Decrease) in Net Position	$ 6,795,181

NOTE M -- COMMITMENTS AND CONTINGENCIES (Continued)

Schertz/Seguin Local Government Corporation

The City of Seguin is jointly liable, together with the City of Schertz, for operating deficits and long-term debt of the Schertz/Seguin Local Government Corporation (See Note A1). Following is a summary of financial data as reported in the Corporation's most recent audited financial statements dated September 30, 2018:

Assets:	
Current Assets	$ 17,184,732
Restricted Cash and Cash Equivalents	76,029,551
Property, Plant & Equipment	93,336,414
Other Assets & Deferred Charges	2,284,998
Total Assets & Deferred Charges	188,835,695
Liabilities & Net Position:	
Current Liabilities	6,656,284
Revenue Bonds (Less Current Maturities and Unamortized Discounts)	161,215,523
Total Liabilities	167,871,807
Net Position:	
Net Investment in Capital Assets	(2,296,656)
Restricted	7,559,142
Unrestricted	15,701,402
Total Net Position	$ 20,963,888

The Corporation had revenue bonds outstanding in the amount of $165,440,000 (as of September 30, 2018) to provide funds to build, improve, extend, enlarge and repair the Corporation's utility system, fund a reserve, and pay the costs of bond issuance. The bond resolution pledges intergovernmental contract revenues from the cities of Schertz and Seguin (the participating governments) to bond holders. Under the intergovernmental water supply contract, the participating governments are unconditionally obligated to pay their respective shares of annual contract revenue bond debt service from the operation of their respective utility systems.

NOTE N – PLEDGED REVENUE

SEDC entered into an agreement, along with the City, to fund certain improvements to the IH-10 frontage road in an amount not to exceed $1,250,000. SEDC's portion of the commitment is funded by a pledge of future sales tax revenue to reimburse the City ½ of the debt service requirements of bonded debt to fund the improvements. The remaining commitment on the agreement as of September 30, 2019 is $207,000 over a one-year period.

NOTE N – PLEDGED REVENUE (Continued)

Total contributions to the City in support of debt were $203,650 for the year ended September 30, 2019.

NOTE O -- RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2019 were $442,411 for property and casualty and $189,278 for workers' compensation coverage.

NOTE P – TAX ABATEMENT DISCLOSURES

The City of Seguin negotiates property tax abatement agreements on a cases-by-case basis. The agreements freeze property tax revenues received from the paying entity at current levels and deprives the City of a percentage of future increases in ad valorem property tax revenues that otherwise would have resulted from increases in assessed valuation in such areas until the tax abatement period terminates. The Texas Property Redevelopment and Tax Abatement Act, Chapter 312 of the Texas Tax Code authorizes taxing jurisdictions to provide property tax abatement for a limited period of time as inducement for the development or redevelopment of property.

The City of Seguin Tax Abatement Guidelines (the "Guidelines"), adopted and effective on January 1, 2017, allow abatements to be granted only for the additional value of real or personal property improvements. No abatement will be approved that exceeds 100% of the new appraised value of capital improvements and/or personal property, or that will reduce current ad valorem revenue, and will be effective for no more than ten years. In the event that a facility that has been granted a tax abatement discontinues producing goods or services, fails to commence or complete the required capital investment, or fails to comply with any other provisions of the tax abatement agreement, the abatement agreement may be terminated by the City and all taxes previously abated will be recaptured and paid within 60 days of the termination. The Guidelines also include three abatement schedules that identify maximum allowable percentages based on the amount of real and personal property investment. These schedules serve as a guide for staff in determining a recommended abatement for a specific project.

NOTE P – TAX ABATEMENT DISCLOSURES (Continued)

As of September 30, 2019, the City has active tax abatement agreements with three entities. The gross amount of property tax abated during 2019 was $925,027.

Caterpillar, Inc.: Tax abatement is for a period of ten years beginning January 1, 2010 for the construction and operation of a diesel engine manufacturing facility with an estimated value of $161,000,000.

Tractor Supply Co. of Texas, LP: Tax abatement agreement for a period of five years beginning January 1, 2016 for the construction and operation of a distribution facility with an estimated value of $8,000,000.

Minigrip: Tax abatement agreement for a period of five years beginning January 1, 2019 for personal property tax with an estimated value of $4,077,241.

NOTE Q – SUBSEQUENT EVENTS

Primary Government:
The City issued *Certificates of Obligation, Series 2020*, in the amount of $9,170,000 to fund street improvements, Golf Course Pro shop improvements, and Walnut Springs Trail Phase II. The Certificates mature serially through 2034 and carry interest at the rate of 3.5% to 5.0%. The bonds will be serviced by ad valorem tax.

In addition, the City issued *Utility System Revenue Bonds, Series 2020*, in the amount of $3,550,000 to fund various Sewer Wastewater Treatment Plant improvements. The bonds mature serially through 2034 and carry interest at the rate of 3.25% to 5.0%. The bond debt service will be funded from revenues of the Utility System.

Component Unit:
The Seguin Economic Development Corporation (component unit) granted 27.28 acres (subject to certain performance agreements) to a manufacturing facility seeking to locate in Seguin. The land grant is valued at $859,000. The manufacturing facility will create 100 full-time jobs over five years and a capital investment of at least $35,000,000.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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FINAL

IN REGARD to the authorization and issuance of the "City of Seguin, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021" (the *Certificates*), dated January 1, 2021 in the aggregate principal amount of $10,970,000, we have reviewed the legality and validity of the issuance thereof by the City Council of the City of Seguin, Texas (the *Issuer*). The Certificates are issuable in fully registered form only in denominations of $5,000 or any integral multiple thereof (within a Stated Maturity). The Certificates have Stated Maturities of September 1 in each of the years 2022 through 2040, unless redeemed prior to Stated Maturity in accordance with the terms stated on the face of the Certificates. Interest on the Certificates accrues from the dates, at the rates, in the manner, and is payable on the dates as provided in the ordinance (the *Ordinance*) authorizing the issuance of the Certificates. Capitalized terms used herein without definition shall have the meanings ascribed thereto in the Ordinance.

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

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

BASED ON OUR EXAMINATION, IT IS OUR OPINION that the Certificates have been duly authorized and issued in conformity with the laws of the State of Texas now in force and that the Certificates are valid and legally binding obligations of the Issuer enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. The Certificates are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the Issuer and are additionally payable from and secured by a lien on and pledge of the Pledged Revenues, being a limited amount of the Net Revenues derived from the operation of the Issuer's combined utility system (the *System*), such lien on and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien on and pledge thereof providing for the payment and security of the currently outstanding Prior Lien Obligations and any Additional Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the Issuer. The Issuer also previously authorized the issuance of the Limited Pledge Obligations that are payable in part from and secured by a lien on and pledge of a limited amount of the Net Revenues of the System in accordance with the ordinances authorizing the issuance of the currently outstanding Limited Pledge Obligations. In the Ordinance, the Issuer reserves and retains the right to issue Additional Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise.

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

WE EXPRESS NO OTHER OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the 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 credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

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

Norton Rose Fulbright US LLP

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Financial Advisory Services
Provided By:

SAMCO Capital