

**OFFICIAL NOTICE OF SALE, OFFICIAL BID FORM
and
PRELIMINARY OFFICIAL STATEMENT**

CITY OF BORGER, TEXAS

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

\$7,750,000*

**COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF
OBLIGATION, SERIES 2021
(THE "CERTIFICATES")**

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

**Bids due
Tuesday, March 16, 2021
at
11:00 A.M., Central Time**

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

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

The Issuer will designate the Certificates as “Qualified Tax-Exempt Obligations” for financial institutions.

OFFICIAL NOTICE OF SALE

\$7,750,000*

CITY OF BORGER, TEXAS

(A political subdivision of the State of Texas located in Hutchinson County, Texas)

COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2021

CERTIFICATES OFFERED FOR SALE AT COMPETITIVE BID: The City Council (the “City Council”) of the City of Borger, Texas (the “City” or the “Issuer”) is offering for sale at competitive bid its \$7,750,000 Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021 (the “Certificates”).

BIDS BY INTERNET: Interested bidders may, at their option and risk, submit their bid by electronic media, as described below, by 11:00 A.M., Central Time, on, Tuesday, March 16, 2021. Bidders submitting a bid by internet shall not be required to submit signed Official Bid Forms prior to the award. Any prospective bidder that intends to submit an electronic bid must submit its electronic bid via the facilities of the i-Deal, LLC Parity System (“PARITY”) and should, as a courtesy, register with PARITY by 9:00 A.M., Central Time, on Tuesday, March 16, 2021 indicating their intent to submit a bid by internet.

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

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

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

OPENING OF BIDS: Bids will be opened and publicly read at 11:00 A.M., Central Time, on Tuesday, March 16, 2021, following which the bids will be evaluated by SAMCO Capital Markets, Inc. (the “Financial Advisor”) and the City Council shall provide final approval of the award at a City Council meeting later that day. The Mayor of the City or her representative shall award the Certificates as described in the section entitled “AWARD AND SALE OF THE CERTIFICATES” below.

AWARD AND SALE OF THE CERTIFICATES: By 12:00 P.M., (Noon) Central Time, on the date set for receipt of bids, the Mayor of the City or her representative shall award the Certificates to the **low qualified bidder (the “Winning Bidder”), as described in the section entitled “CONDITIONS OF SALE – Basis of Award” herein subject to final approval of the City Council which will take action to adopt an ordinance (the “Ordinance”)** authorizing the issuance and awarding sale of the Certificates or will reject all bids promptly at a scheduled meeting to commence at 1:30 P.M. Central Time on Tuesday, March 16, 2021. The City reserves the right to reject any or all bids and to waive any irregularities, except time of filing.

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

THE CERTIFICATES

DESCRIPTION OF CERTAIN TERMS OF THE CERTIFICATES: The Certificates will be dated April 1, 2021 (the “Dated Date”) with interest to accrue from the Dated Date and be payable initially on February 1, 2022, and semiannually on each August 1 and February 1 thereafter until the earlier of stated maturity or prior redemption. The Certificates will be issued as fully registered Certificates in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository (the “Securities Depository”). Book-entry interests in the Certificates will be made available for purchase in the principal amount of \$5,000 or any integral multiple thereof within a stated maturity. Purchasers of the Certificates (“Beneficial Owners”) will not receive physical delivery of certificates representing their interest in the Certificates purchased. So long as DTC or its nominee is the registered owner of the Certificates, the principal of and interest on the Certificates will be payable by BOKF, NA, Dallas, Texas, as Paying Agent/Registrar, to 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” in the Preliminary Official Statement.) The Certificates will be stated to mature on August 1 in each of the following years in the following amounts:

MATURITY SCHEDULE (Due August 1)

Stated Maturity	Principal Amount*	Stated Maturity	Principal Amount*
2022	\$ 25,000	2032	\$ 400,000
2023	310,000	2033	415,000
2024	315,000	2034	425,000
2025	325,000	2035	440,000
2026	335,000	2036	450,000
2027	345,000	2037	465,000
2028	355,000	2038	480,000
2029	365,000	2039	495,000
2030	380,000	2040	510,000
2031	390,000	2041	525,000

ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE CERTIFICATES: The City reserves the right to increase or decrease the principal (maturity) amount of any maturity of the Certificates, including the elimination of a maturity or maturities; provided, however, that the aggregate principal (denominational) amount of the Certificates shall not exceed \$7,750,000. Notice of any such changes shall be given to the successful bidder as soon as practicable following the notification of award, as described below, and this Notice of Sale may be amended at the sole discretion of the City to reflect such increase or decrease. The City will attempt to maintain total per bond underwriter spread when adjusting maturities. No such adjustment will have the effect of altering the basis upon which the best bid is determined. The successful bidder may not withdraw its bids or change the rates bid or any initial reoffering prices as a result of any changes made to the principal (denominational) amounts.

SERIAL CERTIFICATES AND/OR TERM CERTIFICATES: Bidders may provide that all of the Certificates be issued as serial maturities or may provide that any two or more consecutive annual principal amounts be combined into one or more term certificates, not to exceed five term certificates (the “Term Certificates”).

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

OPTIONAL REDEMPTION: The City reserves the right, at its option, to redeem the Certificates maturing on or after August 1, 2031, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on August 1, 2030, or any date thereafter, at the redemption price of par plus accrued interest to the date of redemption as further described in the Preliminary Official Statement.

*Preliminary, subject to change. See “THE CERTIFICATES – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE CERTIFICATES”.

SECURITY FOR PAYMENT: The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including the Certificate of Obligation Act of 1971 (Sections 271.041 through 271.064, Texas Local Government Code, as amended), Chapter 351, as amended, Texas Tax Code, an ordinance (the "Ordinance") to be adopted by the City Council on March 16, 2021, and the City's Home Rule Charter and are payable primarily from an annual ad valorem taxes levied against all taxable property therein, within the limits prescribed by law, and are further secured by a lien on and pledge of the revenues (the "Pledged Hotel Occupancy Tax Revenues") received by the City from the Hotel Occupancy Tax levied by the City, being a limited amount of the Pledged Hotel Occupancy Tax Revenues 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 that may be pledged to the payment of any Prior Lien Obligations, Junior Lien Obligations or Subordinate Lien Obligations (each as described and defined in the Ordinance) hereafter issued by the Issuer. In the Ordinance the City retains the right to issue Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations, while the Certificates are Outstanding, without limitations as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise..

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

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

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

CONDITIONS OF SALE

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

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

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

ESTABLISHMENT OF ISSUE PRICE:

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

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

- (1) the City shall disseminate this Official Notice of Sale to potential underwriters (defined below) in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Certificates to the bidder who submits a firm offer to purchase the Certificates at the highest price (or lowest interest cost), as set forth in this Official Notice of Sale.

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

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

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

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public.

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

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

(f) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling

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

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

- (1) "public" means any person other than an underwriter or a related party,
- (2) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the public (including a member of a selling group or a party to a retail or other third-party distribution agreement participating in the initial sale of the Certificates to the public),
- (3) a purchaser of any of the Certificates is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (4) "sale date" means the date that the Certificates are awarded by the City to the Winning Bidder.

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

GOOD FAITH DEPOSIT: A bank cashier's check payable to the order of "City of Borger, Texas" in the amount of \$155,000, which is 2% of the par value of the Certificates (the "Good Faith Deposit"), is required. The Good Faith Deposit will be retained uncashed by the City until the Certificates are delivered, and at that time it will be returned to the Purchaser uncashed on the date of delivery of the Certificates; however, should the Purchaser fail or refuse to take up and pay for the Certificates, said Good Faith Deposit is to be cashed by the City and the proceeds accepted as full and complete liquidated damages. The above mentioned Good Faith Deposit may accompany the bid, or it may be submitted separately; however, if submitted separately, it shall be made available to the City prior to the opening of the bids and shall be accompanied by instructions from the bank on which it is drawn which will authorize its use as a Good Faith Deposit by the Purchaser who shall be named in such instructions. No interest will be paid or allowed on any Good Faith Deposit. The checks accompanying all other bids will be returned immediately after the bids are opened and the award of the sale of the Certificates has been made.

ADDITIONAL CONDITION OF AWARD — DISCLOSURE OF INTERESTED PARTY FORM:

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

Process for completing the Disclosure Form. For purposes of illustration, the Disclosure Form is attached hereto, and reference should be made to such form for the following information needed to complete it: (a) item 2 - name of the governmental entity (City of Borger, Texas) and (b) item 3 - the identification number assigned to this contract by the City (Borger CO2021 – Bid Form) and description of the goods or services (Purchase of the City of Borger, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021). The Interested Party Disclosure Act and the rules adopted by the TEC with respect thereto (the "Disclosure Rules") require a non-publicly traded business entity contracting with the City to complete the Disclosure Form electronically at <https://www.ethics.state.tx.us/main/file.htm>, print, sign, and deliver, in physical form, the certified Disclosure Form that is generated by the TEC's "electronic portal" to the City. The executed Disclosure Form must be sent by email to the City's financial advisor at mmcliney@samcocapital.com, as soon as possible following the notification of conditional verbal acceptance and prior to the final written award. Upon receipt of the final written award, the Disclosure Form with original

signatures must be submitted by mail to Stephanie Leibe, c/o Norton Rose Fulbright US LLP, 111 W. Houston Street, Suite 1800 San Antonio, Texas 78205, along with a PDF executed version sent to stephanie.leibe@nortonrosefulbright.com.

Preparations for completion, and the significance of, the reported information. In accordance with the Interested Party Disclosure Act, the information reported by the winning Privately Held Bidder must be declared by an authorized agent of the Privately Held Winning Bidder. No exceptions may be made to that requirement. The Interested Party Disclosure Act and the Disclosure Form provides that such acknowledgment is made “under penalty of perjury.” Consequently, a winning Privately Held Bidder should take appropriate steps prior to completion of the Disclosure Form to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the Disclosure Form. Time will be of the essence in submitting the form to the City, and no final award will be made by the City regarding the sale of the Certificates until a completed Disclosure Form is received. If applicable, the City reserves the right to reject any bid that does not satisfy the requirement of a completed Disclosure Form, as described herein. Neither the City nor its consultants have the ability to verify the information included in a Disclosure Form, and neither party has an obligation nor undertakes responsibility for advising any bidder with respect to (1) the bidder’s obligation to submit the Disclosure Form or (2) the proper completion of the Disclosure Form. Consequently, an entity intending to bid on the Certificates should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form, if required, promptly upon notification from the City that its bid is the conditional winning bid. Instructional videos on logging in and creating a certificate are provided on the TEC’s website at https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm.

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

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

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

OFFICIAL STATEMENT

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

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

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

The City will complete and authorize distribution of the Official Statement identifying the Purchaser and containing information omitted from the Preliminary Official Statement. The City does not intend to amend or supplement the Official Statement otherwise, except to take into account certain subsequent events, if any, as described below. By delivering the final Official Statement or any amendment or supplement thereto in the requested quantity to the Purchaser on or after the sale date, the City intends the same to be final as of such date, within the

meaning of Section 15c2-12(b)(3) of the Rule. Notwithstanding the foregoing, the City makes no representation concerning the absence of material misstatements or omissions from the Official Statement, except only as and to the extent under "CERTIFICATION OF THE OFFICIAL STATEMENT" as described below. To the best knowledge and belief of the City, the Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Certificates.

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

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

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

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

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

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

DELIVERY AND ACCOMPANYING DOCUMENTS

INITIAL DELIVERY OF INITIAL CERTIFICATES: The initial delivery of the Certificates to the Purchaser on the "Delivery Date", will be accomplished by the issuance of either (i) a single fully registered Certificate in the total principal amount of \$7,750,000 (preliminary, subject to change) payable in stated installments to the Purchaser and numbered T-1, or (ii) as one (1) fully registered Certificate for each year of stated maturity in the applicable principal amount and denomination, to be numbered consecutively from R-1 and upward (in either case, the "Initial Certificate"), signed by manual or facsimile signature of the Mayor and the City Secretary approved by the Attorney General of Texas, and registered and manually signed by an authorized representative of the Comptroller of Public Accounts of the State of Texas. Initial Delivery (defined below) of the Certificates will be at the corporate trust office of the Paying Agent/Registrar. Upon delivery of the Initial Certificate, they shall be immediately canceled and one Certificate for each stated maturity will be registered in the name of Cede & Co. and deposited with DTC in connection with DTC's Book-Entry-Only System. Payment for the Initial Certificate must be made in immediately available funds for unconditional credit to the City, or as otherwise directed by the City. The Purchaser will be given six (6) business days' notice of the time fixed for delivery of the Certificates. It is anticipated that Initial Delivery of the Initial Certificate can be made on or about April 14, 2021, but if for any reason the City is unable to make delivery by April 14, 2021, then the City shall immediately contact the Purchaser and offer to allow the Purchaser to extend for an additional thirty (30) days its obligation to take up and pay for the Certificates. If the Purchaser does not so elect within six (6) business days thereafter, then the Good Faith Deposit will be returned, and both the City and the Purchaser shall be relieved of further obligation. In no event shall the City be liable for any damages by reason of its failure to deliver the Certificates, provided such failure is due to circumstances beyond the City's reasonable control.

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

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

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

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

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

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

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

GENERAL CONSIDERATIONS

FUTURE REGISTRATION: The 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 Certificates 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 corporate trust office of the Paying Agent/Registrar, or sent by United States registered mail to the new registered owner at the registered owner's request, risk, and expense. To the extent possible, new 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 its 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 interest rate as the Certificates surrendered for exchange or transfer.

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

RATINGS: S&P Global Ratings ("S&P") has assigned an unenhanced, underlying rating of "A+" to the Certificates. (See "OTHER PERTINENT INFORMATION - Ratings" in the Preliminary Official Statement). An explanation of the significance of such a rating may be obtained from S&P. The rating of the Certificates by S&P reflects only the view of S&P at the time the rating is given, and the City makes no representations as to the appropriateness of the rating. If the Purchaser chooses to submit a bid utilizing bond insurance, the enhanced long-term rating on the Certificates will be dependent upon the rating of the provider of such insurance policy. See "BOND INSURANCE" and "BOND INSURANCE RISK FACTORS" in the Preliminary Official Statement. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by S&P, if, in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Certificates.

OTHER DEBT ISSUED IN CLOSE PROXIMITY TO THE CERTIFICATES: In close proximity to or simultaneously with the sale and delivery of the Certificates, the Issuer expects to sell its \$1,800,000 (preliminary) Venue Tax Revenue Bonds, Series 2021 (the "Venue Bonds"), which are expected to close on or about April 14, 2021. The Venue Bonds were publicly offered under a separate offering document. This Preliminary Official Statement relates only to the sale of the Certificates and not to the sale of the Venue Bonds.

REGISTRATION AND QUALIFICATION OF CERTIFICATES FOR SALE: No registration statement relating to the Certificates has been filed with the SEC under the Securities Act of 1933, as amended (the "Act"), in reliance upon exemptions provided in such Act. The Certificates have not been approved or disapproved by the SEC, nor has the SEC passed upon the accuracy or adequacy of the Official Statement. Any representation to the contrary is a criminal offense. The Certificates have not been registered or qualified under the Securities Act of Texas in reliance upon exemptions contained therein, nor have the Certificates been registered or qualified under the securities acts of any other jurisdiction. The City assumes no responsibility for registration or 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 registration or 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 or qualification 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 expense and within reasonable limits, in registering or qualifying the Certificates, or in obtaining an exemption from registration or qualification in any state where such action is necessary, but will in no instance execute a general consent to service of process in any state that the Certificates are offered for sale.

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

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

/s/ Karen Felker
Mayor,
City of Borger, Texas

ATTEST:
/s/ Stella Sauls
City Secretary,
City of Borger, Texas

March 9, 2021

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OFFICIAL BID FORM

Honorable Mayor and City Council
 City of Borger
 600 N. Main
 Borger, Texas 79007

March 16, 2021

Dear Ladies and Gentlemen:

Subject to the terms of your Official Notice of Sale and Preliminary Official Statement dated March 9, 2021, which terms are incorporated by reference to this proposal (and which are agreed to as evidenced by our submission of this bid), we hereby submit the following bid for \$7,750,000 (preliminary, subject to change) CITY OF BORGER, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2021, dated April 1, 2021 (the "Certificates").

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

Year of Stated Maturity	Principal Amount at Stated Maturity	Coupon %	Year of Stated Maturity	Principal Amount at Stated Maturity	Coupon %
2022	\$ 25,000		2032*	\$ 400,000	
2023	310,000		2033*	415,000	
2024	315,000		2034*	425,000	
2025	325,000		2035*	440,000	
2026	335,000		2036*	450,000	
2027	345,000		2037*	465,000	
2028	355,000		2038*	480,000	
2029	365,000		2039*	495,000	
2030	380,000		2040*	510,000	
2031*	390,000		2041*	525,000	

*Maturities available for Term Certificates.

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

We are (are not) having the Certificates of the following maturities _____ insured by _____ at a premium of \$_____. The premium will be paid by the Winning Bidder. Any fees due to rating agencies, other than S&P Global Ratings ("S&P"), as a result of the purchase of this insurance will be paid by the Winning Bidder. The City will pay the fee due to S&P.

ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS: As a condition to our submittal of this bid for the Certificates, we acknowledge the following: The City reserves the right to increase or decrease the principal (maturity) amount of any maturity of the Certificates, including the elimination of a maturity or maturities; provided, however, that the aggregate principal (denominational) amount of the Certificates shall not exceed \$7,750,000. Notice of any such changes shall be given to the successful bidder as soon as practicable following the notification of award, as described below, and this Official Notice of Sale may be amended at the sole discretion of the City to reflect such increase or decrease. The City will attempt to maintain total per bond underwriter spread when adjusting maturities. No such adjustment will have the effect of altering the basis upon which the best bid is determined. The successful bidder may not withdraw its bids or change the rates bid or any initial reoffering prices as a result of any changes made to the principal (denominational) amounts.

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

Term Certificate Maturity Date August 1	Year of First Mandatory Redemption	Principal Amount of Term Certificate	Interest Rate
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

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

Cashier's Check of the _____ Bank, _____, Texas, in the amount of \$155,000, which represents our Good Faith Deposit (is attached hereto) or (has been made available to you prior to the opening of this Bid), and is submitted in accordance with the terms as set forth in the Official Notice of Sale, said check is to be returned to the Purchaser.

We agree to accept delivery of the Certificates utilizing the Book-Entry-Only System through DTC and make payment for the Initial Certificate in immediately available funds at the Corporate Trust Division, BOKF, NA, Dallas, Texas, not later than 10:00 A.M., Central Time, on Wednesday, April 14, 2021, or thereafter on the date the Certificates are tendered for delivery, pursuant to the terms set forth in the Official Notice of Sale. It will be the obligation of the purchaser of the Certificates to complete and file the DTC Eligibility Questionnaire. The undersigned agrees to the provisions of the Official Notice of Sale under the heading "CONDITIONS OF SALE – ESTABLISHMENT OF ISSUE PRICE" and, as evidenced thereof, agrees to complete, execute, and deliver to the City, by the Delivery Date, a certificate relating to the "issue price" of the Certificates in the form and to the effect attached to or accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to Bond Counsel for the City. (See "CONDITIONS OF SALE – ESTABLISHMENT OF ISSUE PRICE" in the Official Notice of Sale.)

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

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

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

By: _____
 Authorized Representative

 Telephone Number

 E-mail Address

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by the City of Borger, Texas, subject to and in accordance with the Official Notice of Sale and Official Bid Form, this 16th day of March 2021.

/s/ _____
 Mayor,
 City of Borger, Texas

ATTEST:

/s/ _____
 City Secretary,
 City of Borger, Texas

\$7,750,000*
CITY OF BORGER, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION,
SERIES 2021

ISSUE PRICE CERTIFICATE

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

1. Reasonably Expected Initial Offering Price.

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

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

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

2. Defined Terms.

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

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

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Obligations. The Sale Date of the Obligations is March 16, 2021.

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

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

By: _____
Name: _____
Title: _____

Dated: April 14, 2021

*Preliminary, subject to change.

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SCHEDULE A
EXPECTED OFFERING PRICES

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SCHEDULE B

COPY OF UNDERWRITER'S BID

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This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the securities laws of any such jurisdiction.

NEW ISSUE - BOOK-ENTRY-ONLY

**Rating: S&P: "Applied For" (Insured)
S&P: "A+" (Underlying)**

(See: "OTHER PERTINENT INFORMATION-Ratings", "BOND INSURANCE" and "BOND INSURANCE RISK FACTORS" herein)

**PRELIMINARY OFFICIAL STATEMENT
March 9, 2021**

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

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

\$7,750,000*

CITY OF BORGER, TEXAS

(A political subdivision of the State of Texas located in Hutchinson County, Texas)

COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2021

Dated Date: April 1, 2021

Due: August 1, as shown on inside cover

The \$7,750,000* City of Borger, 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"), particularly Certificate of Obligation Act of 1971 (Sections 271.041 through 271.064, Texas Local Government Code, as amended), Chapter 351, as amended, Texas Tax Code, an ordinance (the "Ordinance") to be adopted by the City Council of the City of Borger, Texas (the "City" or the "Issuer") on March 16, 2021, and the City's Home Rule Charter. (See "THE CERTIFICATES - Authority for Issuance" herein.)

The Certificates constitute direct and general obligations of the Issuer payable primarily from the proceeds of an annual ad valorem tax levied upon all taxable property within the City, within the limitations prescribed by law, and are further payable from and secured by a lien on and pledge of the revenues (the "Pledged Hotel Occupancy Tax Revenues") received by the City from the Hotel Occupancy Tax levied by the City, being a limited amount of the Pledged Hotel Occupancy Tax Revenues 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 that may be pledged to the payment of any Prior Lien Obligations, Junior Lien Obligations or Subordinate Lien Obligations (each as described and defined in the Ordinance) hereafter issued by the Issuer. In the Ordinance the City retains the right to issue Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations, while the Certificates are Outstanding, without limitations 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 April 1, 2021 (the "Dated Date") as shown above and will be payable on February 1 and August 1 of each year, commencing February 1, 2022, 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 BOKF, NA, Dallas, Texas, as Paying Agent Registrar to the securities depository, which will in turn remit such principal and interest to its participants, which will in turn remit such principal and interest to the Beneficial Owners of the Certificates. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) the design, construction, improvement, enlargement, equipping, repairing, operation, and maintenance of convention center facilities, including the acquisition of necessary sites and any parking and related facilities thereto; and (2) the purchase of materials, supplies, equipment, machinery, landscaping, land, and rights-of-way for authorized needs and purposes relating to the aforementioned capital improvements; and (3) payment for professional services relating to the design, construction, project management, and financing of the aforementioned projects. (See "THE CERTIFICATES - Use of Certificate Proceeds" herein.)

The City has made application to municipal bond insurance companies to have the payment of the principal and interest on the Certificates insured by a municipal bond insurance policy and will consider the purchase of such insurance after an analysis of the bids from such companies has been made. The Purchaser (hereinafter defined) will be responsible for paying the bond insurer's bond insurance premium. (See "BOND INSURANCE" and "BOND INSURANCE RISK FACTORS" herein.)

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

The Certificates are offered for delivery, when, as and if issued and received by the initial purchaser thereof at a competitive sale (the "Purchaser") and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by Norton Rose Fulbright US LLP, San Antonio, Texas, Bond Counsel. The legal opinion of Bond Counsel will be printed on, or attached to, the Certificates. (See "LEGAL MATTERS - Legal Opinions and No-Litigation Certificate" as "APPENDIX C - Form of Legal Opinion of Bond Counsel" herein). It is expected that the Certificates will be available for initial delivery through DTC on or about April 14, 2021.

BIDS DUE TUESDAY, MARCH 16, 2021 BY 11:00 A.M., CENTRAL TIME

**Preliminary, subject to change.*

\$7,750,000*
CITY OF BORGER, TEXAS
(A political subdivision of the State of Texas located in Hutchinson County, Texas)
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2021

MATURITY SCHEDULE*
(Due August 1)

CUSIP Prefix No. 099743⁽¹⁾

Stated Maturity <u>August 1</u>	Principal Amount*	Initial Rate (%)	Initial Yield (%)	CUSIP Suffix ^(a)
2022	\$ 25,000			
2023	310,000			
2024	315,000			
2025	325,000			
2026	335,000			
2027	345,000			
2028	355,000			
2029	365,000			
2030	380,000			
2031	390,000			
2032	400,000			
2033	415,000			
2034	425,000			
2035	440,000			
2036	450,000			
2037	465,000			
2038	480,000			
2039	495,000			
2040	510,000			
2041	525,000			

(Interest to accrue from Dated Date)

The Issuer reserves the right to redeem the Certificates maturing on or after August 1, 2031, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof on August 1, 2030, or any date thereafter, at the redemption price of par plus accrued interest as further described herein. Additionally, the Purchaser may select certain consecutive maturities of the Certificates to be grouped together as a "Term Certificate" and such "Term Certificates" would also be subject to mandatory sinking fund redemption. (See "THE CERTIFICATES - Redemption Provisions of the Certificates" herein.)

* Preliminary, subject to change.

⁽¹⁾ CUSIP numbers are included solely for the convenience of the owner of the Certificates. CUSIP is a registered trademark of The American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the City, the Financial Advisor, or the Purchaser is responsible for the selection or correctness of the CUSIP numbers set forth herein.

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CITY OF BORGER, TEXAS

**600 N. Main Street
Borger, Texas 79007**

ELECTED OFFICIALS

Name	Years Served	Term Expires (May)	Occupation
Karen Felker Mayor, Place 3	6 1/2	2023	Inside Sales/Pricing Analyst
Milton Ooley Mayor Pro-Tem Place 5	4 1/2	2022	Retired, Educator
Charles Loftis Councilmember, Place 1	15 1/2	2021	Retired, Coach
Marvin Dickson Councilmember, Place 4	13 1/2	2022	Retired, Maintenance Supervisor
Kim Perez Councilmember Place 2	Elected 11/2020	2023	Business Owner

ADMINISTRATION

Name	Position	Length of Service (Years)
Eddie Edwards*	City Manager	40
Garrett Spradling	Assistant City Manager	11
Scott Radach	Director of Finance	11
Stella Sauls	City Secretary	29

* Mr. Edwards announced his retirement effective May 31, 2021, City Council will appoint Mr. Spradling as City Manager upon Mr. Edwards retirement. Mr. Edwards has agreed to advise the city as an outside consultant through December 31, 2021.

CONSULTANTS AND ADVISORS

Bond CounselNorton Rose Fulbright US LLP
San Antonio, Texas

Certified Public Accountants Anderson Hill, LLP
Lubbock, Texas

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

For Additional Information Please Contact:

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Mr. Garrett Spradling, Assistant City Manager
Mr. Scott Radach, Director of Finance
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Mr. Mark M. McLiney
Mr. Andrew T. Friedman
SAMCO Capital Markets, Inc.
1020 NE Loop 410, Suite 640
San Antonio, Texas 78209
Phone: (210) 832-9760
mmcliney@samcocapital.com
afriedman@samcocapital.com

USE OF INFORMATION IN THE OFFICIAL STATEMENT

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

No dealer, broker, salesman, or other person has been authorized to give any information, or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer. This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. Any information or expression of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Issuer or other matters described herein since the date hereof.

NONE OF THE CITY, ITS FINANCIAL ADVISOR, OR THE PURCHASER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING EITHER THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM AS SUCH INFORMATION IS PROVIDED BY DTC, OR THE BOND INSURER, IF ANY, AND ITS MUNICIPAL BOND INSURANCE POLICY.

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

THE 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 THE CERTIFICATES HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

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 Purchaser 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.

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

SELECTED DATA FROM THE OFFICIAL STATEMENT

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

The Issuer	The City of Borger, Texas (the "City" or "Issuer") is located in the north Texas Panhandle county of Hutchinson County. The City's economy is diversely based in the petrochemical industry and further diversified in the nitrogen fertilizer and carbon black industries. The Issuer is a governmental entity and political subdivision of the State of Texas (the "State") governed by a City Council consisting of the Mayor and four Council Members. (See "Appendix B - General Information Regarding the City of Borger and Hutchinson County, Texas" herein.)
The Certificates	The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly the Certificate of Obligation Act of 1971 (Sections 271.041 through 271.064, Texas Local Government Code, as amended), Chapter 351, as amended, Texas Tax Code, an ordinance (the "Ordinance") to be adopted by the City Council of the City, on March 16, 2021 and the City's Home Rule Charter. (See "THE CERTIFICATES - Authority for Issuance" herein.)
Paying Agent/Registrar	The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas.
Security	The Certificates constitute direct general obligations of the Issuer payable from annual ad valorem taxes levied against all taxable property within the City, within the limits prescribed by law, and additionally from a pledge of and lien on certain revenues derived from the collection of a hotel occupancy tax levied within the City. (See "THE CERTIFICATES - Security for Payment" herein.)
Redemption Provisions of the Certificates	The Issuer reserves the right, at its sole option, to redeem Certificates stated to mature on or after August 1, 2031, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on August 1, 2030, or any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. Additionally, the Purchaser may select certain consecutive maturities of the Certificates to be grouped together as a "Term Certificate" and such "Term Certificates" would also be subject to mandatory sinking fund redemption. (See "THE CERTIFICATES - Redemption Provisions of the Certificates" herein.)
Tax Matters	In the opinion of Bond Counsel, the interest on the Certificates will be excludable from gross income of the owners thereof for purposes of federal income taxation under existing statutes, regulations, published rulings and court decisions, subject to matters discussed herein under "TAX MATTERS". (See "TAX MATTERS" and "APPENDIX C - Form of Opinion of Bond Counsel" herein.)
Qualified Tax-Exempt Obligations	The Issuer will designate the Certificates as "Qualified Tax-Exempt Obligations" for financial institutions. (See "TAX MATTERS - Qualified Tax-Exempt Obligations" herein.)
Use of Certificate Proceeds	Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) the design, construction, improvement, enlargement, equipping, repairing, operation, and maintenance of convention center facilities, including the acquisition of necessary sites and any parking and related facilities thereto; and (2) the purchase of materials, supplies, equipment, machinery, landscaping, land, and rights-of-way for authorized needs and purposes relating to the aforementioned capital improvements; and (3) payment for professional services relating to the design, construction, project management, and financing of the aforementioned projects. (See "THE CERTIFICATES - Use of Certificate Proceeds" herein.)
Bond Insurance	The City is considering qualifying the Certificates for municipal bond insurance and has made application to municipal bond insurance companies in connection with such consideration. If a municipal bond insurance policy is acquired, the Purchaser will pay the bond insurance premium for this bond insurance. (See "BOND INSURANCE" and "BOND INSURANCE RISK FACTORS" herein.)
Ratings	S&P Global Ratings ("S&P") has assigned an unenhanced, underlying rating of "A+" to the Certificates. (See "OTHER PERTINENT INFORMATION - Rating" herein.)
Payment Record	The City has never defaulted on the payment of its general obligation or revenue indebtedness.
Future Debt Issues	In close proximity to or simultaneously with the sale and delivery of the Certificates, the Issuer expects to sell its \$1,800,000 (preliminary) Venue Tax Revenue Bonds, Series 2021 (the "Venue Bonds"), which are expected to close on or about April 14, 2021. The Venue Bonds were publicly offered under a separate offering document. This Official Statement relates only to the sale of the Certificates and not to the sale of the Venue Bonds.
Delivery	When issued, anticipated on or about April 14, 2021.
Legality	Delivery of the Certificates is subject to the approval by the Attorney General of the State of Texas and the approval of certain legal matters by Norton Rose Fulbright US LLP, San Antonio, Texas, Bond Counsel.

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PRELIMINARY OFFICIAL STATEMENT

relating to

\$7,750,000*

CITY OF BORGER, TEXAS

(A political subdivision of the State of Texas located in Hutchinson County, Texas)

COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2021

INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by the City of Borger, Texas (the “City” or the “Issuer”) of its \$7,750,000* Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021 (the “Certificates”) identified on the cover page.

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

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

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

Infectious Disease Outbreak – COVID -19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is currently affecting many parts of the world, including the United States and 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 Texas in response to the Pandemic which has been subsequently extended and is still in effect. In addition, certain local officials, including the City and Moore County, have also declared a local state of disaster. 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 issued a number of executive orders relating to COVID-19 preparedness and mitigation. However, on March 2, 2021, the Governor issued Executive Order GA-34, which supersedes most of the executive orders relating to COVID-19 and provides, generally, for the reopening of the State to 100%, ends the COVID-19 mask mandate, and supersedes any conflicting order issued by local officials in response to COVID-19, among other things and subject to certain limitations. Executive Order GA-34 will take effect on March 10, 2021. Executive Order GA-34 remains in place until amended, rescinded, or superseded by the Governor. 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.

The City collects a sales and use tax on all taxable transactions within the City’s boundaries, revenue from the sale of gas, water and the collection of sewage, franchise fees based on private utility sales, hotel occupancy taxes upon the occupancy of any hotel or motel room in the City, and other excise taxes and fees that depend on business activity. Further actions may be taken to slow the Pandemic which may reduce economic activity within the City on which the City collects taxes, charges, and fees. A reduction in the collection of sales or other excise taxes, utility system revenue, hotel occupancy tax revenues, 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.

*Preliminary, subject to change.

The full extent of the ongoing impact of COVID-19 on the City's longer-term operational and financial performance will depend on future developments, many of which are outside of its control, including the effectiveness of the mitigation strategies discussed above, the duration and spread of COVID-19, and future governmental actions, all of which are highly uncertain and cannot be predicted. 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 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.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the City. The financial and operating data contained herein are the latest available but are for the dates and the periods stated herein, which are for periods prior to the economic impact of the Pandemic and efforts to slow it. It is unclear at this time what effect, if any, COVID-19 and resulting economic disruption may have on future assessed values or the collection of taxes, either because of delinquencies or collection and valuation relief resulting from the declared emergency. The Certificates are secured by a limited ad valorem tax and a limited amount of Hotel Occupancy Tax Revenues, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Certificates as well as the City's share of operations and maintenance expenses payable from ad valorem taxes.

2021 Weather Event

General. From February 14, 2021 through February 19, 2021, the continental United States experienced a severe winter storm (the "2021 Event"). As a result of the 2021 Event, areas throughout Texas experienced widespread, record breaking cold.

Beginning February 12, 2021 and continuing over the next several days, the natural gas and real-time wholesale power markets experienced extreme price volatility. With multiple natural gas pipelines restricting gas flows and significant power demand increases, next day delivery natural gas spot prices at various delivery hubs skyrocketed from an average of less than \$3.00 per million British thermal unit (mBtu) to \$1,250 per mBtu at their peak. The price per megawatt hour (MWh) of electricity exceeded \$9,000, when it had settled at only \$30 on February 10, 2021.

Due to effects of the 2021 Event and a reduction in available gas supply, approximately 185 generating units in the Electric Reliability Council of Texas ("ERCOT") grid tripped offline, and the grid lost roughly 46,000 MW of generation. In order to limit demand and protect the integrity of the grid, ERCOT implemented widespread and prolonged blackouts. As a result, approximately 4 million Texas residents were without power for significant stretches of the week.

Extended subfreezing temperatures caused water pipes to freeze and burst, and combined with the lack of power, eventually led to multiple water system failures across the State that impacted water availability generally and, in some instances, required the issuance of water boil notices. Initial reports indicated that roughly 14 million Texans were under boil water notices as of February 19, 2021.

On February 19, 2021, the President of the United States issued a Major Disaster Declaration for 77 counties in Texas, which was subsequently expanded to cover an addition 31 counties. The Texas Governor, on February 18, 2021, declared a new emergency item for the current Texas legislative session (in session until May 31, 2021) in which he requested the Legislature to mandate the winterization of Texas' power system and to ensure the necessary funding for winterization.

Impact on the City. Currently, the City does not anticipate that the 2021 Event will have a material financial impact on the City, including its municipal gas utility system.

THE CERTIFICATES

General Description of the Certificates

The Certificates will be dated April 1, 2021 (the "Dated Date"), will mature on the dates and in the principal amounts and will bear interest at the rates set forth on page 2 of this Official Statement. The Certificates will be registered and issued in denominations of \$5,000 or any integral multiple thereof. The Certificates will bear interest from the Dated Date, or from the most recent date to which interest has been paid or duly provided for, and will be paid semiannually on February 1 and August 1 of each year, commencing February 1, 2022, until stated maturity or prior redemption. Principal of and interest on the Certificates are payable in the manner described herein under "BOOK-ENTRY-ONLY SYSTEM". In the event the Book-Entry-Only System is discontinued, the interest on the Certificates payable on an interest payment date will be payable to the registered owner as shown on the security register maintained by BOKF, NA, Dallas, Texas as the initial Paying Agent/Registrar, as of the Record Date (defined below), by check, mailed first-class, postage prepaid, to the address of such person on the security register or by such other method acceptable to the Paying Agent/Registrar requested by and at the risk and expense of the registered owner. In the event the Book-Entry-Only System is discontinued, principal of the Certificates will be payable at stated maturity or prior redemption upon presentation and surrender thereof at the corporate trust office of the Paying Agent/Registrar.

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

Authority for Issuance

The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas (the "State") particularly Certificate of Obligation Act of 1971 (Sections 271.041 through 271.064 Texas Local Government Code, as amended), Chapter 351, as amended, Texas Tax Code, an ordinance (the "Ordinance") to be adopted by the City Council of the City (the "City Council") on March 16, 2021, and the City's Home Rule Charter.

Security for Payment

Limited Pledge of Ad Valorem Taxes. The Certificates constitute direct general obligations of the Issuer payable from annual ad valorem taxes levied against all taxable property therein, within the limits prescribed by law, and, upon all taxable property within the City and additionally from a pledge of and lien on certain revenues derived from the collection of a hotel occupancy tax levied within the City (See “AD VALOREM TAX PROCEDURES” and “TAX RATE LIMITATIONS” herein.)

Limited Revenue Pledge Benefiting the Certificates. Solely to comply with Texas law allowing the Certificates to be sold for cash, the Certificates are further secured by a lien on and pledge of the revenues (the “Pledged Hotel Occupancy Tax Revenues”) received by the City from the Hotel Occupancy Tax levied by the City, being a limited amount of the Pledged Hotel Occupancy Tax Revenues 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 that may be pledged to the payment of any Prior Lien Obligations, Junior Lien Obligations or Subordinate Lien Obligations (each as described and defined in the Ordinance) hereafter issued by the Issuer. In the Ordinance the City retains the right to issue Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations, while the Certificates are Outstanding, without limitations as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise.

Redemption Provisions of the Certificates

The Issuer reserves the right, at its sole option, to redeem Certificates stated to mature, on or after August 1, 2031, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof on August 1, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Two or more consecutive maturities of the Certificates may be grouped together as a “Term Certificate” by the Purchaser, and such “Term Certificates” would also be subject to mandatory sinking fund redemption. If less than all of the Certificates within a stated maturity are to be redeemed, the particular Certificates to be redeemed shall be selected by lot or by other customary random method by the Paying Agent/Registrar.

Notice of Redemption

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

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

The Paying Agent/Registrar and the Issuer, so long as a Book-Entry-Only System is used for the Certificates, will send 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, will not affect the validity of the redemption of the Certificates called for redemption or any other action premised on any such notice. Redemption of portions of the Certificates by the Issuer 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 Issuer or the Paying Agent/Registrar. Neither the Issuer nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the 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.)

Selection of Certificates to be Redeemed

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

Use of Certificate Proceeds

Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) the design, construction, improvement, enlargement, equipping, repairing, operation, and maintenance of convention center facilities, including the acquisition of necessary sites and any parking and related facilities thereto; and (2) the purchase of materials, supplies, equipment, machinery, landscaping, land, and rights-of-way for authorized needs and purposes relating to the aforementioned capital improvements; and (3) payment for professional services relating to the design, construction, project management, and financing of the aforementioned projects.

Sources and Uses

Sources	
Par Amount of the Certificates	\$ _____
Accrued Interest on the Certificates	_____
[Net] Reoffering Premium	_____
Total Sources of Funds	=====
Uses	
Project Fund Deposit	\$ _____
Purchaser's Discount (including bond insurance premium, if any)	_____
Certificate Fund Deposit	_____
Costs of Issuance	_____
Total Uses	=====

Payment Record

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

Amendments

The Issuer may amend the Ordinance without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the Issuer may, with the written consent of the holders of a majority in aggregate principal amount of the Certificates then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Ordinance; except that, without the consent of the registered owners of all of the Certificates affected, 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, change the redemption price or amounts, change the place or places at or the coin or currency in which any Certificate or interest thereon is payable, 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, (3) extend any waiver of default to subsequent defaults, or (4) reduce the aggregate principal amount of Certificates required for consent to any amendment, change, modification, or waiver.

Defeasance

The Ordinance provides for the defeasance of the Certificates when payment of the principal amount of the Certificates plus interest accrued on the Certificates to their due date (whether such due date be by reason of stated maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent, or other authorized escrow agent, in trust (1) money in an amount sufficient to make such payment, and/or (2) Government Securities (defined below), to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Certificates. The foregoing deposits shall be certified as to sufficiency by an independent accounting firm, the City's Financial Advisor, the Paying Agent/Registrar, or such other qualified financial institution (as provided in the Ordinance). The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance. The Ordinance provides that "Government Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Certificates. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that on the date the governing body of the City adopts or approves the proceedings authorizing the financial arrangements have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (d) any additional securities and obligations hereafter authorized by State law as eligible for use to accomplish the discharge of obligations such as the Certificates. City officials are authorized to restrict such eligible securities as deemed appropriate. There is no assurance that the ratings for U.S. Treasury securities acquired to defease any Certificates, or those for any other Government Securities, will be maintained at any particular rating category. Further, there is no assurance that current State law will not be amended in a manner that expands or contracts the list of permissible defeasance securities (such list consisting of these securities identified in clauses (a) through (c) above), or any rating requirement thereon, that may be purchased with defeasance proceeds relating to the 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 State law as permissible defeasance securities.

Upon such deposit as described above, such Certificates shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment 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, the City has the option, to be exercised at the time of the defeasance of the Certificates, to call for redemption at an earlier date those Certificates which have been defeased to their maturity date, if the City (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the 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.

Default and Remedies

If the City defaults in the payment of principal, 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. The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language.

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

In *Wasson Interests, Ltd., v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("*Wasson*"), the Court addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that "a city's proprietary functions are not done pursuant to the 'will of the people'" and protecting such municipalities "via the [S]tate's immunity is not an efficient way to ensure efficient allocation of [S]tate resources." While the Court recognized that the distinction between government and proprietary functions is not clear, the *Wasson* opinion held that Proprietary-Governmental Dichotomy applies in contract-claims context. The Court reviewed *Wasson* for a second time and issued an opinion on October 5, 2018, clarifying that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance at the time of inception of the contractual relationship.

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. As noted above, the Ordinance provides that Certificate holders may exercise the remedy of mandamus to enforce the obligations of the City under the Ordinance. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract). Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("*Chapter 9*"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Certificates are qualified with respect to the customary rights of debtors relative to their creditors and general principles of equity that permit the exercise of judicial discretion.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

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

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

Record Date

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

Special Record Date for Interest Payment

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

Future Registration

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

Limitation on Transfer of Certificates

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

Replacement Certificates

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

replacement 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.

BOND INSURANCE

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

BOND INSURANCE GENERAL RISKS

General

The City has applied for a Policy to guarantee the Certificates. The City has yet to determine whether any insurance will be purchased with the Certificates, but the payment of the bond insurance premium will be the Purchaser's obligation. If a Policy is purchased as a result of the City accepting a bid for the Certificates that incorporate the acquisition of such a policy, the following are risk factors relating to the bond insurance.

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

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

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

The obligations of the Insurer under the Policy are general obligations of the Insurer and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law. None of the City, the Purchaser, or the City's Financial Advisor have made an independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given.

Claims-Paying Ability and Financial Strength of Municipal Bond Insurers

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

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and credited by 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 Financial Advisor, and the Purchaser believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the 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 bond certificate will be issued for the Certificates, in the aggregate principal amount of such issue, and will be deposited with DTC.

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

Purchases of 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 physical certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in Beneficial Ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The 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 a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's 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, 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 proceeds, principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the 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, payment or notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Effect of Termination of Book-Entry-Only System

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

INVESTMENT POLICIES

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

Legal Investments

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

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

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

Current Investments ⁽¹⁾

TABLE 1

As of December 31, 2020, the City held investments as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Percentage</u>
Local Checking Accounts	\$ 1,751,899	11.27%
Texpool Accounts	<u>13,794,557</u>	<u>88.73%</u>
Total	<u>\$15,546,456</u>	<u>100.00%</u>

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

(1) Unaudited.

PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

For more Information see 2019 Comprehensive Annual Financial Report, Note I on page 62.

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 Hutchinson County Appraisal District ("Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

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

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

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

State Mandated Homestead Exemptions

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

Local Option Homestead Exemptions

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

Local Option Freeze for the Elderly and Disabled

The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the

year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

Personal Property

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

Freeport and Goods-In-Transit Exemptions

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

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

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

Other Exempt Property

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

Tax Increment Reinvestment Zones

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

Tax Abatement Agreements

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

City and Taxpayer Remedies

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

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

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

Levy and Collection of Taxes

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

City's Rights in the Event of Tax Delinquencies

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

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

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

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

Public Hearing and Maintenance and Operations Tax Rate Limitations

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

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

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

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

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

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

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

The City's tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the “maintenance and operations tax rate”), and (2) a rate for funding debt service in the current year (the “debt service tax rate”). Under State

law, the assessor for the City must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the City to the City Council by August 1 or as soon as practicable thereafter.

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

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

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

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

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

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

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

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

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

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.

2021 Legislation

On January 12, 2021, the 87th Texas Legislature convened in general session which is scheduled to adjourn on May 31, 2021. Thereafter, the Texas Governor may call one or more additional special sessions. During this time, the Texas Legislature may enact laws that materially change current law as it relates to the City and its finances. The City makes no representation regarding any actions the Texas Legislature may take but intends to monitor proposed legislation for any developments applicable to the City.

The Property Tax Code as Applied to the City

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

The City grants an exemption of \$6,000 to the market value of the residence homestead of persons 65 years of age or older and the disabled. See Appendix A – Table 9 for a listing of the amounts of these exemptions.

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

The Issuer does not permit split payments but does allow discounts.

The City does not tax non-business personal property.

The City does grant exemptions for "freeport property".

The City does not tax goods-in-transit.

On March 4, 2008, the City adopted the tax freeze for citizens who are disabled or are 65 years of age or older, which became a local option and subject to local referendum on January 1, 2004, as described above under "AD VALOREM TAX PROCEDURES – Property Subject to Taxation by the Issuer - *Homestead Tax Limitation*" herein. The freeze was implemented beginning in Tax Year 2009 (base valuations for freeze calculations) and the first freeze loss realized for the City was in Tax Year 2010.

TIRZ – In 2018 the City created a TIRZ (Tax Increment Re-investment Zone) and an associated TIF Fund. TIRZ #1 – Central Corridor which consists of the southern approach and identified new development areas; south Main Street and the original industrial base areas of the City; the Central Business District representing the historic commercial and cultural center of the City; and the Coronado Addition representing declining residential and commercial areas. The Zone certified appraised value base was \$54,034,040 in 2018. In each of the subsequent tax years the certified values of the Zone have increased to \$55,349,040 in 2019 and \$56,008,300 in 2020 respectfully. The City was also able to negotiate participation agreements with Hutchinson County and the Borger Independent School District both of which agreed to participate at 100% over the 30-year term of the Zone.

In 2019 the City established a new Transportation User Fee (TUF) and created an associated TUF Fund. Before the TUF, the City had been able to budget between \$150,000 and \$300,000 annually for roadway maintenance. The TUF is anticipated to increase the revenue for roadway maintenance to just over \$500,000 annually allowing for not only maintenance, but re-construction of prioritized roadways. In future years the TUF is also expected to support debt service for large road and transportation projects

Economic Development Agreements – In 2018 the City entered into two economic development agreements pursuant to Texas Local Government Code, Chapter 380. These two agreements were utilized to promote an additional restaurant and the re-opening of a local entertainment center/restaurant. One agreement with TANJACO LLC, provides a rebate of 50% of the sales tax generated over a 5-year period with a maximum rebate value of \$70,000. Actual sales tax rebates from December 2018 through December 2020 total \$27,342. The other agreement with RNN Hotels provides a 100% rebate of both sales and ad valorem taxes over a 5-year period with a maximum rebate value of \$140,000. Actual sales tax rebates from July 2018 through December 2020 total \$32,926; and the actual ad valorem rebate through tax year 2020 are \$15,092.

The City has no direct tax abatement agreements. ^(a)

^(a) Pursuant to V.T.C.A. Local Government Code, Section 42.044, the City has designated five industrial districts, and has entered into written contracts with owners of land located, within its extraterritorial jurisdiction. Under each of the contracts, the City agrees that in consideration of an annual stated payment, it will not annex the industrial district during the term of the contract, and it will not levy an ad valorem tax against any real or personal property of the owner located within the industrial district. All of these contracts were renegotiated in 2017 with a new term of seven years expiring in 2023. The companies involved are WRB Refining (Phillips 66), Orion Engineered Carbons, Chevron/Phillips Chemical Company, Solvay Specialty Polymers USA LLC, Phillips 66 Pipeline, Tokai Carbon Company, Nutrien US (formally Agrium US) Inc., ICAX Energy LLC, and Magic Plains Industrial Park. The City currently receives approximately \$3,751,479 in contract payments annually increasing to \$4,015,500 in 2022 and \$4,290,500 in 2023.

TAX MATTERS

Tax Exemption

The delivery of the Certificates is subject to the opinion of Norton Rose Fulbright US LLP, 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 is reproduced as APPENDIX C.

In rendering the foregoing opinions, Bond Counsel will rely upon the certifications of the Issuer made in a certificate of even date with the initial delivery of the Certificates pertaining to the use, expenditure, and investment of the proceeds of the Certificates and will assume continuing compliance with the provisions of the Ordinance by the Issuer subsequent to the issuance of the Certificates. The Ordinance contains covenants by the Issuer with respect to, among other matters, the use of the proceeds of the Certificates and the facilities financed

or refinanced therewith by persons other than state or local governmental units, the manner in which the proceeds of the Certificates are to be invested, if required, the calculation and payment to the United States Treasury of any arbitrage “profits” and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the 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 Issuer described above. No ruling has been sought from the Internal Revenue Service (the “IRS”) with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel’s opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the Certificates is commenced, under current procedures the IRS is likely to treat the Issuer 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 Issuer 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 Certificate holders 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 (see “TAX MATTERS – Qualified Tax-Exempt Obligations” herein), property and casualty insurance companies, life insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust (“FASIT”), individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

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

Owners of Discount Certificates should consult with their own tax advisors with respect to the determination 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 Certificate premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable Certificate 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 Certificate 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.

Qualified Tax-Exempt Obligations

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

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

CONTINUING DISCLOSURE OF INFORMATION

The City in the Ordinance has made the following agreement for the benefit of the holders and beneficial owners of the 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 Municipal Securities Rulemaking Board ("MSRB"). This information will be available to the public free of charge from the MSRB via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org, as further described below under "Availability of Information".

Annual Reports

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

The City shall provide annually to the MSRB (1) within six months after the end of each fiscal year of the City beginning in the year 2021, financial information and operating data with respect to the City of the general type included in the body of this Official Statement under "INVESTMENT POLICIES - Current Investments" Table 1 and in Tables 1, 2, 3, 10, 11, 12, 14, and 18 of "Appendix A - Financial Information of the Issuer" to this Official Statement (the "Annual Financial Information"), and (2) within six months after the end of each fiscal year of the City beginning in the year 2021, the audited financial statements of the City (the "Audited Financial Statements"). If the audit of such financial statements is not complete within six (6) months after any such fiscal year end, then the City shall file unaudited financial statements by the required time and audited financial statements for the applicable fiscal year, when and if the audit report becomes available. Any financial statements to be provided shall be prepared in accordance with the accounting principles described in APPENDIX D to this Official Statement, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and shall be in substantially the form included in this Official Statement as APPENDIX D.

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

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

Notice of Certain Events

The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Certificates to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates, as the case may be; (7) modifications to rights of holders of the Certificates, if material; (8) Certificate calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional paying agent/registrars or the change of name of a paying agent/registrars, if material (15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such Financial Obligation of the City, any of which reflect financial difficulties. In the Ordinance, the City will adopt policies and procedures to ensure timely compliance of its continuing disclosure undertakings. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under "Annual Reports." Neither the Certificates nor the Ordinance make provision for credit enhancement (although the City is soliciting bids for bond insurance), liquidity enhancement, or debt service reserves.

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

Availability of Information

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

The City may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if the agreement, as amended, would have permitted an underwriter to purchase or sell Certificates in the offering described herein in compliance with the Rule and either the holders of a majority in aggregate principal amount of the outstanding Certificates consent or any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders or beneficial owners of the Certificates. If the City amends its agreement, it must include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and data provided. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent any Purchasers from lawfully purchasing or selling Certificates, respectively, in the primary offering of the Certificates.

Compliance with Prior Agreements

During the past five years, the City has complied in all material respects in accordance with SEC Rule 15c2-12.

LEGAL MATTERS

Legal Opinions and No-Litigation Certificate

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

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

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

The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the 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.

FORWARD LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement

are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. It is important to note that the City's actual results could differ materially from those in such forward-looking statements.

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

OTHER PERTINENT INFORMATION

Registration and Qualification of Certificates for Sale

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

It is the obligation of the Purchaser to register or qualify the sale of the 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 consent to service of process in any jurisdiction.

Ratings

S&P Global Ratings ("S&P") has assigned an unenhanced, underlying rating of "A+" to the Certificates. The rating of the Certificates by S&P reflects only the view of S&P at the time the rating is given, and the Issuer makes no representations as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by S&P, if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Certificates.

Authenticity of Financial Information

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

Financial Advisor

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

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

Winning Bidder

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

Certification of the Official Statement

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

Information from External Sources

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

Concluding Statement

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

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

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

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

CITY OF BORGER, TEXAS

/s/ _____
Mayor
City of Borger, Texas

ATTEST:

/s/ _____
City Secretary
City of Borger, Texas

APPENDIX A
FINANCIAL INFORMATION RELATING TO
THE CITY OF BORGER, TEXAS

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FINANCIAL INFORMATION OF THE ISSUER

ASSESSED VALUATION

TABLE 1

2020 Actual Market Value of Taxable Property (100% of Actual)		\$ 612,306,629
Less Exemptions:		
Local, Optional Over-65 and/or Disabled Homestead Exemptions	\$ 7,193,660	
Disabled and Deceased Veterans' Exemptions	2,490,940	
Productivity Value Loss ^(a)	2,064,510	
Freeport Exemption	4,582,026	
10% Cap Loss	136,930	
Totally Exempt Property	92,873,889	<u>109,341,955</u>
2020 Net Taxable Assessed Valuation		\$ <u>502,964,674</u>
Less Freeze Taxable Value	<u>74,782,050</u>	
2020 Freeze Adjusted Taxable Assessed Valuation ^(a)		\$ <u>428,182,624</u>

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

Source: Hutchinson County Appraisal District

GENERAL OBLIGATION BONDED DEBT

TABLE 2

General Obligation Debt Principal Outstanding: (As of March 1, 2021)

Tax & Waterworks & Sewer System (Ltd Pldg) Revenue Certificates of Obligation, Series 2013		\$ 1,935,000
Tax & Waterworks & Sewer System Surplus Revenue Certificates of Obligation, Taxable Series 2013		3,805,000
Tax & Waterworks & Sewer System Surplus Revenue Certificates of Obligation, Taxable Series 2014		27,570,000
General Obligation Refunding Bonds, Series 2016		940,000
Tax & Waterworks & Sewer System (Ltd Pldg) Revenue Certificates of Obligation, Series 2016		2,945,000
Tax & Waterworks & Sewer System (Ltd Pldg) Revenue Certificates of Obligation, Series 2021 (the "Certificates")		<u>7,750,000</u> *
Total Gross General Obligation Debt Principal Outstanding:		\$ 44,945,000
Less: Self-Supporting General Obligation Debt Principal:		
Tax & Waterworks & Sewer System Surplus Revenue Certificates of Obligation, Taxable Series 2013 (100% UF)		\$ 3,805,000
Tax & Waterworks & Sewer System Surplus Revenue Certificates of Obligation, Taxable Series 2014 (100% UF)		<u>27,570,000</u>
Total Self-Supporting General Obligation Debt Principal Outstanding:		31,375,000
Total Net General Obligation Debt Principal Outstanding (Following the Issuance of the Bonds and the Certificates)		\$ <u>13,570,000</u> *
General Obligation Interest and Sinking Fund Balance as of 12/31/2020 (Unaudited)		\$ 737,576
Ratio of Gross General Obligation Debt Principal to 2020 Freeze Adjusted Net Taxable Assessed Valuation		10.50% *
Ratio of Net General Obligation Debt Principal to 2020 Freeze Adjusted Net Taxable Assessed Valuation		3.17% *
2020 Freeze Adjusted Net Taxable Assessed Valuation		\$ 428,182,624
Population: 1990-15,675; 2000 - 14,302; 2010 - 13,251; Current (Estimate)		13,386
Per Capita 2020 Freeze Adjusted Taxable Assessed Valuation -		\$31,987
Per Capita Gross General Obligation Debt Principal -		\$3,358 *
Per Capita Net General Obligation Debt Principal -		\$1,014 *

* Preliminary, subject to change.

Operating Lease Obligations

Commitments under operating (non-capitalized) lease agreements for facilities and equipment provide for minimum future lease payments as of September 30, 2020 are as follows:

Year Ended September 30,	Amount
2021	\$ 62,192
2022	62,030
2023	57,611
2024	<u>12,716</u>
Total Minimum Rentals	\$ 194,549

For additional information on these obligations, see note G on page 62 of the Issuer's 2019 General Purpose Audited Financial Statements for Fiscal Year Ending September 30, 2019.

Canadian River Municipal Water Authority Obligations (CRMWA)

The City has contracts with the Canadian River Municipal Water Authority (CRMWA) dealing with various water issues. The City's contract payments to CRMWA are payable solely out of the City's water system revenues and constitute operating expenses of the waterworks system. The balances due to CRMWA on these contracts as of September 30, 2019.

	<u>As of 9-30-19</u>	<u>As of 9-30-20</u>
Contract Revenue Refunding CUG Series 2010	\$ 55,125	\$ -
Contract Revenue Refunding CUG Series 2017	586,044	530,138
Conjunctive Use Groundwater Series 2011	3,181,864	2,962,645
Subordinate Lien Series 2012,(Prev. CUG 2005)	2,133,340	1,854,901
Contract Rev Refunding 2005 CUG Series 2014	79,748 ^(a)	-
Contract Rev Refunding 2006 CUG Series 2014	<u>1,199,509 ^(a)</u>	<u>1,059,951</u>
	<u>\$ 7,235,630</u>	<u>\$ 6,407,635</u>

For additional information on these obligations, see note F on page 60 of the Issuer's 2019 General Purpose Audited Financial Statements for Fiscal Year Ending September 30, 2019.

^(a) Bonds are combined in the Audited Statements

Leases / Notes Payable

There are no Leases or Notes payable as of September 30, 2019.

Source: The Issuer's General Purpose Audited Financial Statements for Fiscal Year Ending September 30, 2019.

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

TABLE 5

Fiscal Year Sept 30	Currently Outstanding Debt Service	The Certificates*			Combined Total Debt Service*	Less Self-Supporting Debt Service	Net Total Debt Service*
		Principal	Interest	Total			
2021	\$ 3,293,438	\$ -	\$ -	\$ -	\$ 3,293,438	\$ 2,617,188	\$ 676,250
2022	3,298,563	25,000	310,000	335,000	3,633,563	2,619,926	1,013,638
2023	2,815,826	310,000	231,750	541,750	3,357,576	2,620,126	737,450
2024	2,809,332	315,000	222,450	537,450	3,346,782	2,612,738	734,044
2025	2,812,638	325,000	213,000	538,000	3,350,638	2,615,838	734,800
2026	2,808,257	335,000	203,250	538,250	3,346,507	2,616,332	730,175
2027	2,811,188	345,000	193,200	538,200	3,349,388	2,619,220	730,169
2028	2,811,151	355,000	182,850	537,850	3,349,001	2,619,301	729,700
2029	2,808,063	365,000	172,200	537,200	3,345,263	2,611,576	733,688
2030	2,815,157	380,000	161,250	541,250	3,356,407	2,619,276	737,131
2031	2,810,495	390,000	149,850	539,850	3,350,345	2,615,382	734,963
2032	2,811,727	400,000	138,150	538,150	3,349,877	2,617,545	732,331
2033	2,813,395	415,000	126,150	541,150	3,354,545	2,620,307	734,238
2034	2,193,368	425,000	113,700	538,700	2,732,068	2,193,368	538,700
2035	2,197,227	440,000	100,950	540,950	2,738,177	2,197,227	540,950
2036	2,194,811	450,000	87,750	537,750	2,732,561	2,194,811	537,750
2037	2,193,616	465,000	74,250	539,250	2,732,866	2,193,616	539,250
2038	2,193,407	480,000	60,300	540,300	2,733,707	2,193,407	540,300
2039	2,193,947	495,000	45,900	540,900	2,734,847	2,193,947	540,900
2040	-	510,000	31,050	541,050	541,050	-	541,050
2041	-	525,000	15,750	540,750	540,750	-	540,750
	<u>\$ 50,685,606</u>	<u>\$ 7,750,000</u>	<u>\$ 2,833,750</u>	<u>\$ 10,583,750</u>	<u>\$ 61,269,356</u>	<u>\$ 47,191,131</u>	<u>\$ 14,078,225</u>

* Preliminary, subject to change.

TAX ADEQUACY (Includes Self-Supporting Debt)

TABLE 6A

2020 Freeze Adjusted Taxable Assessed Valuation	\$ 428,182,624
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-22*)	\$ 3,633,563 *
Indicated Maximum Interest and Sinking Fund Tax Rate at 98% Collections	\$ 0.865920 *

* Preliminary, subject to change.

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

TAX ADEQUACY (Excludes Self-Supporting Debt)

TABLE 6B

2020 Freeze Adjusted Taxable Assessed Valuation	\$ 428,182,624
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-22*)	\$ 1,013,638 *
Indicated Maximum Interest and Sinking Fund Tax Rate at 98% Collections	\$ 0.241561 *

* Preliminary, subject to change.

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

INTEREST AND SINKING FUND MANAGEMENT INDEX**TABLE 7**

Interest and Sinking Fund Balance, Fiscal Year Ended September 30, 2020 (unaudited)	\$ 241,736
2020-2021 Interest and Sinking (I&S) Fund Tax Levy of \$0.189553 at 98% Collections Produces ^(a)	<u>795,400</u>
Total Available for Debt Service	\$ 1,037,136
Less: Net General Obligation Debt Service Requirements, Fiscal Year Ending 9-30-21	<u>676,250</u> *
Estimated Surplus at Fiscal Year Ending 9-30-21	<u>\$ 360,886</u> (a)

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

* Preliminary, subject to change.

GENERAL OBLIGATION PRINCIPAL REPAYMENT SCHEDULE**TABLE 8**

(Includes the Certificates and the Bonds)

Fiscal Year Ending 9/30	Principal Repayment Schedule			Bonds Unpaid at End of Year*	Percent of Principal Retired (%)*
	Outstanding Obligations *	The Certificates*	Total*		
2021	\$ 1,785,000	\$ -	\$ 1,785,000	\$ 43,160,000	3.97%
2022	1,980,000	25,000	2,005,000	41,155,000	8.43%
2023	1,605,000	310,000	1,915,000	39,240,000	12.69%
2024	1,660,000	315,000	1,975,000	37,265,000	17.09%
2025	1,730,000	325,000	2,055,000	35,210,000	21.66%
2026	1,795,000	335,000	2,130,000	33,080,000	26.40%
2027	1,845,000	345,000	2,190,000	30,890,000	31.27%
2028	1,920,000	355,000	2,275,000	28,615,000	36.33%
2029	2,000,000	365,000	2,365,000	26,250,000	41.60%
2030	2,090,000	380,000	2,470,000	23,780,000	47.09%
2031	2,185,000	390,000	2,575,000	21,205,000	52.82%
2032	2,285,000	400,000	2,685,000	18,520,000	58.79%
2033	2,395,000	415,000	2,810,000	15,710,000	65.05%
2034	1,885,000	425,000	2,310,000	13,400,000	70.19%
2035	1,970,000	440,000	2,410,000	10,990,000	75.55%
2036	2,060,000	450,000	2,510,000	8,480,000	81.13%
2037	1,910,000	465,000	2,375,000	6,105,000	86.42%
2038	2,000,000	480,000	2,480,000	3,625,000	91.93%
2039	2,095,000	495,000	2,590,000	1,035,000	97.70%
2040	-	510,000	510,000	525,000	98.83%
2041	-	525,000	525,000	-	100.00%
	<u>\$ 37,195,000</u>	<u>\$ 7,750,000</u>	<u>\$ 44,945,000</u>		

* Preliminary, subject to change.

CLASSIFICATION OF ASSESSED VALUATION

TABLE 9

<u>Category</u>	<u>2020</u>		<u>2019</u>		<u>% of Total</u>	
					<u>2018</u>	<u>% of Total</u>
Real, Residential, Single-Family	\$ 308,802,750	50.43%	\$ 306,787,240	51.11%	\$ 299,234,550	51.12%
Real, Residential, Multi-Family	6,855,050	1.12%	6,743,210	1.12%	6,185,510	1.06%
Real, Vacant Lots/Tracts	3,608,900	0.59%	3,497,270	0.58%	3,507,310	0.60%
Real, Acreage (Land Only)	210,720	0.03%	249,430	0.04%	249,140	0.04%
Farm & Ranch Improvements	371,940	0.06%	393,490	0.07%	396,000	0.07%
Real, Commercial	90,068,840	14.71%	88,121,080	14.68%	89,156,340	15.23%
Real, Industrial	6,785,950	1.11%	5,704,160	0.95%	4,732,340	0.81%
Real, Minerals (Oil and Gas)	719,693	0.12%	1,209,220	0.20%	923,270	0.16%
Real & Tangible, Personal Utilities	22,452,550	3.67%	21,411,684	3.57%	20,281,770	3.46%
Tangible Personal, Business / Commercial	43,613,589	7.12%	44,393,604	7.40%	42,565,590	7.27%
Tangible Personal, Industrial	30,300,278	4.95%	20,978,200	3.49%	18,613,710	3.18%
Tangible Personal, Mobil Homes	304,200	0.05%	297,680	0.05%	306,310	0.05%
Real Property, Inventory (Residential/Special)	5,228,100	0.85%	5,878,710	0.98%	4,979,600	0.85%
Totally Exempt Property	<u>92,984,069</u>	<u>15.19%</u>	<u>94,581,773</u>	<u>15.76%</u>	<u>94,257,660</u>	<u>16.10%</u>
Total Market Value	\$ <u>612,306,629</u>	<u>100.00%</u>	\$ <u>600,246,751</u>	<u>100.00%</u>	\$ <u>585,389,100</u>	<u>100.00%</u>
Less Exemptions and Losses:						
Local, Optional Over-65 and/or Disabled Homestead	\$ 7,193,660		\$ 7,081,490		\$ 7,050,110	
Disabled and Deceased Veterans'	2,490,940		2,435,170		2,187,250	
Productivity Value / Production Loss	2,064,510		1,847,540		1,875,250	
Freeport Property	4,582,026		341,790		96,680	
10% Cap Loss	136,930		323,660		214,590	
Totally / Partially Exempt Property	<u>92,873,889</u>		<u>94,641,543</u>		<u>94,407,520</u>	
Total Exemptions	\$ <u>109,341,955</u>		\$ <u>106,671,193</u>		\$ <u>105,831,400</u>	
Net Taxable Assessed Valuation	\$ <u>502,964,674</u>		\$ <u>493,575,558</u>		\$ <u>479,557,700</u>	
Total Freeze Taxable Value	<u>74,782,050</u>		<u>73,390,250</u>		<u>71,000,910</u>	
Freeze Adjusted Taxable Assessed Valuation	\$ <u>428,182,624</u>		\$ <u>420,185,308</u>		\$ <u>408,556,790</u>	

Source: Hutchinson County Appraisal District

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

PRINCIPAL TAXPAYERS 2020

TABLE 10

<u>Name</u>	<u>Type of Business</u>	<u>2020 Net Taxable Assessed Valuation</u>	<u>% of Total 2020 Net Taxable Assessed Valuation</u>
Southwestern Public Service Co.	Electric Utility	\$ 11,842,000	2.77%
Walmart Real Estate Business Trust	Real Estate	7,380,760	1.72%
Walmart Stores Texas LLC	Retail Sales	6,733,030	1.57%
RS12 Hotels LLC	Hotel / Motel	4,994,550	1.17%
Amarillo National Bank	Financial Institution	4,921,780	1.15%
Panhandle Northern Railroad Co.	Railroad	4,722,160	1.10%
P & B Senior Living Group LLC	Senior Living Facility	4,340,230	1.01%
Fjord Processing	Oil & Gas Services	3,840,615	0.90%
United Rentals	Rental Sales	3,754,457	0.88%
Golden Plains	Hospital	3,110,490	0.73%
Total		<u>\$ 55,640,072</u>	<u>12.99%</u>

Based on a 2020 Freeze Adjusted Taxable Assessed Valuation of \$ 428,182,624

Source: Texas Comptroller of Public Accounts

PROPERTY TAX RATES AND COLLECTIONS (a)

TABLE 11

<u>Tax Year</u>	<u>Freeze Adjusted Taxable Assessed Valuation</u>	<u>Tax Rate</u>	<u>Adjusted Tax Levy</u>	<u>% Collections</u>		<u>Year Ended</u>
				<u>Current</u>	<u>Total</u>	
2011	\$ 348,602,430	\$ 0.73585	\$ 3,079,496	94.30%	96.84%	9/30/2012
2012	358,721,460	0.78000	3,298,393	95.48%	98.91%	9/30/2013
2013	379,315,640	0.84207	3,468,425	96.36%	99.46%	9/30/2014
2014	398,867,470	0.86000	3,768,196	96.81%	100.06%	9/30/2015
2015	402,010,800	0.86000	3,878,753	96.36%	99.12%	9/30/2016
2016	425,564,540	0.86349	4,088,279	96.84%	99.94%	9/30/2017
2017	412,900,110	0.86349	4,046,263	95.76%	97.95%	9/30/2018
2018	408,556,790	0.86349	4,033,286	95.65%	99.12%	9/30/2019
2019	420,210,330	0.86349	4,122,248	95.65%	98.05%	9/30/2020
2020	428,182,624	0.83763	4,092,543	81.43% (b)	82.72% (b)	9/30/2021

(a) See "AD VALOREM TAX PROCEDURES - Levy and Collection of Taxes" in the body of the Official Statement for a complete discussion of the City's provisions.

(b) Information is as of February 19, 2021.

Note: Assessed Valuations may change during the year due to various supplements and protests. Valuations in other tables of this Official Statement may not match those shown in this table.

Source: Texas Comptroller of Public Accounts, Hutchinson County Appraisal District, Texas Municipal Report published by the Municipal Advisory Council of Texas and the Issuer's Audited Financial Statements and Supplemental Information.

TAX RATE DISTRIBUTION

TABLE 12

	<u>2020-2021</u>	<u>2019-2020</u>	<u>2018-2019</u>	<u>2017-2018</u>	<u>2016-2017</u>
General Fund	\$ 0.64808	\$ 0.67345	\$ 0.66630	\$ 0.64758	\$ 0.59624
I & S Fund	<u>0.18955</u>	<u>0.19004</u>	<u>0.19719</u>	<u>0.21592</u>	<u>0.26725</u>
TOTAL	\$ 0.83763	\$ 0.86349	\$ 0.86349	\$ 0.86349	\$ 0.86349

Source: Hutchinson County Appraisal District and the Issuer

FUND BALANCES

TABLE 13

	<u>As of 12-31-20</u>
General Operating Fund	\$ 4,038,525
General Obligation Debt Service Fund	737,576
Water and Sewer Operating Fund	8,864,101
TIF Fund	67,462
TUF Fund	65,867
Tourism Fund	1,033,629
Total	<u>\$ 14,807,160</u>

Source: The Issuer; unaudited.

MUNICIPAL SALES TAX

TABLE 14

The table below shows total sales tax collection for the City. On May 5, 1990 voters of the City approved an additional sales tax of 1% (1/2% sales tax for property tax reduction and 1/2% sales tax for 4A economic development). Levy of the additional 1% sales tax began on October 1, 1990.

<u>Fiscal Year</u>	<u>Total Collected</u>	<u>1.50% City</u>	<u>% of Ad Valorem Tax Levy</u>	<u>(\$ Equivalent of Ad Valorem Tax Rate)</u>	<u>0.50% EDC^(a)</u>
2012	\$ 3,811,402	\$ 2,858,551	86.67%	0.68	\$ 952,850
2013	3,989,106	2,991,829	86.26%	0.70	997,276
2014	4,135,812	3,101,859	82.32%	0.69	1,033,953
2015	4,430,109	3,322,582	85.66%	0.74	1,107,527
2016	4,583,962	3,437,972	84.09%	0.72	1,145,991
2017	4,160,932	3,120,699	77.13%	0.67	1,040,233
2018	4,116,475	3,087,356	61.33%	0.53	1,029,119
2019	4,470,910	3,353,183	83.63%	0.72	1,117,728
2020	4,586,609	3,439,957	83.85%	0.72	1,146,652

^(a) The sales tax for economic development is collected solely for the benefit of the Borger Economic Development Corporation ("BEDC"), a non profit corporation established by the City under Section 4A of the Development Corporation Act of 1979 (the "Act") (art.5190.6, V.T.C.S., as amended), and may be pledged to secure payment of sales tax revenue bonds or other obligations of the BEDC.

Sources: Texas Comptroller of Public Accounts Website

OVERLAPPING DEBT DATA AND INFORMATION

TABLE 15

(As of January 31, 2021)

<u>Taxing Body</u>	<u>Gross Debt Principal</u>	<u>% Overlapping</u>	<u>Amount Overlapping</u>
Borger Independent School District	\$ 65,246,811	49.17%	\$ 32,081,857
Hutchinson County	-	22.52%	-
Total Gross Overlapping Debt			\$ 32,081,857
City of Borger	44,945,000 ^{(a) *}	100.00%	44,945,000 ^{(a) *}
Total Gross Direct and Overlapping Debt Principal			\$ 77,026,857 ^{(a) *}
Ratio of Direct and Overlapping Debt to 2020 Freeze Adjusted Taxable Assessed Valuation			17.99% ^{(a) *}
Ratio of Direct and Overlapping Debt to 2020 Actual Market Value			12.58% ^{(a) *}
Per Capita Direct and Overlapping Debt			\$5,754 ^{(a) *}
Note: Figures above show Gross General Obligation Debt Principal for the City of Borger, Texas			
The Issuer's Net General Obligation Debt Principal			\$ 13,570,000 ^{(a) *}
Calculations on Net General Obligation Debt Principal would change the above figures as follows:			
Total Net Direct and Overlapping Debt Principal			\$ 45,651,857 ^{(a) *}
Ratio of Net Direct and Overlapping Debt Principal to 2020 Freeze Adjusted Net Taxable Assessed Valuation			10.66% ^{(a) *}
Ratio of Net Direct and Overlapping Debt Principal to 2020 Actual Market Value			7.46% ^{(a) *}
Per Capita Net Direct and Overlapping Debt Principal			\$3,410 ^{(a) *}

^(a) Includes the Certificates.

* Preliminary; subject to change.

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

ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ENTITIES

TABLE 16

<u>Governmental Entity</u>	<u>2020 Net Taxable Assessed Valuation</u>	<u>% of Actual</u>	<u>2020 Tax Rate</u>
Borger Independent School District	992,659,889	100%	\$1.37900
Hutchinson County	2,281,426,389	100%	0.59500

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

TABLE 17

-NONE-

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

TABLE 18

	Fiscal Year Ended September 30				
REVENUES	2019	2018	2017	2016	2015
Taxes:					
Property	\$ 3,047,993	\$ 3,004,741	\$ 2,770,949	\$ 2,828,020	\$ 2,631,812
Sales	3,277,059	3,107,365	3,272,210	3,327,951	3,305,272
Franchise	834,424	925,750	913,539	888,919	1,002,294
Occupancy	-	-	-	-	-
Other	44,788	20,918	11,196	10,661	22,228
Payments in Lieu of Property Taxes	3,192,038	-	-	-	-
Charges for Services	2,871,468	5,704,789	5,731,104	4,608,999	4,358,926
Penalties, Fines and Forfeitures	203,022	189,516	228,719	196,868	427,084
Licenses, Fees, and Permits	53,696	42,486	27,503	23,591	40,866
Intergovernmental Grants and Subsidies	204,609	200,250	198,000	268,188	176,435
Other Grants and Contributions	3,600	2,050	7,005	2,725	9,353
Investment Income	119,058	63,080	25,653	18,258	10,819
Other Income	74,060	44,961	58,050	51,725	91,775
Total Revenues	\$ 13,925,815	\$ 13,305,906	\$ 13,243,928	\$ 12,225,905	\$ 12,076,864
EXPENDITURES					
Current					
General Government:					
Administration	\$ 526,585	\$ 433,900	\$ 323,830	\$ 281,972	\$ 299,438
Information Systems	92,109	78,922	78,825	62,003	59,171
Fleet Services	261,500	235,823	253,541	224,182	271,435
Engineering	112,838	97,541	114,831	102,897	107,868
Facilities Maintenance	232,165	278,587	329,176	451,185	343,473
Planning & Zoning	597,509	486,835	467,027	470,639	459,609
Public Safety:					
Animal Control	234,416	234,777	226,882	188,130	219,658
Code Enforcement	280,117	225,845	284,208	267,977	254,687
Central Dispatch	647,557	592,357	574,079	550,164	604,262
Police	3,134,488	2,979,751	2,787,143	2,578,318	2,626,140
Fire and Fire Prevention	2,713,439	2,514,229	2,651,516	2,318,292	2,154,583
Emergency Management	108,450	201,458	190,418	255,061	196,875
Municipal Court	568,956	520,405	515,413	503,192	491,460
Public Works:					
General	223,155	241,056	144,969	173,314	263,013
Streets	793,241	785,769	828,860	947,576	771,723
Sanitation	1,834,282	604,759	642,986	629,659	537,246
Solid Waste Transfer Station	-	1,185,006	1,338,066	1,245,733	1,212,190
Recycling	5,787	909	3,778	2,961	-
Culture and Recreation:					
Youth, Community and Recreation Centers	610,400	524,908	528,158	497,517	553,558
Parks	718,427	724,053	781,670	696,555	619,244
Economic Development and Tourism	-	-	-	-	-
Capital Outlay					
Capital Purchases	108,916	1,208	117,009	144,931	78,783
Debt Service					
Principal and Interest	-	-	-	-	-
Administrative Fees	-	-	-	-	-
Total Expenditures	\$ 13,804,337	\$ 12,948,098	\$ 13,182,385	\$ 12,592,258	\$ 12,124,416
Excess (Deficit) of Revenues					
Over Expenditures	\$ 121,478	\$ 357,808	\$ 61,543	\$ (366,353)	\$ (47,552)
OTHER FINANCING SOURCES (USES)					
Transfers Out	\$ (771,096)	\$ (756,815)	\$ (816,127)	\$ (572,224)	\$ (572,594)
Transfers In	625,000	450,000	868,500	1,250,000	850,000
Total Other Financing Sources (Uses)	\$ (146,096)	\$ (306,815)	\$ 52,373	\$ 677,776	\$ 277,406
Net Change in Fund Balance	\$ (24,618)	\$ 50,993	\$ 113,916	\$ 311,423	\$ 229,854
Fund Balance, Beginning of Year	\$ 3,749,141	\$ 3,698,148	\$ 3,584,229	\$ 3,272,806	\$ 3,042,954
Fund Balance, End of Year	\$ 3,724,523	\$ 3,749,141	\$ 3,698,145	\$ 3,584,229	\$ 3,272,808

Source: The Issuer's General Purpose Audited Financial Statements for Fiscal Year Ending September 30, 2019.

⁽¹⁾ The Estimated General Fund Balance for Fiscal Year Ending September 30, 2020 (Unaudited, \$3,831,760)

APPENDIX B

**GENERAL INFORMATION REGARDING THE CITY OF BORGER
AND HUTCHINSON COUNTY, TEXAS**

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**GENERAL INFORMATION REGARDING THE CITY OF BORGER
AND HUTCHINSON COUNTY, TEXAS**

This APPENDIX contains a brief discussion of certain economic and demographic characteristics of the area in which the City is located. 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. Additionally, 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 "INTRODUCTION – 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.

General

The City of Borger (the "City") is located at the intersection of State Highways 152 and 207, approximately 50 miles northeast of the City of Amarillo. Borger is the largest city in Hutchinson County (the "County"). With an economy based on chemical plants and petroleum processing, Borger is the principal commercial and industrial center of the County. The City is the home of the world's largest inland petrochemical complexes. Chevron-Phillips Company produces specialty chemicals. Solvay produces RYTON plastics with a strong share in the automotive and electronics sectors. Phillips 66 processes medium sour crude, natural gas liquids into gasoline, diesel, aviation fuels, petroleum coke, and other solvents. Tokai Carbon Company produces Tread and Carcass grade carbon black along with the capacity to produce ASTM grade carbon black. Orion Engineered Carbons produces a variety of commercial and specialty grade carbon blacks. Nutrien manufactures nitrogen fertilizers and ammonia.

Hutchinson County, located in the Texas Panhandle, encompasses an area of 871 square miles and is traversed by State Highways 136, 152 and 207, and twelve farm-to-market roads. The County's economy is based on mineral and oil production. The Texas Almanac designates cattle, wheat, grain and corn as principal sources of agricultural income.

**Source: Latest Texas Municipal Report published by the Municipal Advisory Council of Texas*



Population:

<u>Census Report</u>	<u>City of Borger</u>	<u>Hutchinson County</u>
2020 Estimate	13,386	20,938
2010	13,251	22,150
2000	14,203	23,857
1990	15,675	25,689
1980	15,837	26,304
1970	14,195	24,443

Sources: United States Bureau of the Census

Leading Employers in the Borger Area:

<u>Employer</u>	<u>Type of Business</u>	2020 Number of Employees
Phillips Petroleum Company	Petroleum Products	700
Borger Independent School District	Public Education	513
Chevron Phillips Chemical	Specialty Chemicals	246
Wal-Mart	Retail Sales	245
Golden Plains Community Hospital	Health Care	207
City of Borger	Municipal Government	174
United Supermarket	Retail Grocery	134
Tokai Carbon	Carbon Black Production	126
Conner Industries	Construction	110
Solvay Specialty Polymers	High Performance Polymers	109

Source: Information from the Issuer

Labor Force Statistics

	<u>Hutchinson County</u>		<u>Amarillo Metropolitan Statistical Area</u>	
	<u>December 2020</u>	<u>December 2019</u>	<u>December 2020</u>	<u>December 2019</u>
Civilian Labor Force	8,469	8,758	128,837	132,915
Total Employed	7,831	8,365	122,580	129,845
Total Unemployed	638	393	6,257	3,070
% Unemployed	7.5%	4.5%	4.9%	2.3%
% Unemployed (Texas)	7.1%	3.3%	7.1%	3.3%
% Unemployed (United States)	6.7%	3.4%	3.4%	6.7%

Source: Texas Workforce Commission, Labor Market Information Department.

APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

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DRAFT

IN REGARD to the authorization and issuance of the “City of Borger, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021” (the *Certificates*), dated April 1, 2021 in the aggregate principal amount of \$_____ we have reviewed the legality and validity of the issuance thereof by the City Council of the City of Borger, 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 February 1 in each of the years 20__ through 20__, unless redeemed prior to Stated Maturity in accordance with the terms stated on the face of the 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 municipal hotel occupancy tax 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.

Norton Rose Fulbright US LLP is a limited liability partnership registered under the laws of Texas.

Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP and Norton Rose Fulbright South Africa Inc are separate legal entities and all of them are members of Norton Rose Fulbright Verein, a Swiss verein. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients. Details of each entity, with certain regulatory information, are available at nortonrosefulbright.com.

Legal Opinion of Norton Rose Fulbright US LLP, San Antonio, Texas, in connection with the authorization and issuance of “CITY OF BORGER, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2021”

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 within the Issuer and are additionally payable from and secured by a lien on and pledge of the Pledged Hotel Occupancy Tax Revenues, being a limited amount of the revenues derived by the City from its Hotel Occupancy Tax collected by the assessment of the City’s Hotel Occupancy Tax, such lien on and pledge of the limited amount of Pledged Hotel Occupancy Tax Revenues being subordinate and inferior to the lien on and pledge thereof providing for the payment and security of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the Issuer. In the Ordinance, the Issuer reserves and retains the right to issue 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

Legal Opinion of Norton Rose Fulbright US LLP, San Antonio, Texas, in connection with the authorization and issuance of “CITY OF BORGER, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2021”

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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APPENDIX D

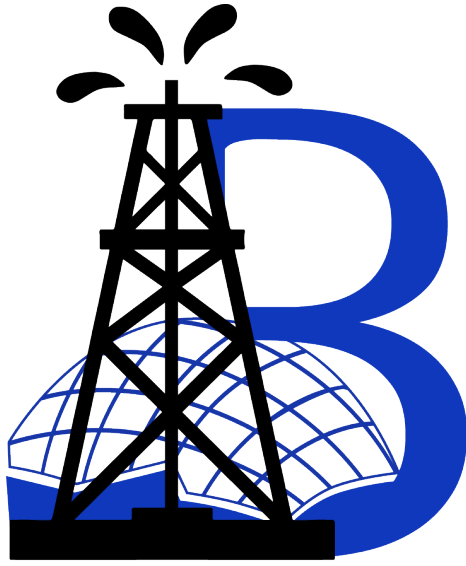
FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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

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Basic Financial Statements



BORGER

— **TEX★S** —

WHERE OPPORTUNITY BOOMS

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CITY OF BORGER, TEXAS
 GOVERNMENT-WIDE STATEMENT OF NET POSITION
 September 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total 2019	
ASSETS AND DEFERRED OUTFLOW				
CURRENT ASSETS				
Pooled cash and cash equivalents	\$ 652,797	\$ 100,184	\$ 752,981	\$ 1,313,340
Investments	4,252,669	4,101,932	8,354,601	708,971
Inventories	22,532	-	22,532	-
Accounts receivables, net	281,085	1,194,372	1,475,457	-
Other receivables	246,718	1,469	248,187	305,244
Other current assets	10,271	2,498	12,769	5,607
Total Current Assets	5,466,072	5,400,455	10,866,527	2,333,162
NONCURRENT ASSETS				
Restricted assets				
Cash	392,480	339,558	732,038	-
Investments	3,160,679	472,433	3,633,112	-
Other receivables	10,761	-	10,761	-
Other noncurrent assets	-	-	-	1,815,959
Capital assets, net	19,664,671	63,574,521	83,239,192	224,287
Total Noncurrent Assets	23,228,591	64,386,512	87,615,103	2,040,246
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pensions	2,322,752	702,058	3,024,810	-
Total Deferred Outflows from Pensions	2,322,752	702,058	3,024,810	-
Total Assets and Deferred Outflows	\$ 31,017,415	\$ 70,489,025	\$ 101,506,440	\$ 4,373,408
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	\$ 433,221	\$ 223,943	\$ 657,164	\$ 609
Sales tax payable	40,508	-	40,508	-
Accrued payroll	306,420	26,423	332,843	8,076
Payroll taxes and benefits payable	221,693	-	221,693	-
Accrued interest	35,108	242,918	278,026	-
Accrued vacation	409,163	83,672	492,835	-
Current portion of long-term debt	705,000	1,987,132	2,692,132	170,200
Total Current Liabilities	2,151,113	2,564,088	4,715,201	178,885
NONCURRENT LIABILITIES				
Utility customer deposits	3,970	344,465	348,435	-
Unearned revenue	405	-	405	-
Unfunded retirement obligation	6,233,568	1,884,114	8,117,682	-
Unfunded OPEB obligation	362,013	-	362,013	-
Long term debt due after one year	6,228,655	38,088,950	44,317,605	730,500
Total Noncurrent Liabilities	12,828,611	40,317,529	53,146,140	730,500
Total Liabilities	14,979,724	42,881,617	57,861,341	909,385
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pensions	654,970	197,966	852,936	-
Deferred gain on refinancing	-	307,082	307,082	-
Total Deferred Inflows of Resources	654,970	505,048	1,160,018	-
Net Position				
Invested in capital assets, net of related debt	12,731,016	23,498,439	36,229,455	224,287
Restricted for debt service	239,710	-	239,710	-
Restricted for capital outlay	1,992,297	811,991	2,804,288	-
Other restricted	1,289,952	-	1,289,952	-
Unrestricted	(870,254)	2,791,930	1,921,676	3,239,736
Total Net Position	15,382,721	27,102,360	42,485,081	3,464,023
Total Liabilities, Deferred Inflows and Net Position	\$ 31,017,415	\$ 70,489,025	\$ 101,506,440	\$ 4,373,408

See accompanying notes to the financial statements.

CITY OF BORGER, TEXAS
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
 Year Ended September 30, 2019

Functions and Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
Administration	\$ 703,788	\$ 25,700	\$ -	\$ -
Information Systems	77,934	-	-	-
Fleet Services	256,600	-	-	-
Engineering	111,003	42,531	-	-
Facilities Maintenance	76,894	-	-	-
Planning and Zoning	592,963	1,270	-	-
Animal Control	228,918	10,840	-	-
Code Enforcement	275,206	123,534	-	-
Central Dispatch	658,699	282,477	-	-
Police	3,165,895	175	3,501	-
Fire and Fire Prevention	2,752,353	-	262,792	-
Emergency Management	117,738	-	-	-
Municipal Court	560,117	208,631	-	-
Public Works General	216,297	-	-	-
Streets	780,426	-	-	-
Sanitation	1,819,292	2,372,558	-	-
Solid Waste Transfer Station		-	-	-
Youth, Community and Recreation Cent	604,080	72,490	3,600	-
Parks	770,343	30,884	-	-
Economic Development and Tourism	187,343	-	-	-
Interest Expense	202,492	-	-	-
Unallocated Depreciation	1,468,675	-	-	-
Total Governmental Activities	15,627,056	3,171,090	269,893	-
Business Type Activities				
Water and Sewer	7,121,508	11,500,365	-	-
Interest Expense	1,822,313	-	-	-
	<u>8,943,821</u>	<u>11,500,365</u>	<u>-</u>	<u>-</u>
Total Primary Government	\$ 24,570,877	\$ 14,671,455	\$ 269,893	-
Component Unit:				
Borger Economic Development Corporation	\$ 1,185,249	\$ -	\$ -	\$ (13,920)

General Revenues (Expenses):

Taxes:
 Sales
 Property - General
 Property - Debt Service
 Payments in Lieu of Property Taxes
 Franchise
 Occupancy
 Other
 Investment Earnings
 Other Revenue (Expense)
 Transfers, Net

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning, as Previously Reported

Change in Accounting Principle

Net Position - Beginning, as Restated

Net Position - End

See accompanying notes to the financial statements.

**Net (Expenses) Revenues and
Changes in Net Position**

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	
\$ (678,088)	\$ -	\$ (678,088)	\$ -
(77,934)	-	(77,934)	-
(256,600)	-	(256,600)	-
(68,472)	-	(68,472)	-
(76,894)	-	(76,894)	-
(591,693)	-	(591,693)	-
(218,078)	-	(218,078)	-
(151,672)	-	(151,672)	-
(376,222)	-	(376,222)	-
(3,162,219)	-	(3,162,219)	-
(2,489,561)	-	(2,489,561)	-
(117,738)	-	(117,738)	-
(351,486)	-	(351,486)	-
(216,297)	-	(216,297)	-
(780,426)	-	(780,426)	-
553,266	-	553,266	-
-	-	-	-
(527,990)	-	(527,990)	-
(739,459)	-	(739,459)	-
(187,343)	-	(187,343)	-
(202,492)	-	(202,492)	-
<u>(1,468,675)</u>	<u>-</u>	<u>(1,468,675)</u>	<u>-</u>
(12,186,073)	-	(12,186,073)	-
-	4,378,857	4,378,857	-
<u>-</u>	<u>(1,822,313)</u>	<u>(1,822,313)</u>	<u>-</u>
-	2,556,544	2,556,544	-
<u>(12,186,073)</u>	<u>2,556,544</u>	<u>(9,629,529)</u>	<u>-</u>
-	-	-	(1,199,169)
3,277,059	-	3,277,059	1,118,488
3,068,624	-	3,068,624	-
911,183	-	911,183	-
3,192,038	-	3,192,038	-
834,424	-	834,424	-
319,119	-	319,119	-
48,909	-	48,909	-
183,447	125,691	309,138	17,832
59,081	-	59,081	180,827
<u>1,977,880</u>	<u>(1,977,880)</u>	<u>-</u>	<u>-</u>
<u>13,871,764</u>	<u>(1,852,189)</u>	<u>12,019,575</u>	<u>1,317,147</u>
1,685,691	704,355	2,390,046	117,978
14,071,497	26,398,005	40,469,502	3,346,045
<u>(374,467)</u>	<u>-</u>	<u>(374,467)</u>	<u>-</u>
<u>13,697,030</u>	<u>26,398,005</u>	<u>40,095,035</u>	<u>3,346,045</u>
<u>\$ 15,382,721</u>	<u>\$ 27,102,360</u>	<u>\$ 42,485,081</u>	<u>\$ 3,464,023</u>

See accompanying notes to the financial statements.

CITY OF BORGER, TEXAS
BALANCE SHEETS
GOVERNMENTAL FUNDS
September 30, 2019

	General Fund	Capital Project Fund	Other Nonmajor Funds	Total Governmental Funds
ASSETS				
ASSETS				
Pooled cash	\$ 74,617	\$ -	\$ 530,203	\$ 604,820
Investments	3,803,920	-	427,632	4,231,552
Inventories	-	-	22,532	22,532
Utility receivables, net	162,600	-	-	162,600
Other receivables	256,992	-	-	256,992
Restricted assets				
Pool cash	-	213,679	178,801	392,480
Investments	-	1,784,664	1,376,015	3,160,679
Other receivables	-	1,504	9,257	10,761
Total Assets	<u>\$ 4,298,129</u>	<u>\$ 1,999,847</u>	<u>\$ 2,544,440</u>	<u>\$ 8,842,416</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 469,749	\$ -	\$ 166,161	\$ 635,910
Accounts payable from restricted cash	-	7,550	-	7,550
Payroll taxes and benefits payable	67,059	-	154,634	221,693
Sales tax payable	32,423	-	-	32,423
Other payables	405	-	-	405
Utility Customer Deposits	3,970	-	-	3,970
Total Liabilities	573,606	7,550	320,795	901,951
FUND BALANCES				
Restricted for debt service	-	-	239,710	239,710
Restricted for capital outlay	-	1,992,297	-	1,992,297
Other restricted	-	-	1,289,952	1,289,952
Assigned	-	-	319,519	319,519
Committed	-	-	17,253	17,253
Unrestricted - reported in special revenue funds	-	-	357,211	357,211
Unrestricted	3,724,523	-	-	3,724,523
Total Fund Balances	<u>3,724,523</u>	<u>1,992,297</u>	<u>2,223,645</u>	<u>7,940,465</u>
Total Liabilities and Fund Balances	<u>\$ 4,298,129</u>	<u>\$ 1,999,847</u>	<u>\$ 2,544,440</u>	<u>\$ 8,842,416</u>

See accompanying notes to the financial statements.

CITY OF BORGER, TEXAS
 RECONCILIATION OF THE BALANCE SHEET OF
 GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 September 30, 2019

Total Fund Balance - Governmental Funds \$ 7,940,465

Amounts reported for governmental activities in the statement of net assets
 are different because:

Net capital assets used in governmental activities are not financial
 resources and therefore are not reported in the funds 19,664,671

Utility Unbilled Accounts Receivable 118,485

Certain liabilities are not due and payable in the current period and therefore
 are not reported in the funds. Those liabilities include:

Accounts payable	
Sales Tax Payable	(8,086)
Accrued Interest	(35,108)
Accrued Salaries	(27,089)
Accrued Vacation	(409,163)
Unfunded Defined-Benefit Retirement Obligations	(6,233,568)
Unfunded OPEB obligation	(362,013)
Deferred Inflows from Pensions	(654,970)
Deferred Outflows from Pensions	2,322,752
Bond and Note Obligations	<u>(6,933,655)</u>

Net Position of Governmental Activities \$ 15,382,721

CITY OF BORGER, TEXAS
 STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUNDS
 Year Ended September 30, 2019

	General Fund	Capital Project Fund	Other Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$3,047,993	\$ -	\$ 908,600	\$ 3,956,593
Sales	3,277,059	-	-	3,277,059
Franchise	834,424	-	-	834,424
Occupancy	-	-	319,119	319,119
Other	44,788	-	-	44,788
Payments in Lieu of Property Taxes	3,192,038	-	-	3,192,038
Charges for Service	2,871,468	-	30,884	2,902,352
Penalties, Fines and Forfeitures	203,022	-	5,610	208,632
Licenses, Fees, and Permits	53,696	-	-	53,696
Intergovernmental Grants and Subsidies	204,609	-	3,501	208,110
Other Grants and Contributions	3,600	-	58,333	61,933
Investment Income	119,058	17,159	47,230	183,447
Other Income	74,060	-	-	74,060
Total Revenues	13,925,815	17,159	1,373,277	15,316,251
EXPENDITURES				
Current				
General Government:				
Administration	526,585	-	-	526,585
Information Systems	92,109	-	-	92,109
Fleet Services	261,500	-	-	261,500
Engineering	112,838	-	-	112,838
Facilities Maintenance	232,165	-	-	232,165
Planning and Zoning	597,509	-	-	597,509
Public Safety				
Animal Control	234,416	-	-	234,416
Code Enforcement	280,117	-	-	280,117
Central Dispatch	647,557	-	-	647,557
Police	3,134,488	-	-	3,134,488
Fire and Fire Prevention	2,713,439	-	36,319	2,749,758
Emergency Management	108,450	-	-	108,450
Municipal Court	568,956	-	2,290	571,246
Public Works				
General	223,155	-	-	223,155
Streets	793,241	-	-	793,241
Sanitation	1,834,282	-	-	1,834,282
Solid Waste Transfer Station	-	-	-	-
Recycling	5,787	-	-	5,787
Culture and Recreation				
Youth, Community and Recreation Centers	610,400	-	-	610,400
Parks	718,427	-	32,042	750,469
Economic Development and Tourism	-	-	363,742	363,742
Capital Outlay				
Capital Purchases	108,916	509,328	716,578	1,334,822
Debt Service				
Principal and Interest	-	-	955,419	955,419
Administrative Fees	-	-	1,300	1,300
Total Expenditures	13,804,337	509,328	2,107,690	16,421,355
Excess (Deficit) of Revenues over Expenditures	121,478	(492,169)	(734,413)	(1,105,104)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(771,096)	-	-	(771,096)
Transfers In	625,000	1,450,000	673,976	2,748,976
Total Other Financing Sources (Uses)	(146,096)	1,450,000	673,976	1,977,880
Net Change in Fund Balance	(24,618)	957,831	(60,437)	872,776
Fund Balance, Beginning of Year	3,749,141	1,034,466	2,284,082	7,067,689
Fund Balance, End of Year	\$ 3,724,523	\$ 1,992,297	\$ 2,223,645	\$ 7,940,465

See accompanying notes to the financial statements.

CITY OF BORGER, TEXAS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 Year Ended September 30, 2019

Net Changes in Fund Balance - Governmental Funds \$ 872,776

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of assets are allocated over their estimated useful lives in the form of depreciation.	1,538,803
Depreciation is recognized on the Statement of Activities by allocating the cost of the assets over their estimated useful lives but is not a Governmental Fund Expense	(1,468,675)
The change in accrued utility accounts receivable is reported on the Statement of Activities but is not reflected in the Governmental fund	4,950
Debt service is an expenditure for governmental funds consisting of both interest expense and principal for the Notes Payable. The principal portion reduces long-term debt on the Governmental Activities Statement of Net Position and is not an expense on the Statement of Activities	754,226
Certain liabilities are not due and payable in the current period and therefore the changes are not reported in the funds. Those liabilities include:	
Accounts Payable	-
Sales Tax Payable	(254)
Accrued Interest	-
Accrued Salaries	230,763
Accrued Vacation	(33,588)
Unfunded Defined-Benefit Retirement Obligations	(2,252,340)
Unfunded OPEB obligation	12,454
Deferred Inflows from Pensions	432,042
Deferred Outflows from Pensions	<u>1,594,534</u>

Change in Net Position of Governmental Activities \$ 1,685,691

CITY OF BORGER, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Taxes:				
Property	\$2,990,500	\$3,015,500	\$3,047,993	\$ 32,493
Sales	3,250,000	3,230,000	3,277,059	47,059
Franchise	919,000	894,000	834,424	(59,576)
Other	47,500	24,000	44,788	20,788
Payments in Lieu of Property Taxes	3,192,000	3,192,000	3,192,038	38
Charges for Service	2,874,150	2,844,150	2,871,468	27,318
Penalties, Fines and Forfeitures	198,000	218,000	203,022	(14,978)
Licenses, Fees, and Permits	37,900	39,150	53,696	14,546
Intergovernmental Grants and Subsidies	204,609	204,609	204,609	-
Investment Income	45,000	97,250	119,058	21,808
Other Grants and Contributions	5,000	5,000	3,600	(1,400)
Other	86,000	86,000	74,060	(11,940)
Total Revenues	13,849,659	13,849,659	13,925,815	76,156
EXPENDITURES				
Current				
General Government:				
Administration	494,764	497,289	526,585	(29,296)
Information Systems	88,481	91,481	92,109	(628)
Fleet Services	262,649	266,899	261,500	5,399
Engineering	124,946	123,496	112,838	10,658
Facilities Maintenance	308,549	379,099	232,165	146,934
Planning and Zoning	616,808	575,755	597,509	(21,754)
Public Safety				
Animal Control	237,564	230,764	234,416	(3,652)
Code Enforcement	236,465	271,911	280,117	(8,206)
Central Dispatch	736,160	639,760	647,557	(7,797)
Police	3,132,344	3,126,444	3,134,488	(8,044)
Fire and Fire Prevention	2,689,115	2,693,260	2,713,439	(20,179)
Emergency Management	121,563	113,063	108,450	4,613
Municipal Court	540,355	586,105	568,956	17,149
Public Works				
General	275,901	248,028	223,155	24,873
Streets	829,060	848,910	793,241	55,669
Sanitation	1,965,556	1,918,441	1,834,282	84,159
Recycling	30,777	30,777	5,787	24,990
Culture and Recreation				
Youth, Community and Recreation Centers	574,062	584,012	610,400	(26,388)
Parks	753,789	744,814	718,427	26,387
Capital Outlay				
Capital Purchases	20,464	68,964	108,916	(39,952)
Total Operating Expenses	14,039,372	14,039,272	13,804,337	234,935
Excess (Deficit) of Revenue over Expenditures	(189,713)	(189,613)	121,478	311,091
OTHER FINANCING SOURCES (USES)				
Transfers Out	(810,287)	(810,387)	(771,096)	39,291
Transfers In	1,000,000	1,000,000	625,000	(375,000)
Total Other Financing Sources (Uses)	189,713	189,613	(146,096)	(335,709)
Net Change in Fund Balance	\$ -	\$ -	(24,618)	\$ (24,618)
Fund Balance, Beginning of Year			3,749,141	
Fund Balance, End of Year			<u>\$3,724,523</u>	

See accompanying notes to the financial statements.

CITY OF BORGER, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Grants and Contributions	\$ -	\$ -	\$ -	\$ -
Miscellaneous income	-	-	-	-
Interest Income	<u>10,000</u>	<u>10,000</u>	<u>17,159</u>	<u>7,159</u>
Total Revenues	10,000	10,000	17,159	7,159
EXPENDITURES				
Capital Outlay				
Capital Purchases	<u>610,000</u>	<u>610,000</u>	<u>509,328</u>	<u>100,672</u>
Total Operating Expenditures	<u>610,000</u>	<u>610,000</u>	<u>509,328</u>	<u>100,672</u>
Excess (Deficit) of Revenue over Expenditures	(600,000)	(600,000)	(492,169)	107,831
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Transfers In	<u>-</u>	<u>-</u>	<u>1,450,000</u>	<u>1,450,000</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>1,450,000</u>	<u>1,450,000</u>
Net Change in Fund Balance	<u><u>\$ (600,000)</u></u>	<u><u>\$ (600,000)</u></u>	957,831	<u><u>\$1,557,831</u></u>
Fund Balance, Beginning of Year			<u>1,034,466</u>	
Fund Balance, End of Year			<u><u>\$1,992,297</u></u>	

See accompanying notes to the financial statements.

CITY OF BORGER, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
September 30, 2019

	Water and Sewer Utility Fund
ASSETS AND DEFERRED OUTFLOW	
CURRENT ASSETS	
Pooled Cash and Cash Equivalents	\$ 100,184
Investments	4,101,932
Accounts Receivables, Net:	1,194,372
Other Receivables	<u>3,966</u>
Total Current Assets	5,400,454
NONCURRENT ASSETS	
Restricted Cash	339,558
Restricted Investments	472,433
Capital Assets, Net	<u>63,574,521</u>
Total NonCurrent Assets	64,386,512
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows from Pensions	<u>702,058</u>
Total Deferred Outflows from Pensions	<u>702,058</u>
Total Assets and Deferred Outflows	<u><u>\$ 70,489,024</u></u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
CURRENT LIABILITIES	
Accounts Payable	\$ 223,943
Accrued Payroll Expenses	26,423
Accrued Interest	242,918
Accrued Vacation	83,672
Current Portion of Long-Term Debt	<u>1,987,132</u>
Total Current Liabilities	2,564,088
NONCURRENT LIABILITIES	
Utility Customer Deposits	344,465
Unfunded Retirement Obligation	1,884,114
Long Term Debt Due After One Year	<u>38,088,950</u>
Total Noncurrent Liabilities	<u>40,317,529</u>
Total Liabilities	42,881,617
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows from Pensions	197,966
Deferred Gain on Refinancing	<u>307,082</u>
Total Deferred Inflows of Resources	<u>505,048</u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	23,498,439
Restricted for Capital Improvements	811,991
Unrestricted	<u>2,791,929</u>
Total Net Position	<u>27,102,359</u>
Total Liabilities, Deferred Inflows and Net Position	<u><u>\$ 70,489,024</u></u>

See accompanying notes to the financial statements.

CITY OF BORGER, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended September 30, 2019

	Water and Sewer Utility Fund
OPERATING REVENUES	
Charges for Service	\$ 4,777,165
Industrial Water Sales	6,449,781
Late Charges	114,079
Tapping and Surcharge Fees	27,945
Other and Miscellaneous	<u>131,395</u>
Total Operating Revenues	11,500,365
OPERATING EXPENSES	
Salaries and Wages	2,071,724
Employee Benefits	768,854
Utilities	592,427
Departmental Operating Costs	1,131,720
Professional and Technical Services	97,265
Repairs and Maintenance	176,592
Other Purchased Services	147,586
Property and Facility	21,968
General and Administrative Supplies	197,142
Rental and Lease Agreements	14,460
Bad Debt Expense	115,483
Depreciation and Amortization	<u>1,786,287</u>
Total Operating Expenses	<u>7,121,508</u>
Operating Income	4,378,857
NONOPERATING REVENUES (EXPENSES)	
Investment Income	125,691
Interest Expense	<u>(1,822,313)</u>
Total Nonoperating Revenues (Expenses)	<u>(1,696,622)</u>
Income Before Transfers	2,682,235
TRANSFERS	
Transfers Out	<u>(1,977,881)</u>
Total Operating Transfers	<u>(1,977,880.88)</u>
Change in Net Position	704,354
Net Position - Beginning of Year	<u>26,398,005</u>
Net Position - End of Year	<u><u>\$ 27,102,359</u></u>

See accompanying notes to the financial statements.

CITY OF BORGER, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended September 30, 2019

	Water and Sewer Utility Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 11,189,345
Payments to and On Behalf of Employees	(3,512,508)
Payments to Suppliers and Contractors	<u>(1,749,040)</u>
Net Cash Provided By Operating Activities	5,927,797
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers, Net	<u>(1,977,881)</u>
Net Cash Used By Noncapital Financing Activities	(1,977,881)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Interest Paid	(1,827,896)
Prinicipal Payments on Debt	<u>(1,900,088)</u>
Net Cash Used By Capital Financing Activities	(3,727,984)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Capital Assets	(451,647)
Proceeds from Investments	446,500
Investment Income	<u>125,691</u>
Net Cash Provided By Investing Activities	120,544
Net Decrease in Cash and Cash Equivalents	342,476
Cash and Cash Equivalents at Beginning of Year	<u>97,265</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 439,741</u></u>
Cash Summary abd Cash Equivalents	
Unrestricted cash	\$ 100,184
Restricted cash	<u>339,558</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 439,742</u></u>
Reconciliation of Operating Income to Net Cash Flows	
Provided by Operating Activities	
Operating Income	\$ 4,378,857
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation and Amortization	1,786,287
Changes in	
Accounts Receivable	(267,629)
Other Receivables	3,794
Accounts Payable	(23,509)
Accrued Payroll Expenses	(58,975)
Accrued Vacation	2,030
Deferred Revenue	(27,266)
Utility Customer Deposits	(19,919)
Deferred Inflows/Outflows from Pensions	(614,985)
Unfunded Retirement Obligation	<u>653,629</u>
Net Cash Provided by Operating Activities	<u><u>\$ 5,927,797</u></u>

See accompanying notes to the financial statements.



Notes to the Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The City of Borger, Texas (City) is a municipal corporation governed by a Council-Manager form of government. The City, incorporated in October 1926, is located in the Panhandle part of the State, occupies a land area of approximately 9 square miles and serves a population exceeding 13,250. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by State statute to extend its corporate limits by annexation, which occurs when deemed appropriate by the City Council.

The City Council (the Council) is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by the Governmental Accounting Standards Board.

This reporting entity which consists of the City (the primary government), organizations for which the City is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion could cause the City's financial statements to be misleading or incomplete.

Discretely Presented Component Unit - The component unit columns in the government-wide financial statements include financial data from the City's Component Unit. They are reported in a separate column to emphasize that they are legally separate from the City. The Component Unit is included in the reporting entity because the primary government is financially accountable and can impose its will (significantly influence operations and/or activities) on the organization.

The Borger Economic Development Corporation (BEDC) DBA: Borger Inc. is a legally separate entity formed to create, manage, operate and supervise programs and activities to promote, assist, and enhance economic development within and around the City. The Council appoints the board members and its operations and budget are approved by the Council. Copies of the Borger Economic Development Corporation's separately issued financial statements may be obtained from the City Secretary or from the Borger Economic Development Corporation, 1111 Penn Avenue, Borger, Texas, 79007. GASB Statement 14 requires portions of the BEDC component unit financial information to be presented along with the City information.

Government-Wide and Fund Financial Statements - The government-wide financial statements (GWFS) (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business type, are reported in the GWFS using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The GWFS focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The Statement of Activities on pages 34 and 35 demonstrates 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 or segment. Program revenues include: 1) charges to customers or applicants who use the segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The general revenues support the net costs of the functions and segments not covered by program revenues.

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

See report of independent auditors.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - The GWFS are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements (FFS). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Property taxes and interest associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the City receives cash.

Governmental Funds are those through which most of the governmental functions of the City are financed. The City reports the following major governmental funds:

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

Capital Project Fund - This Fund accounts for the City's capital projects and capital asset purchases for the City's governmental funds.

Additionally, the City reports the following non-major governmental funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources other than special assessments or major capital outlays that are restricted to expenditures for specified purposes.

Debt Service Fund is used to account for the accumulated resources and related payments of principal and interest on long-term general obligation debts of the City.

Proprietary funds are those through which most of the costs of providing the services are funded through charges for services. The City reports the following proprietary funds.

Water and Sewer Utility Fund - The Water & Sewer Utility Fund is used to account for the provision of water and sewer services to the residents of the City

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water, sewer, and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as 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. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. The utilities also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted

See report of independent auditors.

resources first, then unrestricted resources as they are needed.

Budgetary Data - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the proprietary funds, with the exceptions of capital outlays being considered a budgeted line item and depreciation is not. Governmental funds are budgeted on a basis appropriate for the specific funds. All annual appropriations lapse at the end of the fiscal year.

The City Manager annually submits to the City Council a proposed operating budget for the upcoming fiscal year. Public hearings are conducted to obtain taxpayer comments, and the budget is legally enacted through passage by the City Council. Council action is required for the approval of a supplementary appropriation.

All budget amounts presented in the budget comparison statement reflect the final budget after legally authorized adjustments to the original budget during the year. Budgetary control is maintained by department with all budget supplements to be approved by the City Council. Management may make administrative transfers and increases or decreases in accounts within categories, as long as expenditures do not exceed budgeted appropriations at the fund level. No significant budget adjustments were made during the fiscal year.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Equivalents - Cash equivalents are defined as short-term highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less when purchased which present an insignificant risk of changes in value because of changes in interest rates.

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

Equity in Pooled Cash and Investments - The City pools the resources of various funds in order to facilitate the management of cash and enhance investment earnings. Records are maintained which reflect each fund's equity in the pooled account.

Property Taxes Receivable - The value of all real and business property located in the City is assessed annually on January 1 in conformity with Subtitle E of the Texas Property Code. Property taxes are levied on October 1 on those assessed values and the taxes are due upon receipt of the tax bill. The taxes are considered delinquent if not paid by the end of January. At the City's fiscal year end, all property taxes receivable are considered delinquent and an account for an allowance for uncollectible taxes is adjusted to counter the receivable. The property taxes are recorded in the General Fund and Debt Service Fund as appropriate.

Proprietary Fund Accounts Receivable - Within the Water and Sewer Utility Fund, services rendered and billed but not collected as of the close of the fiscal year are accrued and this amount is reflected in the accounts receivable balance. Amounts billed are reflected as accounts receivable net of an allowance for uncollectible accounts.

Capital Assets and Depreciation - Capital assets, including public domain infrastructure (e.g. streets, bridges, sidewalks and other assets that are immovable and of value only to the City) are defined as assets with an initial, individual cost exceeding \$5,000 and an estimated useful life in excess of one year. These capital assets are reported in the GWFS and in the proprietary FFS. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated assets are recorded at the estimated fair value on the date of donation.

See report of independent auditors.

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

Depreciation is based on the estimated useful lives and has been calculated by use of the straight-line method applied to cost. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the proprietary FFS. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. The City uses the following schedule to determine the useful lives of capital assets:

Infrastructure/Improvements	10-50 Years
Buildings	15-50 Years
Equipment	3-15 Years

Inventories - The City reports inventories of supplies at cost including consumable utility maintenance and office items. Supplies are recorded as expenditures when they are consumed, except for certain utility and other supplies.

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

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

Fund Balances - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Sales Tax Revenue - The tax is collected by the vendor from consumers and is required to be submitted to the State of Texas by the 20th of the month following collection. The State then remits the allocated amount of sales tax to the City by the 10th of the month following vendor submission. These amounts are included in the gross receipts tax revenue and are recorded as revenue when the underlying exchange has taken place, regardless if the City has actually received the funds. The City collects and remits the appropriate portion designated for the Borger Economic Development Corporation.

See report of independent auditors.

Accrued Vacations - It is the City's policy to permit full-time employees to accumulate earned but unused vacation and sick pay benefits. Employees are generally allowed up to 25 days of vacation depending on the length of service and can carry over up to 40 hours from year to year and is payable to the employee upon resignation or termination. Sick leave accumulates at the rate of 12 days a year and is not payable at resignation or termination. All sick pay and vacation pay are accrued when incurred in the government-wide or proprietary fund financial statements.

Deferred Outflows/Inflows of Resources - In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has deferred outflows for pensions related to contributions and investment experience.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City's deferred inflows include actuarial differences in expected and actual experience. The City also has a deferred charge on a bond refunding, which is the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred or amortized over the shorter of the life of the refunded and new debt.

Equity Classifications

Government-Wide Financial Statements:

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted balances, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund classifications can be used.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as restricted or unrestricted. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

Risk Management - The City is exposed to various risks of losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. For many years, the City has been self-insured through the Texas Municipal League Intergovernmental Risk Pool to mitigate the effects of any losses. There were no significant reductions in coverage from coverage in the prior year. Any settlement amounts have not exceeded coverage for the current year or the past three fiscal years.

See report of independent auditors.

Commitments and Contingencies - The City participates in some State and/or Federally assisted programs. In connection with grants under these programs, the City is required to comply with specific terms and agreements, as well as applicable Federal and State laws and regulations. Such compliance is subject to review and audit by the grantors and their representatives. In the opinion of management, the City has complied with all requirements. However, since such programs are subject to future audit or review, the possibility of disallowed expenditures exists. In the event of such disallowance of claimed expenditures, the City expects the resulting liability to be immaterial.

Subsequent Events – The financial statements and related disclosures include evaluation of events up through and including May 19, 2020, which is the date the financial statements are available to be issued.

NOTE B - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

The City's investment policies are governed by State statutes and City ordinances. The Public Funds Investment Act (PFIA), Chapter 2256 requires the City to adopt, implement and publicize an investment policy which covers specific provisions in PFIA regarding investment practices, management reporting and policy establishment. The investment policy in effect is available for public inspection at the City Hall. The PFIA establishes authorized investment vehicles for the City. The City is in substantial compliance with the PFIA at the end of the 2019 fiscal year.

Interest Rate Risk - The City and BEDC minimizes interest rate risk by limiting investments to having a maturity date of one year or less.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City manages its custodial credit risk by depositing its funds with institutions participating in the Federal Deposit Insurance Corporation (FDIC) insurance programs and is able to collateralize the deposits in accordance to State statutes or depositing into investment pools overseen by the Texas State Comptroller of Public Accounts, such as TexPool.

In accordance with FDIC, public unit deposits are funds owned by the City. Time deposits, savings deposits and other interest-bearing accounts of a public unit in an institution will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the City for at least the amount on deposit with the institution. The types of collateral an institution is permitted to use as pledged securities are limited to direct obligations of the United States Government and all bonds issued by any agency or political subdivision of the State of Texas.

As of September 30, 2019, the City's funds on deposit were adequately covered by either FDIC insurance or collateralized securities held by the financial institutions pledged to cover the City's deposits. The City had no bank deposits subject to custodial credit risk during the 2018-2019 fiscal year.

Borger Economic Development Corporation - The BEDC maintains its funds in a separate financial institution and TexPool accounts. Although the organization is a component unit of the City, its FDIC and collateralization of its deposits are covered separately because the Corporation is a separate non-profit entity. BEDC also does not participate in the City's internal pooling of cash and investments as disclosed below.

At September 30, 2019, the City and BEDC had insured bank balances as follows:

	City of Borger	Borger Economic Development Corporation
Carrying Amounts		
Demand Accounts	\$ 1,656,656	\$ 429,192
Time Deposits	-	1,599,525*
Net Reconciling Items	<u>(172,901)</u>	<u>(14,377)</u>
Total Public Funds on Deposit	1,483,755	2,014,340
Less FDIC Coverage	<u>(250,000)</u>	<u>(450,000)</u>
Amount to be Collateralized	1,233,755	1,564,340
Collateralized by Institution	<u>(3,052,780)</u>	<u>(2,006,169)</u>
Under (Over) Collateralized	<u>\$ (1,819,025)</u>	<u>\$ (441,829)</u>

* Includes \$701,300 of investment in certificates of deposits for the BEDC.

The City utilizes a pooled cash method of disbursements, whereby one bank account is used by both types of activities to pay expenditures, and the bank account is reimbursed by each fund for the proportionate amount spent by each fund. Below are the amounts allocated to the specific activity:

Total carrying value of the cash and cash equivalents by activities as of September 30, 2019:

	Governmental Activities	Business-type Activities	City of Borger Total	Borger Economic Development Corporation
Pooled Cash	\$ 1,044,812	\$ 438,943	\$ 1,483,755	\$ -
Bank Deposits	-	-	-	1,313,040
Total Demand Accounts	<u>1,044,812</u>	<u>438,943</u>	<u>1,483,755</u>	<u>1,313,040</u>
Cash on Hand	465	800	1,265	300
Total Cash and Cash Equivalents	<u>\$ 1,045,277</u>	<u>\$ 439,743</u>	<u>\$ 1,485,020</u>	<u>\$ 1,313,340</u>

Statement of Net Asset Reconciliation

Restricted Cash	\$ 392,480	\$ 339,558
Unrestricted Cash	<u>652,797</u>	<u>100,185</u>
Total Cash	<u>\$ 1,045,277</u>	<u>\$ 439,743</u>

Investments

The City and BEDC maintain accounts with TexPool, a public funds investment pool established under the authority of the Interlocal Cooperation Act (the Act) foundation and subject to the provisions of the Act. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires the 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 AAA-m or an equivalent rating by Standard and Poor's or other nationally recognized rating services; and, 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares. The Weighted Average Maturity (WAM) of TexPool is 27 days. Participation in the pools is allowed under the guidelines of the Act, is voluntary, and may be

See report of independent auditors.

terminated and the funds withdrawn at the discretion of the City Council and/or the BEDC board of directors.

The City utilizes a pooled cash method for its investments, whereby one investment custodian is used by both types of activities and each fund is credited for the proportionate amount of investment income received by the investments. Below are the amounts allocated to the specific activity:

	Governmental Activities	Business-type Activites	City of Borger Total	Borger Economic Development Corporation
Certificates of Deposit	\$ -	\$ -	\$ -	\$ 708,971
Amarillo Area Foundation	98,016	-	98,016	-
TexPool Investments	<u>7,315,332</u>	<u>4,574,366</u>	<u>11,889,698</u>	<u>-</u>
Total Investments	<u>\$ 7,413,348</u>	<u>\$ 4,574,366</u>	<u>\$ 11,987,714</u>	<u>\$ 708,971</u>

Other Investments - The City is a participant in the Amarillo Area Foundation (AAF), which is an area foundation serving the Texas Panhandle by providing grants and other services funded by donations and investment earnings. Agencies invest funds with AAF and related earnings are distributed yearly. The City has invested \$98,016 with AAF as of September 30, 2019 and is considered restricted for financial statement purposes.

Disclosures about Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets or liabilities
- Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3 - Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at September 30, 2019.

Assets Held by Amarillo Area Foundation: Valued at fair value as reported by the trustee, which represents the City's *pro rata* interest in the assets of the foundation.

Investment measured at fair value - Level 3

Amarillo Area Foundation	\$ 98,016
Total investments measured at fair value	<u>98,016</u>

Investments measured at amortized cost

TexPool	<u>11,889,698</u>
Investments measured at amortized cost	<u>11,889,698</u>
Total Investments	<u>\$ 11,987,714</u>

Assets Measured at fair value on a nonrecurring basis

There were no fair values of assets and liabilities measured on a nonrecurring basis at September 30, 2019.

Changes in level 3 investments for the year ended September 30, 2010:

Balance at October 1, 2018	\$ 98,507
Investment income	-
Distributions	-
Management Fees	<u>(491)</u>
Balance at September 30, 2019	<u>\$ 98,016</u>

The City's policy is to recognize transfers between levels as of the actual date of the event or change in circumstances. There were no transfers between levels during the year ended September 30, 2019.

NOTE C - RECEIVABLES

Accounts Receivable - Net - Accounts receivable shown in the governmental activities and business-type activities at year-end represents net balances due from customers of solid waste and utility services provided by the City. The City uses the reserve method to account for the allowance for bad debts and has reserved the following amounts of accounts receivable as of September 30, 2019:

	Governmental Activities	Business-type Activities	Total
Refuse Collection Receivable	\$ 294,148	\$ -	\$ 294,148
Utilities Receivable	-	1,253,563	1,253,563
Allowance for Uncollectibles	<u>(13,063)</u>	<u>(59,192)</u>	<u>(72,255)</u>
	<u>\$ 281,085</u>	<u>\$ 1,194,371</u>	<u>\$ 1,475,456</u>

Property Taxes Receivable - Taxes receivable for the general and other governmental funds as of September 30, 2019 are considered delinquent property taxes. State statutes prohibit governments to write off delinquent property taxes without prior legislative authorization. Property taxes of \$607,737 are outstanding and have been fully offset by an allowance.

Other Receivables - Accounts receivable shown in the governmental activities as other receivables at year-end represents various receivables to the City in addition to providing services to its residents.

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NOTE D - INTERFUND TRANSFERS AND BALANCES

Inter-fund transfers are made for various purposes throughout the year.

The amounts due to/from funds are reported in the respective funds in the fund financial statements but are eliminated in the Government-wide Statement of Net Assets because all the funds are considered governmental activities.

Because the City pools its TexPool investments into one fund, the fund financial statements reports the investments designated and allocated to the other funds as due to other funds and due from other funds, respectively. For reporting in the Government-wide Statement of Net Position, these due to and due from other funds are eliminated, and the investments reported in aggregate according the type of funds. A more detailed disclosure of investments may be found in Note B above.

Transfers made by the City during the fiscal year ended September 30, 2019 are listed below:

Transfer To	Transfer From	Amount	Purpose
General Fund	Water and Sewer Fund	\$ 625,000	Reimbursement of expenses
Capital Equipment Fund	General Fund	771,096	Capital expenditures
Capital Equipment Fund	Various Funds	97,120	Capital expenditures
Capital Equipment Fund	Water and Sewer Fund	1,450,000	Capital expenditures
City Tourism Fund	Hotel/Motel Fund	156,622	Designated funds transfer
	Total Transfers	<u>\$ 3,099,838</u>	

NOTE E - CAPITAL ASSETS

Capital asset activity for the City for the fiscal year ended September 30, 2019 is detailed below:

Governmental Activities:

Assets not Depreciated:

Land	\$ 1,192,723	\$ 13,920	\$ -	\$ 1,206,643
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Depreciable Assets:

Buildings and Improvements	14,101,632	321,507	-	14,423,139
Furniture and Equipment	14,104,003	943,131	(800,931)	14,246,203
Infrastructure	7,002,408	31,679	-	7,034,087
Construction in Progress	340,189	269,366	(40,800)	568,755
Total Depreciable Assets	<u>35,548,232</u>	<u>1,565,683</u>	<u>(841,731)</u>	<u>36,272,184</u>

Accumulated Depreciation:

Buildings, Furniture, and Equipment	(13,161,444)	(1,393,659)	725,915	(13,829,188)
Infrastructure	(3,984,968)	-	-	(3,984,968)
Total Accumulated Depreciation	<u>(17,146,412)</u>	<u>(1,393,659)</u>	<u>725,915</u>	<u>(17,814,156)</u>

Net Depreciable Assets

	<u>18,401,820</u>	<u>172,024</u>	<u>(115,816)</u>	<u>18,458,028</u>
Net Governmental Activities				
Capital Assets	<u>\$ 19,594,543</u>	<u>\$ 185,944</u>	<u>\$ (115,816)</u>	<u>\$ 19,664,671</u>

See report of independent auditors.

The City reported \$1,393,659 of depreciation in general fixed assets in use by governmental funds on the Government-wide Statement of Activities. The City did not allocate the depreciation to the various governmental functions, instead presenting the amount separately from the departmental functions on the statement.

	Balance 9/30/2018	Additions	Deletions and Disposals	Ending Balance 9/30/2019
Business-type Activities:				
Assets not Depreciated:				
Land	\$ 1,496,247	\$ -	\$ -	\$ 1,496,247
Depreciable Assets:				
Buildings and Improvements	384,113	-	-	384,113.00
Furniture and Equipment	1,982,380	154,323	(72,392)	2,064,311.00
Infrastructure	89,394,750	2,406,098	-	91,800,848.00
Construction in Progress	2,267,270	38,294	(2,147,068)	158,496.00
Total Depreciable Assets	<u>94,028,513</u>	<u>2,598,715</u>	<u>(2,219,460)</u>	<u>94,407,768</u>
Accumulated Depreciation:				
Buildings, Furniture, and Equipment	(1,661,031)	-	-	(1,661,031)
Infrastructure	<u>(28,954,568)</u>	<u>(1,786,287)</u>	<u>72,392</u>	<u>(30,668,463)</u>
Total Accumulated Depreciation	<u>(30,615,599)</u>	<u>(1,786,287)</u>	<u>72,392</u>	<u>(32,329,494)</u>
Net Depreciable Assets	<u>63,412,914</u>	<u>812,428</u>	<u>(2,147,068)</u>	<u>62,078,274</u>
Net Business-type Activities				
Capital Assets	<u>\$ 64,909,161</u>	<u>\$ 812,428</u>	<u>\$ (2,147,068)</u>	<u>\$ 63,574,521</u>

Capital asset activity for Borger Economic Development Corporation is disclosed below:

	Balance 9/30/2018	Additions	Deletions and Disposals	Ending Balance 9/30/2019
Component Unit:				
Assets not Depreciated:				
Land	<u>\$ 52,615</u>	<u>\$ -</u>	<u>\$ (24,245)</u>	<u>\$ 28,370</u>
	52,615	-	(24,245)	28,370
Depreciable Assets:				
Buildings and Improvements	317,636	-	(5,133)	312,503
Furniture and Equipment	<u>34,753</u>	<u>15,376</u>	<u>(823)</u>	<u>49,306</u>
Total Depreciable Assets	352,389	15,376	(5,956)	361,809
Accumulated Depreciation:				
Buildings and Improvements	(114,608)	(19,125)	3,079	(130,654)
Furniture and Equipment	<u>(28,078)</u>	<u>(7,654)</u>	<u>494</u>	<u>(35,238)</u>
Total Accumulated Depreciation	<u>(142,686)</u>	<u>(26,779)</u>	<u>3,573</u>	<u>(165,892)</u>
Net Depreciable Assets	<u>209,703</u>	<u>(11,403)</u>	<u>(2,383)</u>	<u>195,917</u>
Net Component Unit Capital Assets	<u>\$ 262,318</u>	<u>\$ (11,403)</u>	<u>\$ (26,628)</u>	<u>\$ 224,287</u>

NOTE F - LONG-TERM DEBT

See report of independent auditors.

In recent years, the City has shifted the debt service of both governmental activities and business-type activities to the Interest and Sinking Fund. This Fund collects and remits debt service payments from the General Fund, other non-major governmental funds and the Water and Sewer Fund and remits the debt service payments to the proper lenders or agencies. The following detail the outstanding bonds, notes and capital lease obligations for the City as of September 30, 2019:

Governmental Activities:

2013 Certificates of Obligation - The City issued Certificates of Obligation in 2013 to fund public works projects for street improvements, parks and recreation improvements, improving and equipping various facilities, drainage improvements and constructing and improving municipal parking facilities. The Certificates of Obligations were issued in February 2013, with the first principal payment made February 1, 2014. Principal payments ranging from \$110,000 to \$190,000 are due annually with interest paid on a semi-annual basis. The debt service is being funded by funds from ad valorem tax revenue out of the Interest and Sinking Fund.

2016 Certificates of Obligation - The City issued Certificates of Obligation in 2016 to fund public works projects for street improvements, parks and recreation improvements, improving and equipping various facilities, drainage improvements and constructing and improving public safety facilities. The Certificates of Obligations were issued in June 2016, with the first principal payment scheduled on August 1, 2017. Principal payments ranging from \$110,000 to \$355,000 are due annually with interest paid on a semi-annual basis. The debt service is being funded by funds from ad valorem tax revenue out of the Interest and Sinking Fund.

General Obligation Refunding Bonds, Series 2016 - In the fiscal year ended September 30, 2016 the City issued General Obligation Refunding Bonds, Series 2016 for the advance refunding of the remaining portion of the Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2006. Principal payments ranging from \$482,900 to \$513,250 are due annually through 2022 with interest paid on a semi-annual basis.

Happy State Bank - The City entered into a Note Payable with Happy State Bank in May 2009 to fund the purchase of a fire engine. Annual principal and interest payments of \$56,531 were made and the balance was retired during 2019. Funds from the City's general revenue were used for the debt service of this note payable.

The debt service activity for the government-type activities of the City for the fiscal year ended September 30, 2019 is disclosed below:

	Balance 9/30/2018	Additions	Payments	Balance 9/30/2019
2013 Certificates of Obligation	\$ 2,320,000	\$ -	\$ (125,000)	\$ 2,195,000
2016 Certificates of Obligation	3,180,000	-	(115,000)	3,065,000
2016 General Obligation Refunding	1,845,000	-	(450,000)	1,395,000
Happy State Bank	54,241	-	(54,241)	-
Balance of unamortized premium	288,640	-	(9,984)	278,656
	<u>\$ 7,687,881</u>	<u>\$ -</u>	<u>\$ (754,225)</u>	<u>\$ 6,933,656</u>

See report of independent auditors.

The following schedule details the interest rate and current portion of the liabilities of the governmental activities as of September 30, 2019:

	Interest Rate	Original Amount	Maturity	Principal Due Within One Year
2013 Certificates of Obligation	2% to 3.25%	\$ 2,910,000	Feb, 2023	\$ 130,000
2016 Certificates of Obligation	2% to 4.00%	3,645,000	Aug, 2036	120,000
2016 General Obligation Refunding	2.00%	2,730,000	Aug, 2022	455,000
				<u>\$ 705,000</u>

The following schedule details the future maturities of the liabilities of the governmental activities as of September 30, 2019:

Year Ended September 30,	Principal	Interest	Total Debt Service
2020	\$ 705,000	\$ 194,600	\$ 899,600
2021	720,000	179,850	899,850
2022	735,000	164,377	899,377
2023	310,000	149,300	459,300
2024	320,000	141,794	461,794
2025-2029	1,665,000	572,031	2,237,031
2030-2034	1,740,000	264,863	2,004,863
2035-2039	460,000	27,800	487,800
	<u>\$ 6,655,000</u>	<u>\$ 1,694,615</u>	<u>\$ 8,349,615</u>

Business-type Activities:

Canadian River Municipal Water Authority Bond Obligations - The City is a member of the Canadian River Municipal Water Authority (CRMWA), which is a governmental entity created by the Texas legislature with the purpose of providing a municipal and industrial water source for the eleven (11) member cities of the Authority. Being a member, the City is obligated to proportionately share in the financing of the construction and maintenance of the dam and aqueduct, as well as the purchase of additional water rights and the development of the Roberts County well fields.

The CRMWA related liabilities disclosed below are the obligations of the City as prorated and passed through by CRMWA. The bonds are payable and secured by an irrevocable first lien and pledge of the City's water and sewer revenues in accordance with the City's agreements with CRMWA.

The following disclosures are not intended to represent the full amount of notes and bond liabilities of CRMWA. CRMWA issues a publicly available comprehensive annual financial reports that include financial statements and required supplementary information for the Authority; the reports also provide detailed explanations of the contributions, liabilities and other information and assumptions concerning the member cities and the Authority. These financial reports may be obtained by writing to CRMWA, PO Box 9, Sanford, TX 79078 or at <http://www.crmwa.com>.

The descriptions of CRMWA's bond obligations are detailed below, as well as the City's proportionate share and debt service activity. Respective principal payments are made annually in February and interest payments are made semiannually in February and August of the fiscal year. Funding for these obligations comes from the operations of the Water and Sewer Fund.

See report of independent auditors.

USBR Series 1999 Refunding Series 2010 - In the fiscal year ended September 30, 2000, the Authority issued the 1999 Series Contract Revenue Refunding bonds for refinancing the U.S. Bureau of Reclamation's Prepayment Project. The bond proceeds were used to retire the Bureau of Reclamation debt for the construction of Sanford Dam, Lake Meredith and the original aqueduct system. In the fiscal year ended September 30, 2010, the Authority issued Contract Revenue Refunding Bonds, Series 2010 for refunding of the Series 1999 Bureau of Reclamation Prepayment Project.

As a result of the 1999 series USBR refinancing, the City realized a profit of \$2,164,133 from the debt restructuring and recorded the amount as deferred inflows of resources. During the fiscal year ending September 30, 2019, the City recognized approximately \$139,410 of the gain as a reduction of interest expense with a remaining amount of \$307,082 to be amortized over the life of the original 1999 series prior to the refunding.

Conjunctive Use Groundwater Series 2009 - In the fiscal year ended September 30, 2005, the Authority issued Contract Revenue Bonds, Series 2009 to finance the continuation and expansion of the Conjunctive Use Groundwater Supply Project

Contract Revenue Refunding Bonds Series 2010 - In the fiscal year ended September 30, 2000, the Authority issued Contract Revenue Bonds, Series 1999 for financing the construction of the Conjunctive Use Groundwater Supply Project and for the advance refunding of the Contract Revenue Bonds, Series 1996. In the year ended September 30, 2010 the Authority issued Contract Revenue Refunding Bonds, Series 2010 for the advance refunding of the remaining portion of the Series 1999 bonds that the Series 2005 refunding did not cover.

Conjunctive Use Groundwater Series 2011 - In the fiscal year ended September 30, 2012, the Authority issued Contract Revenue Bonds, Series 2011 to finance the continuation and expansion of the Conjunctive Use Groundwater Supply Project

Contract Revenue Refunding Bonds Series 2014 - In the fiscal year ended September 30, 2015 the Authority issued Contract Revenue Refunding Bonds, Series 2014 for the advance refunding of the remaining portion of the Series 2005 bonds and most of the Series 2006.

Revenue Refunding Bonds Series 2012 - In the fiscal year ended September 30, 2013 the Authority issued Revenue Refunding Bonds, Series 2012 to refinance the Conjunctive Use Groundwater Series 2005 debt.

Contract Revenue Refunding Bonds Series 2017 - In the fiscal year ended September 30, 2018 the Authority issued Contract Revenue Refunding Bonds, Series 2017 for the advance refunding a portion of the Series 2009 bonds.

Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation Series 2013 - The City issued \$5,245,000 Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Taxable Series 2013 to fund the construction of public works, to wit: constructing, acquiring, purchasing, renovating, enlarging, equipping, and improving water and sewer system properties and facilities including the acquisition of land and rights-of-way.

Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation Series 2014 - The City issued \$32,955,000 Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Taxable Series 2014 to fund the construction of public works, to wit: constructing, acquiring, purchasing, renovating, enlarging, equipping, and improving water and sewer system properties and facilities including the acquisition of land and rights-of-way.

The debt service activity for the Business-type Activities of the City for the fiscal year ended September 30, 2019 is disclosed below:

	Balance 9/30/2018	Additions	Payments	Balance 9/30/2019
Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation Series 2013	\$ 4,220,000	\$ -	\$ (205,000)	\$ 4,015,000
Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation Series 2014	29,445,000	-	(925,000)	28,520,000
CRMWA Related Debt:				
Contract Revenue Refunding Conjunctive Use Groundwater Series 2010	106,667		(51,542)	55,125
Conjunctive Use Groundwater Series 2009	13,456	-	(13,456)	-
Conjunctive Use Groundwater Series 2011	3,392,034	-	(210,169)	3,181,865
Contract Revenue Refunding Conjunctive Use Groundwater Series 2017	627,037	-	(40,994)	586,043
Refunding Revenue Bonds Series 2012	2,205,925	-	(72,585)	2,133,340
Refunding Revenue Bonds Series 2014	1,647,701	-	(368,445)	1,279,256
	41,657,820	-	(1,887,191)	39,770,629
Balance of unamortized premium	318,350	-	(13,022)	305,328
	<u>\$ 41,976,170</u>	<u>\$ -</u>	<u>\$ (1,900,213)</u>	<u>\$ 40,075,957</u>

Total interest expense for Business-type activities for 2019 was \$1,822,313.

The following schedule details the interest rate and current portion of the liabilities of the business-type activities as of September 30, 2019:

	Interest Rate	Original Amount	Maturity	Due Within One Year
Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation Series 2013	5.5% to 6%	\$ 5,245,000	Aug, 2033	\$ 210,000
Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation Series 2014	2.0% to 4.723%	32,955,000	Aug, 2039	950,000
CRMWA Related Debt:				
Contract Revenue Refunding CUG Series 2010	3.00%	496,016	Feb, 2020	55,125
Conjunctive Use Groundwater Series 2009	3.00%	1,171,146	Feb, 2020	-
Refunding Revenue Bonds Series 2017	5.55%	2,781,080	Feb, 2029	55,768
Refunding Revenue Bonds Series 2012	3.0% to 3.6%	2,515,661	Feb, 2025	278,440
Refunding Revenue Bonds Series 2014	2.0% to 5.0%	2,801,041	Feb, 2027	219,305
Conjunctive Use Groundwater Series 2011	5.00%	4,581,076	Feb, 2031	218,494
				<u>\$ 1,987,132</u>

The following schedule details the future maturities of the liabilities of the business-type activities as of September 30, 2019:

Year Ended September 30,	Principal	Interest	Total Debt Service
2020	\$ 1,987,132	\$ 1,811,415	\$ 3,798,547
2021	2,021,861	1,738,464	3,760,325
2022	2,112,408	1,651,112	3,763,520
2023	2,205,525	1,558,955	3,764,480
2024	2,296,916	1,461,584	3,758,500
2025-2029	10,021,845	5,885,310	15,907,155
2030-2034	9,549,942	3,591,011	13,140,953
2035-2039	9,575,000	1,397,772	10,972,772
	<u>\$ 39,770,629</u>	<u>\$ 19,095,623</u>	<u>\$ 58,866,252</u>

NOTE G - COMMITMENTS

Construction Commitments

The City has the following construction commitments as of September 30, 2019. These projects are evidenced by contractual arrangements with construction contractors.

	Original Contract	Construction in progress	Contract Balance
Government Activities			
Active Contracts			
Roosevelt Street Lights**	\$ 263,294	\$ 263,294	\$ -
Construction of storm sewer lines	660,527	32,525	628,002
Cofield Pavillion	160,000	147,553	12,447
Engineering fees for future projects	-	125,383	-
	<u>\$ 1,083,821</u>	<u>\$ 568,755</u>	<u>\$ 640,449</u>
Government Activities			
Active Contracts			
Replacement of various sewer lines and construction of a lift station	\$ 1,554,526	\$ 134,049	\$ 1,450,477
Engineering fees for future projects	-	24,447	-
Subsequent Contracts			
Construction of 12" water line by-pass	313,373	-	-
	<u>\$ 1,867,899</u>	<u>\$ 158,496</u>	<u>\$ 1,450,477</u>

** Listed in CIP as funding w as pre-paid to SPS, but not accepted by City as of 9/30/2019

Operating Lease Commitments

The City leases equipment under operating leases expiring on various dates. Total operating leases rental expense for 2019 fiscal year was \$36,605.

The following is a schedule by year of future minimum lease payments under operating leases as of September 30, 2019 that have initial or remaining terms in excess of one year:

Year Ended September 30,	Amount
2020	\$ 64,185
2021	62,192
2022	62,030
2023	57,611
2024	12,716
	<u>\$ 258,734</u>

Subsequent Commitments

In January of 2020, the Council approved the purchase of a new firetruck. The accepted bid was \$729,736.

NOTE H - TRANSFER STATION COMPLIANCE STATEMENT

The City meets the Local Government Financial Test and Government Guarantee as specified in the Texas Administrative Code (TAC), Chapter 37. The City is the owner of Transfer Station, MSW #40015, for which financial assurance for closure and post-closure care is achieved through the financial tests specified in Paragraph 37.271 of the TAC.

NOTE I - PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS

Pension Trust Fund:

Plan Description

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

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

Benefits Provided

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

See report of independent auditors.

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

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

	Plan Year 2018	Plan Year 2017
Employee Deposit Rate	7.0%	7.0%
Matching Ratio (City to Employee)	2 to 1	2 to 1
Years Required for Vesting	10	10
Service Retirement Eligibility (Expressed as Age/Years of Service)	60/10, 0/20	60/10, 0/20

Employees covered by benefit terms

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

	2018	2017
Inactive employees or beneficiaries currently receiving benefits	86	86
Inactive employees entitled to but not yet receiving benefits	68	60
Active employees	170	168
	<u>324</u>	<u>314</u>

Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Borger, Texas were 15.02% in calendar year 2018 and 14.77% in calendar year 2019. The City’s contributions to TMRS for the fiscal year ended September 30, 2019, totaled \$1,360,275, and exceeded the required contributions.

Net Pension Liability

The City’s Net Pension Liability (NPL) of \$8,117,682 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.

See report of independent auditors.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balances at 12/31/17	\$ 45,052,832	\$ 39,841,119	\$ 5,211,713
Changes of the year:			
Service cost	1,434,761	-	1,434,761
Interest	3,026,542	-	3,026,542
Difference between expected and actual experience	(855,463)	-	(855,463)
Changes of assumptions	-	-	-
Benefit payments, including refunds of member contributions	(1,865,119)	(1,865,119)	-
Contributions - employer	-	1,302,011	(1,302,011)
Contributions - employee	-	615,400	(615,400)
Net investment income	-	(1,193,270)	1,193,270
Administrative expense	-	(23,065)	23,065
Other	-	(1,205)	1,205
Net changes	<u>1,740,721</u>	<u>(1,165,248)</u>	<u>2,905,969</u>
Balances at 12/31/18	<u>\$ 46,793,553</u>	<u>\$ 38,675,871</u>	<u>\$ 8,117,682</u>

Actuarial assumptions:

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

	2018
Inflation	2.5%
Salary increases	3.5% to 10.5%
Long-term assumed investment rate of return	6.75%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender distinct RP2000 Combined Healthy Mortality Table, with 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 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2018, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2018 valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy regarding the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

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

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in 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.

Sensitivity of the net pension liability to changes in the discount rate.

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

	1 % Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
City of Borger's Net Pension Liability	\$ 14,624,249	\$ 8,117,682	\$ 2,782,353

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 at www.tmr.com.

See report of independent auditors.

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

For the year ended September 30, 2019, the City recognized pension expense of \$1,558,557.

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

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Contributions subsequent to 12/31/2017	\$ 967,079	\$ -
Difference in projected and actual earnings	2,057,731	-
Differences between actual and expected assumptions	-	(1,871)
Differences between actual and expected recognition	-	(851,065)
Total	<u>\$ 3,024,810</u>	<u>\$ (852,936)</u>

Deferred outflows of resources related to pensions in the amount of \$967,079 resulting from contributions subsequent to the December 31, 2018 measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>	<u>Amount</u>
2020	\$ 414,025
2021	116,769
2022	96,065
2023	607,664
2024	(29,728)
	<u>\$ 1,204,795</u>

Supplemental Death Benefits Fund:

Plan Description - Texas Municipal Retirement System (“TMRS”) administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (“SDBF”). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

Benefits - The City elected to provide group-term life insurance coverage for both current and retired employees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculation based on the employee’s actual earnings for a 12-month period preceding the month of death). Retired employees are insured for \$7,500.

The following table provides a summary of the number of participants in the plan as of December 31, 2018:

Inactive employees or beneficiaries currently receiving benefits	50
Inactive employees entitled to but not yet receiving benefits	7
Active employees	170
	<u>227</u>

Contributions - The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers. The City's expense was \$25,905.

Total OPEB Liability - The actuarial valuation was performed as of December 31, 2018.

Actuarial Assumptions - The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5%
Salary increases	3.5% to 10.5%
Discount rate*	3.71%
Retirees' share of benefit-related costs	-0-
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates – disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both 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.

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

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances at 12/31/17	\$ 374,467
Changes of the year:	
Service cost	14,066
Interest	12,540
Difference between expected and actual experience	(7,526)
Changes of assumptions	(26,259)
Benefit payments, including refunds of member contributions	(5,275)
Other	-
Net changes	<u>(12,454)</u>
Balances at 12/31/18	<u>\$ 362,013</u>

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

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

	1 % Decrease (2.71%)	Current Discount Rate (3.71%)	1% Increase (4.71%)
City of Borger's Net Pension Liability	\$ 432,801	\$ 362,013	\$ 307,189

NOTE J - DISCRETELY PRESENTED COMPONENT UNIT

Component unit information for the City's major component unit, Borger Economic Development Corporation, is provided in the following condensed financial statements for the fiscal year ended September 30, 2019:

CONDENSED STATEMENT OF NET ASSETS

Current Assets		Current Liabilities	
Cash and Cash Equivalents	\$ 1,313,340	Accrued Payables and Expenses	\$ 8,685
Investments	708,971	Grants Payable - Current	<u>170,200</u>
Sales Tax Receivables	195,395	Total Current Liabilities	178,885
Notes and Loans Receivable	109,849		
Other Receivables	-	Other Liabilities	
Prepays	<u>5,607</u>	Grants Payable - Long Term	<u>730,500</u>
Total Current Assets	2,333,162	Total Liabilities	909,385
Non-Current Assets		Net Position	
Loans Receivable - Noncurrent	473,996	Invested in Capital Assets	224,287
Land for development and sale	1,341,963	Unrestricted	<u>3,239,736</u>
Capital Assets, Net	<u>224,287</u>	Total Net Position	<u>3,464,023</u>
Total NonCurrent Assets	<u>\$2,040,246</u>	Total Net Position and Liabilities	<u>\$4,373,408</u>
Total Assets	<u>\$4,373,408</u>		

See report of independent auditors.

**CONDENSED STATEMENT OF REVENUES
 EXPENSES AND CHANGES IN NET ASSETS**

Revenues	
Sales Taxes	\$ 1,118,488
Economic Loan Interest	47,009
Other Income	<u>151,650</u>
Total Revenue	1,317,147
Expenses	
Salaries and Employee Benefits	206,725
Projects, Grants, and Other Expenses	<u>992,444</u>
Total Expenses	1,199,169
Change in Net Assets	<u>117,978</u>
Net Position at Beginning of Period	<u>3,346,045</u>
Net Position at End of Period	<u><u>\$ 3,464,023</u></u>

BEDC has finalized an award agreement in the amount of \$1,000,000 to Agrium U.S., Inc. The award is to be funded over a ten-year period and will only be advanced after the urea plant expansion is complete. The incentive agreement is to assist Agrium in their efforts to promote economic development in the City of Borger. As of September 30, 2019, \$300,000 has been distributed on this agreement and there is a remaining commitment of \$700,000.

NOTE K – NEW STANDARDS IMPLEMENTATION

In FYE September 30, 2019, the City implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). The Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local government employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosures and required supplementary information requirements about defined benefit OPEB were enhanced.

The effects of implementing this statement had a material effect on the City's Net Position. The City recognized the net pension liability on the Statement of Net Position. The net pension liability totaled \$362,013 as of September 30, 2019 and is based on the total OPEB liability of the plans. The plan is not funded.

This Statement required that the City record a beginning OPEB liability as of September 30, 2018. As a result of the implementation of GASB Statement No. 75, the City recorded a change in accounting principle adjustment of (\$374,467) to the beginning Net Position in the Government-wide Statement of Activities.

	Governmental Activities	Business-Type Activities	Total
Net Position - Beginning, as Previously Reported	\$ 14,071,497	\$ 26,398,005	\$ 40,469,502
Change in Accounting Principle	<u>(374,467)</u>	<u>-</u>	<u>(374,467)</u>
Total	<u><u>\$ 13,697,030</u></u>	<u><u>\$ 26,398,005</u></u>	<u><u>\$ 40,095,035</u></u>

NOTE L – SUBSEQUENT PRONOUNCEMENTS

In November 2016, GASB issued Statement No. 83 ("GASB 83"), Certain Asset Retirement Obligations (ARO). GASB 83 establishes uniform criteria for governments to recognize and measure certain asset retirement obligations, defined as a legally enforceable liability associated with the retirement of a tangible capital asset. An ARO is recognized when the liability is incurred, which is manifested by the occurrence of both an external obligating event (such as a legally binding contract or a court judgment) and an internal obligating event (such as placing a tangible capital asset into service). A government also recognizes a deferred outflow of resources when it recognizes an ARO liability. The ARO is measured at the best estimate of the current value of outlays expected to be incurred. Additional note disclosures are required. GASB 83 was effective for the fiscal period ending September 30, 2019. The City does not have a ARO.

In January 2017, GASB issued Statement No. 84 ("GASB 84"), Fiduciary Activities. GASB 84 establishes criteria for identifying fiduciary activities. It presents separate criteria for evaluating component units, pension and other postemployment benefit arrangements, and other fiduciary activities. GASB 84 is effective for the fiscal period ending September 30, 2020; however, implementation will have no impact on the City.

In June 2017, GASB issued Statement No. 87 ("GASB 87"), Leases. GASB 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB 87 is effective for the fiscal period ending September 30, 2021. The City has not yet determined the impact of this Statement.

In June 2018, GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements ("GASB 88"). GASB 88 specifies disclosures that should be made in the financial statements related to debt. It also provides a definition of debt so that governments know which types of liabilities should be included in those disclosures. If a government has direct borrowings or direct placements, disclosures related to these should be provided separately from disclosures related to other types of debt. This Statement had no impact on the City.

In December 2019, GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period ("GASB 89"). GASB 89 requires that interest costs incurred before the end of a construction period be recognized as expenses in the period in which the costs are incurred. As a result, the interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.



Statistical Information

City of Borger, Texas
 Net Position Comparison by Component

	FY 2014 - 15	FY 2015 - 16	change (%)
Government Activities			
Invested in Capital Assets, Net of Related Debt	\$ 8,549,579	\$ 8,316,518	-2.7%
Restricted	2,457,909	4,422,414	79.9%
Unrestricted	61,721	(447,798)	-825.5%
Total Governmental Activities Net Position	\$ 11,069,209	\$ 12,291,134	11.0%
Business-type Activities			
Invested in Capital Assets, Net of Related Debt	\$ 11,864,730	\$ 18,097,647	52.5%
Restricted	8,281,307	5,033,078	-39.2%
Unrestricted	2,116,152	1,092,767	-48.4%
Total Governmental Activities Net Position	\$ 22,262,189	\$ 24,223,492	8.8%
Primary Government			
Invested in Capital Assets, Net of Related Debt	\$ 20,414,309	\$ 26,414,165	29.4%
Restricted	\$ 10,739,216	\$ 9,455,492	-12.0%
Unrestricted	\$ 2,177,873	\$ 644,969	-70.4%
Change in Accounting Principle	\$ -	\$ -	
Total Primary Government Net Position	\$ 33,331,398	\$ 36,514,626	9.6%

FY 2017 - 18	change (%)	FY 2018 - 19	change (%)
\$ 11,906,662	8.5%	\$ 12,731,016	6.9%
2,681,751	151.1%	3,521,959	31.3%
(516,916)	-149.4%	(870,254)	68.4%
\$ 14,071,497	7.5%	\$ 15,382,721	9.3%
\$ 22,932,991	18.1%	\$ 23,498,439	2.5%
1,092,884	-70.9%	811,991	-25.7%
2,372,130	33.0%	2,791,930	17.7%
\$ 26,398,005	5.8%	\$ 27,102,360	2.7%
\$ 34,839,653	14.7%	\$ 36,229,455	4.0%
\$ 3,774,635	-21.7%	\$ 4,333,950	14.8%
\$ 1,855,214	-34.4%	\$ 1,921,676	3.6%
\$ (374,467)		\$ -	
\$ 40,095,035	5.4%	\$ 42,485,081	6.0%

City of Borger, Texas
Changes in Net Position Comparison
(in thousands)

	FY 2014 - 15	FY 2015 - 16	change (%)	FY 2016 - 17
Revenues				
<i>Governmental Activities Program Revenue</i>				
Charges for Service	\$ 4,960	\$ 4,862	-2.0%	\$ 6,048
Operating Grants/Contributions	\$ 354	\$ 477	34.7%	\$ 307
Capital Grants/Contributions	\$ -	\$ -		\$ -
<i>Governmental Activities General Revenue</i>				
Property Taxes	\$ 3,897	\$ 4,453	14.3%	\$ 4,008
Sales Taxes	\$ 3,305	\$ 3,328	0.7%	\$ 3,272
Other Taxes	\$ 1,481	\$ 1,322	-10.7%	\$ 1,285
Payments in Lieu of Taxes	\$ -	\$ -		\$ -
Unfunded Pension	\$ -	\$ -		\$ -
Investment Earnings	\$ 11	\$ 48	336.4%	\$ 59
Other Revenue	\$ 87	\$ 246	182.8%	\$ 314
Gain on Disposal of Assets	\$ 3	\$ -	-100.0%	\$ -
Transfers	\$ 608	\$ 1,250	105.6%	\$ 927
Total Governmental Activities Revenue	\$ 14,706	\$ 15,986	8.7%	\$ 16,220
<i>Business-type Activities Program Revenues</i>				
Charges for Service	\$ 8,709	\$ 9,716	11.6%	\$ 10,119
Capital Grants/Contributions	\$ -	\$ -		\$ -
<i>Business-type Activities General Revenues</i>				
Investment Earnings	\$ 6	\$ 4	-33.3%	\$ 44
Transfers	\$ (608)	\$ (1,250)	105.6%	\$ (927)
Total Business-type Activities Revenue	\$ 8,107	\$ 8,470	4.5%	\$ 9,236
Total Primary Government Expenses	\$ 22,813	\$ 24,456	7.2%	\$ 25,456
Expenses				
<i>Government Activities</i>				
General/Staff Services	1,159	1,879	62.1%	\$ 1,760
Public Safety	6,388	6,974	9.2%	\$ 7,544
Streets	1,035	959	-7.3%	\$ 972
Culture & Recreation	1,328	1,238	-6.8%	\$ 1,321
Solid Waste	1,749	1,902	8.7%	\$ 1,985
Tourism	133	193	45.1%	\$ 190
Information Technology	59	63	6.8%	\$ 79
Depreciation	1,134	1,222	7.8%	\$ 1,328
Interest on Long Term Debt	281	334	18.9%	\$ 244
Total Governmental Activities Expenses	\$ 13,266	\$ 14,764	11.3%	\$ 15,423
<i>Business-type Activities</i>				
Water and Sewer	6,183	6,508	5.3%	\$ 8,514
Total Business-type Activities Expenses	\$ 6,183	\$ 6,508	5.3%	\$ 8,514
Total Primary Government Expenses	\$ 19,449	\$ 21,272	9.4%	\$ 23,937
Change in Net Position				
Governmental Activities	\$ 1,440	\$ 1,222	-15.1%	\$ 797
Business-type Activities	\$ 1,924	\$ 1,962	2.0%	\$ 722
Total Primary Government Change in Net Position	\$ 3,364	\$ 3,184	-5.4%	\$ 1,519

change (%)	FY 2017 - 18	change (%)	FY 2018 - 19	change (%)
24.4%	\$ 5,962	-1.4%	\$ 3,171	-46.8%
-35.6%	\$ 315	2.6%	\$ 315	0.0%
	\$ -		\$ -	
-10.0%	\$ 4,033	0.6%	\$ 3,980	-1.3%
-1.7%	\$ 3,107	-5.0%	\$ 3,277	5.5%
-2.8%	\$ 1,248	-2.9%	\$ 1,202	-3.7%
	\$ -		\$ 3,192	
	\$ -		\$ -	
22.9%	\$ 120	103.4%	\$ 183	52.5%
27.6%	\$ 45	-85.7%	\$ 59	31.1%
	\$ -		\$ -	
-25.8%	\$ 843	-9.1%	\$ 1,978	134.6%
1.5%	\$ 15,673	-3.4%	\$ 17,357	10.7%
4.1%	\$ 10,538	4.1%	\$ 11,500	9.1%
	\$ 434		\$ -	-100.0%
1000.0%	\$ 198	350.0%	\$ 126	-36.4%
-25.8%	\$ (843)	-9.1%	\$ (1,978)	134.6%
9.0%	\$ 10,327	11.8%	\$ 9,648	-6.6%
4.1%	\$ 26,000	2.1%	\$ 27,005	3.9%
-6.3%	\$ 1,580	-10.2%	\$ 1,741	10.2%
8.2%	\$ 7,183	-4.8%	\$ 7,759	8.0%
1.4%	\$ 1,031	6.1%	\$ 997	-3.3%
6.7%	\$ 1,254	-5.1%	\$ 1,374	9.6%
4.4%	\$ 1,792	-9.7%	\$ 1,819	1.5%
-1.6%	\$ 186	-2.1%	\$ 187	0.5%
25.4%	\$ 79	0.0%	\$ 90	13.9%
8.7%	\$ 1,370	3.2%	\$ 1,469	7.2%
-26.9%	\$ 216	-11.5%	\$ 203	-6.0%
4.5%	\$ 14,691	-4.7%	\$ 15,639	6.5%
30.8%	8,874	4.2%	8,945	0.8%
30.8%	\$ 8,874	4.2%	\$ 8,945	0.8%
12.5%	\$ 23,565	-1.6%	\$ 24,584	4.3%
-34.8%	\$ 982	23.2%	\$ 1,718	74.9%
-63.2%	\$ 1,453	101.2%	\$ 703	-51.6%
-52.3%	\$ 2,435	60.3%	\$ 2,421	-0.6%

City of Borger, Texas
Fund Balance Comparison

	FY 2014 - 15	FY 2015 - 16	change (%)
Government Activates			
Unrestricted General Fund	\$ 3,272,807	\$ 3,584,229	9.5%
Total Governmental Activities Fund Balance	\$ 3,272,807	\$ 3,584,229	9.5%
Business-type Activities			
Unrestricted Water/Sewer Fund	\$ 3,826,613	\$ 2,961,582	-22.6%
Restricted Meter Deposits	\$ 367,164	\$ 370,429	0.9%
Total Business-type Activities Fund Balance	\$ 4,193,777	\$ 3,332,011	-20.5%
Capital Project Funds (Restricted)			
Capital Equipment Fund	\$ 396,998	\$ 448,551	13.0%
Total Governmental Activities Fund Balance	\$ 396,998	\$ 448,551	13.0%
Special Revenue Funds (Restricted)			
City Tourism Fund	\$ 931,212	\$ 348,266	-62.6%
Central Supply Fund	\$ 49,927	\$ 21,911	-56.1%
Park Recreation & Special Projects Fund	\$ (7,042)	\$ 2,753	-139.1%
Police Club 100 Fund	\$ 67	\$ 1,111	1558.2%
Fire Training/Equipment Fund	\$ 120,718	\$ 265,361	119.8%
Emergency Operations Fund	\$ 3,131	\$ 3,131	0.0%
Municipal Court Security Fund	\$ 58,558	\$ 61,085	4.3%
Debt Service Fund	\$ 309,870	\$ 278,713	-10.1%
Fire Benevolent Fund	\$ -	\$ -	
Police Benevolent Fund	\$ 6,060	\$ 6,060	0.0%
Municipal Court Technology Fund	\$ 7,420	\$ 7,677	3.5%
Hotel/Motel Occupancy Tax Fund	\$ -	\$ -	
Multi-Purpose Events Center Fund	\$ 100,135	\$ 1,603,215	1501.1%
9-1-1 Memorial Fund	\$ 2,600	\$ 2,600	0.0%
Borger Community Designated Fund	\$ 7,199	\$ 23,778	230.3%
Special Crimes Fund	\$ 15,833	\$ 18,329	15.8%
Total Special Revenue Fund Balances	\$ 1,605,688	\$ 2,643,990	64.7%
Total Primary Government Fund Balance	\$ 9,469,270	\$ 10,008,781	5.7%

FY 2016 - 17	change (%)	FY 2017 - 18	change (%)	FY 2018 - 19	change (%)
\$ 3,698,148	3.2%	\$ 3,749,141	1.4%	\$ 3,724,523	-0.7%
\$ 3,698,148	3.2%	\$ 3,749,141	1.4%	\$ 3,724,523	-0.7%
\$ 3,590,571	21.2%	\$ 4,571,911	27.3%	\$ 5,278,230	15.4%
\$ 363,704	-1.8%	\$ 364,384	0.2%	\$ 344,465	-5.5%
\$ 3,954,275	18.7%	\$ 4,936,295	24.8%	\$ 5,622,695	13.9%
\$ 455,888	1.6%	\$ 258,254	-43.4%	\$ 218,372	-15.4%
\$ 455,888	1.6%	\$ 258,254	-43.4%	\$ 218,372	-15.4%
\$ 378,739	8.7%	\$ 1,235,486	226.2%	\$ 1,216,258	-1.6%
\$ 31,361	43.1%	\$ 31,361	0.0%	\$ 31,361	0.0%
\$ 22,181	705.7%	\$ 17,275	-22.1%	\$ 16,117	-6.7%
\$ 1,136	2.3%	\$ 1,136	0.0%	\$ 1,136	0.0%
\$ 254,274	-4.2%	\$ 286,882	12.8%	\$ 313,113	9.1%
\$ 3,131	0.0%	\$ 3,131	0.0%	\$ 3,131	0.0%
\$ 58,978	-3.4%	\$ 48,067	-18.5%	\$ 51,110	6.3%
\$ 199,284	-28.5%	\$ 273,816	37.4%	\$ 239,710	-12.5%
\$ 8,282		\$ 6,282	-24.1%	\$ 6,282	0.0%
\$ 6,103	0.7%	\$ 6,196	1.5%	\$ 6,196	0.0%
\$ 5,664	-26.2%	\$ 3,503	-38.2%	\$ 4,516	28.9%
\$ -		\$ -		\$ -	
\$ 1,600,636	-0.2%	\$ -	-100.0%	\$ -	
\$ -	-100.0%	\$ -		\$ -	
\$ 26,280	10.5%	\$ 98,507	274.8%	\$ 98,507	0.0%
\$ 16,585	-9.5%	\$ 14,186	-14.5%	\$ 14,186	0.0%
\$ 2,612,634	-1.2%	\$ 2,025,828	-22.5%	\$ 2,001,623	-1.2%
\$ 10,720,945	7.1%	\$ 10,969,518	2.3%	\$ 11,567,213	5.4%

City of Borger, Texas
 Changes in Governmental Fund Balance Comparison

	FY 2014 - 15	FY 2015 - 16	change (%)	FY 2016 - 17
Revenues				
Taxes				
Property	\$ 3,896,823	\$ 4,122,589	5.8%	\$ 4,007,813
Sales	\$ 3,305,272	\$ 3,327,951	0.7%	\$ 3,272,210
Franchise	\$ 1,002,294	\$ 888,919	-11.3%	\$ 913,539
Occupance	\$ 456,305	\$ 421,974	-7.5%	\$ 360,702
Other	\$ 22,228	\$ 10,661	-52.0%	\$ 11,196
Payments in Lieu of Property Taxes	\$ -	\$ -		\$ -
Chargers for Service	\$ 4,473,416	\$ 4,615,672	3.2%	\$ 5,773,013
Penalties, Fines and Forfeitures	\$ 439,660	\$ 202,629	-53.9%	\$ 235,699
Licenses, Fees and Permits	\$ 40,866	\$ 23,591	-42.3%	\$ 27,503
Intergovernmental Grants and Subsidies	\$ 186,731	\$ 601,922	222.3%	\$ 207,262
Other Grants and Contributions	\$ 167,162	\$ 222,677	33.2%	\$ 100,034
Investment Income	\$ 11,125	\$ 49,716	346.9%	\$ 59,687
Other Income	\$ 91,775	\$ 51,725	-43.6%	\$ 58,050
Total Governmental Revenues	\$ 14,093,657	\$ 14,540,026	3.2%	\$ 15,026,708
Expenditures				
General Government				
Administration	\$ 299,438	\$ 281,972	-5.8%	\$ 323,830
Information Systems	\$ 59,171	\$ 62,003	4.8%	\$ 78,825
Fleet Services	\$ 271,435	\$ 224,182	-17.4%	\$ 253,541
Engineering	\$ 107,868	\$ 102,897	-4.6%	\$ 114,831
Facilities Maintenance	\$ 343,473	\$ 451,185	31.4%	\$ 329,176
Planning and Zoning	\$ 459,609	\$ 470,639	2.4%	\$ 467,027
Total	\$ 1,540,994	\$ 1,592,878	3.4%	\$ 1,567,230
Public Safety				
Animal Control	\$ 219,658	\$ 188,130	-14.4%	\$ 226,882
Code Enforcement	\$ 254,687	\$ 267,977	5.2%	\$ 284,208
Central Dispatch	\$ 604,262	\$ 550,164	-9.0%	\$ 574,079
Police	\$ 2,663,946	\$ 2,621,491	-1.6%	\$ 2,809,559
Fire and Fire Prevention	\$ 2,154,583	\$ 2,318,292	7.6%	\$ 2,755,659
Emergency Management	\$ 196,875	\$ 255,061	29.6%	\$ 190,418
Municipal Court	\$ 491,460	\$ 503,192	2.4%	\$ 515,413
Total	\$ 6,585,471	\$ 6,704,307	1.8%	\$ 7,356,218
Public Works				
General	\$ 263,013	\$ 173,314	-34.1%	\$ 144,969
Streets	\$ 771,723	\$ 947,576	22.8%	\$ 828,860
Sanitation	\$ 537,246	\$ 629,659	17.2%	\$ 642,986
Solid Waste Transfer Station	\$ 1,212,190	\$ 1,245,733	2.8%	\$ 1,338,066
Recycling	\$ 155,203	\$ 26,147	-83.2%	\$ 5,657
Total	\$ 2,939,375	\$ 3,022,429	2.8%	\$ 2,960,538
Culture and Recreation				
Youth, Community and Recreation Centers	\$ 553,558	\$ 497,517	-10.1%	\$ 528,158
Parks	\$ 619,244	\$ 696,555	12.5%	\$ 781,670
Total	\$ 1,172,802	\$ 1,194,072	1.8%	\$ 1,309,828
Economic Development & Tourism	\$ 133,492	\$ 286,614	114.7%	\$ 295,851
Capital Outlay				
Capital Purchases	\$ 1,309,384	\$ 3,650,882	178.8%	\$ 2,736,142
Debt Service				
Principal and Interest	\$ 1,078,397	\$ 1,327,560	23.1%	\$ 1,320,847
Administrative Fees	\$ 1,250	\$ 1,250	0.0%	\$ 400
Total Expenditures	\$ 14,761,165	\$ 17,779,992	20.5%	\$ 17,547,054
Excess (Deficit) of Revenues over Expenditures	\$ (667,508)	\$ (3,239,966)	385.4%	\$ (2,520,346)
Other Financing Sources (Uses)				
Revenue from Issued Certificates of Obligation	\$ -	\$ 3,900,000		\$ -
Transfers Out	\$ (572,594)	\$ (1,322,224)	130.9%	\$ (816,127)
Transfers In	\$ 1,180,194	\$ 2,572,223	117.9%	\$ 1,743,360
Total Other Financing Sources (Uses)	\$ 607,600	\$ 5,149,999	747.6%	\$ 927,233
Net change in fund balances	\$ (59,908)	\$ 1,910,033	-3288.3%	\$ (1,593,113)

Debt Service percentage of noncapital expenditures 9% 10% 10%

change (%)	FY 2017 - 18	change (%)	FY 2018 - 19	change (%)
-2.8%	\$ 4,022,219	0.4%	\$ 3,956,593	-1.6%
-1.7%	\$ 3,107,365	-5.0%	\$ 3,277,059	5.5%
2.8%	\$ 925,750	1.3%	\$ 834,424	-9.9%
-14.5%	\$ 311,594	-13.6%	\$ 319,119	2.4%
5.0%	\$ 20,918	86.8%	\$ 44,788	114.1%
	\$ -		\$ 3,192,038	
25.1%	\$ 5,723,836	-0.9%	\$ 2,902,352	-49.3%
16.3%	\$ 195,171	-17.2%	\$ 208,632	6.9%
16.6%	\$ 42,486	54.5%	\$ 53,696	26.4%
-65.6%	\$ 200,390	-3.3%	\$ 208,110	3.9%
-55.1%	\$ 114,918	14.9%	\$ 61,933	-46.1%
20.1%	\$ 120,139	101.3%	\$ 183,447	52.7%
12.2%	\$ 44,961	-22.5%	\$ 74,060	64.7%
3.3%	\$ 14,829,747	-1.3%	\$ 15,316,251	3.3%
14.8%	\$ 433,900	34.0%	\$ 526,585	21.4%
27.1%	\$ 78,922	0.1%	\$ 92,109	16.7%
13.1%	\$ 235,823	-7.0%	\$ 261,500	10.9%
11.6%	\$ 97,541	-15.1%	\$ 112,838	15.7%
-27.0%	\$ 278,587	-15.4%	\$ 232,165	-16.7%
-0.8%	\$ 486,835	4.2%	\$ 597,509	22.7%
-1.6%	\$ 1,611,608	2.8%	\$ 1,822,706	13.1%
20.6%	\$ 234,777	3.5%	\$ 234,416	-0.2%
6.1%	\$ 225,845	-20.5%	\$ 280,117	24.0%
4.3%	\$ 592,357	3.2%	\$ 647,557	9.3%
7.2%	\$ 2,991,616	6.5%	\$ 3,134,488	4.8%
18.9%	\$ 2,548,766	-7.5%	\$ 2,749,758	7.9%
-25.3%	\$ 201,458	5.8%	\$ 108,450	-46.2%
2.4%	\$ 520,405	1.0%	\$ 571,246	9.8%
9.7%	\$ 7,315,224	-0.6%	\$ 7,726,032	5.6%
-16.4%	\$ 241,056	66.3%	\$ 223,155	-7.4%
-12.5%	\$ 785,769	-5.2%	\$ 793,241	1.0%
2.1%	\$ 604,759	-5.9%	\$ 1,834,282	203.3%
7.4%	\$ 1,185,006	-11.4%	\$ -	-100.0%
-78.4%	\$ 2,558	-54.8%	\$ 5,787	126.2%
-2.0%	\$ 2,819,148	-4.8%	\$ 2,856,465	1.3%
	\$ 524,908	-0.6%	\$ 610,400	16.3%
12.2%	\$ 724,053	-7.4%	\$ 750,469	3.6%
9.7%	\$ 1,248,961	-4.6%	\$ 1,360,869	9.0%
3.2%	\$ 252,221	-14.7%	\$ 363,742	44.2%
-25.1%	\$ 1,578,026	-42.3%	\$ 1,334,822	-15.4%
-0.5%	\$ 954,431	-27.7%	\$ 955,419	0.1%
-68.0%	\$ 1,300	225.0%	\$ 1,300	0.0%
-1.3%	\$ 15,780,919	-10.1%	\$ 16,421,355	4.1%
-22.2%	\$ (951,172)	-62.3%	\$ (1,105,104)	16.2%
	\$ -		\$ -	
	\$ (1,780,294)	118.1%	\$ (771,096)	-56.7%
-32.2%	\$ 2,623,653	50.5%	\$ 2,748,976	4.8%
-82.0%	\$ 843,359	-9.0%	\$ 1,977,880	134.5%
-183.4%	\$ (107,813)	-93.2%	\$ 872,776	909.5%

7%

7%

CITY OF BORGER, TEXAS

Tax Revenue by Source

Fiscal Year	Property	Sales & Use	Franchise	Occupancy	Payments in Lieu of Taxes*	Other	Total
2015	\$ 3,896,823	\$ 3,305,272	\$ 1,002,294	\$ 456,305	\$ -	\$ 22,228	\$ 8,682,922
2016	\$ 4,122,589	\$ 3,327,951	\$ 888,919	\$ 421,974	\$ -	\$ 10,661	\$ 8,772,094
2017	\$ 4,007,813	\$ 3,272,210	\$ 913,539	\$ 360,702	\$ -	\$ 11,196	\$ 8,565,460
2018	\$ 4,022,219	\$ 3,107,365	\$ 925,750	\$ 311,594	\$ -	\$ 20,918	\$ 8,387,846
2019	\$ 3,956,593	\$ 3,277,059	\$ 834,424	\$ 319,119	\$ 3,192,038	\$ 44,788	\$ 11,624,021

* Prior to FY 2019, Payments in Lieu of Taxes were categorized as Charges for Service.

CITY OF BORGER, TEXAS

Direct and Overlapping Property Tax Rates

(Rate per \$100 of Assessed Value)

Tax Year	City Direct Rates			Overlapping Rates			
	Operating & Maintenance	General Obligation Debt Service	Total Direct Rate	Hutchinson County	Borger Independent School District	Hutchinson County Hospital District	Frank Phillips College District
2015	0.590524	0.269476	0.860000	0.500000	1.310000	0.099881	0.220000
2016	0.596240	0.267250	0.863490	0.520000	1.300000	0.097286	0.220000
2017	0.647575	0.215915	0.863490	0.540000	1.452900	0.099903	0.220000
2018	0.666304	0.197186	0.863490	0.580000	1.452900	0.100000	0.220000
2019	0.673450	0.190040	0.863490	0.595000	1.310000	0.100000	0.220000

CITY OF BROGER, TEXAS

Schedule of Property Tax Levies and Collections

September 30, 2019

Tax Year	Net Taxable Assessed Valuation	Taxes Levied	Collections			
			Current Amount	Current %	Collections in Subsequent Years	Total %
2009-10	\$ 420,299,330	\$ 2,587,405	\$ 2,466,832	95.34%	\$ 79,433	98.41%
2010-11	\$ 348,602,430	\$ 3,079,496	\$ 2,903,965	94.30%	\$ 78,219	96.84%
2011-12	\$ 358,721,460	\$ 3,298,393	\$ 3,149,306	95.48%	\$ 113,135	98.91%
2012-13	\$ 379,315,640	\$ 3,468,425	\$ 3,342,174	96.36%	\$ 107,521	99.46%
2013-14	\$ 398,867,470	\$ 3,768,196	\$ 3,647,991	96.81%	\$ 122,466	100.06%
2014-15	\$ 402,010,800	\$ 3,878,753	\$ 3,737,566	96.36%	\$ 107,054	99.12%
2015-16	\$ 425,564,540	\$ 4,088,279	\$ 3,959,089	96.84%	\$ 126,737	99.94%
2016-17	\$ 412,900,110	\$ 4,046,263	\$ 3,874,701	95.76%	\$ 88,613	97.95%
2017-18	\$ 408,556,790	\$ 4,033,826	\$ 3,858,355	95.65%	\$ 139,974	99.12%
2018-19	\$ 420,210,330	\$ 4,009,606	\$ 3,821,555	95.31%	\$ 109,863	98.05%

CITY OF BORGER, TEXAS
Principal Property Tax Payers
 Current Year vs. Ten Years Ago

	2019			2010		
	Taxable Value	Rank	Percent of Taxable Value	Taxable Value	Rank	Percent of Taxable Value
SPS	\$ 10,659,000	1	2.54%	\$ 5,055,560	1	1.23%
Walmart	\$ 7,380,760	2	1.76%	\$ 3,270,120	4	0.79%
Walmart Real Estate	\$ 6,688,420	3	1.59%	\$ -		
Amarillo National Bank	\$ 4,951,810	4	1.18%	\$ 4,866,760	2	1.18%
Panhandle Northern	\$ 4,722,160	5	1.12%	\$ 1,978,870	11	0.48%
RS2 Hotels, LLC	\$ 4,593,890	6	1.09%	\$ 2,533,000	8	0.61%
P&B Senior Living Group	\$ 4,395,950	7	1.05%	\$ -		
Country Chevrolet	\$ 4,161,470	8	0.99%	\$ -		
Texas Gas Service	\$ 3,195,110	9	0.76%	\$ 1,736,920	14	0.42%
GPCH	\$ 3,020,930	10	0.72%	\$ 3,575,110	3	0.87%
United Supermarkets, LLC	\$ 2,793,770	11	0.66%	\$ 1,913,800	12	0.46%
United Rentals	\$ 2,415,560	12	0.57%	\$ -		
Morton Lumber	\$ 2,342,950	13	0.56%	\$ -		
Borger Properties, Inc.	\$ 2,146,480	14	0.51%	\$ 2,332,730	10	0.57%
Nexoil	\$ 2,071,440	15	0.49%	\$ 2,639,400	7	0.64%
Total:	<u>\$ 65,539,700</u>		<u>15.59%</u>	<u>\$ 29,902,270</u>		<u>7.25%</u>

* Texas Comptroller of Public Accounts

CITY OF BROGER, TEXAS
Pledged-Revenue Coverage

Water and Sewer Revenue Bonds

Fiscal Year	W/S Operating Revenues	W/S Operating Expenses	Net Available Revenue	Debt Service	Coverage
2009-10	\$ 5,946,698	\$ 4,811,596	\$ 1,135,102	\$ 895,458	1.27
2010-11	\$ 7,240,812	\$ 4,871,741	\$ 2,369,071	\$ 964,193	2.46
2011-12	\$ 7,693,079	\$ 5,040,676	\$ 2,652,403	\$ 1,233,777	2.15
2012-13	\$ 7,671,793	\$ 5,413,712	\$ 2,258,081	\$ 1,326,482	1.70
2013-14	\$ 7,952,599	\$ 5,796,249	\$ 2,156,350	\$ 1,314,488	1.64
2014-15	\$ 8,708,853	\$ 5,841,133	\$ 2,867,720	\$ 3,910,730	0.73
2015-16	\$ 9,716,037	\$ 5,911,815	\$ 3,804,222	\$ 3,856,090	0.99
2016-17	\$ 10,119,435	\$ 6,668,809	\$ 3,450,626	\$ 3,861,342	0.89
2017-18	\$ 10,538,201	\$ 7,174,309	\$ 3,363,892	\$ 3,875,666	0.87
2018-19	\$ 11,500,365	\$ 7,121,508	\$ 4,378,857	\$ 3,409,911	1.28

CITY OF BROGER, TEXAS
Ratios of Outstanding Debt
September 30, 2019

Tax Year	Governmental Activities		Business-type Activities		
	General Obligation Refunding Bonds	Certificates of Obligation	Certifications of Obligations	General Obligation Refunding Bonds	Water Authority Indebtedness
2014-15	\$ -	\$ 6,603,336	\$ 36,910,000	\$ -	\$ 10,537,191
2015-16	\$ 2,730,000	\$ 7,464,704	\$ 35,404,292	\$ -	\$ 9,785,485
2016-17	\$ 2,285,000	\$ 6,140,076	\$ 35,024,953	\$ -	\$ 9,008,448
2017-18	\$ 1,845,000	\$ 5,842,881	\$ 33,983,350	\$ -	\$ 7,992,820
2018-19	\$ 1,395,000	\$ 5,538,655	\$ 32,840,452	\$ -	\$ 7,235,629

Tax Year	Total Primary Government	Percentage of Personal Income	Total Debt Per Capita	Total Property Tax Supported Debt Per Capita	% of Actual Appraised Value
2014-15	\$ 54,050,527	18.51%	\$ 4,164.46	\$ 508.77	13%
2015-16	\$ 55,384,481	18.54%	\$ 4,309.07	\$ 793.18	13%
2016-17	\$ 52,458,477	18.02%	\$ 4,115.36	\$ 660.95	13%
2017-18	\$ 49,664,051	17.41%	\$ 3,935.03	\$ 609.13	12%
2018-19	\$ 47,009,736	N/A*	N/A*	N/A*	11%

*2019 Personal Income and Population Estimates not available at this time.

CITY OF BROGER, TEXAS
Direct and Overlapping Debt
September 30, 2019

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Direct & Overlapping
Debt Repaid with Property Taxes			
City of Borger	\$ 6,933,655	100%	\$ 6,933,655
Hutchinson County	\$ -	19%	\$ -
Borger Independent School District	\$ 66,661,811	70%	\$ 46,983,244
Hutchinson County Hospital District	\$ -	16%	\$ -
Frank Phillips College District	\$ -	38%	\$ -
			<u>\$ 53,916,899</u>
Revenue Supported Debt			
City of Borger	\$ 32,840,452.00	100%	\$ 32,840,452.00
Hutchinson County	\$ -	19%	\$ -
Borger Independent School District	\$ -	70%	\$ -
Hutchinson County Hospital District	\$ 24,910,000.00	16%	\$ 4,030,438.00
Frank Phillips College District	\$ 600,000.00	38%	\$ 228,000.00
			<u>\$ 37,098,890.00</u>
Total Tax Supported Overlapping Debt:			\$ <u>46,983,244</u>
Total Revenue Supported Overlapping Debt:			\$ <u>53,916,899</u>
Total Direct and Overlapping Debt:			\$ <u><u>100,900,144</u></u>

CITY OF BROGER, TEXAS
Demographic & Economic Statistics
September 30, 2019

Calendar Year	City of Borger Population	Hutchinson County Population	City of Borger Median Household Income	City of Borger Per capita Income	City of Borger School Enrollment	City of Borger Unemployment Rate
2010	13,324	22,094	\$ 39,545	\$ 19,482	3,685	4.6%
2011	13,156	22,088	\$ 40,986	\$ 20,705	3,745	4.9%
2012	13,136	21,992	\$ 43,829	\$ 21,321	3,904	5.0%
2013	13,065	21,986	\$ 40,904	\$ 21,534	3,845	5.0%
2014	13,059	21,947	\$ 42,792	\$ 22,909	3,488	3.8%
2015	12,979	21,858	\$ 44,918	\$ 22,499	3,507	3.1%
2016	12,853	21,782	\$ 44,821	\$ 23,243	3,465	2.3%
2017	12,747	21,704	\$ 44,213	\$ 22,836	3,190	3.6%
2018	12,621	21,571	\$ 45,909	\$ 22,605	3,290	4.2%
2019	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available

U.S. Census Bureau American Communities Survey

CITY OF BROGER, TEXAS
Full-time Employee Comparison

Department	2017 - 2018	2018 - 2019	Department	2017 - 2018	2018 - 2019
Administration	3	5	Police	36	36
Human Resources	1	1	Public Works	3	3
Finance	5	5	Solid Waste	15	15
Municipal Court	5	5	Parks	9	9
Fire Department	25	26	Street & Alley Maintenance	9	9
Central Dispatch	10	10	Vehicle Service Center	3	3
Planning & Development	2	4	Wastewater Treatment Plant	6	6
Code Enforcement	3	3	Water Treatment Plant	5	4
Information Technology	4	2	Water Maintenance	9	9
Johnson Park Youth Center	3	3	Wastewater Maintenance	7	7
Emergency Management	2	2	Utility Director	1	2
Utility Billing	7	6			
General Government Total:				173	175

CITY OF BROGER, TEXAS
Principal Employers

2019	2018	2017	2016
Phillips66	Phillips66	Phillips66	Phillips66
Borger ISD	Borger ISD	Borger ISD	Borger ISD
ChevronPhillips	ChevronPhillips	ChevronPhillips	ChevronPhillips
Wal-Mart	Wal-Mart	Wal-Mart	Wal-Mart
Golden Plains Hospital	Golden Plains Hospital	Golden Plains Hospital	Golden Plains Hospital
City of Borger	City of Borger	City of Borger	City of Borger
Orion Engineered Carbons	Orion Engineered Carbons	Orion Engineered Carbons	Orion Engineered Carbons
Tokai Carbon	Sid Richardson Carbons	Sid Richardson Carbons	Sid Richardson Carbons
Nutrien	Conner Industries	Conner Industries	Conner Industries
Solvay Specialty Polymers	Nutrien	Nutrien	Nutrien
2015	2014	2014	2013
Phillips66	Phillips66	Phillips66	Phillips66
Borger ISD	Borger ISD	Borger ISD	Borger ISD
ChevronPhillips	ChevronPhillips	ChevronPhillips	ChevronPhillips
Wal-Mart	Wal-Mart	Wal-Mart	Wal-Mart
Golden Plains Hospital	Golden Plains Hospital	Golden Plains Hospital	Golden Plains Hospital
City of Borger	City of Borger	City of Borger	City of Borger
Orion Engineered Carbons	Orion Engineered Carbons	Orion Engineered Carbons	Orion Engineered Carbons
Sid Richardson Carbons	Sid Richardson Carbons	Sid Richardson Carbons	Sid Richardson Carbons
Conner Industries	Conner Industries	Conner Industries	Conner Industries
Nutrien	Nutrien	Nutrien	Nutrien
2012	2011	2011	2010
ConocoPhillips	ConocoPhillips	ConocoPhillips	ConocoPhillips
Borger ISD	Borger ISD	Borger ISD	Borger ISD
ChevronPhillips	ChevronPhillips	ChevronPhillips	ChevronPhillips
Wal-Mart	Wal-Mart	Wal-Mart	Wal-Mart
Golden Plains Hospital	Golden Plains Hospital	Golden Plains Hospital	Golden Plains Hospital
City of Borger	City of Borger	City of Borger	City of Borger
Orion Engineered Carbons	Orion Engineered Carbons	Orion Engineered Carbons	Orion Engineered Carbons
Sid Richardson Carbons	Sid Richardson Carbons	Sid Richardson Carbons	Sid Richardson Carbons
Conner Industries	Conner Industries	Conner Industries	Conner Industries
Nutrien	Nutrien	Nutrien	Nutrien



Compliance Information



Anderson Hill, LLP

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main 806.771.4000 fax 806.771.4005

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

To the Honorable Mayor and
Members of the City Council
City of Borger, Texas

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Borger, Texas (the "City") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 19, 2020. Our report includes a reference to other auditors who audited the financial statements of the Borger Economic Development Corporation, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Honorable Mayor and
Members of the City Council
City of Borger, Texas

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Anderson Hill, LLP

Lubbock, Texas
May 19, 2020

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APPENDIX E

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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Financial Advisory Services
Provided By:

