HTS Continuing Disclosure Services
A Division of Hilltop Securities

(See "Continuing Disclosure of Information" herein)

OFFICIAL STATEMENT

Dated April 27, 2021

Ratings:
Moody's: "Aaa"
S&P: "AAA"
(see "Other Information – Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "Tax Matters".

THE BONDS **HAVE NOT** BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

THE CITY OF COPPELL TEXAS 1890

$8,165,000
CITY OF COPPELL, TEXAS
(Dallas and Denton Counties)
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021

Dated Date: April 15, 2021
Interest to Accrue From Date of Delivery

Due: February 1, as shown on page 2

PAYMENT TERMS . . . Interest on the $8,165,000 City of Coppell, Texas General Obligation Refunding Bonds, Series 2021 (the "Bonds"), will accrue from their date of delivery shown below and will be payable August 1, 2021, and on each February 1 and August 1 thereafter until maturity. Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of $5,000 or integral multiples thereof within a stated maturity. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "The Obligations - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is U.S. Bank National Association, Dallas, Texas (see "The Obligations - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapter 1207 Texas Government Code, as amended, and an ordinance (the "Bond Ordinance") adopted by the City Council of the City of Coppell, Texas (the "City"). The Bonds constitute direct obligations of the City, payable from a levy and collection of a direct and continuing annual ad valorem tax on all taxable property in the City, within the limits prescribed by law (see "The Obligations - Authority for Issuance of the Obligations").

PURPOSE . . . Proceeds from the sale of the Bonds will be used for (i) refunding a portion of the City's outstanding tax-supported debt (the "Refunded Obligations") for debt service savings (see "Plan of Financing"; also see Schedule I attached hereto for a detailed description of the Refunded Obligations); and (ii) paying costs of issuance of the Bonds.

CUSIP PREFIX: 217482

MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page 2

SEPARATE ISSUES . . . The Bonds are being offered by the City concurrently with the issuance of the $21,610,000 City of Coppell, Texas, Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2021 (the "Certificates") under a common Official Statement. The Bonds and the Certificates are separate and distinct securities offerings being issued and sold independently except for this Official Statement, and such Bonds and Certificates are hereinafter sometimes referred to collectively as the "Obligations." While the Bonds and Certificates share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including without limitation the type of obligation being offered, its terms of payment, the rights of the City to redeem the Obligations of either series, the federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations and other features.

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the Initial Purchaser of the Bonds (defined herein) and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel (see "Appendix C - Forms of Bond Counsel's Opinions").

DELIVERY . . . It is expected that the Bonds will be available for delivery through the facilities of DTC on or about May 27, 2021.

CUSIP Prefix: 217482 [(1)]

MATURITY SCHEDULE

1-Feb Maturity	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix[(1)]
2022	$ 1,080,000	2.000%	0.100%	4J4
2023	705,000	2.000%	0.110%	4K1
2024	725,000	2.000%	0.170%	4L9
2025	730,000	2.000%	0.300%	4M7
2026	755,000	3.000%	0.430%	4N5
2027	775,000	3.000%	0.560%	4P0
2028	805,000	3.000%	0.710%	4Q8
2029	830,000	4.000%	0.850%	4R6
2030	860,000	4.000%	0.980%	4S4
2031	900,000	4.000%	1.070%	4T2

(Interest to accrue from the Date of Delivery)

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(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ 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. Neither the City nor the Financial Advisor shall be responsible for the selection or correctness of CUSIP numbers set forth herein.

NO REDEMPTION OPTION . . . The Bonds are not eligible for redemption prior to maturity.

(See "Continuing Disclosure of Information" herein)

OFFICIAL STATEMENT

Dated April 27, 2021

Ratings:
Moody's: "Aaa"
S&P: "AAA"
(see "Other Information – Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Certificates will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "Tax Matters".

THE CERTIFICATES **HAVE NOT** BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

$21,610,000
CITY OF COPPELL, TEXAS
(Dallas and Denton Counties)
COMBINATION TAX AND LIMITED SURPLUS REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2021

Dated Date: April 15, 2021 **Due: February 1, as shown on page 4**
Interest to Accrue From Date of Delivery

PAYMENT TERMS . . . Interest on the $21,610,000 City of Coppell, Texas Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2021 (the "Certificates"), will accrue from their date of delivery shown below and will be payable February 1, 2022, and on each August 1 and February 1 thereafter until maturity or prior redemption. Interest on the Certificates will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in principal denominations of $5,000 or integral multiples thereof within a stated maturity. **No physical delivery of the Certificates will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "The Obligations - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is U.S. Bank National Association, Dallas, Texas (see "The Obligations - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Certificates are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly Chapter 271, Subchapter C, Texas Local Government Code, as amended, and constitute direct obligations of the City of Coppell, Texas (the "City"), payable from the levy and collection of a direct and continuing annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, and from a limited pledge of $1,000 of the Surplus Revenues of the City's Waterworks and Sewer System (the "System"), as provided in the ordinance authorizing the issuance of Certificates (the "Certificate Ordinance") (see "The Obligations - Authority for Issuance" and "The Obligations – Security and Source of Payment").

PURPOSE . . . Proceeds from the sale of the Certificates will be used for (i) constructing and improving streets and roads, including related design, drainage, signalization, landscaping, sidewalks, lighting, utility relocation and replacement, bridges, signage and streetscape improvements; (ii) acquiring, designing, constructing, installing and equipping additions, improvements, extensions and equipment for the City's waterworks and sewer system; and (iii) paying legal, fiscal, architecture and engineering fees in connection with such projects.

CUSIP PREFIX: 217482

MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page 2

SEPARATE ISSUES . . . The Certificates are being offered by the City concurrently with the issuance of the $8,165,000 City of Coppell, Texas, General Obligation Refunding Bonds, Series 2021 (the "Bonds") under a common Official Statement. The Bonds and the Certificates are separate and distinct securities offerings being issued and sold independently except for this Official Statement, and such Certificates and Bonds are hereinafter sometimes referred to collectively as the "Obligations". While the Certificates and Bonds share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including without limitation the type of obligation being offered, its terms of payment, the rights of the City to redeem the Obligations of either series, the federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations and other features.

LEGALITY . . . The Certificates are offered for delivery when, as and if issued and received by the Initial Purchaser of the Certificates (defined herein) and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel (see "Appendix C - Forms of Bond Counsel's Opinions").

DELIVERY . . . It is expected that the Certificates will be available for delivery through the facilities of DTC on or about May 27, 2021.

CUSIP Prefix: 217482 [1]

MATURITY SCHEDULE

1-Feb Maturity	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix[1]
2022	$ 675,000	4.000%	0.070%	4U9
2023	810,000	4.000%	0.100%	4V7
2024	840,000	4.000%	0.150%	4W5
2025	875,000	4.000%	0.300%	4X3
2026	915,000	4.000%	0.400%	4Y1
2027	950,000	4.000%	0.530%	4Z8
2028	990,000	4.000%	0.720%	5A2
2029	1,030,000	4.000%	0.860%	5B0
2030	1,070,000	4.000%	0.980%	5C8
2031	1,105,000	2.000%	1.100% [2]	5D6
2032	1,130,000	2.000%	1.290% [2]	5E4
2033	1,150,000	2.000%	1.380% [2]	5F1
2034	1,170,000	2.000%	1.480% [2]	5G9
2035	1,195,000	2.000%	1.570% [2]	5H7
2036	1,220,000	2.000%	1.750% [2]	5J3
2037	1,245,000	2.000%	1.780% [2]	5K0
2038	1,270,000	2.000%	1.800% [2]	5L8
2039	1,295,000	2.000%	1.850% [2]	5M6
2040	1,325,000	2.000%	1.900% [2]	5N4
2041	1,350,000	2.000%	1.950% [2]	5P9

(Interest to accrue from Date of Delivery)

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(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ 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. Neither the City nor the Financial Advisor shall be responsible for the selection or correctness of CUSIP numbers set forth herein.

(2) Yield shown is yield to first call date; February 1, 2030.

REDEMPTION OPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 1, 2031, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 1, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Obligations – Optional Redemption").

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

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell Obligations in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

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

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

NEITHER THE CITY, ITS FINANCIAL ADVISOR, NOR THE INITIAL PURCHASERS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING DTC OR ITS BOOK-ENTRY-ONLY SYSTEM.

IN CONNECTION WITH THE OFFERING OF THE OBLIGATIONS, THE INITIAL PURCHASERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE OBLIGATIONS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE INFORMATION AND EXPRESSIONS OF OPINION CONTAINED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY OR OTHER MATTERS DESCRIBED HEREIN. SEE *"CONTINUING DISCLOSURE OF INFORMATION" FOR A DESCRIPTION OF THE CITY'S UNDERTAKING TO PROVIDE CERTAIN INFORMATION ON A CONTINUING BASIS.*

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

TABLE OF CONTENTS

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

OFFICIAL STATEMENT SUMMARY

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

THE CITY .... The City of Coppell, Texas (the "City") is a political subdivision and home rule municipal corporation of the State of Texas (the "State"), located in Dallas and Denton Counties, Texas. The City covers approximately 14.71 square miles (see "Introduction - Description of the City").

THE CERTIFICATES .... The City's $8,165,000 General Obligation Refunding Bonds, Series 2021 (the "Bonds") are being issued as serial Bonds maturing on February 1 of each year in the years 2022 through 2031 (see "The Obligations – Description of the Obligations").

The City's $21,610,000 Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2021 (the "Certificates") are being issued as serial Certificates maturing on February 1 of each year in the years 2022 through 2041 (see "The Obligations – Description of the Obligations").

The Bonds and the Certificates are sometimes referred to collectively herein as the "Obligations".

PAYMENT OF INTEREST .... Interest on the Bonds accrues from the date of delivery to the Initial Purchaser of the Bonds and is payable August 1, 2021, and on each February 1 and August 1 thereafter until maturity (see "The Obligations – Description of the Obligations").

Interest on the Certificates accrues from the date of delivery to the Initial Purchaser of the Certificates and is payable February 1, 2022, and on each August 1 and February 1 thereafter until maturity or prior redemption (see "The Obligations – Description of the Obligations" and "The Obligations - Optional Redemption").

AUTHORITY FOR ISSUANCE .... The Bonds are issued pursuant to the Constitution and general laws of the State, including particularly Chapter 1207 Texas Government Code, as amended, and an ordinance (the "Bond Ordinance") adopted by the City Council of the City (see "The Obligations - Authority for Issuance of the Obligations").

The Certificates are issued pursuant to the Constitution and general laws of the State, particularly Chapter 271, Subchapter C, Texas Local Government Code, as amended, and the ordinance (the "Certificate Ordinance") authorizing the issuance of the Certificates adopted by the City Council of the City (see "The Obligations - Authority for Issuance of the Obligations").

SECURITY FOR THE BONDS .... The Bonds constitute direct obligations of the City payable from the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City as provided in the Bond Ordinance (see "The Obligations – Security and Source of Payment" and "The Obligations – Tax Rate Limitation").

SECURITY FOR THE CERTIFICATES .... The Certificates constitute direct obligations of the City payable from the levy and collection of a direct and continuing annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, and from a limited pledge of $1,000 of the surplus net revenues of the City's Waterworks and Sewer System (the "System") (see "The Obligations – Security and Source of Payment" and "The Obligations – Tax Rate Limitation").

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS .... The City **has not** designated the Obligations as "Qualified Tax-Exempt Obligations" for financial institutions.

REDEMPTION PROVISIONS .... The Bonds are not subject to redemption prior to maturity.

The City reserves the right, at its option, to redeem Certificates of having stated maturities on and after February 1, 2031, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 1, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Obligations – Optional Redemption").

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

USE OF PROCEEDS .... Proceeds from the sale of the Bonds will be used for (i) refunding a portion of the City's outstanding tax-supported debt (the "Refunded Obligations") for debt service savings (see "Plan of Financing"; also see Schedule I attached hereto for a detailed description of the Refunded Obligations); and (ii) paying costs of issuance of the Bonds.

Proceeds from the sale of the Certificates will be used for (i) constructing and improving streets and roads, including related design, drainage, signalization, landscaping, sidewalks, lighting, utility relocation and replacement, bridges, signage and streetscape improvements; (ii) acquiring, designing, constructing, installing and equipping additions, improvements, extensions and equipment for the City's waterworks and sewer system; and (iii) paying legal, fiscal, architecture and engineering fees in connection with such projects.

RATINGS .... The Obligations and the presently outstanding tax-supported debt of the City are rated "Aaa" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by S&P Global Ratings, a Standard & Poor's Financial Service LLC business ("S&P"), without regard to credit enhancement (see "Other Information - Ratings").

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

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

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated City Population [(1)]	Taxable Assessed Valuation [(2)]	Per Capita Taxable Assessed Valuation	General Obligation (G.O.) Tax Debt [(3)]	Per Capita G. O. Tax Debt	Ratio G.O. Tax Debt to Taxable Assessed Valuation	% of Total Tax Collections
2017	40,310	$ 6,664,501,261	$ 165,331	$ 63,645,000	$ 1,579	0.95%	99.77%
2018	40,820	7,015,047,479	171,853	74,330,000	1,821	1.06%	99.87%
2019	41,100	7,597,797,791	184,861	67,660,000	1,646	0.89%	99.81%
2020	41,290	8,170,767,241	197,887	76,210,000	1,846	0.93%	99.30%
2021	41,410	8,389,096,043	202,586	84,110,000 [(4)]	2,031 [(4)]	1.00% [(4)]	43.91% [(5)]

(1) Source: North Central Texas Council of Governments.
(2) As reported by the Dallas Central and Denton County Appraisal Districts on the City's annual State property tax reports; subject to change during the ensuing year.
(3) Excludes self-supporting debt.
(4) Projected, subject to change. Includes the Obligations and excludes the Refunded Obligations.
(5) Collections as of December 31, 2020.

GENERAL FUND CONSOLIDATED STATEMENT SUMMARY

	Fiscal Year Ended September 30,				
	2020	2019	2018	2017	2016
Beginning Balance	$ 75,848,604	$ 63,467,962	$ 57,261,228	$ 56,898,793	$ 55,056,309
Total Revenue	70,777,592	70,572,370	64,308,715	59,705,472	55,880,692
Total Expenditures	58,207,828	57,067,136	57,630,996	53,562,123	51,531,795
Net Other Sources (Uses)	(1,385,692)	(1,124,592)	(470,985)	(5,780,914)	(2,506,413)
Net Funds Available	11,184,072	12,380,642	6,206,734	362,435	1,842,484
Ending Balance	$ 87,032,676	$ 75,848,604	$ 63,467,962	$ 57,261,228	$ 56,898,793

For additional information regarding the City, please contact:

Mike Land, City Manager		W. Boyd London, Jr.
Jennifer Miller, Director of Finance		Jason L. Hughes
City of Coppell	or	Hilltop Securities Inc.
255 Parkway Blvd.		1201 Elm Street, Suite 3500
Coppell, Texas 75019		Dallas, Texas 75270
(972) 462-0022		(214) 953-4000

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CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Length of Service	Term Expires	Occupation
Karen Hunt Mayor	12 Years	May 2021	Banker
Cliff Long Councilmember - Place 1	6 Years	May 2023	Business Owner Executive
Brianna Hinojosa-Smith Councilmember - Place 2	5 Years	May 2021	Attorney
Wes Mays Councilmember - Place 3	8 Years	May 2023	Engineering Manager
Gary Roden Councilmember - Place 4	8 Years	May 2021	Engineer
Jon Jun Councilmember - Place 5	3 Months	May 2023	Attorney
Biju Mathew Councilmember - Place 6	2 Years	May 2021	Engineer - IT
Mark Hill Mayor Pro Tem - Place 7	6 Years	May 2023	Architect

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service With Coppell	Length of Total Governmental Service
Mike Land	City Manager	7 Years	28 Years
Traci Leach	Deputy City Manager	2 Years	21 Years
Victoria Chiavetta	Deputy City Manager	11 Years	25 Years
Kent Collins	Director of Engineering/Public Works	6 Years	25 Years
Jennifer Miller	Director of Finance	29 Years	33 Years
Christel Pettinos	City Secretary	17 Years	24 Years
Kim Tiehen	Assistant Director of Finance	20 Years	25 Years
Robert Hager	City Attorney	39 Years	40 Years
Mindi Hurley	Director of Community Development	15 Years	21 Years

CONSULTANTS AND ADVISORS

Auditors .... Weaver and Tidwell, LLP
Dallas, Texas

Bond Counsel .... McCall, Parkhurst & Horton L.L.P.
Dallas, Texas

Financial Advisor........ Hilltop Securities Inc.
Dallas, Texas

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OFFICIAL STATEMENT

RELATING TO

$8,165,000 **CITY OF COPPELL, TEXAS** **GENERAL OBLIGATION REFUNDING BONDS,** **SERIES 2021**	**$21,610,000** **CITY OF COPPELL, TEXAS** **COMBINATION TAX AND LIMITED SURPLUS REVENUE** **CERTIFICATES OF OBLIGATION, SERIES 2021**

INTRODUCTION

This Official Statement, which includes the cover page, Schedule I and the Appendices hereto, provides certain information regarding the issuance of the $8,165,000 City of Coppell, Texas, General Obligation Refunding Bonds, Series 2021 (the “Bonds”) and the $21,610,000 City of Coppell, Texas, Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2021 (the “Certificates,” and together with the Bonds, herein collectively referred to as the “Obligations”). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the respective ordinances (the “Bond Ordinance” with respect to the Bonds and the “Certificate Ordinance” with respect to the Certificates), each adopted by the City Council of the City of Coppell, Texas (the “City”) on the date of the sale of the Obligations and which will authorize the issuance of the Bonds and the Certificates, respectively. The Bond Ordinance and the Certificate Ordinance are herein collectively referred to as the “Ordinances”.

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

DESCRIPTION OF THE CITY . . . The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State of Texas (the “State”), including the City’s Home Rule Charter. The City was incorporated on December 17, 1955, and first adopted its Home Rule Charter on January 18, 1986 and amended August 28, 2001. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and seven Councilmembers. The term of office for the Councilmembers and Mayor is three years. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, water and sanitary sewer utilities, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. The 2010 Census population for the City was 38,659, while the estimated 2021 population is 41,410. The City covers approximately 14.71 square miles. For more information about the City, see “Appendix A - General Information Regarding the City”.

PLAN OF FINANCING

PURPOSE . . . The Bonds are being issued for the purpose of (i) refunding a portion of the City’s outstanding tax-supported debt (the “Refunded Obligations”) for debt service savings, and (ii) paying the costs of issuance of the Bonds. See Schedule I for a detailed listing of the Refunded Obligations and their redemption date.

The Certificates are being issued for the purpose of (i) constructing and improving streets and roads, including related drainage, signalization, landscaping, sidewalks, lighting, utility relocation and replacement, bridges, signage and streetscape improvements; (ii) acquiring, constructing, installing and equipping additions, improvements, extensions and equipment for the City's waterworks and sewer system; and (iii) paying legal, fiscal, architecture and engineering fees in connection with such projects.

REFUNDED OBLIGATIONS . . . The Refunded Obligations and the interest due thereon are to be paid on the scheduled redemption date (the “Redemption Date”) from funds to be deposited with U.S. Bank National Association, Dallas, Texas (the “Deposit Agent”), pursuant to a Deposit Agreement (the “Deposit Agreement”) between the City and the Deposit Agent.

The Bond Ordinance provides that from the proceeds of the sale of the Bonds received from the Initial Purchaser of the Bonds, together with funds contributed by the City, the City will deposit with the Deposit Agent an amount sufficient to accomplish the discharge and final payment of the Refunded Obligations on the Redemption Date. Such funds will be held by the Deposit Agent in an account (the “Deposit Account”) which, under the Deposit Agreement, is irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations. The Deposit Agent will certify as to the sufficiency of the amounts initially deposited into the Deposit Account to pay the principal of and interest on the Refunded Obligations on the Redemption Date.

By the deposit of Bond proceeds and cash with the Deposit Agent pursuant to the Deposit Agreement, the City will have effected the defeasance of all of the Refunded Obligations in accordance with the law. As a result of such defeasance, the Refunded Obligations will be outstanding only for the purpose of receiving payments from the Deposit Account and will not be deemed as being outstanding obligations of the City payable from taxes or other revenues nor for the purpose of applying any limitation on the issuance of debt.

SOURCES AND USES OF OBLIGATION PROCEEDS . . . Proceeds from the sale of the Obligations, together with funds contributed by the City, are expected to be expended as follows:

Sources:	The Bonds	The Certificates
Par Amount	$ 8,165,000.00	$ 21,610,000.00
Reoffering Premium	1,083,547.30	1,726,261.95
Transfers from Prior Issue Debt Service Funds	141,690.15	-
TOTAL SOURCES	$ 9,390,237.45	$ 23,336,261.95
Uses:		
Deposit to Project Construction Fund	$ -	$ 23,000,000.00
Deposit to Refunding Fund	9,267,720.84	
Underwriters' Discount	27,552.42	175,327.55
Cost of Issuance[1]	94,964.19	160,934.40
TOTAL USES	$ 9,390,237.45	$ 23,336,261.95

(1) Includes the rounding amount.

THE OBLIGATIONS

DESCRIPTION OF THE OBLIGATIONS . . . Each series of the Obligations is dated April 15, 2021 and mature on February 1 in each of the years and in the amounts shown on pages 2 and 4 of this Official Statement. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Bonds will accrue from the Date of Delivery and is payable on August 1, 2021, and on each February 1 and August 1 thereafter until maturity. Interest on the Certificates will accrue from the Date of Delivery shown and is payable on February 1, 2022, and on each August 1 and February 1 thereafter until maturity or redemption prior to maturity. The definitive Obligations will be issued only in fully registered form in any integral multiple of $5,000 of principal amount for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Obligations will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Obligations. See "The Obligations - Book-Entry-Only System" herein.

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

AUTHORITY FOR ISSUANCE . . . The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapter 1207, Texas Government Code, as amended, and the Bond Ordinance.

The Certificates are issued pursuant to the Constitution and general laws of the State, particularly, Texas Local Government Code, Chapter 271, Subchapter C (the Certificate of Obligation Act of 1971), as amended, Subchapter B of Chapter 1502, Texas Government Code, as amended, and the Certificate Ordinance.

SECURITY AND SOURCE OF PAYMENT

Tax Pledge . . . The Obligations constitute direct obligations of the City payable from an annual direct and continuing ad valorem tax levied against all taxable property within the City, within the limits prescribed by law (see "The Obligations - Tax Rate Limitation" below).

Pledge of Surplus Waterworks and Sewer System Net Revenues for Certificates . . . The Certificates are additionally secured by a lien on and pledge of the revenues of the City's combined Waterworks and Sewer System (the "System") remaining after payment of all operation.

Keep with rest of paragraph and maintenance expenses thereof, and all debt service, reserve and other requirements in connection with all of the City's revenue obligations (now or hereafter outstanding), which are payable from all or part of said revenues, limited to $1,000, as provided in the Certificate Ordinance.

TAX RATE LIMITATION . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt, including the Obligations, 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 Taxable Assessed Valuation for all City purposes. The Home Rule Charter of the City adopts the constitutionally authorized maximum tax rate of $2.50 per $100 taxable assessed valuation. Administratively, solely for purposes of approving ad valorem tax debt, the Attorney General of the State will permit allocation of $1.50 of the $2.50 maximum tax rate for ad valorem tax debt service. Also, see "Tax Information – Public Hearing and Maintenance and Operations Tax Rate Limitations" and "Tax Information –Debt Tax Rate Limitation."

OPTIONAL REDEMPTION . . . The Bonds are not subject to redemption prior to maturity.

The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 1, 2031, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 1, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Certificates are to be redeemed, the City may select the maturities of Certificates to be redeemed. If less than all the Certificates of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) shall determine by lot the Certificates, or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

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

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

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

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

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

DEFEASANCE. . .The Ordinances provide for the defeasance of the Obligations when the payment of the principal on the Obligations, plus interest on the Obligations to the due date thereof is provided by irrevocably depositing with the Paying Agent/Registrar, or other financial institution permitted by applicable law in trust (1) money sufficient to make such payment and/or (2) Defeasance Securities to mature as to principal and interest in such amounts and at such times to ensure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Obligations, and thereafter the City will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased Obligations, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. The Ordinances provide that the term "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Obligations. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the City approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that, have been refunded and that on the date the governing body of the City approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The City has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance. There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Obligations. Because the Ordinances do not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or those for any other Defeasance Security will be maintained at any particular rating category.

Upon such deposit as described above, such Obligations shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of the Obligations 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 Obligations 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 Obligations 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.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Obligations is to be transferred and how the principal of, premium, if any, and interest on the Obligations are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Obligations 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 believes the source of such information to be reliable, but takes 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 Obligations, 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 Obligations), 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 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 Obligations. The Obligations will be issued as fully-registered Obligations registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Obligations, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

All payments on the Obligations 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 Obligations held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

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

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Obligations will be printed and delivered to DTC.

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

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

Effect of Termination of Book-Entry-Only System . . . In the event that the Book-Entry-Only System is discontinued by DTC with respect to the Obligations, or the use of the Book-Entry-Only System with respect to the Obligations is discontinued by the City, printed Obligations will be issued to the DTC Participants or the Beneficial Owner, as the case may be, and such Obligations will be subject to transfer, exchange and registration provisions as set forth in the Ordinances and summarized under "The Obligations - Transfer, Exchange and Registration" below.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is U.S. Bank National Association, Dallas, Texas. In the Ordinances, the City retains the right to replace the Paying Agent/Registrar with respect to the Obligations. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Obligations are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Obligations. Upon any change in the Paying Agent/Registrar for the Obligations, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Obligations by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Obligations will be printed and delivered to the registered owners thereof and, thereafter, the Obligations may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Obligations may be assigned by the execution of an assignment form on the respective Obligations or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Obligations will be delivered by the Paying Agent/Registrar, in lieu of the Obligations being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Obligations issued in an exchange or transfer of Obligations will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Obligations to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Obligations registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 of principal amount for any one maturity and for a like aggregate principal amount as the Obligations surrendered for exchange or transfer. See "The Obligations - Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Obligations.

LIMITATION ON TRANSFER OF OBLIGATIONS. . . The City and the Paying Agent/Registrar shall not be required to make any transfer or exchange of any Obligations during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or with respect to any Certificate or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date, provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Certificate called for redemption in part.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Obligations on any interest payment date means the close of business on the fifteenth day of the preceding month.

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

REMEDIES . . . The Ordinances provide that if the City defaults in the payment of the Obligations when due, or if it fails to make payments into any fund or funds created in the Ordinances, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Ordinances and the continuation thereof for a period of 60 days after notice of such default is given by any registered owner to the City, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Obligations. The issuance of a writ of mandamus is controlled by equitable principles, and with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Obligations in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinances do not provide for the appointment of a trustee to represent the interest of the registered owners upon any failure of the City to perform in accordance with the terms of the Ordinances, 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 has ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in “clear and unambiguous” language. Because it is unclear whether the Texas legislature has effectively waived the City’s sovereign immunity from a suit for money damages, holders may not be able to bring such a suit against the City for breach of the Obligations or Ordinance covenants. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. In *Tooke*, the Court noted the enactment in 2005 of Sections 271.151-.160, Texas Local Government Code (the “Local Government Immunity Waiver Act”), which, according to the Court, waives “immunity from suit for contract claims against most local governmental entities in certain circumstances.” The Local Government Immunity Waiver Act covers cities and relates to contracts entered into by cities for providing goods or services to cities. On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. V. City of Jacksonville*, 489 S.W.3d 427 (Tex.2016) that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. In its decision, the Court held that since the Local Government Immunity Waiver Act waives governmental immunity in certain breach of contract claims without addressing whether the waiver applies to a governmental function or a proprietary function of a city, the Court could not reasonably read the Local Government Immunity Waiver Act to evidence legislative intent to restrict the waiver of immunity when a city performs a proprietary function. The City is not aware of any Texas court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings by local governments that relate to their borrowing powers are contracts covered by the Local Government Immunity Waiver Act.

As noted above, the Ordinances provide that holders of Obligations may exercise the remedy of mandamus to enforce the obligations of the City under the Ordinances. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in either *Tooke* or *Wasson Interests*, and it is unclear whether *Tooke* or *Wasson Interests* 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 a s 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 opinions of Bond Counsel will note that all opinions relative to the enforceability of the Ordinances and the Obligations are qualified with respect to the customary rights of debtors relative to their creditors and may be limited by general principles of equity which permit the exercise of judicial discretion and by governmental immunity.

TAX INFORMATION

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.

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

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property (the "10% Homestead Cap"). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised.

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 "TAX INFORMATION - 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.

The City took official action on July 27, 1993 to exempt freeport property from ad valorem tax. On November 8, 2011 the City Council took official action to tax goods-in-transit.

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

TAX INCREMENT REINVESTMENT ZONES . . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "tax increment". During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units. The City has not created and does not participate in any TIRZs created under Chapter 311 of the Tax Code.

TAX ABATEMENT AGREEMENTS . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. The City has established a tax abatement program to encourage economic development. The terms of all tax abatement agreements must be substantially the same. In order to be considered for tax abatement, a project must meet several criteria pertaining to job creation and property value enhancement. The City's tax abatement program does not authorize residential tax abatements, only commercial-industrial tax abatements are permitted. As of September 30, 2020, the City had thirty tax abatement agreements that resulted in revenue loss of $1,383,976; the City had an additional twenty-three agreements that did not have an impact on revenues.

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 City and provides for taxpayer referenda that could result in the repeal of certain tax increases (see "TAX INFORMATION - Public Hearing and Maintenance and Operations Tax Rate Limitations"). The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

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

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 Obligations.

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

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 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 Taxable Assessed Valuation for all City purposes. The Home Rule Charter of the City adopts the constitutionally authorized maximum tax rate of $2.50 per $100 taxable assessed valuation. Administratively, solely for purposes of approving ad valorem tax debt, the Attorney General of the State of Texas will permit allocation of $1.50 of the $2.50 maximum tax rate for ad valorem tax debt service.

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.

CITY APPLICATION OF TAX CODE . . . The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of $75,000; the disabled are also granted an exemption of $75,000.

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

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

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

The City does not tax nonbusiness personal property; and effective April 4, 2016, Dallas County Tax Office collects the City’s property taxes.

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

The City does not tax freeport property.

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

The City has not established a freeze on the taxes on residence homesteads of persons 65 years of age or who are disabled, as may be done on a local option basis.

TAX ABATEMENT POLICY. . . The City has established a tax abatement program to encourage economic development. In order to be considered for tax abatement, a project must meet several criteria pertaining to property value enhancement and type of use. Generally, projects are eligible for a maximum tax abatement of up to 85% for a period up to ten years. The value of property subject to abatement is shown in Table 1.

TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2020/21 Market Valuation Established by Dallas Central and Denton County Appraisal Districts (excluding totally exempt property)		$ 9,905,041,867
Less Exemptions/Reductions at 100% Market Value:		
Over 65 and Disabled Persons	$ 159,256,130	
Disabled Veterans	10,733,154	
Freeport	826,753,277	
Open-Space and Timberland Use Reductions	22,199,814	
Tax Abatement Reductions	266,362,816	
Capped Value Loss	20,375,299	
Pollution Control	258,038	
Residential Homesteads	209,987,259	
Parcels Under 500	20,037	$ 1,515,945,824
2020/21 Taxable Assessed Valuation		$ 8,389,096,043
General Obligation Debt Payable from Ad Valorem Taxes (as of 3/1/21)		
General Obligation Debt(1)	$ 94,740,000	
The Bonds	8,165,000	
The Certificates	21,610,000	
Total General Obligation Debt Payable from Ad Valorem Taxes		$ 124,515,000
Less Self-Supporting Debt(2)	$ 40,405,000	
Net General Obligation Debt Payable from Ad Valorem Taxes		$ 84,110,000
General Obligation Interest and Sinking Fund as of 1/31/21		$ 796,324
Ratio General Obligation Tax Debt to Taxable Assessed Valuation		1.48%

2021 Estimated Population - 41,410
Per Capita Taxable Assessed Valuation - $202,586
Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - $2,031

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(1) Excludes the Refunded Obligations.
(2) It is the City's current policy to provide these payments from the System revenue sources or Recreational Development Corporation ("RDC") sales tax revenues, depending on the nature of the project; this policy is subject to change in the future. In the event the City changes its policy, or such revenues are not sufficient to pay debt service on such obligations, the City will be required to levy an ad valorem tax to pay such debt service. See "Table 10 – Computation of Self-Supporting Debt" herein. Includes a portion of the Certificates.

TABLE 1(a) - ADDITIONAL DEBT LIABILITIES

See "Table 12 – Other Obligations" for a description of the City's capital lease liability.

Please refer to "Pension Fund", pages 28-36 for a complete description of the City's pension and other post-employment benefit liabilities. Additional information with regard to the City's liability is also available via the TMRS website at www.tmrs.com.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Vaue for Fiscal Year Ended September 30,					
	2021		2020		2019	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 5,071,973,511	51.21%	$ 4,911,788,980	50.74%	$ 4,805,550,492	52.89%
Real, Residential, Multi-Family	449,440,639	4.54%	423,606,665	4.38%	405,804,426	4.47%
Real, Vacant Lots/Tracts	93,131,787	0.94%	114,088,643	1.18%	116,049,589	1.40%
Real, Acreage (Land Only)	20,667,370	0.21%	42,562,527	0.44%	40,922,227	0.45%
Real, Commercial	1,865,429,533	18.83%	1,791,287,144	18.50%	1,653,706,884	18.20%
Real, Industrial	43,718,829	0.44%	42,684,490	0.44%	39,604,020	0.44%
Real, Oil, Gas and Other Mineral Reserves	88,984	0.00%	138,850	0.00%	217,568	0.00%
Real and Tangible Personal, Utilities	109,864,000	1.11%	105,808,820	1.09%	88,167,000	0.97%
Tangible Personal, Commercial	2,030,490,614	20.50%	2,112,507,166	21.82%	1,830,223,416	20.14%
Tangible Personal, Industrial	217,780,125	2.20%	133,444,662	1.38%	103,742,310	1.14%
Tangible Personal, Mobile Homes	2,327,095	0.02%	2,541,670	0.03%	2,558,350	0.03%
Other	129,380	0.00%	134,350	0.00%	130,040	0.00%
Total Appraised Value Before Exemptions	$ 9,905,041,867	100.00%	$ 9,680,593,967	100.00%	$ 9,086,676,322	100.13%
Less: Total Exemptions/Reductions	1,515,945,824		1,634,976,749		1,495,919,541	
Adjustments	-		125,150,023		7,041,010	
Taxable Assessed Value	$ 8,389,096,043		$ 8,170,767,241		$ 7,597,797,791	

	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2018		2017	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 4,446,900,733	54.09%	$ 4,207,940,796	52.55%
Real, Residential, Multi-Family	375,089,722	4.56%	364,990,930	4.56%
Real, Vacant Lots/Tracts	115,529,703	1.41%	123,615,486	1.54%
Real, Acreage (Land Only)	42,261,365	0.51%	31,404,084	0.39%
Real, Commercial	1,514,818,141	18.43%	1,418,940,643	17.72%
Real, Industrial	43,320,140	0.53%	63,289,840	0.79%
Real, Oil, Gas and Other Mineral Reserves	469,220	0.01%	213,670	0.00%
Real and Tangible Personal, Utilities	68,375,010	0.83%	93,776,490	1.17%
Tangible Personal, Commercial	1,506,676,353	18.33%	1,576,967,309	19.69%
Tangible Personal, Industrial	104,603,760	1.27%	123,795,460	1.55%
Tangible Personal, Mobile Homes	2,598,290	0.03%	2,775,910	0.03%
Other	454,400	0.01%	514,140	0.01%
Total Appraised Value Before Exemptions	$ 8,221,096,837	100.00%	$ 8,008,224,758	100.00%
Less: Total Exemptions/Reductions	1,221,011,265		1,294,992,723	
Adjustments	14,961,907		(48,730,774)	
Taxable Assessed Value	$ 7,015,047,479		$ 6,664,501,261	

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

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TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated City Population [(1)]	Taxable Assessed Valuation [(2)]	Per Capita Taxable Assessed Valuation	General Obligation Tax Debt Outstanding at End of Year[(3)]	Per Capita G. O. Tax Debt	Ratio G.O. Tax Debt to Taxable Assessed Valuation
2017	40,310	$ 6,664,501,261	$ 165,331	$ 63,645,000	$ 1,579	0.95%
2018	40,820	7,015,047,479	171,853	74,330,000	1,821	1.06%
2019	41,100	7,597,797,791	184,861	67,660,000	1,646	0.89%
2020	41,290	8,170,767,241	197,887	76,210,000	1,846	0.93%
2021	41,410	8,389,096,043	202,586	84,110,000 (4)	2,031 (4)	1.00% (4)

(1) Source: North Central Texas Council of Governments.
(2) As reported by the Appraisal Districts on City's annual State Property Tax Reports filed with the Comptroller of Public Accounts; subject to change during the ensuing year.
(3) Excludes self-supporting debt.
(4) Projected, subject to change. Includes the Obligations and excludes the Refunded Obligations.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2017	$ 0.57950	$ 0.44333	$ 0.13617	$ 38,535,680	99.77%	99.93%
2018	0.57950	0.46347	0.11603	40,760,355	99.75%	99.87%
2019	0.56950	0.44734	0.12216	43,245,233	99.56%	99.81%
2020	0.58400	0.47770	0.10629	47,929,856	99.30%	99.30%
2021	0.58000	0.48118	0.09882	49,240,934	43.91% (1)	43.91% (1)

(1) Collections as of December 31, 2020.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2020/21 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Amazon.com.kydc LLC	Office/Warehouse	$ 236,374,036	2.82%
Duke Secured Financing 2009	Office/Warehouse	228,996,508	2.73%
SPUS8 St Marin LP	Multi-Family Complex	82,000,000	0.98%
Prologis LP	Office/Warehouse	55,165,614	0.66%
Columbia Texas Beltline Indust	Office/Warehouse	54,034,180	0.64%
Star Lakeside LLC	Multi-Family Complex	53,600,000	0.64%
Coppell Properties LLC	Multi-Family Complex	48,200,000	0.57%
BG Victorien Riverchase LLC	Multi-Family Complex	46,000,000	0.55%
LIT HWI LP	Office/Warehouse	43,892,270	0.52%
Teachers Insurance	Office/Warehouse	43,527,460	0.52%
		$ 891,790,068	10.63%

GENERAL OBLIGATION DEBT LIMITATION . . . No general obligation debt limitation is imposed on the City under current State law or the City's Home Rule Charter (see "The Obligations - Tax Rate Limitation").

TABLE 6 – TAX ADEQUACY [(1)]

2021 Net Principal and Interest Requirements	$	8,688,116
$0.11834 Tax Rate at 99% Collection Produces	$	8,688,906
Average Annual Net Principal and Interest Requirements, 2021-2041	$	5,387,471
$0.07156 Tax Rate at 99% Collection Produces	$	5,387,587

(1) Includes the Obligations; excludes the Refunded Obligations; excludes self-supporting debt.

TABLE 7 - ESTIMATED OVERLAPPING DEBT

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

Taxing Jurisdiction	2020/21 Taxable Assessed Valuation	2020/21 Tax Rate	Total G.O. Tax Debt 3/1/2021	Estimated % Applicable	City's Overlapping G.O. Tax Debt 3/1/2021	Authorized But Unissued Debt
Direct:						
City of Coppell	$ 8,389,096,043	$0.58000	$ 84,110,000 [(1)]	100.00%	$ 84,110,000 [(1)]	$ 1,868,610
Overlapping:						
Dallas County	263,171,536,372	0.24000	130,445,000	3.01%	3,926,395	-
Coppell Independent School District	13,247,166,384	1.31000	367,610,979	58.44%	214,831,856	-
Carrollton-Farmers Branch Independent School District	24,013,850,095	1.25500	162,395,000	2.38%	3,865,001	234,265,000
Dallas County Community College District	271,168,476,338	0.12400	115,750,000	3.01%	3,484,075	1,102,000,000
Dallas County Hospital District	263,749,217,449	0.26600	622,000,000	3.01%	18,722,200	-
Dallas County Schools	261,927,801,917	0.01000	27,204,352	3.01%	818,851	-
Denton County	115,693,123,870	0.22500	611,835,000	0.16%	978,936	9,690,625
Denton Co. Levee Improvement Dist #1	750,992,471	0.18200	6,675,000	17.01%	1,135,418	4,115,000
Grapevine-Colleyville Independent School District	16,964,998,214	1.30300	390,625,437	0.17%	664,063	-
Lewisville Independent School District	45,965,940,260	1.34700	1,404,387,596	0.38%	5,336,673	-
Northwest Dallas County Flood Control District No. 1	538,014,969	0.30000	13,085,000	100.00%	13,085,000	-
Total			$ 3,936,123,364		$ 350,958,467	

Total Direct and Overlapping G. O. Tax Debt	$ 350,958,467
Ratio of Direct and Overlapping G. O. Tax Debt to Taxable Assessed Valuation	4.18%
Per Capita Overlapping G. O.Tax Debt	$ 8,475

(1) Excludes self-supporting debt, includes the Obligations and excludes the Refunded Obligations.

DEBT INFORMATION

TABLE 8 - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 30-Sep	Outstanding Debt Service[1]			The Bonds[2]			The Certificates[3]			Less: Self-Supporting Debt[3]	Net Total Outstanding Debt	Percent of Principal Retired
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total			
2021	$ 7,675,000	$ 3,773,321	$ 11,448,321	$ -	$ 42,391	$ 42,391	$ -	$ -	$ -	$ 2,802,596	$ 8,688,116	
2022	6,665,000	3,392,456	10,057,456	1,080,000	227,650	1,307,650	675,000	687,631	1,362,631	3,197,552	9,530,186	
2023	6,835,000	3,111,256	9,946,256	705,000	209,800	914,800	810,000	552,100	1,362,100	3,182,356	9,040,800	
2024	7,010,000	2,814,006	9,824,006	725,000	195,500	920,500	840,000	519,100	1,359,100	3,150,906	8,952,700	
2025	6,210,000	2,530,756	8,740,756	730,000	180,950	910,950	875,000	484,800	1,359,800	3,131,606	7,879,900	30.89%
2026	6,350,000	2,264,531	8,614,531	755,000	162,325	917,325	915,000	449,000	1,364,000	3,114,006	7,781,850	
2027	5,965,000	2,002,231	7,967,231	775,000	139,375	914,375	950,000	411,700	1,361,700	3,097,881	7,145,425	
2028	5,705,000	1,752,856	7,457,856	805,000	115,675	920,675	990,000	372,900	1,362,900	3,073,206	6,668,225	
2029	4,660,000	1,529,506	6,189,506	830,000	87,000	917,000	1,030,000	332,500	1,362,500	3,054,881	5,414,125	
2030	4,855,000	1,319,256	6,174,256	860,000	53,200	913,200	1,070,000	290,500	1,360,500	3,032,656	5,415,300	58.51%
2031	5,025,000	1,118,494	6,143,494	900,000	18,000	918,000	1,105,000	258,050	1,363,050	3,009,356	5,415,188	
2032	5,195,000	951,478	6,146,478	-	-	-	1,130,000	235,700	1,365,700	3,003,638	4,508,541	
2033	5,330,000	788,719	6,118,719	-	-	-	1,150,000	212,900	1,362,900	2,982,550	4,499,069	
2034	4,390,000	632,169	5,022,169	-	-	-	1,170,000	189,700	1,359,700	2,570,997	3,810,872	
2035	4,520,000	501,106	5,021,106	-	-	-	1,195,000	166,050	1,361,050	2,574,722	3,807,434	82.05%
2036	4,655,000	370,375	5,025,375	-	-	-	1,220,000	141,900	1,361,900	2,574,181	3,813,094	
2037	4,045,000	239,028	4,284,028	-	-	-	1,245,000	117,250	1,362,250	2,580,747	3,065,531	
2038	4,165,000	116,706	4,281,706	-	-	-	1,270,000	92,100	1,362,100	2,574,369	3,069,438	
2039	1,565,000	43,600	1,608,600	-	-	-	1,295,000	66,450	1,361,450	1,129,644	1,840,406	
2040	1,595,000	14,953	1,609,953	-	-	-	1,325,000	40,250	1,365,250	1,133,906	1,841,297	98.98%
2041	-	-	-	-	-	-	1,350,000	13,500	1,363,500	414,100	949,400	100.00%
	$ 102,415,000	$ 29,266,805	$ 131,681,805	$ 8,165,000	$ 1,431,866	$ 9,596,866	$ 21,610,000	$ 5,634,081	$ 27,244,081	$ 55,385,858	$ 113,136,895	

(1) "Outstanding Debt" does not include lease/purchase obligations and the Refunded Obligations. Amounts differ from those presented in the FYE 2020 ACFR due to rounding.
(2) Average life of the Bonds – 5.192 years.
(3) Average life of the Certificates – 11.150 years.
(4) It is the City's current policy to provide these payments from the respective revenue sources (see "Table 10 - Computation of Self-Supporting Debt" herein); this policy is subject to change in the future. In the event the City changes its policy, or such revenues are not sufficient to pay debt service on such obligations, the City will be required to levy an ad valorem tax to pay such debt service. Includes a portion of the Certificates.

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION

Net Tax Supported Debt Service Requirements, Fiscal Year Ending 9-30-21		$ 8,688,116
Interest and Sinking Fund, 9-30-20	$ 1,074,559	
Budgeted Interest and Sinking Fund Tax Levy	8,290,272	
Estimated Investment Income	40,000	
Penalty and Interest and Delinquents	30,000	$ 9,434,831
Estimated Balance, 9-30-21		$ 746,715

(1) Excludes self-supporting debt and the Refunded Obligations. Includes the Obligations.

TABLE 10 – COMPUTATION OF SELF-SUPPORTING DEBT

Net System Revenue Available, Fiscal Year Ended 9-30-20	$ 4,769,933
Less: Requirements for Revenue Bonds (2020)	-
Balance Available for Other Purposes	$ 4,769,933
Requirements for System Tax Bonds	1,712,171
Percentage of System General Obligation Bonds Self-Supporting	100%

Net RDC Revenue Available, Fiscal Year Ended 9-30-20	$ 3,635,616
Less: Requirements for Revenue Bonds (2020)	2,240,969
Balance Available for Other Purposes	$ 1,394,647
Requirements for RDC Tax Bonds	1,090,425
Percentage of RDC General Obligaiton Bonds Self-Supporting	100%

TABLE 11 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS(1)

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Unissued Balance
Park Improvements	3/3/1990	$ 1,030,000	$ 835,000	$ 195,000
Street Improvements	3/3/1990	7,750,000	7,665,000	85,000
Drainage Improvements	3/3/1990	800,000	400,000	400,000
Police and Fire Improvements	3/3/1990	1,400,000	1,295,000	105,000
Library Improvements	3/3/1990	2,600,000	2,520,000	80,000
Drainage Improvements	11/2/1999	1,700,000	700,000	1,000,000
Street Improvements	11/2/1999	30,345,000	30,341,390	3,610
		$ 45,625,000	$ 43,756,390	$ 1,868,610

(1) The City has no plans to issue these bonds.

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT . . . After the issuance of the Obligations, the City anticipates the issuance of additional debt payable from ad valorem taxes of approximately $17,500,000 and approximately $5,500,000 of additional water and sewer revenue debt in August 2022.

TABLE 12 – OTHER OBLIGATIONS

As of June 1, 2020, the City has no other obligations outstanding.

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PENSION FUND

Plan Description

The City participates as one of 888 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 Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agency multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of 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 Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

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

Benefits Provided

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

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

Members can retire at ages 60 and above with five or more years of service or with 20 years of service regardless of age. A member is vested after five years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Employees covered by benefit terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currrently receiving benefits	253
Inactive employees entitled to but not yet receiving benefits	229
Active employees	395
Total	877

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 contributions rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.53% and 15.57% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020, were $4,836,795, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial assumptions

TPL in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for active, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 through December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. 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 expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

Discount Rate

The discount rate used to measure the TPL 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 the 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 TPL.

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Changes in the Net Pension Liability

	Increases (Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/18	$ 165,106,284	$ 137,510,413	$ 27,595,871
Changes for the year:			
Service Cost	5,423,721	-	5,423,721
Interest	11,140,690	-	11,140,690
Difference between expected and acutal experience	1,210,046	-	1,210,046
Change of assumptions	195,962	-	195,962
Contributions-employer	-	4,719,024	(4,719,024)
Contributions-employee	-	2,125,758	(2,125,758)
Net investment income	-	21,273,772	(21,273,772)
Benefit payments, including			-
refunds of emp. contributions	(5,541,779)	(5,541,779)	-
Administrative expense	-	(120,122)	120,122
Other changes	-	(3,608)	3,608
Net changes	12,428,640	22,453,045	(10,024,405)
Balance at 12/31/19	$ 177,534,924	$ 159,963,458	$ 17,571,466

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Ciyt's net pension liability	$ 44,964,658	$ 17,571,466	$ 4,698,646

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2020, the City recognized pension expense of $6,003,172.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual ecomonic experience	$ 1,453,106	$ 30,519
Chnages in actuarial assumptions	151,119	15,451
Difference between projected and actual investment earnings	-	4,850,303
Contributions subsequent to the measurement date	3,654,679	-
Total	$ 5,258,904	$ 4,896,273

The City reported $3,654,679 as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Year ended September 30:		
2021	$	(834,181)
2022		(861,774)
2023		683,226
2024		(2,279,319)
	$	(3,292,048)

OTHER POST-EMPLOYMENT BENEFITS

For the year ended September 30, 2020, the City recognized $269,176 OPEB expense, of which $154,603 was for health care benefits and $114,573 was for life insurance benefits.

Health Care Benefits

Plan Description

In addition to the pension benefits described above, the City provides post-employment health care benefits, in accordance with City policy. Administration of the City Retiree Health Care Plan trust is through the Public Agency Retirement Services (PARS) with an IRC Section 115 Irrevocable Exclusive Benefit Trust. Trustee for the plan is USBank. Ultimate authority for investment decisions and actions necessary to maintain the City's participation in the program resides with the City Manager, appointed as Plan Administrator through a 2014 resolution of the City Council, or his successor or designee. Investment strategy is currently through the City's selection of the PARS Moderate: Highmark Index Plus (passive) from High Mark Capital Management, selected August 27, 2014. Stated goals are for growth of principal and income. At December 31, 2019, the annual one-year rate of return was 17.41%.

All employees who are vested in the City's pension plan, Texas Municipal Retirement System, are eligible for these benefits with 20 years or more of service, regardless of age, or at age 60 and above. Coverage is also available to dependents or surviving spouses of retirees. This healthcare plan provides medical, dental and hospitalization coverage (until eligible for Medicare) to eligible retirees, their spouses and dependents through the city's self-funded health program, which covers both active and retired members. At December 31, 2019, the City had 177 retirees and an additional 57 active employees that are eligible to retire. The City implicitly subsidizes medical and hospitalization costs incurred by retirees and their dependents through the use of a single, blended premium rate. Recommendations for plan benefits are presented to City Council for their approval during the annual budget process. The City's plan qualifies as a single-employer, defined benefit plan through a trust. Financial statements for the plan are presented as a statement of fiduciary net position as of December 31, 2019, the end of the plan's reporting period, and a statement of changes in fiduciary net position.

COBRA Benefits

Under the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), the City makes healthcare benefits available to eligible former employees and eligible dependents. The federal government outlines certain requirements for this coverage. The premium plus a two percent administration fee is paid in full by the insured on or before the tenth (10^{th}) day of the month for the actual month covered. This program is offered for 18 months after the employee's termination date. The City makes no contribution under this program. There was on participant in the program as of September 30, 2020.

Benefits Provided

The terms of the health benefits provided to retirees are the same as those provided to employees in the self-funded health program.

Employees Covered by Benefit Terms:

At the December 31, 2019 Measurement date, the following employees were covered by the benefit terms:

Inactive plan members of beneficiaries currrently receiving benefits	6
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	371
Total	377

Contributions

Current retirees contribute to the self-funded health program the blended premium for active and retired participants. Retiree contribution rates for fiscal year 2020 ranged from $943 to $2,415 per month depending on coverage levels selected. In fiscal year 2020, the total member contributions were $80,139. The City contribution for retirees consists of pay-as-you-go claims in excess of the retiree contributions. Claims incurred by retirees were $15,424; therefore, the City's contribution to the plan for fiscal year 2020 was zero as retiree contributions covered retiree expense. In July through September 2020, the City made a total of $2,000,000 additional contributions to the plan assets held in trust.

Net OPEB Liability

The City's net OPEB liability was measured as of December 31, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019.

Actuarial Assumptions:

The City's total OPEB liability in the December 31, 2019 valuation was determined using the following actuarial assumptions:

Actuarial Assumptions

Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	2.75% as of December 31, 2019
Inflation Rate	2.50%
Sarlay Increases	3.50% to 11.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the TMRS
Mortality	For healthy retirees, the gender-distinct 2019 Municpal retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Participation Rates	Rates of 25% post-55 or disabled, and 0% pre-55 with 100% assumed to discontinue when eligible for Medicare
Healthcare cost trends rates	7.10% Initial, 4.25% Ultimate

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019. The discount rate is equal to the municipal bond rate because at the December 31, 2019 valuation date, the City had not contributed to the OPEB trust since its initial contribution. The discount rate changed from 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019. Additionally, the demographic and salary increase assumptions were updated to reflect the 2019 TMRS Experience Study.

Future results may differ from those anticipated in this valuation. Reasons include but are not limited to actual medical trend differing from expected, changes in the healthcare plan designs offered to active and retired members, and participant behavior differing from expected.

Changes in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at 12/31/18	$ 2,085,092	$ 224,632	$ 1,860,460
Changes for the year:			
Service Cost	92,503	-	92,503
Interest on the total OPEB liability	77,489	-	77,489
Difference between expected and acutal experience	(14,261)	-	(14,261)
Changes of assumptions	165,224	-	165,224
Employer Contributions	-	85,360	(85,360)
Net investment income	-	39,175	(39,175)
Benefit payments	(85,360)	(85,360)	-
Administrative expense	-	(1,378)	1,378
Net changes	235,595	37,797	197,798
Ending Balance	$ 2,320,687	$ 262,429	$ 2,058,258

Consistent with the requirements of GASB Statements No. 74 and No. 75, the employer contribution and benefit payment amounts include "amounts for OPEB as the benefits come due that will not be reimbursed to the employer using OPEB plan assets." The $85,360 in benefit payments was paid by the City using its own assets.

The benefit payments during the measurement period were determined by subtracting the actual retiree premium payments from an age-adjusted premium calculation, calculated using an age-adjustment factor of 1.845.

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

The following presents the Plan's net OPEB liability, calculated using the discount rate of 2.75%, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher than the current rate assumption:

	1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
Plan's net OPEB liability	$ 2,263,899	$ 2,058,258	$ 1,869,263

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trent Rate

The following presents the Plan's net OPEB liability, calculated using the assumed trend rates as well as what the Plan's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percent lower or one percent higher than the current rate assumption:

	1% Decrease	Current Healthcare Cost Trend Rate Assumtpion	1% Increase
Plan's net OPEB liability	$ 1,823,192	$ 2,058,258	$ 2,334,852

Related Deferred Outflows of Resources and Deferred Inflows of Resources

At September 30, 2020, the City reported deferred outflows of resources and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual ecomonic experience	$ 7,581	$ 116,913
Changes in actuarial assumptions	214,392	100,094
Difference between projected and actual investment earnings	-	9,789
Contributions subsequent to the measurement date	2,045,209	-
Total	$ 2,267,182	$ 226,796

The City reported $2,045,209 as deferred outflows related to OPEB resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:	**Net Deferred Outflows (Inflows)**
2021	$ (2,771)
2022	(2,772)
2023	(603)
2024	(5,499)
2025	(464)
Thereafter	7,286
Total	(4,823)

Life Insurance Benefits

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

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

Employees Covered by Benefit Terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currrently receiving benefits	177
Inactive employees entitled to but not yet receiving benefits	57
Active employees	395
Total	629

Contributions

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

The City's contributions to the TMRS SDBF for the year ended 2020 were $6,216, which equaled the required contributions.

Total OPEB Liability

Total OPEB Liability was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The City's total OPEB liability in the December 31, 2019 valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.5% to 11.5% including inflation
Discount rate	2.75%
Retirees' share of benefit-related costs	0.00

The discount rate was based on the Fidelity Index "20-Year Municipal GO AA Index" rate as of December 31, 2019. All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68. Mortality rates for service retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables projected on a fully generational basis with scale UMP. Mortality rates for disabled retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2018	$ 1,065,189
Changes for the year:	
Service cost	42,515
Interest	40,194
Difference between expected and actual experience	(94,355)
Changes in assumptions or other inputs	221,080
Benefit payments	(6,074)
Net Changes	203,360
Balance at 12/31/2019	$ 1,268,549

Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees. Changes in assumptions are a result of the change in municipal bond index rate from the previous year.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.75%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
City's Total OPEB Liability	$ 1,569,880	$ 1,268,549	$ 1,038,740

Related Deferred Outflows of Resources and Deferred Inflows of Resources

At September 30, 2020, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 40,644	$ 78,963
Changes in actuarial assumptions	231,502	54,185
Contributions subsequent to the measurement date	4,695	-
Total	$ 276,841	$ 133,148

The City reported $4,695 as deferred outflows related to OPEB resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30,	
2021	$ 31,864
2022	31,864
2023	31,864
2024	20,783
2025	19,936
Thereafter	2,687
Total	$ 138,998

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FINANCIAL INFORMATION

TABLE 13 - CHANGES IN NET POSITION

	Fiscal Years Ended September 30,				
	2020	2019	2018	2017	2016
Revenues:					
Program Revenues:					
Charges for Services	$ 7,491,272	$ 9,390,482	$ 9,130,396	$ 9,064,698	$ 9,248,490
Operating Grants and Contributions	1,704,623	417,227	742,830	449,291	29,312
Capital Grants and Contributions	500,798	334,725	581,043	2,910,301	3,711,097
General Revenue:					
Property Tax	47,223,892	43,075,545	40,450,452	38,572,813	36,279,008
Sales Tax	45,239,065	46,668,635	40,176,024	40,801,360	33,794,720
Franchise Tax	4,218,036	4,266,877	4,618,145	4,486,071	4,264,029
Hotel Occupancy Tax	225,169	47,397	-	155,109 (1)	-
Investment Earnings	1,716,883	4,546,817	2,377,306	930,196	456,745
Miscellaneous	376,610	478,463	534,088	946,365	546,169
Gain (Loss) on Sale of Capital Assets	15,312	81,953	393,222	-	107,913
Total Revenues	$ 108,711,660	$ 109,308,121	$ 99,003,506	$ 98,316,204	$ 88,437,483
Expenditures:					
General Government	$ 11,952,493	$ 11,503,100	$ 12,133,184	$ 11,749,067	$ 13,512,952
Public Safety	31,076,228	31,902,288	29,082,389	29,539,397	23,764,655
Public Works	19,073,326	19,994,492	21,587,601	20,487,731	20,040,386
Cultural and Recreational	15,019,784	16,934,994	14,778,572	15,434,727	14,162,493
Bond Issuance Costs	-	-	168,311	-	254,203
Interest on Long-Term Debt	3,901,346	4,650,896	3,063,131	3,194,139	3,309,550
Total Expenditures	$ 81,023,177	$ 84,985,770	$ 80,813,188	$ 80,405,061	$ 75,044,239
Increase in Net Position Before Transfers	27,688,483	24,322,351	18,190,318	17,911,143	13,393,244
Transfers	-	109,040	109,040	676,873	21,498
Increase in Net Position	$ 27,688,483	$ 24,431,391	$ 18,299,358	$ 18,588,016	$ 13,414,742
Net Position - October 1	327,850,038	303,418,647	285,119,289 (2)	267,967,840	254,553,098
Net Position - September 30	$ 355,538,521	$ 327,850,038	$ 303,418,647	$ 286,555,856	$ 267,967,840

(1) Hotel Occupancy Tax started in fiscal year 2017.
(2) Implementation of GASB 75 required a $1,436,567 adjustment to beginning fund balance to recognize postemployment benefits other than pensions and beginning deferred outflow for contributions made after the measurement date in fiscal year 2017.

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TABLE 13 -A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Years Ended September 30,				
	2020	2019	2018	2017	2016
Revenues:					
Taxes, Penalties and Interest	$ 63,204,006	$ 59,609,169	$ 54,899,823	$ 50,697,887	$ 47,302,860
Charges for Services	3,482,240	4,133,678	4,052,971	4,124,488	4,074,572
Licenses and Permits	1,645,150	2,759,730	2,424,697	2,512,408	2,552,730
Intergovernmental	565,630	378,122	16,298	76,086	21,520
Interest	875,789	2,093,564	1,188,428	478,037	229,721
Fine and Forfeitures	688,693	1,172,442	1,184,978	983,475	1,199,787
Miscellaneous	316,084	425,665	541,520	833,091	499,502
Total Revenues	$ 70,777,592	$ 70,572,370	$ 64,308,715	$ 59,705,472	$ 55,880,692
Expenditures:					
General Government	$ 11,254,383	$ 11,091,815	$ 10,786,150	$ 10,245,208	$ 9,344,357
Public Safety	25,494,965	24,654,314	23,355,511	22,451,030	20,857,320
Public Works	7,767,593	7,902,189	8,072,438	7,297,836	6,518,869
Cultural and Recreational	10,160,345	11,733,442	11,361,292	10,789,323	10,393,063
Capital Outlay	3,530,542	1,685,376	4,055,605	2,778,726	4,418,186
Debt Service	-	-	-	-	-
Total Expenditures	58,207,828	57,067,136	57,630,996	53,562,123	51,531,795
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,569,764	13,505,234	6,677,719	6,143,349	4,348,897
Capital Leases and Bonds Payable	-	-	-	-	-
Proceeds from Sale of Capital Assets	15,312	53,224	148,092	524,478	346,492
Operating Transfers - Net	(1,401,004)	(1,177,816)	(619,077)	(6,305,392)	(2,852,905)
Total Other Sources (Uses)	(1,385,692)	(1,124,592)	(470,985)	(5,780,914)	(2,506,413)
Net Change in Fund Balance	11,184,072	12,380,642	6,206,734	362,435	1,842,484
Beginning Fund Balance	75,848,604	63,467,962	57,261,228	56,898,793	55,056,309
Ending Fund Balance	$ 87,032,676	$ 75,848,604	$ 63,467,962	$ 57,261,228	$ 56,898,793

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TABLE 14 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, Texas Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Obligations. The RDC collects a ½% Sales and Use Tax and the City further collects a ¼% Sales and Use Tax for street maintenance and ¼% Sales and Use Tax for crime prevention; these taxes are not pledged to the payment of the Obligations. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly.

Fiscal Year Ended 9/30	Total Collected	1% Sales Tax	Recreation 1/2% Sales Tax	Street Maintenance 1/4% Sales Tax (2)	Crime Prevention 1/4% Sales Tax (2)	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2017	36,951,337	$ 16,657,434	$ 10,170,247	$ 5,085,123	$ 5,038,533	95.88%	$ 0.5545	$ 916.68
2018	39,836,143	17,872,843	10,980,267	5,490,133	5,492,900	97.90%	0.5679	975.90
2019	46,448,230	21,551,423	12,479,250	6,239,625	6,177,932	107.23%	0.6113	1,130.13
2020	44,562,778	20,677,265	11,965,862	5,982,931	5,936,720	60.44%	0.3625	1,079.26
2021 (1)	8,796,561	4,115,909	2,346,717	1,173,359	1,160,576	60.44%	0.3625	212.27

(1) As of December 31, 2020.
(2) Collection of the Street Maintenance and Crime Prevention taxes began on April 1, 2008. Annual amounts for the Street Maintenance sales tax and for the Crime Prevention sales tax differ due to differences between the items and services subject to the respective sales tax.

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FINANCIAL POLICIES

New Accounting Standards Adopted . . . Management evaluated GASB Statement No. 91, Conduit Debt Obligations and determined that it had was not applicable to the financial statements of the City as of September 30, 2020. The City is currently analyzing the impact of implementing the following statements on future financial statements of the City as these statements are not yet effective.

GASB Statement No. 84, Fiduciary Activities. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. This Statement will become effective for the City in fiscal year 2021.

GASB Statement No. 87, Leases. This Statement will increase the usefulness of financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. This Statement will become effective for the City in fiscal year 2022.

GASB Statement No. 90, Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61. This Statement will improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevancy of financial statement information for certain component units. This Statement will become effective for the City in fiscal year 2021.

GASB Statement No. 92, Omnibus 2020. This Statement is intended to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues identified during implementation of certain GASB Statements. This Statement will become effective for the City in fiscal year 2022.

GASB Statement No. 93, Replacement of Interbank Offered Rates. This Statement addresses accounting and reporting implications resulting from the replacement of an IBOR and will become effective for the City in fiscal year 2022.

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. If applicable, this Statement will become effective for the City in fiscal year 2023. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements.

GASB Statement No. 96, Subscription-based Information Technology Arrangements. This Statement provides guidance based on the guidance for leases, where relevant, for subscription-based Information Technology Arrangements. This Statement will become effective for the City in fiscal year 2023.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. This Statement is intended to improve consistency of financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other benefit plans, while mitigating the costs associated with reporting those plans. This statement will become effective for the City in fiscal year 2022.

Basis of Accounting . . . The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Fiduciary funds are used to report assets held in a trustee or agency capacity for others. Trust funds employ the same economic resources measurement focus and the accrual basis of accounting as the government-wide financial statements and proprietary fund type. Agency funds have no measurement focus as these funds are custodial in nature and do not involve the measurement of results of operations. Thus, agency funds have only assets and liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual, that is, when they are both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period. Therefore, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax revenues to be available if they are collected within sixty days of the end of the current fiscal period, and sales tax revenues to be available if they are collected within thirty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the obligation has matured and is due and payable shortly after year end.

Fund Balances . . . The City Charter, as amended November 1995, created a stabilization arrangement of not less than ten percent of the proposed expenditures for the major operating funds. The major operating fund of the City is the General Fund. The City Charter may only be changed through an election, and therefore, the stabilization amount may not be spent without an election. The stabilization arrangement amount of $7,495,839 is classified as committed fund balance in the General Fund.

It is the desire of the City to maintain adequate fund balance in the General Fund for liquidity and in anticipation of economic downturns or natural disasters. In addition to the stabilization arrangement established through the City Charter, the City Council has adopted a funding policy to maintain a fund balance in the General Fund of ten percent of the next year's budgeted expenditures plus 60 days of expenditures, which is estimated to be 15 percent of the next year's budgeted expenditures. If fund balance falls below the minimum target level because it has been used, essentially as a "revenue" source, as dictated by current circumstances, the policy provides for actions to replenish the amount to the minimum target level. Generally, replenishment is to occur within a two-year period. The stabilization arrangement and the funding policy create a minimum fund balance of 25 percent of the next year's budgeted expenditures.

Debt Service Fund Balance . . . The City maintains its various debt service funds in accordance with the covenants of the respective bond ordinances.

Use of Bond Proceeds . . . The City's policy is to use bond proceeds for capital expenditures only. Such revenues are never to be used to fund normal City operations.

Budgetary Procedures . . . The City Charter establishes the fiscal year as the twelve-month period beginning each October 1. Each year by August 5, the City Manager, after review, submits a budget of estimated revenues and expenditures to the City Council. Subsequently, the City Council will hold work sessions to discuss and amend the budget to coincide with their direction of the City. Various public hearings may be held to comply with state and local statutes. The City Council will adopt a budget prior to September 30. If the Council fails to adopt a budget, the amount appropriated for operations for the current fiscal year shall be deemed adopted for the ensuing fiscal year on a month to month basis with all items in it pro-rated accordingly until such time as the City Council adopts a budget for the ensuing fiscal year.

During the fiscal year, budgetary control is maintained by the monthly review of departmental appropriation balances. Actual operations are compared to the amounts set forth in the budget. Departmental appropriations that have not been expended lapse at the end of the fiscal year. Therefore, funds that were budgeted and not used by the departments during the fiscal year are not available for their use unless appropriated in the ensuing fiscal year's budget.

INVESTMENTS

The City invests its investable funds in investments authorized by Texas law, including particularly Texas Government Code, Chapter 2256 (the "PFIA"), in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change.

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE CITY . . . Under State law, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is unconditionally guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the "FDIC") or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund, or their respective successors; (8) certificates of deposit and share certificates meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended) (i) that are issued by or through an institution that has its main office or a branch office in Texas and are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (7) or in any other manner and amount provided by law for City deposits; or (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the United States Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (9) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (10) securities lending programs if (i) the value of the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (7) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (7) above, clauses (12) through (14) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less; (11) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (13) no-load money market mutual funds registered with and regulated by the United States Securities and Exchange Commission that complies with federal Securities and Exchange Commission Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and (14) no-load mutual funds registered with the United States Securities and Exchange Commission that have an average weighted maturity of less than two years, either (i) has a duration of one year or more and is invested exclusively in obligations described in this paragraph or (ii) has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities, and invest exclusively in obligations described in this paragraph. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAm or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution.

The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

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

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

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

No funds of the City are invested in derivative securities, i.e., securities whose rate of return is determined by reference to another instrument, index, or commodity.

TABLE 15 - CURRENT INVESTMENTS

As of September 30, 2020, the City's investable funds were invested in the following categories:

Description	Percent of Portfolio	Purchase Price	Market Value
TexPool	19.46%	$ 40,668,382	$ 40,681,396
TexStar[(1)]	22.31%	46,605,643	46,617,621
Texas Class	22.46%	46,924,832	46,924,832
Federal Home Loan Bank	35.77%	74,744,058	74,787,237
	100.00%	$ 208,942,916	$ 209,011,086

(1) TexSTAR is a local government investment pool for whom Hilltop Securities Inc., is a co-administrator for the pool. TexSTAR currently maintains a "AAA" rating from Standard & Poor's and has an investment objective of achieving and maintaining a stable net asset value of $1.00 per share. Daily investments or redemptions of funds is allowed by the participants. There is no regulatory oversight by the State of Texas over TexSTAR.

TAX MATTERS

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

In rendering its opinions, Bond Counsel to the City will rely upon (a) certain information and representations of the City, including information and representations contained in the City's federal tax certificate, (b) the sufficiency certificate of U.S. Bank National Association and (c) covenants of the City contained in the Ordinances authorizing the issuance of the Obligations relating to certain matters, including arbitrage and the use of the proceeds of the Obligations and the property financed or refinanced therewith. Failure of the City to comply with these representations or covenants could cause the interest on the Certificates to become includable in gross income retroactively to the date of issuance of the Obligations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinances, the City has made the following agreement for the benefit of the holders and beneficial owners of the Obligations. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Obligations. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). This information will be publicly available on the MSRB's Electronic Municipal Market Access System ("EMMA") at http://emma.msrb.org/.

ANNUAL REPORTS . . . The City will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 6 and 8 through 15 and in Appendix B, which is the City's annual audited financial report. The City will update and provide the information in the numbered tables within six months after the end of each fiscal year ending in and after 2021 and, if not submitted as part of such annual financial information, the City will provide audited financial statements when and if available, and in any event, within 12 months after the end of each fiscal year. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City will file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation.

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

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

NOTICE OF CERTAIN EVENTS . . . The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Obligations 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 Obligations, or other material events affecting the tax status of the Obligations; (7) modifications to rights of holders of the Obligations, if material; (8) Certificate calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Obligations, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a Financial Obligation of the City or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the City, any of which reflect financial difficulties. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with its agreement described above under "Annual Reports." Neither the Obligations nor the Ordinances provide for debt service reserves, liquidity enhancement, or credit enhancement (except with respect to the bond insurance, if obtained).

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 clauses (15) and (16) in the immediately preceding paragraph and the definition of Financial Obligation in the immediately preceding paragraph to have the same meanings as when they are used in Rule 15c2-12, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

AVAILABILITY OF INFORMATION FROM MSRB . . . The City has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org.

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

The City may amend its continuing disclosure agreement from time to time 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 (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Obligations in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Obligations consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Obligations. The City may also amend or repeal the provisions of its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Obligations in the primary offering of the Obligations. If the City so amends the agreement, it has agreed to 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 financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the City has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

OTHER INFORMATION

RATINGS

The Obligations and the presently outstanding tax-supported debt of the City are rated "Aaa" by Moody's and "AAA" by S&P, without regard to credit enhancement. An explanation of the significance of such ratings may be obtained from the companies furnishing the ratings. The ratings reflect only the respective view of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating companies, if in the judgment of such companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, may have an adverse effect on the market price of the Obligations.

Due to uncertainty surrounding efforts to address the deficits and debt burden of the United States of America, obligations issued by state and local governments in the United States, such as the Obligations, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States of America or of any of its agencies or political subdivisions, then such event could also adversely affect the market for and ratings, liquidity, and market value of outstanding debt obligations, including the Obligations. Any such downward revision or withdrawal of such ratings, may have an adverse effect on the market prices of the Obligations.

LITIGATION

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

REGISTRATION AND QUALIFICATION OF OBLIGATIONS FOR SALE

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

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

LEGAL MATTERS

The City will furnish to the Initial Purchasers a complete transcript of proceedings had incident to the authorization and issuance of the Obligations, including the unqualified approving legal opinions of the Attorney General of Texas approving the Initial Bond and Initial Certificate and to the effect that the Obligations are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the approving legal opinions of Bond Counsel. 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 Obligations or which would affect the provision made for their payment or security, or in any manner questioning the validity of the Obligations will also be furnished. In its capacity as Bond Counsel, such firm has reviewed the information describing the Obligations in the Notices of Sale and Bidding Instructions, the Official Bid Forms and the Official Statement to verify that such information conforms to the provisions of the Ordinances. In connection with the transactions described in the Official Statement, Bond Counsel represents only the City. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Obligations is contingent on the sale and delivery of the Obligations. The legal opinions will accompany the Obligations deposited with DTC or will be printed on the Obligations 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 Obligations express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise from the transaction.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from City records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and 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. Reference is made to original documents in all respects.

FINANCIAL ADVISOR

Hilltop Securities Inc. is employed as Financial Advisor to the City in connection with the issuance of the Obligations. The Financial Advisor's fee for services rendered with respect to the sale of the Obligations is contingent upon the issuance and delivery of the Obligations. The Financial Advisor has agreed, in its financial advisory contract, not to bid for the Obligations, either independently or as a member of a syndicate organized to submit a bid for the Obligations. Hilltop Securities Inc., in its capacity as Financial Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Obligations, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

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. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States. On March 13, 2020, the President of the United States declared the Pandemic a national emergency and the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State in response to the Pandemic. Under State law, the proclamation of a state of disaster by the Governor may not continue for more than 30 days unless renewed by the Governor. The Governor has renewed this declaration monthly, most recently on March 6, 2021. On March 25, 2020, in response to a request from the Governor, the President issued a Major Disaster Declaration for the State. 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.

Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness and mitigation. The most recent executive orders provide for the phased reopening of businesses in the State, subject to future restrictions in the Governor's discretion. Executive Order GA-26, which was issued on June 3, 2020 and remains in effect until modified, amended, rescinded or superseded by the Governor, removed occupancy restrictions for certain designated businesses and increased occupancy limits to 50 percent for most other businesses in the State, provided that many restaurants will be able to operate at up to 75 percent of occupancy beginning on June 12. Additionally, businesses otherwise subject to a 50 percent occupancy limit and located in a county meeting certain Department of State Health Services criteria will be able to operate at up to 75 percent of occupancy beginning on June 12. In response to a spike in confirmed cases, on July 2, 2020 the Governor issued GA-29 requiring persons to wear face coverings when inside a commercial entity or other building or space open to the public, or when in an outdoor public space with certain exceptions. GA-28, issued on the same day, limited gatherings to 10 people with certain exceptions. On September 17, 2020, the Governor issued GA-30, which expanded occupancy limit restrictions for select businesses and restaurants to 75% in counties which have met certain hospitalization metric requirements. The order also implemented new visitation guidance for eligible nursing homes and assisted living facilities. On the same day, the Governor issued GA-31, which further suspended elective surgeries and procedures in counties that do not meet the hospitalization metric requirements laid out in the order. On October 7, 2020, the Governor issued GA-32, which superseded GA-30 and GA-31. Significantly, GA-32 updates the thresholds for areas with high hospitalizations ("TSAs"), which now includes an area that has had seven consecutive days in which the number of COVID-19 hospitalized patients as a percentage of total hospital capacity exceeds 15%, until such time as the area has seven consecutive days in which the number of COVID-19 hospitalized patients as a percentage of total hospital capacity is 15% or less. GA-32 allows counties in TSAs with high hospitalizations to choose to operate at 75 percent capacity if: (a) the county has fewer than 30 cases reported over the last 14 days, and (b) the county judge submits an attestation to the Texas Department of State Health Services. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. On March 2, 2021, the Governor issued GA-34, which became effective as of March 10, 2021. GA-34, except with respect to counties in TSAs with high hospitalizations, removed operating limits for businesses and other establishments. GA-34 does, however, permit county judges of counties in TSAs with high hospitalizations to use COVID-19 mitigation strategies under certain circumstances.

Most of the federal and state actions and policies under the aforementioned disaster declarations are focused on limiting instances where the public can congregate or interact with each other, which affects the operation of businesses and directly impacts the economy. Since the disaster declarations were made, 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. Stock values and crude oil prices, in the United States and globally, have seen significant declines attributed to COVID-19 concerns. The State may be particularly at risk from any global slowdown, given the prevalence of international trade in the State and the risk of contraction in the oil and gas industry and spillover effects into other industries.

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 and/or the collection of sales tax revenues within the City. See "Table 4 - Tax Rate, Levy and Collection History" and "Table 14 – Municipal Sales Tax History." The Certificates are secured by an ad valorem tax (within the limits prescribed by law), and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Certificates as well as the City's operations and maintenance expenses. See "Tax Information – Public Hearing and Maintenance and Operations Tax Rate Limitations." Additionally, the City collects a sales and use tax on all taxable transactions within the City's boundaries. A reduction in the collection of sales tax revenues may negatively impact the City's operating budget and overall financial condition. See "Table 14 – Municipal Sales Tax History."

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

INITIAL PURCHASERS

After requesting competitive bids for the Bonds, the City accepted the bid of BOK Financial Securities, Inc. (the "Initial Purchaser of the Bonds") to purchase the Bonds at the interest rates shown on the inside cover page of the Official Statement at a price of par plus a cash premium of $1,083,547.30. The initial reoffering yields shown on the page 2 hereof were provided to the City by the Initial Purchaser of the Bonds and produced compensation to the Initial Purchaser of the Bonds of approximately $27,552.42. The Initial Purchaser of the Bonds can give no assurance that any trading market will be developed for the Bonds after their sale by the City to the Initial Purchaser of the Bonds. The City has no control over the price at which the Bonds are subsequently sold and the initial yields at which the Bonds will be priced and reoffered will be established by, and will be the sole responsibility of, the Initial Purchaser of the Bonds.

After requesting competitive bids for the Certificates, the City accepted the bid of SAMCO Capital Markets, Inc. (the "Initial Purchaser of the Certificates" and, together with the Initial Purchaser of the Bonds, the "Initial Purchasers") to purchase the Certificates at the interest rates shown on page 4 of the Official Statement at a price of par plus a cash premium of $1,726,261.95. The initial reoffering yields shown on page 4 hereof were provided to the City by the Initial Purchaser of the Certificates and produced compensation to the Initial Purchaser of the Certificates of approximately $175,327.55. The Initial Purchaser of the Certificates can give no assurance that any trading market will be developed for the Certificates after their sale by the City to the Initial Purchaser of the Certificates. The City has no control over the price at which the Certificates are subsequently sold and the initial yields at which the Certificates will be priced and reoffered will be established by, and will be the sole responsibility of, the Initial Purchaser of the Certificates.

CERTIFICATION OF THE OFFICIAL STATEMENT AND NO-LITIGATION CERTIFICATE

At the time of payment for and delivery of the Obligations, the Initial Purchasers will be furnished a certificate, executed by the proper City officials, acting in their official capacity, 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 its Obligations on the date of such Official Statement, on the date of purchase of said Obligations, and on the date of delivery, 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 that the City has no reason to believe that they are untrue in any material respect; (d) there has been no material adverse change in the financial condition of the City since September 30, 2020, the date of the last audited financial statements of the City and (e) except as disclosed herein, no litigation of any nature has been filed or is pending, as of that date, of which the City has notice to restrain or enjoin the issuance, execution or delivery of the Certificates, in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the Obligations; or which would affect the provisions made for their payment or security, or in any manner question the validity of the Obligations.

FORWARD-LOOKING STATEMENTS DISCLAIMER

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

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

MISCELLANEOUS

The financial data and other information contained herein have been obtained from the City’s records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and ordinances contained in this Official Statement are made subject to all of the provisions of such 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. Reference is made to original documents in all respects.

The Ordinances authorizing the issuance of the Obligations also approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorized its further use in the reoffering of the Obligations by the Initial Purchasers.

KAREN HUNT
Mayor
City of Coppell, Texas

ATTEST:

CHRITEL PETTINOS
City Secretary

SCHEDULE OF REFUNDED OBLIGATIONS

Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2011

Original Dated Date	Original Maturity Date	Interest Rates	Amount	Redemption Date
7/15/2011	2/1/2022	4.000%	$ 430,000	6/1/2021
	2/1/2023	4.000%	445,000	6/1/2021
	2/1/2024	3.500%	465,000	6/1/2021
	2/1/2025	4.000%	480,000	6/1/2021
	2/1/2026	4.000%	500,000	6/1/2021
	2/1/2027	4.000%	520,000	6/1/2021
	2/1/2028	4.000%	545,000	6/1/2021
	2/1/2029	4.125%	565,000	6/1/2021
	2/1/2030	4.250%	590,000	6/1/2021
	2/1/2031	4.250%	615,000	6/1/2021
			$ 5,155,000	

General Obligation Refunding and Improvement Bonds, Series 2011

Original Dated Date	Original Maturity Date	Interest Rates	Amount	Redemption Date
7/15/2011	2/1/2022	4.000%	$ 685,000	6/1/2021
	2/1/2023	4.000%	315,000	6/1/2021
	2/1/2024	3.500%	325,000	6/1/2021
	2/1/2025	4.000%	335,000	6/1/2021
	2/1/2026	4.000%	350,000	6/1/2021
	2/1/2027	4.000%	365,000	6/1/2021
	2/1/2028	4.000%	380,000	6/1/2021
	2/1/2029	4.125%	395,000	6/1/2021
	2/1/2030	4.250%	410,000	6/1/2021
	2/1/2031	4.250%	430,000	6/1/2021
			$ 3,990,000	

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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THE CITY

LOCATION . . . The City of Coppell is located in the extreme northwest corner of Dallas County with a portion extending into Denton County. It is approximately 18 miles from downtown Dallas, 24 miles from Fort Worth, and 20 miles from Denton.

POPULATION . . . The City of Coppell has experienced a steady growth in population since the 1950's. The City was incorporated during the 1950's with a population of 666. The 1980 U.S. Census showed a population of 3,826, with the 1990 U.S. Census figure reporting a population of 16,983 and the 2010 U.S. Census reporting a population of 38,659. The population at present is estimated to be 41,410. Coppell is located near the Dallas/Fort Worth International Airport, a major international air transportation center providing more than 30,000 jobs for the surrounding area. The City's substantial growth can be attributed to its close proximity to the Dallas-Fort Worth Metropolitan Area. The City's master plan addresses the needs of Coppell, providing a healthy balance for future economic growth and quality of life by reserving the City's 14.71 square miles equally for homes, parks and businesses.

INDUSTRY . . . The City has a large industrial area with rail service and adequate water storage available to meet fire protection and other demands. While not being financially dependent on any one industry or type of industry, the City recognizes the value of industry to its economic base and continues to seek new industries which will be beneficial to the community. City Council members in Coppell are diligent in reviewing various matters relating to new development including the issuance of tax incentives.

There is a limited amount of land left for real estate development in Coppell, which is why the City has increased efforts on business retention and has proactively started discussions with commercial land-owners about redevelopment. Even with limited land, Coppell still experienced new commercial growth throughout the City with new warehouse buildings, new office buildings, new hotels and new retail and restaurant establishments. Coppell remains home to numerous large companies that have moved their distribution center, regional office and/or corporate headquarters to Coppell, such as AAA of Texas, Samsung, Staples, Uline, Brinks Security, IBM, Barcel USA, STMicroelectronics, Shaw Industries, BFS Services, Caliber Home Loans, McLaren North America, McKesson Medical-Surgical, Cintas, the Container Store's 1.1 million square foot Headquarters Distribution Facility and four Amazon fulfillment centers that total over four million square feet. In 2020, Vari also announced the construction of their new global headquarters in Coppell.

In addition, the United States Postal Service's North Texas Mail Processing Center is located in Coppell. The facility was constructed in October 1990 and is located on 74 acres of land and includes over 660,000 square feet of space. The high-tech, state of the art facility handles 50% of all Dallas mail originations, all second class mail in Dallas, and all suburban destination mail.

The City of Coppell continues to see activity in residential and commercial development, proving that Coppell still remains a community of choice for both residents and businesses. The City welcomed approximately 47 new businesses in 2020. With over 28 million square feet of commercial space in the City of Coppell, vacancy rates continue to remain low in all commercial categories. The City now has three hotels open and operational, two hotels under construction and an additional five hotels approved by City Council. The City is constantly investing in the City's infrastructure by adding new streets and improving existing roadways. Easy access in and around town is one of the numerous reasons why commercial activity remains high in Coppell.

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Among the major employers in the City are the following:

Name of Firm	Type of Business	Approximate Number of Employees
Amazon.com	Product Fulfillment Center	4,400
U.S. Postal Service	Mail Processing/Distribution Center	1,621
Coppell ISD	Education	1,320
AAA of Texas	Texas Headquarters - Insurance	1,200
Verizon Service Center	Telecommunication	1,200
IBM	Call Center & Global Solution Center	1,083
Genco	Fed-Ex Supply Chain	900
The Container Store	Corporate Headquarters & Distribution of Home Organization Goods	770
Caliber Home Loans	Mortgage Services	700
UPS Supply Chain Solution	Distribution of Global Supply Chain Products	600
Brink's	Logistics, Cash Management and Security	500
Vari	Office Furniture Solutions	500
City of Coppell	Municipality	418
Staples, Inc.	Distribution of Office Products	355
Uline Shipping Supplies	Shipping Supplies Distribution	310
McKesson Medical-Surgical, Inc.	Medical and Surgical Equipment	308
U.S. Postal Service	Mail Center	300
Concote Corporation	Global supplier of precision fabricated thermal and acoustical materials	250
Norwex USA	Personal Care and Cleaning Products	250
Universal Display & Fixtures	Merchandising Displays	250
BMC Builder Supply	Building Suppplies	235
G&K Services	Industrial Uniforms/Laundry	200
STMicroelectronics	Headquarters	200
Tom Thumb	Grocery	200
Gordon Food Services	Food Distribution	180
Pegasus Logistics Group	Worldwide Logistics Transportation	172
Kroger	Grocery and Dallas Division Headquarters	165
Samsung	Packaging & Distribution	153
Scentsy, Inc.	Distribution of Home Goods	150
Daryl Flood Warehouse & Movers	Warehousing & 3rd Party Logistics Moving Warehouse & Distribution	130

SERVICES . . . The City is served by 10 banks with 13 branches located in Coppell: JP Morgan Chase (3), Frost (1), Wells Fargo (1), Comerica (1), Independent Bank (1), Prosperity Bank (Legacy Texas Bank previously).

Electrical, gas, telephone and cable television services are provided by privately-owned utility companies. These companies are Oncor, Texas New Mexico Power, Atmos, AT&T, Frontier, and Spectrum, respectively. Since deregulation of electric service in Texas, there are numerous providers which now offer service to Coppell residents and businesses, including TXU Energy Company, Reliant Energy, Gexa, and Discount Power, just to name a few.

Coppell has excellent recreation facilities. Its close proximity to three lakes--Grapevine Lake, North Lake, and Lake Lewisville--provides facilities for fishing, boating and picnicking. Twelve developed public parks are located in the City. The City's Aquatics & Recreation Center offers residents both indoor and outdoor pools, exercise facilities, multi-purpose court, and meeting rooms.

TRANSPORTATION . . . The City has easy access to Interstate Highway 635, State Highway 121 and Interstate Highway 35 North. The City is served by all carriers common to Dallas and Fort Worth. Railroad freight service is provided by the Dallas, Garland, and Northeastern Railroad which operates along the Cotton Belt Rail Corridor. In addition, DART's Silver Line Project will bring passenger rail service to Coppell. The Silver Line will run on the 26 mile long Cotton Belt Corridor from DFW International Airport to Plano and will have a station near Coppell's southern border. The City is located only four miles north of Dallas/Fort Worth International Airport.

EDUCATION . . . The City has fifteen schools, two high schools, three middle schools, and ten elementary schools. Enrollment for 2019/2020 school year was 13,218 with a pupil-teacher ratio of one teacher to 15 students.

Colleges within close proximity to the City are Northlake College, Tarrant County College, Southern Methodist University, University of Dallas, University of North Texas, Texas Woman's University, University of Texas at Arlington, University of Texas at Dallas, and Texas Christian University, all of which are well-known for their educational standards.

CONSTRUCTION . . . The following table illustrates residential projects currently underway in the City:

Residential Development	Total Number of Units	Years to Buildout	Total Projected Population
Blackberry Farm	74	4	198
Petterson (Kensington Estates)	6	2	16
Red Hawk	2	1	5
Villas of Southwestern	2	2	5
Hollows at Norhtlake Woodlands	3	2	8
Nixon-Pence	2	2	5

COMMERCIAL AND INDUSTRIAL DEVELOPMENT PLATTED FOR CONSTRUCTION

Development (Proposed)	Number of Acres	Use
Cici's Addition (Expansion)	5.14	Industrial/Office
Coppell 121 Office Park (Remaining)	6.00	Office
Coppell Bible Fellowship	8.10	Church Expansion
Dave & Busters Addtion Lot 1, Blk A	6.00	Office Headquaters
Duke Lesley (Lot 1R-4 & 1R-7, Block C) Point West	4.80	Retail/Restaurant
Feather Smash	3.77	Badminton Facility
Gateway Business Park No. 2, Lots 3R Block A (Naterra)	7.40	Industrial/Office
Gateway Business Park (Replat), Lot 3A-R2, Block 2	16.41	Industrial/Office
Hilton Garden Inn	2.66	Hotel
Holiday Inn Express	2.40	Hotel
Homewood Suites	3.02	Hotel
Kimbel Addition Lot 14R	0.38	Retail/Office
Northlake Woodlands Center (Expansion)	1.01	Pet Daycare/Grooming/Retail
Old Town Addition (Main Street) Lot 1, Block E	0.35	Restaurant Pad Site
Old Town Addition (Main Street) Lots 3R, 4R, Block D	0.45	Office/Retail/Restaurant Pad Sites
One Twenty One Business Center (Lot 1, Block 1)	5.80	Office Headquaters (lot to be combined with Prologis Lot 6, Block A)
Oroza Office Addition	0.44	Professional Office
Park West Commerce Center (Los 1-3, Block 1)	27.20	Industrial/Office
Pecan Creek SC, Lot 2 Block A	2.50	Retail/Restaurant
Prologis Park One Twenty One (Lot 6, Block A)	5.93	Office Headquaters (lot to be combined with 121 BP Lot 1, Block 1)
Prologis Park One Twenty One (Lot 2R and Lot 3, 4, 5, 6, Block B)	10.57	Detail PD approved for 4 Points Hotel. Concept PD approved for retail, restaurant and office uses & vacant land southside of Northwestern
RS 121 Denton Tap Lots 1 & 2, Blk A	5.46	Office
RS 121 Denton Tap Lots 1, Blk B	1.62	Retail
Stacked Storage Lot 1, Blk A	2.70	Office/Storage Warehouse
W Sandy Lake Rd Addition (NE Corner of Sandy Lake & SH121)	16.60	Detail Planned Development approved for 2 hotels (Home2Suites & LaQuinta). Concept PD approved for retail and restaurant uses. (no plat approved as of yet)
Park'n Fly Carwash	16.00	Carwash addition to parking lot

Development (Under Construction or Recently Completed)	Square Footage	Use
Tangerine Salon	4,036	Salon
Cottonwood Office Shell	5,860	Office/Medical Shell
Point West Retail (Shell Building 5)	8,480	Retail Building
Point West Retail (Shell Building 6)	8,526	Retail Building
Point West Retail Building 1	8,526	Retail Center
1st Watch Café	4,300	Restaurant
Yummy Thai	2,500	Restaurant
Live/Work Unit TFO	3,768	Live/Work unit
Live/Work Unit TFO	3,768	Live/Work unit
Dollar Tree	8,995	Retail
Tealatte	1,047	Restaurant
Dcon7 Warehouse TFO	29,880	Office/warehouse
Biscuit Bar	2,661	Restaurant
Samsung Expansion	74,000	Office/Warehouse expansion
Rolling Oaks Expansion	5,900	Cemetary Expansion
Springhill Suites	113331	Hotel
Club 4 Fitness	49,014	Fitness Center
RVIS Addition	1,868	Office Addition
Fire Station #4	19,275	Fire Station
ALOFT Hotel	77,963	Hotel
North Lake College	147,211	College Expansion
Coppell Arts Center	31,150	Performing Arts Center
AZ South Additions	50,000	Utility Buildings
151 Coffee	854	Restaurant
Prologis Building 1&2	240,411	Office/Warehouse
Kess Kravings	1,400	Restaurant

BUILDING PERMITS

Fiscal Year Ended	Commercial		Residential		
9/30	Number	Amount	Number	Amount	Grand Total
2017	164	$ 77,610,225	257	$ 37,862,713	$ 115,472,938
2018	76	35,225,114	329	9,189,719	44,414,833
2019	271	85,976,875	1,020	N/A (2)	N/A (2)
2020	232	138,125,984	751	N/A (2)	N/A (2)
2021 (1)	56	10,664,301	265	N/A (2)	N/A (2)

(1) As of February 26, 2021.
(2) New State Law prohibits municipalities from requesting residential valuation information.

EMPLOYMENT

	Average Annual				
Dallas County:	2020	2019	2018	2017	2016
Civilian Labor Force	1,375,042	1,364,652	1,336,810	1,326,972	1,298,058
Total Employed	1,272,157	1,317,507	1,286,399	1,274,970	1,245,964
Total Unemployed	102,885	47,145	50,411	52,002	52,094
Unemployment Rate	7.5%	3.5%	3.8%	3.9%	4.0%
Denton County:					
Civilian Labor Force	496,029	494,624	483,765	471,180	451,787
Total Employed	463,685	480,005	468,392	455,462	436,317
Total Unemployed	32,344	14,619	15,373	15,718	15,470
Unemployment Rate	6.5%	3.0%	3.2%	3.3%	3.4%

Source: Texas Workforce Commission.

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APPENDIX B

EXCERPTS FROM THE

CITY OF COPPELL, TEXAS

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2020

The information contained in this Appendix consists of excerpts from the City of Coppell, Texas Annual Financial Report for the Year Ended September 30, 2020, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

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Assurance • Tax • Advisory

Independent Auditor's Report

The Honorable Mayor, City Council, and City Manager
City of Coppell, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coppell (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

The Honorable Mayor, City Council, and City Manager
City of Coppell, Texas

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparisons for the general fund and the infrastructure maintenance special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 15-28), pension schedules and other post-employment benefits (OPEB) schedules (pages 81-85) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

The Honorable Mayor, City Council, and City Manager
City of Coppell, Texas

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 15, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 15, 2021

CITY OF COPPELL, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2020

Our discussion and analysis of the City of Coppell's (the City) financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended September 30, 2020. Please read it in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The City's net position at the close of the fiscal year ended September 30, 2020 was $420.3 million. Of this amount, $118.3 million (unrestricted component of net position) may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's net position of governmental activities increased by $27.7 million or 8.5 percent. Multiple factors contributed to this increase. Because of the uncertainty over the effects of the Texas Comptroller Rule 3.334, the City implemented measures to reduce expenses and refine revenues where possible. The largest dollar increase in revenues was property tax revenue, which increased $4.1 million, a 9.5 percent increase from prior year. The largest percentage increase in revenues was operating grants and contributions, which increased $1.3 million, a 325 percent increase.

- Net position of the City's business type activities increased by $1.3 million primarily because of a decrease of $0.1 million in the cost of water and sewer treatment services.

- Current and other assets of the governmental activities increased by $8.6 million or 4.6 percent in comparison with the prior fiscal year. Capital assets, including construction in progress, increased by $27.9 million or 8.1 percent because bonds were issued for various projects such as Fire Station 4, intersection improvements, drainage improvements, and street improvements like Plantation.

- Total expenses of all the City's programs decreased during the current fiscal year by $4.0 million or 4.7 percent. The decrease is attributed to cost reduction measures and the effects of coronavirus pandemic. Decreases were reported in three functional categories as well as debt service as follows: $1.9 million in culture and recreation, $0.9 million in public works, $0.8 million in public safety, $0.8 million in interest on long-term debt. General government increased $0.4 million.

- As of September 30, 2020, the City's governmental funds reported combined ending fund balances of $160.1 million, an increase of $1.2 million in comparison with the prior fiscal year. Approximately $64.3 million, or approximately 110.5 percent of total General Fund expenditures is available for spending at the City's discretion (unassigned fund balance).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The statement of net position presents information on all the City's assets and deferred outflows, as well as liabilities and deferred inflows, with the difference between these reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of net position combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc.) to assess the overall health or financial condition of the City.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (such as uncollected taxes and earned but unused vacation leave.) Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of the City include the water and sewer system.

The Recreation Development Corporation and the Coppell Economic Development Foundation, although legally separate, function for all practical purposes as departments of the City of Coppell, and therefore have been included as an integral part of the primary government.

The government-wide financial statements can be found in the basic financial statements section of this report.

Reporting the City's Most Significant Funds

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. The governmental funds' focus on *near-term inflows and outflows of spendable resources* helps users of the financial statements to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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

The City maintains twenty-nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the general obligation debt service fund, the streets capital project fund, the recreation development capital project fund, and the infrastructure maintenance special revenue fund, all of which are considered to be major funds. Data from the other twenty-four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer operations. The *Internal Service fund* is an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-funded health program and capital replacement program. Because these services predominantly benefit governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, which is considered to be a major fund of the City as well as information for the internal service funds.

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used to support programs of the City. The permanent fund reported by the City is used to account for the assets and earnings used to support the operations and maintenance of the Rolling Oaks Cemetery.

The City as Trustee

Reporting the City's Fiduciary Responsibilities

Fiduciary funds. The City maintains one *agency fund*, the Health Reimbursement Arrangement Fund. An agency fund is a type of Fiduciary fund. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Trust Funds. The City uses *trust funds* to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The Private-purpose Trust fund reported by the City is used to account for pre-need interment and memorial arrangements made through the Rolling Oak Cemetery. The OPEB Trust fund reported by the City is used to report resources that are required to be held in trust for employees and their beneficiaries.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's retirement plan and the progress in funding its obligation to provide other post-employment benefits to employees. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

The City as a Whole

Government-wide Financial Analysis

The City's combined net position was $420.3 million as of September 30, 2020. Analyzing the net position of governmental and business-type activities separately, the governmental net position is $355.5 million, and the business type activities net position is $64.8 million. This analysis focuses on the net position (Table 1), general revenues (Table 2), and changes in net position (Table 3) of the City's governmental and business-type activities.

By far the largest portion of the City's net position (61.6 percent) reflects its investment in capital assets (such as land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves generally are not used to liquidate these liabilities.

Table 1
NET POSITION
(In millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	$ 197.1	$ 188.5	$ 37.1	$ 24.1	$ 234.2	$ 212.6
Noncurrent Assets	1.0	1.2	0.8	1.0	1.8	2.2
Capital assets	318.7	289.7	52.5	53.5	371.2	343.2
Total assets	516.8	479.4	90.4	78.6	607.2	558.0
Deferred outflows of resources	8.7	12.9	0.3	0.5	9.0	13.4
Long-term liability outstanding	139.1	140.6	23.6	12.5	162.7	153.1
Other liabilities	25.9	23.4	2.1	3.1	28.0	26.5
Total liabilities	165.0	164.0	25.7	15.6	190.7	179.6
Deferred inflows of resources	5.0	0.5	0.2	-	5.2	0.5
Net position:						
Net investment in capital assets	214.5	197.5	44.6	45.9	259.1	243.4
Restricted	43.0	47.0	-	-	43.0	47.0
Unrestricted	98.0	83.3	20.2	17.6	118.2	100.9
Total net position	$ 355.5	$ 327.8	$ 64.8	$ 63.5	$ 420.3	$ 391.3

Governmental Activities

The City's general revenues and transfers decreased when compared to the prior year by 0.3 percent or $0.3 million. The primary reasons for the decrease was a decrease in investment earnings of $2.8 million and sales tax by $1.4 million. The investment earnings decrease is attributed to the coronavirus pandemic and the actions by the Federal Reserve to lower interest rates which lowered our interest earned. The sales tax decrease is also attributed to the coronavirus pandemic. Franchise taxes, gain on sale of capital assets, and transfers each decreased by 0.1 million. The franchise tax decrease is attributable to lower collections in cable and telephone franchise taxes. These decreases were offset by an increase in property taxes by $4.1 million, and $0.1 million in miscellaneous income. The property tax increase is attributed to a combination of a rise in taxable assessed property values and rate increase. The increase in miscellaneous income is from increased hotel occupancy tax collections.

In November 2019, the citizens reauthorized the collection of ¼ of one percent of sales tax for street and sidewalk maintenance. In 2011, voters approved another ¼ of one percent for a crime prevention district. The sales tax collected for street maintenance is recorded in the Infrastructure Maintenance Special Revenue Fund and the sales tax collected for the Crime Prevention District is recorded in the Crime Prevention District Special Revenue Fund.

The increase in the City's Governmental Activities' general revenues and transfers is detailed below (Table 2):

Table 2
General Revenues and Transfers
(in Millions)

	2020	2019	Increase (Decrease)
Property Tax	$ 47.2	$ 43.1	$ 4.1
Sales Tax	45.3	46.7	(1.4)
Franchise Tax	4.2	4.3	(0.1)
Miscellaneous	0.6	0.5	0.1
Gain on Sale of Capital Assets	-	0.1	(0.1)
Investment Earnings	1.7	4.5	(2.8)
Transfers	-	0.1	(0.1)
Total general revenues and transfers	$ 99.0	$ 99.3	$ (0.3)

Governmental activities increased the City's net position by $27.7 million. The key elements of this increase are as follows:

Table 3
Changes in Net Position
(in Millions)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	$ 7.5	$ 9.4	$ 18.1	$ 18.1	$ 25.6	$ 27.5
Operating grants and contributions	1.7	0.4	-	-	1.7	0.4
Capital grants and contributions	0.5	0.3	0.2	0.5	0.7	0.8
General revenue and transfers:						
Property tax	47.2	43.1	-	-	47.2	43.1
Sales tax	45.3	46.7	-	-	45.3	46.7
Franchise tax	4.2	4.3	-	-	4.2	4.3
Other	2.3	5.2	1.2	1.6	3.5	6.8
Total revenues and transfers	108.7	109.4	19.5	20.2	128.2	129.6
Expenses:						
General government	11.9	11.5	-	-	11.9	11.5
Public safety	31.1	31.9	-	-	31.1	31.9
Public works	19.1	20.0	-	-	19.1	20.0
Culture and recreation	15.0	16.9	-	-	15.0	16.9
Bond issuance costs	-	-	-	-	-	-
Interest on long-term debt	3.9	4.7	-	-	3.9	4.7
Water	-	-	10.3	10.4	10.3	10.4
Sewer	-	-	7.9	7.9	7.9	7.9
Total expenses	81.0	85.0	18.2	18.3	99.2	103.3
Increase (decrease) in net position	27.7	24.4	1.3	1.9	29.0	26.3
Net position – October 1	327.8	303.4	63.5	61.6	391.3	365.0
Net position – September 30	$ 355.5	$ 327.8	$ 64.8	$ 63.5	$ 420.3	$ 391.3

Charges for services decreased by $1.9 million. Due to the coronavirus pandemic, there was a reduction in construction permits of $0.4 million. Due to the coronavirus pandemic, many of the parks department frontline locations were closed or had limited hours of operation for several months leading to a decrease in program revenues of $0.4 million. Operating grant and contributions increased by $1.3 million because of $0.5 million from the Cares Act, $0.7 million increase in the Safer Grant, and $0.1 million from Coppell Arts Center donations and grants. For the first time in over a decade, sales tax revenues decreased instead of increased. Sales tax revenues decreased because of the coronavirus pandemic's effect on brick and mortar sales. Other sources of revenue decreased by $2.9 million dollars because of a decrease of $2.8 million in investment earnings due to the lowered interest rates by the Federal Reserve in response to the coronavirus pandemic and its effect on financial markets. Property tax revenue increased by $4.1 million due to a combination of an increase in taxable assessed property values and rate increase.

The most significant governmental expense for the City was providing public safety, which incurred expenses of $31.1 million. While funded primarily through general revenues, these expenses were partially offset by revenues collected from a variety of sources, with the largest being from fines and forfeitures, which were $0.7 million for the fiscal year ended September 30, 2020. This was a $0.8 million decrease from the previous fiscal year because more people were sheltering in place due to the coronavirus. The most significant portion of public safety expenses is the cost of personnel, which was approximately $23.1 million.

Business-type Activities

Program revenues of the City's business-type activities were $18.3 million for the fiscal year ended September 30, 2020. Program revenues decreased approximately $0.3 million or 1.6 percent as compared to the prior fiscal year primarily due to a decrease of $0.1 million in water impact fees, sewer impact fees, and donations. Expenses for the City's business-type activities decreased by $0.1 million over the prior fiscal year due to a decrease in water and sewer maintenance expenses.

- The City's water and sewer system recorded charges for services of $18.1 million. The final budget was $18.8 million.

- The final budget for operating expenses totaled $17.3 million, and actual operating expenses totaled $17.8 million.

Change in net position was anticipated to be an increase of $0.3 million and the actual change in net position was an increase of $1.3 million. The actual increase was more than anticipated because of less than expected expenses of $0.1 million in TRA surcharges, and $0.2 in capital equipment replacement, and $0.1 in electric utilities. Also, expenses were less than last year in other services by $0.3 million, $0.2 million in utility ops vehicle purchases, $0.1 million in water and sewer maintenance, and $0.1 in temporary contract services.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2020, the City had $371.2 million, net of accumulated depreciation, invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, streets, and water and sewer lines. (See Table 4) This amount represents a net increase (including additions and deductions) of $28.0 million or 8.2 percent more than the prior fiscal year.

Table 4
Net Investment in Capital Assets at Year-end
(in Millions)

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	$ 40.1	$ 40.1	$ 0.8	$ 0.8	$ 40.9	$ 40.9
Building and Improvements	59.7	61.0	1.0	1.0	60.7	62.0
Parks and Improvements	55.3	55.4	-	-	55.3	55.4
Streets and Improvements	115.4	97.9	-	-	115.4	97.9
Water and Sewer System		-	48.9	43.7	48.9	43.7
Vehicles, Machinery and Equipment	6.9	6.7	1.3	1.3	8.2	8.0
Construction in Progress	41.3	28.6	0.5	6.7	41.8	35.3
Total	$ 318.7	$ 289.7	$ 52.5	$ 53.5	$ 371.2	$ 343.2

This year's major additions included (in millions):

Various Street and Drainage Projects	$ 13.5
Coppell Arts Center	10.2
Cemetery Expansion	6.7
Fire - Firestation 2 & Fire Training Remodel	6.3
Vehicles, Machinery & Equipment	3.3
Various Trail Improvements	1.3
Park Improvements	1.0
Water Meters	0.8
Enterprise and Court Software	0.6
Water and Sewer Line Improvements	0.4
Water Tower, Pump Station, and Lift Station Improvements	0.3
Libray Media	0.2
Public Works Improvements - Awning and Redundancy Study	0.2
Total	$ 44.8

More detailed information about the City's capital assets is presented in Note 4 in the notes to the financial statements.

Long Term Liabilities

At year-end, the City had $138.9 million in bonds outstanding as compared to $120.6 million at the end of the prior fiscal year, an increase of $18.3 million or 15.17 percent as shown in Table 5.

Table 5
Outstanding Bonded Debt, at Year-end
(in Millions)

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds (Backed by the City)	$ 90.1	$ 82.0	$ 21.5	$ 10.3	$ 111.6	$ 92.3
Sales Tax Bonds (Backed by Sales & Use Tax)	27.3	28.3	-	-	27.3	28.3
Total	$ 117.4	$ 110.3	$ 21.5	$ 10.3	$ 138.9	$ 120.6

The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The City had a tax margin of $1.916 per $100 assessed valuation based upon the maximum rates prescribed by law.

The City maintains a self-funded health program. The self-funded health program is responsible for medical claims up to a stop loss of $125,000 per covered individual with an unlimited lifetime maximum during the fiscal year. Coverage from a private insurance company is maintained for losses in excess of the stop loss amount. An independent claims administrator performs all claims handling procedures.

The City and its employees contribute to the Texas Municipal Retirement System, and recent changes to standards of the Governmental Accounting Standards Board related to pension reporting have resulted in increased volatility of the net pension liability. Net pension liability of the City decreased by $10.0 million in fiscal year 2020 to $17.6 million. Detailed information about the net pension liability is presented in Note 10 in the notes to the financial statements.

Other obligations include accrued vacation pay, and other post-employment liability. Information about the City's long-term liabilities is presented in Note 5 in the notes to the financial statements, and detailed information about accrued vacation pay and other post-employment liability is presented in Notes 6 and 13.

THE CITY'S FUNDS

- At the close of the City's fiscal year on September 30, 2020, the governmental funds of the City reported a combined fund balance of $160.1 million, an increase of $1.2 million compared to prior year. The primary reason for the increase in the governmental fund balance as compared to the previous year is capital outlay expenditures increased by $15.4 million to $42.3 million and the increase in capital outlay expenses was less than the bond issuance of $14.6 million with $1.1 million in bond premiums. Specifically, the increase in capital outlay expenses was in public safety for construction of fire station 4 and improvements to fire station 1, in culture and recreation for completion of the Coppell Arts Center, and beginning construction on the Cemetery expansion.

- The fund balance of the City's General Fund of $87.1 million increased $11.2 million compared to prior year. The net change in fund balance in prior year was an increase of $12.4 million. The increase in the net change in fund balance between years is the result of increased revenues of $0.2 million. One reason for the increase was from property tax increasing $4.5 million. Due to the coronavirus pandemic, investment earnings declined by $1.2 million in response to actions by the federal reserve to lower interest rates. Also because of the coronavirus pandemic and the resulting closure or limited reopening of City facilities, charges for services and fine revenues decreased by $1.1 million. Sales tax revenue decreased by $0.9 million due to the coronavirus pandemic and its effect on brick and mortar business sales.

- The City's General Obligation fund balance increased by $0.1 million from prior year fund balance to $1.1 million. The fund balance increased because principal retirement and interest charges decreased by $0.7 million and tax revenues decreased by $0.6 million. Both decreased because the interest and sinking portion of the property tax rate decreased and because debt service payments decreased following the debt service schedule.

- The City spent $3.5 million in capital outlay in the Streets Capital Project Fund, an increase of $1.0 million as compared to the prior year. The increase is the result of work on Freeport Phase II of $0.9 million which was an increase over last year and $0.1 million in Beltline design. Despite the increase in capital outlay expenditures, there was an increase in fund balance of $7.4 million to $15.8 million because bonds in the amount of $10.1 million with $0.1 in bond premiums were issued for intersection improvements and beginning work on Plantation Drive.

- The City's Infrastructure Maintenance Special Revenue Fund balance decreased $1.3 million from the prior year fund balance to $20.2 million. The net change in fund balance in the prior year was an increase of $1.4 million, for a net increase between years of $0.1 million. Due to the coronavirus pandemic, investment earnings declined by $0.4 million in response to actions by the federal reserve to lower interest rates. Sales tax revenue decreased by $0.2 million due to the coronavirus pandemic. Street maintenance expense increased by $0.3 million.

- The Recreation Development Capital Project fund was a new fund in fiscal year 2015 and received funds from the issuance of $29.0 million in bonds in that year and $14.8 million in 2018. In the 2020 fiscal year, construction was completed on the Coppell Arts Center. A transfer of $4.0 million was needed to complete construction, with funds coming from the Recreation Development #2 special revenue fund. As a result, the $10.1 million capital outlay was the same as the prior year and fund balance decreased by $6.1 million to $1.2 million.

- The City's Water and Sewer Fund net position of $64.3 million increased $1.1 million from the prior year. The change in net position in fiscal year 2019 was an increase of $1.8 million. Operating revenues decreased by $0.1 million in fiscal year 2019 and in fiscal year 2020 as well. The net position grew because of a decrease in operating expenses of $0.2 million and although the operating revenues decreased, they remained greater than expenditures by $1.3 million.

General Fund Budgetary Highlights

During fiscal year 2020, the City Council amended the budget for the General Fund two times. The major reasons for the amendments were for encumbrance carryovers, special counsel related to sales tax legislation, risk assessment, and revenue adjustments due to the effects of the coronavirus pandemic.

During fiscal year 2020, actual expenditures were $58.2 million compared to the final budget amount of $69.5 million. The $11.3 million variance is the result of less than expected costs associated with salary and salary-related expenditures such as the seasonal temporary jobs, insurance, interns, and salary increases, and with operating services, maintenance, supplies, and other professional services, which all had lower costs than anticipated. Due to the coronavirus, City facilities were operating but closed to the public for several months and since then have had limited openings and reduced occupation limits. Because of these closures and reduced openings, expenses related to maintenance and operations were significantly lower than expected.

For fiscal year 2020, actual revenues were $70.8 million as compared to the final budget of $74.2 million. The resulting $3.4 million variance was primarily due a decrease in franchise revenues of $0.5 million and intergovernmental revenues were less than budgeted by $2.0 million because out of the $2.2 million grants and Cares Act monies received, only $0.5 million was used in fiscal year 2020.

The City's actual fund balance for the General Fund was $87.1 million as of the fiscal year end, compared to the final budget fund balance of $79.3 million. The positive variance between actual fund balance and final budget is a result of general government, public safety, public works, culture and recreation, and capital outlay expenditures being less than anticipated.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the fiscal year 2020 budget, tax rates, and fees that will be charged for the business-type activities. One of those factors is the economy. Population growth experienced by the City has stimulated local business and development activity, and the community has placed additional requirements on the City to maintain or enhance services provided to our citizens. However, the coronavirus pandemic influenced the 2020 financial statements and management is monitoring for adjustments that will need to be made in the fiscal year 2021 budget.

In the midst of the pandemic, the City's residential and commercial buildings still increased in fiscal year 2020. Coppell is viewed by some as ideal for industrial development because Coppell has direct access to Interstate Highway 635 and easy access to Interstate Highway 35 and is near Dallas/Fort Worth International Airport. Numerous large companies have moved their distribution center, regional office and/or corporate headquarters to Coppell, such as Amazon, The Container Store, Staples, Uline, Kimberly-Clark, IBM, Barcel USA, McLaren, Shaw Industries and more.

Coppell possesses 28 million square feet of commercial space in the City of Coppell including several restaurants, retail establishments, industrial warehouses and corporate headquarters and vacancy rates continue to remain low in all commercial categories despite the coronavirus pandemic. The development of Old Town Coppell remains a goal for the City Council. A part of that goal was accomplished as construction completed on the Coppell Arts Center in the Main Street Development.

The above indicators were considered when adopting the General Fund budget for fiscal year 2021. The total combined budget appropriation totals $91.1 million for 25 operating funds. This represents a decrease of $16.8 million or 15.6 percent from the 2019-2020 budget. Budgeted expenditures for fiscal year 2021 in the General Fund decrease $7.8 million or 10.9 percent from the 2019-2020 budget. The decrease is due to a decrease in salary and benefits of $2.2 million, a decrease in capital of $3.2 million, a decrease in cost of services provided of $0.8 million, a decrease in transfers of $1.0, a decrease in maintenance of $0.4 million, and a decrease in supplies of $0.2 million. The Debt Service fund expenses increase $0.2 million because principal payments and interest fees increase following the debt service schedule. The special revenue fund expenditures decrease by $16.0 million. The decrease in the special revenue funds is because of a planned decrease in capital outlay expenditures in infrastructure and maintenance by $13.7 million. Municipal drainage decreases $0.2 million because of a decrease in service expenditures. Crime prevention decreased $1.4 million because of expected decreases in salaries and services. Red light expenses decrease by $0.7 because the program was discontinued by the State Legislature in fiscal year 2019. The Recreation and Development Corporation decreases by $11.3 million in capital outlay and transfers because the Community Arts Center was completed in fiscal year 2020.

Ad valorem tax revenue is determined by two major factors: the total assessed value established by both the Dallas Central Appraisal District and the Denton Central Appraisal District and the tax rate established by the City Council. The City will propose a tax rate of $0.5800 per $100 valuation for fiscal year 2020-2021 this is a decrease of $0.0145 per $100 from the current rate. According to final figures received from both appraisal districts, the total taxable assessed property tax value for 2020 of $8.4 billion is an increase of $343.5 million or 4.3 percent over 2019 assessed property tax value. The increase is a result of $315.5 million in new property or 3.9 percent while existing property values increased $27.9 million or 0.3 percent. This is the ninth year for property values to increase after three consecutive years of declines due to the economic downturn**.** The General Fund's largest revenue continues to be property tax receipts; however, sales taxes are another significant source of revenue. Sales tax remain a significant source of revenue, but volatility will remain as result of the coronavirus pandemic.

As for the City's business-type activities, the City issued bonds in fiscal year 2020 to fund the Sandy Lake Lift Station rehabilitation project, water system redundancy project, and a generator for the Village Parkway Pump Station. The completion of these projects will occur in a future fiscal year.

Future projects under review by the City's Public Works staff are the rehabilitation of a water tower, and replacement of various sanitary sewer and water lines. Bonds would be issued to fund these projects if approved by Coppell's City Council.

Additionally, the City did not increase water and sewer rates in 2020. The City contracted with a third party to perform a water and sewer rate study in 2020 as part of staff's efforts to monitor the adequacy of water and sewer rates to support the operations and maintenance of the water and sewer system. Results of the rate study were that no water or sewer rate increase would be necessary in fiscal years 2020 or 2021. However, the City is exploring the implementation of a block rate structure to encourage water conservation in an effort to positively impact the City's overall water demand level.

Request for Information

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Department of Finance, Attn: Director of Finance, at PO Box 9478, Coppell, Texas 75048-9478, call (972) 304-3690, or email at finance@coppelltx.gov.

CITY OF COPPELL, TEXAS

Government-wide Statement of Net Position
September 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash	$ 8,930,852	$ 1,514,765	$ 10,445,617
Investments	175,567,612	32,847,280	208,414,892
Receivables (net of allowances for uncollectible of $634,993 for governmental and $304,468 for business-type activities	12,609,897	2,466,550	15,076,447
Prepaid items	39,468	-	39,468
Inventory	-	287,140	287,140
Total current assets	197,147,829	37,115,735	234,263,564
Noncurrent assets:			
Cash - restricted	-	197,174	197,174
Investments - restricted	-	571,203	571,203
Investment in joint venture	991,865	-	991,865
Capital assets (shown net of accumulated depreciation):			
Land	40,104,882	844,572	40,949,454
Building and improvements	59,727,823	971,969	60,699,792
Parks	55,291,162	-	55,291,162
Streets	115,417,489	-	115,417,489
Water and sewer system	-	48,845,558	48,845,558
Vehicles, machinery, and equipment	6,848,069	1,331,829	8,179,898
Construction in progress	41,287,062	496,895	41,783,957
Total noncurrent assets	319,668,352	53,259,200	372,927,552
Total assets	516,816,181	90,374,935	607,191,116
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow-related to pension	5,075,523	183,381	5,258,904
Deferred outflow-related to other post-employment benefits	2,416,821	127,202	2,544,023
Deferred charge on refunding	1,215,182	-	1,215,182
Total deferred outflows of resources	8,707,526	310,583	9,018,109
Total assets and deferred outflows of resources	525,523,707	90,685,518	616,209,225
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	9,170,462	1,237,716	10,408,178
Claims liability	498,699	-	498,699
Retainage payable	2,658,783	46,395	2,705,178
Internal balances	499,630	(499,630)	-
Accrued interest	695,538	100,146	795,684
Unearned revenue	2,841,508	-	2,841,508
Compensated absences, due within one year	1,207,237	56,875	1,264,112
Bonds payable, due within one year	8,291,343	1,129,315	9,420,658
Total current liabilities	25,863,200	2,070,817	27,934,017
Noncurrent liabilities:			
Deposits	-	549,918	549,918
Compensated absences, due in more than one year	2,520,530	55,843	2,576,373
Bonds payable, due in more than one year	116,597,416	22,042,595	138,640,011
Net pension liability	16,815,893	755,573	17,571,466
Other post-employment liability	3,160,466	166,341	3,326,807
Total noncurrent liabilities	139,094,305	23,570,270	162,664,575
Total liabilities	164,957,505	25,641,087	190,598,592
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow - related to pension	4,685,733	210,540	4,896,273
Deferred inflow - related to other post-employment benefits	341,946	17,998	359,944
Total deferred inflows of resources	5,027,679	228,538	5,256,217
NET POSITION			
Net investment in capital assets	214,501,403	44,567,287	259,068,690
Restricted for:			
General government	647,439	-	647,439
Public safety	15,201,674	-	15,201,674
Culture and recreation	19,566,317	-	19,566,317
Economic development	9,659	-	9,659
Capital projects	5,947,680	-	5,947,680
Debt service	892,793	-	892,793
Perpetual care - nonexpendable	704,558	-	704,558
Unrestricted	98,067,000	20,248,606	118,315,606
Total net position	$ 355,538,523	$ 64,815,893	$ 420,354,416

The accompanying notes to financial statements are an integral part of this statement.

CITY OF COPPELL, TEXAS

Statement of Activities
For the Year Ended September 30, 2020
(continued)

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 11,952,493	$ 1,038,520	$ -	$ -
Public safety	31,076,228	3,131,944	1,537,389	-
Public works	19,073,326	1,086,110	-	500,798
Culture and recreation	15,019,784	2,234,698	167,234	-
Debt service/interest	3,901,346	-	-	-
Total governmental activities	81,023,177	7,491,272	1,704,623	500,798
Business-type activities:				
Water	10,297,369	11,622,467	-	100,669
Sewer	7,939,231	6,562,189	-	94,666
Total business-type activities	18,236,600	18,184,656	-	195,335
Total primary government	$ 99,259,777	$ 25,675,928	$ 1,704,623	$ 696,133

General revenues:
Property tax
Sales tax
Franchise tax
Investment earnings
Miscellaneous
Gain (loss) on sale of capital assets
Total general revenues and transfers
Change in net position
Net position - beginning
Net position - ending

The accompanying notes to financial statements are an integral part of this statement.

CITY OF COPPELL, TEXAS

Statement of Activities
For the Year Ended September 30, 2020
(concluded)

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
$ (10,913,973)	$ -	$ (10,913,973)
(26,406,895)	-	(26,406,895)
(17,486,418)	-	(17,486,418)
(12,617,852)	-	(12,617,852)
(3,901,346)	-	(3,901,346)
(71,326,484)	-	(71,326,484)
-	1,425,767	1,425,767
-	(1,282,376)	(1,282,376)
-	143,391	143,391
(71,326,484)	143,391	(71,183,093)
47,223,892	-	47,223,892
45,239,065	-	45,239,065
4,218,036	-	4,218,036
1,716,883	268,077	1,984,960
601,779	940,894	1,542,673
15,312	(1,048)	14,264
99,014,967	1,207,923	100,222,890
27,688,483	1,351,314	29,039,797
327,850,040	63,464,579	391,314,619
$ 355,538,523	$ 64,815,893	$ 420,354,416

CITY OF COPPELL, TEXAS

Balance Sheet
Governmental Funds
September 30, 2020

	General	General Obligation	Capital Projects Streets	Capital Projects Recreation Development	Infrastructure Maintenance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash	$ 2,864,363	$ 4,102	$ 327,680	$ 887,230	$ 17,854	$ 2,032,964	$ 6,134,193
Investments	89,012,334	1,071,915	16,991,001	999,908	20,756,776	33,883,126	162,715,060
Receivables (net of allowances for uncollectible of $634,993)							
Taxes receivable	5,377,318	128,451		-	1,051,204	3,146,094	9,703,067
Accounts receivable	2,378,141	-	1,160	-	-	287,447	2,666,748
Interest receivable	15,371	-	357	-	5,392	3,191	24,311
Other receivable	24,823	-	-	-	-	4,924	29,747
Due from other funds	-	-	-	-	-	171,000	171,000
Prepaid items	25,474	-	-	-	-	13,994	39,468
Total assets	99,697,824	1,204,468	17,320,198	1,887,138	21,831,226	39,542,740	181,483,594
DEFERRED OUTFLOWS OF RESOURCES							
Sales tax deferred outflow	363,514	-	-	-	14,690	44,073	422,277
Total deferred outflows of resources	363,514	-	-	-	14,690	44,073	422,277
Total assets and deferred outflows of resources	$ 100,061,338	$ 1,204,468	$ 17,320,198	$ 1,887,138	$ 21,845,916	$ 39,586,813	$ 181,905,871
LIABILITIES							
Accounts payable	$ 6,197,611	$ -	$ 68,804	$ 25,061	$ 223,765	$ 1,936,937	$ 8,452,178
Accrued liabilities	638,018	1,457	1,845	-	389	40,083	681,792
Due to other funds	-	-	-	-	-	171,000	171,000
Retainage payable	-	-	428,233	655,272	801,714	773,564	2,658,783
Unearned revenue	1,867,245	-	974,263	-	-	-	2,841,508
Total liabilities	8,702,874	1,457	1,473,145	680,333	1,025,868	2,921,584	14,805,261
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	4,258,962	128,452	-	-	593,845	1,996,720	6,977,979
Total deferred inflow of resources	4,258,962	128,452	-	-	593,845	1,996,720	6,977,979
FUND BALANCES							
Nonspendable	25,474	-	-	-	-	718,552	744,026
Restricted							
General government	647,439	-	-	-	-	-	647,439
Public safety	929,057	-	-	-	-	13,685,666	14,614,723
Culture and recreation	7,870,835	-	-	-	-	10,551,335	18,422,170
Economic development	-	-	-	-	-	9,659	9,659
Capital Projects	-	-	15,847,053	1,206,805	-	8,944,484	25,998,342
Debt service	-	1,074,559	-	-	-	107,704	1,182,263
Committed							
General government	7,495,839	-	-	-	-	-	7,495,839
Public works	358,858	-	-	-	20,226,203	546,698	21,131,759
Culture and recreation	66,826	-	-	-	-	638,426	705,252
Economic development	966,355	-	-	-	-	18,154	984,509
Assigned							
General government	2,791,391	-	-	-	-	-	2,791,391
Public Works	325,000	-	-	-	-	-	325,000
Economic development	185,000	-	-	-	-	-	185,000
Capital projects	1,098,575	-	-	-	-	-	1,098,575
Unassigned	64,338,853	-	-	-	-	(552,169)	63,786,684
Total fund balances	$ 87,099,502	$ 1,074,559	$ 15,847,053	$ 1,206,805	$ 20,226,203	$ 34,668,509	$ 160,122,631
Total liabilities, deferred inflows of resources, and fund balances	$ 100,061,338	$ 1,204,468	$ 17,320,198	$ 1,887,138	$ 21,845,916	$ 39,586,813	$ 181,905,871

The accompanying notes to financial statements are an integral part of this statement.

CITY OF COPPELL, TEXAS

Reconciliation of Balance Sheet of Governmental Funds
To the Statement of Net Position
September 30, 2020

Fund balances of governmental funds		$160,122,631
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Capital assets of internal service funds are included.		318,676,487
Equity investment in Joint Venture is not a current financial resource and therefore are not reported in the governmental funds balance sheet.		991,865
Other long-term assets are not available to pay for current-period expenditures, and, therefore, are reported as unavailable revenue in the funds.		
Ambulance receivable, net of allowance for doubtful accounts	301,665	
Cemetery	222,078	
Property taxes	591,967	
Sales taxes	4,743,869	
Grant receivable	1,025,885	
Construction inspection fees	92,515	
		6,977,979
Internal service funds are used by management to account for the costs of capital replacement and the self-funded health program provided by the City to its employees and their dependents. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
Net position of internal service funds	15,462,639	
Less capital assets included with governmental activities	(162,595)	
Less amount allocated to business-type activities	(499,630)	
		14,800,414
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	(117,395,000)	
Premium (to be amortized as interest expense)	(7,493,759)	
Deferred charges from refunding	1,215,182	
Accrued interest payable	(695,538)	
Compensated absences	(3,727,767)	
Net pension liability	(16,815,893)	
Deferred outflows - related to pension	5,075,523	
Deferred inflows - related to pension	(4,685,733)	
Other post-employment liability	(3,160,466)	
Deferred outflows - related to OPEB	2,416,821	
Deferred inflows - related to OPEB	(341,946)	
Deferred outflow - sales tax	(422,277)	
		(146,030,853)
Net position of governmental activities		$355,538,523

The accompanying notes to financial statements are an integral part of this statement.

CITY OF COPPELL, TEXAS

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2020

	General	General Obligation	Capital Projects Streets	Capital Projects Recreation Development	Infrastructure Maintenance Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes, penalties, and interest	$ 63,204,006	$ 8,716,389	$ -	$ -	$ 5,982,931	$ 18,127,751	$ 96,031,077
Licenses, fees, and permits	1,645,150	-	-	-	-	303,934	1,949,084
Intergovernmental	565,630	-	-	-	-	3,324	568,954
Charges for services	3,482,240	-	-	-	-	1,100,428	4,582,668
Fines and forfeitures	688,693	-	-	-	-	143,558	832,251
Investment earnings	875,789	24,826	72,465	33,315	188,759	401,264	1,596,418
Contributions	-	-	-	-	-	109,784	109,784
Miscellaneous	316,084	-	-	-	-	46,682	362,766
Total revenues	70,777,592	8,741,215	72,465	33,315	6,171,690	20,236,725	106,033,002
EXPENDITURES							
Current:							
General government	11,254,383	-	-	-	-	-	11,254,383
Public safety	25,494,965	-	-	-	-	3,567,831	29,062,796
Public works	7,767,593	-	70,485	-	3,483,804	318,250	11,640,132
Culture and recreation	10,165,417	-	-	-	-	2,388,988	12,554,405
Debt service:							
Principal retirement	-	6,100,000	-	-	-	1,510,000	7,610,000
Interest and fiscal charges	-	2,530,429	-	-	-	1,823,269	4,353,698
Capital outlay:							
General government	-	-	-	-	-	405,203	405,203
Public safety	2,736,914	-	-	-	-	6,217,666	8,954,580
Public works	250,587	-	3,426,374	9,636,288	7,259,752	1,700,269	22,273,270
Culture and recreation	543,041	-	-	499,951	-	9,579,185	10,622,177
Total expenditures	58,212,900	8,630,429	3,496,859	10,136,239	10,743,556	27,510,661	118,730,644
Excess (deficiency) of revenues over/ (under) expenditures	12,564,692	110,786	(3,424,394)	(10,102,924)	(4,571,866)	(7,273,936)	(12,697,642)
OTHER FINANCING SOURCES (USES)							
Transfers in	3,021,670	-	-	4,000,000	3,235,000	26,000	10,282,670
Transfers out	(4,422,674)	-	-	-	-	(7,611,328)	(12,034,002)
Issuance of general obligation debt	-	-	10,145,000	-	-	4,505,000	14,650,000
Premium on bonds issued	-	-	726,503	-	-	326,787	1,053,290
Proceeds from sales of capital assets	15,312	-	-	-	-	-	15,312
Total other financing sources (uses)	(1,385,692)	-	10,871,503	4,000,000	3,235,000	(2,753,541)	13,967,270
Net change in fund balances	11,179,000	110,786	7,447,109	(6,102,924)	(1,336,866)	(10,027,477)	1,269,628
Fund balances - October 1	75,920,502	963,773	8,399,944	7,309,729	21,563,069	44,695,986	158,853,003
Fund balances - September 30	$ 87,099,502	$ 1,074,559	$ 15,847,053	$ 1,206,805	$ 20,226,203	$ 34,668,509	$ 160,122,631

The accompanying notes to financial statements are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities
For the Year Ended September 30, 2020

Net change in fund balances - total governmental funds		$ 1,269,628
Amounts reported for governmental activities in the statement of net position are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital outlay	42,255,230	
Depreciation	(13,932,980)	28,322,250
Gains and losses on equity investment are not reported in governmental funds.		(69,392)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to increase net assets. Donation of infrastructure.		500,798
The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. This amount is the net effect of these differences in the treatment of general obligation bonds and related items.		
Bonds issued	(14,650,000)	
Premium on bonds issued	(1,053,290)	
Bond principal retirement	7,610,000	
Amortization of bond premiums / discounts	551,340	
Amortization of deferred charges on refundings	(141,983)	(7,683,933)
Accrued interest expense on long-term debt is reported in the government-wide statement of activities, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds. Change in accrued interest.		42,995
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.		1,932,188
In the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for this item is measured by the amount of financial resources used (essentially, the amounts actually paid).		
Compensated absences	(484,971)	
Pension	(1,102,689)	
Other post-employment benefits	1,703,435	115,775
Internal service funds are used by management to account for the costs of health claims and replacement of capital equipment. The net income of internal service funds is reported with governmental activities.		
Change in net position of internal service funds	3,468,487	
Less amount allocated to business-type activities	(210,313)	3,258,174
Change in net position of governmental activities		$ 27,688,483

The accompanying notes to financial statements are an integral part of this statement.

CITY OF COPPELL, TEXAS

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended September 30, 2020

	General Fund			
	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes, penalties, and interest	$ 61,874,117	$ 63,707,120	$ 63,204,006	$ (503,114)
Licenses, fees, and permits	2,065,000	1,535,350	1,645,150	109,800
Intergovernmental	-	3,631,835	565,630	(3,066,205)
Charges for services	4,070,750	3,357,991	3,482,240	124,249
Fines and forfeitures	1,102,000	701,500	688,693	(12,807)
Investment earnings	652,500	1,027,500	875,789	(151,711)
Miscellaneous	255,000	244,866	316,084	71,218
Total revenues	70,019,367	74,206,162	70,777,592	(3,428,570)
EXPENDITURES				
Current:				
General government	13,188,842	15,406,443	11,254,383	4,152,060
Public safety	27,947,743	27,905,824	25,494,965	2,410,859
Public works	9,413,992	9,537,085	7,767,593	1,769,492
Culture and recreation	12,735,241	12,670,140	10,165,417	2,504,723
Total current	63,285,818	65,519,492	54,682,358	10,837,134
Capital outlay:				
General government	295,000	12,344	-	12,344
Public safety	3,130,293	3,019,407	2,736,914	282,493
Public works	-	250,577	250,587	(10)
Culture and recreation	678,000	721,510	543,041	178,469
Total capital outlay	4,103,293	4,003,838	3,530,542	473,296
Total expenditures	67,389,111	69,523,330	58,212,900	11,310,430
Excess of revenues over expenditures	2,630,256	4,682,832	12,564,692	7,881,860
OTHER FINANCING SOURCES (USES)				
Transfers in	3,062,945	3,150,000	3,021,670	(128,330)
Transfers out	(4,504,612)	(4,430,612)	(4,422,674)	7,938
Proceeds from sale of capital assets	-	15,312	15,312	-
Total other financing (uses)	(1,441,667)	(1,265,300)	(1,385,692)	(120,392)
Net change in fund balance	1,188,589	3,417,532	11,179,000	7,761,468
Fund balance - October 1	75,920,502	75,920,502	75,920,502	-
Fund balance - September 30	$ 77,109,091	$ 79,338,034	$ 87,099,502	$ 7,761,468

The accompanying notes to financial statements are an integral part of this statement.

CITY OF COPPELL, TEXAS

Infrastructure Maintenance Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended September 30, 2020

	Infrastructure Maintenance Fund			
	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes, penalties, and interest	$ 6,040,000	$ 6,700,000	$ 5,982,931	$ (717,069)
Investment earnings	100,000	250,000	188,759	(61,241)
Total revenues	6,140,000	6,950,000	6,171,690	(778,310)
EXPENDITURES				
Current:				
Public works	3,258,152	4,141,949	3,483,804	658,145
Total current	3,258,152	4,141,949	3,483,804	658,145
Capital outlay:				
Public works	7,500,000	7,500,000	7,259,752	240,248
Total capital outlay	7,500,000	7,500,000	7,259,752	240,248
Total expenditures	10,758,152	11,641,949	10,743,556	898,393
Deficiency of revenues under expenditures	(4,618,152)	(4,691,949)	(4,571,866)	120,083
OTHER FINANCING SOURCES				
Transfers in	3,235,000	3,235,000	3,235,000	-
Total other financing sources	3,235,000	3,235,000	3,235,000	-
Net change in fund balance	(1,383,152)	(1,456,949)	(1,336,866)	120,083
Fund balance - beginning	21,563,069	21,563,069	21,563,069	-
Fund balance - ending	$ 20,179,917	$ 20,106,120	$ 20,226,203	$ 120,083

The accompanying notes to financial statements are an integral part of this statement.

CITY OF COPPELL, TEXAS

Statement of Net Position
Proprietary Funds
September 30, 2020

	Business-type Activities	Governmental Activities
	Total Enterprise Funds	Internal Service Funds
ASSETS		
Current assets:		
Cash	$ 1,514,765	$ 2,796,659
Investments	32,847,280	12,852,552
Receivables, net of allowance for uncollectibles of $304,468		
Accounts receivable	2,381,205	181,773
Interest receivable	4,185	4,251
Other receivable	81,160	-
Inventory	287,140	-
Total current assets	37,115,735	15,835,235
Noncurrent assets:		
Cash - restricted	197,174	-
Investments - restricted	571,203	-
Capital assets	52,490,823	162,595
Total noncurrent assets	53,259,200	162,595
Total assets	90,374,935	15,997,830
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	183,381	-
Deferred outflows-related to other post-employment benefits	127,202	-
Total deferred outflows of resources	310,583	-
Total assets and deferred outflows of resources	$ 90,685,518	$ 15,997,830
LIABILITIES		
Current liabilities:		
Claims liability	-	498,699
Accounts payable	1,215,091	36,492
Accrued liabilities	22,625	-
Accrued interest	100,146	-
Retainage payable	46,395	-
Bonds payable current	1,129,315	-
Compensated absences	56,875	-
Total current liabilities	2,570,447	535,191
Noncurrent liabilities:		
Payable from restricted assets	549,918	-
Bonds payable noncurrent	22,042,595	-
Net pension liability	755,573	-
Other post-employment liability	166,341	-
Compensated absences	55,843	-
Total noncurrent liabilities	23,570,270	-
Total liabilities	26,140,717	535,191
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension	210,540	-
Deferred inflows-related to other post-employment benefits	17,998	-
Total deferred inflows of resources	228,538	-
NET POSITION		
Net investment in capital assets	44,567,287	162,595
Unrestricted	19,748,976	15,300,044
Total net position	$ 64,316,263	$ 15,462,639
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund	499,630	
Net position of business-type activities	$ 64,815,893	

The accompanying notes to financial statements are an integral part of this statement.

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2020

	Business-type Activities	Governmental Activities
	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES		
Water and sewer sales	$ 18,168,446	$ -
Water and sewer connection fees	16,210	-
City and employee contributions	-	7,034,148
Miscellaneous	940,894	-
Total operating revenues	19,125,550	7,034,148
OPERATING EXPENSES		
Purchase of water	6,345,705	-
Purchase of sewer treatment	3,987,567	-
Salaries and wages	1,448,983	-
Supplies and services	3,161,167	-
Claims	-	4,571,179
Contractual services and charges	-	994,948
Depreciation	2,904,727	18,066
Total operating expenses	17,848,149	5,584,193
Operating income	1,277,401	1,449,955
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	268,077	120,464
Interest expense and fiscal charges	(452,028)	-
Loss on sale of capital assets	(1,048)	-
Total nonoperating revenues (expenses)	(184,999)	120,464
Income before contributions and transfers	1,092,402	1,570,419
Capital contributions	79,550	-
Impact and availabilty fees	115,785	-
Transfers in	-	1,898,068
Transfers out	(146,736)	-
Change in net position	1,141,001	3,468,487
Total net position - beginning	63,175,262	11,994,152
Total net position - ending	$ 64,316,263	$ 15,462,639

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	210,313
Changes in net position of business-type activities	$ 1,351,314

The accompanying notes to financial statements are an integral part of this statement.

CITY OF COPPELL, TEXAS

Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2020

	Business-type Activities - Enterprise Funds Water and Sewer	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 20,588,014	$ -
Cash received from City and employee contributions	-	6,872,822
Cash paid to suppliers	(14,128,449)	-
Cash paid to employees	(1,421,952)	-
Cash payments for claims	-	(4,583,160)
Cash payments for contractual services and charges	-	(994,948)
Cash payments for Wellness Program	-	(6,189)
Net cash provided by operating activities	5,037,613	1,288,525
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	-	1,898,068
Transfers to other funds	(146,736)	-
Net cash provided (used) by noncapital financing activities	(146,736)	1,898,068
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(2,427,800)	(145,364)
Disposition of capital assets	55,255	-
Principal payments on long term obligations	(560,000)	-
Proceeds from certificates of obligation	11,740,000	-
Premium from certificates of obligation	842,710	-
Cost of issuance paid	(78,079)	-
Interest paid	(456,580)	-
Water and sewer impact fees collected	115,785	-
Net cash provided (used) by capital and related financing activities	9,231,291	(145,364)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturity of investments	16,734,207	13,043,341
Purchase of investments	(17,585,246)	(14,317,694)
Interest received	337,377	184,757
Net cash used by investing activities	(513,662)	(1,089,596)
Net increase in cash and cash equivalents	13,608,506	1,951,633
Balances - beginning of year	11,682,974	5,551,256
Balances - end of the year	$ 25,291,480	$ 7,502,889
Reconciliation of operating income to net cash provided by operating activities:		
Operating Income	$ 1,277,401	$ 1,449,955
Depreciation	2,904,727	18,066
Changes in assets and liabilities:		
Provision for doubtful accounts	54,553	-
(Increase) decrease in receivables	1,389,294	(161,326)
Increase (decrease) in accounts payable and accrued liabilities	(711,763)	(6,189)
(Decrease) in unpaid claims	-	(11,981)
Decrease in prepaid expenses	3,923	-
Decrease in inventory	119,093	-
Dncrease in deferred outflows	180,518	-
(Decrease) in deposits	(940)	-
Increase in compensated absences	27,291	-
(Decrease) in net pension liability	(431,049)	-
Increase in OPEB liabiliy	20,058	-
Increase in deferred inflows	204,507	-
Net cash provided by operating activities	$ 5,037,613	$ 1,288,525
Noncash investing, capital and financing activities		
Capital asset contributions from developers	$ 79,550	$ -
Total noncash investing, capital and financing activities	$ 79,550	$ -
CASH RECONCILIATION		
Actual balances - end of year		
Cash	$ 1,514,765	$ 2,796,659
Restricted cash	197,174	-
Investments (TexPool, TexStar, and TexasClass only)	23,579,541	4,706,230
Total cash and investments - end of year	$ 25,291,480	$ 7,502,889

The accompanying notes to financial statements are an integral part of this statement.

Statement of Fiduciary Net Position
September 30, 2020

	Private-Purpose Trust Fund	OPEB Trust Fund as of 12/31/19	Agency Fund
ASSETS			
Cash	$ 198,549	$ -	$ 601,779
Investments	-	262,429	-
Accounts receivable	11,622	-	-
Total assets	210,171	262,429	601,779
LIABILITIES			
Accounts payable	$ 1,246	$ -	$ -
Due to members	-	-	601,779
Deposits	208,925	-	-
Total liabilities	210,171	-	601,779
NET POSITION			
Held in trust	-	262,429	
Total net position restricted for OPEB	$ -	$ 262,429	

The accompanying notes to financial statements are an integral part of this statement.

CITY OF COPPELL, TEXAS

Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2020

	Private-Purpose Trust Fund	OPEB Trust Fund year ended 12/31/19
ADDITIONS		
Contributions - employer	$ -	$ 85,360
Investment earnings	-	39,175
Total additions	-	124,535
DEDUCTIONS		
Benefit payments	-	85,360
Interest and fiscal charges	-	1,378
Total deductions	-	86,738
Net additions	-	37,797
Net Position -- beginning of the year	-	224,632
Net Position -- end of the year	$ -	$ 262,429

The accompanying notes to financial statements are an integral part of this statement.

CITY OF COPPELL, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Coppell, Texas (City) was incorporated in 1955 and adopted its present charter in 1986 under the provision of Act 279, P.A. 1909, as amended (Home Rule City Act). The charter was amended in August 2001. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: Public Safety - Police and Fire, Highways and Streets, Sanitation, Health and Social Services, Culture and Recreation, Public Improvements, Planning and Zoning and General Administrative Services.

The accounting policies of the City conform to accounting policies generally accepted in the United States of America (US GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below:

A. Reporting Entity

As required by US GAAP, these financial statements present the City and its component units, which are controlled by the elected officials of the City and for which the City is considered to be financially accountable. The "reporting entity" is the primary government and those component units for which the primary government is financially accountable. (Financial accountability is defined as the appointment of a voting majority of the component unit's board and the ability to either impose will by the primary government or the possibility that the component government will provide a benefit or impose a financial burden to the primary government.) A "blended component unit", although a legally separate entity, is in substance part of the City's operations and this unit is therefore combined with data of the City. A "discretely presented component unit" is presented in a separate column of the Government-wide Financial Statements to emphasize it is legally separate.

Blended Component Units

The Coppell Recreation Development Corporation (CRDC) was formed to plan, design and construct recreational facilities and improvements within the City using proceeds from a special 4(B) Sales Tax approved by the voters. The Corporation is organized exclusively to act on behalf of the City for financing, development and operation of recreation properties. The affairs of the Corporation are managed by a seven-member board of directors, which is appointed by the City Council. The annual corporate budget and issuance of debt must be approved by the City Council. Since the CRDC’s Board of Directors is appointed by City Council, City management has operational responsibility for the CRDC, and the CRDC exclusively, or almost exclusively, benefits the City, the CRDC is considered a blended component unit and financial transactions are reflected in a special revenue fund, capital project fund and debt service fund. Separate financial statements for the CRDC are not available.

The Coppell Economic Development Foundation (CEDF) was formed to promote economic development and business opportunities within the City by developing capital assets that are owned by the City of Coppell using proceeds transferred from the City to the CEDF which are approved by Council. For example, the City owns historical buildings that the CEDF has relocated and revitalized for community use. Since the CEDF’s Board of Directors is appointed by the City Council, its projects are intended to benefit the City, and the City

Council has ultimate authority and approval of its projects and funding, the CEDF is considered a blended component unit of the City and financial transactions are reflected in a special revenue fund. Separate financial statements for the CEDF are not available.

B. Implementation of New Accounting Principles

Management evaluated GASB Statement No. 91, *Conduit Debt Obligations* and determined that it had was not applicable to the financial statements of the City as of September 30, 2020.

The City is currently analyzing the impact of implementing the following statements on future financial statements of the City as these statements are not yet effective.

GASB Statement No. 84, *Fiduciary Activities*. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. This Statement will become effective for the City in fiscal year 2021.

GASB Statement No. 87, *Leases*. This Statement will increase the usefulness of financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. This Statement will become effective for the City in fiscal year 2022.

GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61.* This Statement will improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevancy of financial statement information for certain component units. This Statement will become effective for the City in fiscal year 2021.

GASB Statement No. 92, *Omnibus 2020.* This Statement is intended to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues identified during implementation of certain GASB Statements. This Statement will become effective for the City in fiscal year 2022.

GASB Statement No. 93, *Replacement of Interbank Offered Rates.* This Statement addresses accounting and reporting implications resulting from the replacement of an IBOR and will become effective for the City in fiscal year 2022.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* If applicable, this Statement will become effective for the City in fiscal year 2023. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements.

GASB Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance based on the guidance for leases, where relevant, for subscription-based Information Technology Arrangements. This Statement will become effective for the City in fiscal year 2023.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This Statement is intended to improve consistency of financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. This Statement will become effective for the City in fiscal year 2022.

C. Basis of Presentation

Government-wide

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. Government-wide financial statements do not include fiduciary funds. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The focus is either the City as a whole or major individual funds (within the fund financial statements).

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public Works, etc.) or segment are 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 purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment and 3) grants and contributions that are restricted to meeting the 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 net cost of governmental and business-type activities (by function) is normally covered by general revenue (property, sales, franchise taxes, interest income, etc.).

Fund

Separate fund based financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The major governmental funds are the General Fund, General Obligation Debt Service Fund, Streets Capital Projects Fund, Recreation Development Capital Projects Fund and Infrastructure Maintenance Special Revenue Fund. The major enterprise fund is the Water and Sewer Fund. The non-major funds are combined in a separate column in the fund financial statements. The non-major funds are detailed in the combining section of the statements.

Internal service funds, which traditionally provide services primarily to other funds of the government, are presented in the summary form as part of the proprietary fund financial statements. Because the principal users of the internal services are the City's governmental activities, financial statements of internal service funds are consolidated into the governmental activities when presented in the government-wide financial statements. To the extent possible, the cost of these services is reflected in the appropriate functional activity (Public Safety, Public Works, etc.).

The City's fiduciary funds are presented in the fund financial statements. Since, by definition, these assets are being held for the benefit of a third party (other local governments, individuals, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements. The fiduciary funds of the City are a private-purpose trust, an other post-employment benefits trust, and an agency fund.

The government-wide focus is 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 focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by category), and the component units. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Fiduciary funds are used to report assets held in a trustee or agency capacity for others. Trust funds employ the same economic resources measurement focus and the accrual basis of accounting as the government-wide financial statements and proprietary fund type. Agency funds have no measurement focus as these funds are custodial in nature and do not involve the measurement of results of operations. Thus, agency funds have only assets and liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual, that is, when they are both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period. Therefore, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax revenues to be available if they are collected within sixty days of the end of the current fiscal period, and sales tax revenues to be available if they are collected within thirty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the obligation has matured and is due and payable shortly after year end.

The revenues susceptible to accrual are ad valorem, franchise and sales tax revenues. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. Investment earnings are recorded as earned since they are measurable and available.

The City reports unavailable revenue in its governmental funds. Unavailable revenue arises when potential revenue does not meet the “available” criteria for recognition in the current period. Unearned revenue arises when the City receives resources before it has a legal claim to them such as when grant monies are received prior to the incidence of qualifying expenditures. Revenue is recognized in subsequent periods, when the “available” recognition criteria is met or when the City has a legal claim to the resources.

Business type activities and all proprietary funds are reported using the economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position. Proprietary funds distinguish operating revenues and expenses from nonoperating 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 Water and Sewer Fund are charges to customers for sales and services. Operating expenses for the enterprise fund 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 nonoperating revenues and expenses.

The City reports the following major funds:

1. *Governmental Funds:* The focus of governmental fund measurement (in the fund financial statements) is financial position and changes in financial position (sources, uses, and balances of financial resources) rather than net income. The following is a description of the major governmental funds of the City:

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

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

    c. *Streets Capital Projects Fund* accounts for funds received and expended for the construction and renovation of thoroughfares, arterial streets and drainage improvements in the City. Funds are provided primarily through bond sales, paving assessments and interest earnings.

    d. *Recreation Development Capital Projects Fund* accounts for funds received and expended for construction and renovation of parks, trails, library, and other recreational projects. Funds are provided primarily through bond issuance and interest earnings.

    e. *Infrastructure Maintenance Special Revenue Fund* Accounts for revenues that are restricted for future maintenance of the City's infrastructure. Funds are provided through 1/4 of one percent sales tax revenue and interest earnings.

2. *Proprietary Funds:* The accounting objectives are the determination of operating income, changes in net position, financial position, and cash flows. The following is a description of the major proprietary fund of the City:

    Water and Sewer Fund accounts for the operation of the City's water and sewer utility. Activities of the Fund include administration, operation and maintenance of the water and sewer system and billing and collection activities. The Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for bonds and obligations under capital leases when due throughout the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Fund.

The City additionally reports the following fund types:

1. An *Internal Service Fund* is a type of proprietary fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, generally on a cost reimbursement basis. One internal service fund reported by the City of Coppell is used to account for the self-funded health program provided by the City to its employees and their dependents on a subsidized cost basis. The other internal service fund reported by the City is used to accumulate funds and reimburse costs of capital replacement.

2. A *Permanent Fund* is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used to support programs of the City. The permanent fund reported by the City of Coppell is used to account for the assets and earnings used to support the operations and maintenance of the Rolling Oaks Cemetery.

3. A *Private-Purpose Trust Fund* is a type of fiduciary fund used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The Private-Purpose Trust Fund reported by the City is used to account for preneed interment and memorial arrangements made through the Rolling Oaks Cemetery.

4. An *Other Employee Benefit Trust Fund* is a type of fiduciary fund used to report resources that are required to be held in trust for the members and beneficiaries of defined contribution plans, other postemployment benefit plans, or other employee benefit plans. The OPEB Trust Fund is used to report resources held in trust for the healthcare benefits of members.

5. *Agency Funds* are used to account for assets held by the City in an agency capacity for individuals, local law enforcement agencies or developers. The City has one Agency Fund. The Health Reimbursement Arrangement Fund is used to account for contributions and disbursements on behalf of members of the Health Reimbursement Arrangement.

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations, is employed as an extension of formal budgetary integration in the General, Special Revenue, and Debt Service Funds.

F. Deposits and Investments

The City maintains a cash and investment pool for the purpose of increasing income through investment activities. Investments are recorded at fair value (based on quoted market prices), except for the positions in the government pools, TexPool, TexStar, and Texas Class. Fair value analysis is performed monthly and any significant losses are evaluated.

The Legislature for the State of Texas has enacted and regularly amends the Public Funds Investment Act ("Investment Act") that governs items such as investment strategies and policies, training for investment officers, quarterly reporting, and types of investments allowed. The City has developed an Investment Policy that is annually reviewed and approved through resolution by the City Council. This investment policy is in compliance with the Investment Act. Accordingly, 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) obligations of state agencies, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent, and other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas, or the United States, or its instrumentalities; (4) Certificates of Deposit issued by state or national banks and credit unions domiciled in Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or secured by obligations mentioned above; (5) fully collateralized direct repurchase agreements having a defined termination date secured by obligations of the United States or its agencies and instrumentalities; (6) no-load money market mutual funds, regulated by the Securities and Exchange Commission (SEC), with a dollar-weighted average stated maturity of 90 days or fewer, and includes in its investment objectives the maintenance of a stable net asset value of $1 for each share (7) no-load mutual funds that are registered with the SEC, having an average weighted maturity of less than two years and are invested or secured in obligations described above and the fund must maintain a rating of AAA or its equivalent by at least one nationally recognized rating firm. The City is not authorized by its investment policy to invest in banker's acceptances, "bond" mutual funds, collateralized mortgage obligations of any type, or commercial paper.

Investment activities are conducted through the depository bank. The City's safekeeping agent holds all securities in the City's name.

For the year ended September 30, 2020, the City invested in Federal Home Loan Bank, TexPool, TexStar, and Texas CLASS. The City records all interest revenue related to investment activities in the respective funds.

TexPool, TexStar, and Texas CLASS are external investment pools that were created to conform to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. As local government investment funds, Texas CLASS, TexStar and TexPool seek to maintain stable net asset value (NAV) of $1.00 per unit. TexPool and TexStar use amortized cost to value portfolio assets and follow the criteria for GASB Statement No. 79 for use of amortized cost, and Texas CLASS uses NAV to value portfolio assets.

The State Comptroller of Public Accounts (the Comptroller) is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company ("Trust Company"), which is authorized to operate TexPool. Pursuant to the TexPool participation agreement, administrative and investment services to TexPool are provided by Federated Investors. The Comptroller maintains oversight of the services provided by TexPool. The TexPool Advisory Board composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool, acts as advisor on TexPool Investment Policy.

J.P. Morgan Investment Management Inc. (JPMIM) and First Southwest, a Division of Hilltop Securities (FirstSouthwest) serve as co-administrators for TexStar under an agreement with the TexStar Board of Directors (the "Board"). The Board manages the business and affairs of TexStar in accordance with its bylaws.

Public Trust Advisors, LLC is the Program Administrator of Texas CLASS, and Wells Fargo Bank Texas, N.A. is Custodian. It is supervised by a seven-member Board of Trustees who are elected by the participants at its annual meeting. The Board supervises the Trust and its affairs and acts as the liaison between the participants, the custodian, and the program administrator. It also has an appointed five-member advisory board to provide advice about investment policy and strategy.

G. Cash and Cash Equivalents

Cash includes cash on hand, demand deposits, and escrow cash with fiscal agent. For purposes of the Statement of Cash Flows, the City also considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents; this includes investments in TexPool, TexStar, and Texas CLASS. All cash and investments in TexPool, TexStar, and Texas CLASS of the proprietary funds are pooled with the City's pooled cash and investments and are therefore considered cash equivalents.

H. Unbilled Services Receivable

Utility services revenue is recorded when earned. Customers are billed monthly. The estimated value of services provided, but unbilled at year-end, has been included in the accompanying financial statements.

I. Inventory and Prepaid Items

Inventory is valued at cost using the first in, first out method. Inventory in the Water and Sewer Fund consists of expendable supplies held for future consumption or capitalization. The cost is recorded as an expense in the period that inventory items are consumed.

Prepaid items are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year and are accounted for using the consumption method. A non-spendable fund balance for prepaid items is recognized in the governmental funds financial statements to signify that a portion of fund balance is not available for other subsequent expenditures according to GASB Statement No. 54.

J. Restricted Assets

Restricted cash and investments on the Proprietary Statement of Net Position are restricted in the Water and Sewer Fund for customer deposits and the repayment of outstanding bonds.

K. Interfund Transactions and Receivables and Payables

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

All legally authorized transfers are appropriately treated as transfers and are included in the results of operations of both governmental and proprietary funds. Nonrecurring or nonroutine transfers of equity between funds - for example, contribution of capital assets to a proprietary fund or transfers of residual balances of discontinued funds to other funds - are accounted for as transfers.

Salaries, wages and related payroll costs of personnel who perform administrative services for the Water and Sewer Fund and Recreation Development Corporation are paid through the General Fund. The City has recorded expenses for these administrative costs in the Water and Sewer Fund and Recreation Development Corporation Special Revenue Fund and recognized corresponding revenue in the General Fund.

L. Capital Assets

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed capital assets are recorded at acquisition cost at the time received. Capital assets are defined by the government as assets with an initial, individual cost of more than $15,000 except for land, and an estimated useful life in excess of one year. Land is a capital asset without regard to value.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classification	Useful Life in Years
Building and Improvements	50
Water and Sewer System	40
Vehicles, Machinery and Equipment	3 to 7
Furniture and fixtures	5
Drainage improvements	40
Streets	25
Parks	50

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has reported the deferred charge on refunding as a deferred outflow of resources in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources related to the net pension liability are reported and amortized according to GASB Statement No. 68. Deferred outflows of resources related to the other post-employment benefits liabilities are reported and amortized according to GASB Statement No. 75.

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 government has reported pension-related items and OPEB-related items as deferred inflows of resources in the government-wide statement of net position. Deferred inflows of resources related to the net pension liability are amortized according to GASB Statement No. 68, and deferred inflows of resources related to the other post-employment benefits liabilities are amortized according to GASB Statement No. 75.

N. Compensated Absences

City employees are granted vacation and sick leave in varying amounts. Upon termination, an employee is reimbursed for accumulated vacation. Accumulated vacation is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

O. Other Post-Employment Benefits

The City provides post-employment healthcare benefits to all employees who retire from the City. All employees who are vested in the City’s pension plan, Texas Municipal Retirement System, are eligible for these benefits with 20 years or more of service, regardless of age, or at age 60 and above. Coverage is also available to dependents and/or surviving spouses of retirees. Retirees are responsible for paying the full premium for healthcare benefits as the City does not directly subsidize retiree premiums. (See Note 13).

P. Property Tax

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. The property taxes attach as an enforceable lien on property as of January 1. Appraised values are established by the central appraisal districts at 100% of estimated market value and certified by the Appraisal Review Board. The assessed value for the tax roll on January 1, 2019, upon which the original fiscal year 2020 levy was based, was $8,045,416,839. Subsequent adjustments increased this value to $8,170,767,241.

Taxes are due October 1 and become delinquent after the following January 31. Penalties and interest are charged at 7% on delinquent taxes beginning February 1 and increase each month to 18% on July 1. Property taxes at the fund level are recorded as receivables and unavailable revenues at the time the tax levy is billed. Current year revenues recognized are those ad valorem taxes collected within the current period or soon enough thereafter to pay current liabilities, generally sixty (60) days after year-end. Current tax collections for the year ended September 30, 2020, were 99.30% of the tax levy.

The statutes of the State of Texas do not prescribe a legal debt limit. However, Article XI, Section 5 of the Texas Constitution applicable to cities with a population of more than 5,000 limits the ad valorem tax rate to $2.50 per $100 assessed valuation. For the year ended September 30, 2020, the City had a tax margin of $1.916 per $100 assessed valuation based upon the maximum rates prescribed by law.

In Texas, countywide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years; however, reviews of appraised values may be conducted more frequently. The City may challenge appraised values established by the appraisal district through various appeals, and if necessary, legal action. Under this system, the City sets tax rates on City property. However, if the no-new revenue rate (previously known as effective tax rate), excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, generates property tax revenue that exceeds the previous year by more than 3.5%, the City is required to hold an automatic election to obtain voter approval of the adopted tax rate.

Q. Tax Incentives

The City enters into economic development agreements authorized under Chapter 312 of the Texas Tax Code and Chapter 380 of the Texas Local Government Code which abate or rebate property and/or sales taxes. These agreements are designed to stimulate economic activity, redevelopment, community improvement, and provide a return on investment for the community. Economic development agreements are considered on a case-by-case basis and generally contain recapture provisions which may require repayment or termination if recipients do not meet the required provisions of the agreements.

Chapter 312 of the Texas Tax Code allows the City to negotiate abatement agreements with applicants. These abatement agreements authorize the appraisal districts to reduce the taxable value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer pays taxes on the lower value during the term of the agreement. Compliance is evaluated annually. The reduction in revenue for property taxes abated for the fiscal year ending September 30, 2020 totaled $1,383,976.

Chapter 380 of the Texas Local Government Code allows the City to provide grants for the purpose of promoting local economic development. These grants are based on a percentage of property and/or sales tax received by the City. The reduction in revenue due to property tax and sales taxes rebated or accrued for rebate applicable to the fiscal year ending September 30, 2020 totaled $204,995 and $3,504,427 respectively.

R. Federal and State Grants

Federal grants consisted of $544,860, $12,604, and $1,282 revenue recognized for the Coronavirus Relief Fund, Provider Relief Fund, and LSTA (Library Services and Technology Act) Grants to State Program. These grants were recorded in the General Fund. Grant revenues received for specific purposes are accounted for in a special revenue fund or a capital project fund.

S. Long-Term Debt

General Obligation Bonds issued for general government capital projects that are to be repaid from tax revenues of the City are recorded in the government-wide Statement of Net Position. Bonds issued for Proprietary Fund assets that are to be repaid by the Proprietary Fund are recorded in the Proprietary Fund.

Bond premiums and discounts are deferred and amortized over the life of the related debt issues in the government-wide financial statements and the Proprietary Fund. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expended when incurred. In the governmental fund financial statements, debt issuance costs are expended when incurred, while bond premiums and discounts are recorded as other financing sources and uses, respectively.

T. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt used for the acquisition, construction or improvements of those assets, net of debt related to any unspent proceeds.

U. Fund Balance

Stabilization Arrangement

The City Charter, as amended November 1995, created a stabilization arrangement of not less than ten percent of the proposed expenditures for the major operating funds. The major operating fund of the City is the General Fund. The City Charter may only be changed through an election, and therefore, the stabilization amount may not be spent without an election. The stabilization arrangement amount of $7,495,839 is classified as committed fund balance in the General Fund.

Minimum Fund Balance Policy

It is the desire of the City to maintain adequate fund balance in the General Fund for liquidity and in anticipation of economic downturns or natural disasters. In addition to the stabilization arrangement established through the City Charter, the City Council has adopted a funding policy to maintain a fund balance in the General Fund of ten percent of the next year’s budgeted expenditures plus 60 days of expenditures, which is estimated to be 15 percent of the next year’s budgeted expenditures. If fund balance falls below the minimum target level because it has been used, essentially as a “revenue” source, as dictated by current circumstances, the policy provides for actions to replenish the amount to the minimum target level. Generally, replenishment is to occur within a two-year period. The stabilization arrangement and the funding policy create a minimum fund balance of 25 percent of the next year’s budgeted expenditures.

V. Retirement Plan

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.

W. Use of Estimates

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

(2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Data

The City Charter contains the following requirements, which are adhered to by the City Council, regarding preparation of the annual budget:

• The City Manager, between 60 and 90 days prior to October 1st of each fiscal year, shall submit to the City Council a proposed budget. Such budget shall provide a complete financial plan for the fiscal year.

• The City Manager submits the proposed budget to the City Council by August 5th of each year. City Management shall fix the time and place of a public hearing on the budget and shall cause to be published in the official newspaper of the City of Coppell, a notice of the hearing setting forth the time and place thereof at least eleven days before the date of such hearing.

• The budget shall be finally adopted no later than 15 days prior to the beginning of the fiscal year and should the City Council fail to so adopt a budget, the then existing budget together with its tax-levying ordinance and its appropriation ordinance, shall be deemed adopted for the ensuing fiscal year.

The City Council approves annual appropriations for operations and interfund transfers for the general fund, debt service funds, special revenue funds, and the permanent fund. The City Manager has the authority to transfer unexpended balances between departmental budgets within appropriated funds. The City Council, however, must approve any increase in fund appropriations. The legal level of budgetary control is the fund level. During the year, appropriations are adjusted as a result of re-estimates by the departments. For budgetary purposes, unencumbered appropriations lapse at fiscal year-end. (See Encumbrances, discussed previously, regarding encumbered appropriations.)

The Budgetary Comparison Schedules present a comparison of budgetary data to actual results of operations for the General Fund. The same basis of accounting, accounting principles generally accepted in the United States of America (GAAP), is used for both budgetary purposes and actual results.

B. Supplemental Appropriations

The City Council made several supplemental appropriations throughout the year. Supplemental appropriations totaled $3,645,343 in the General Fund, $32,703,239 in the Special Revenue Funds, and

($793,734) in the Enterprise Fund for 2020. Included in the General Fund supplemental appropriation was funding to cover encumbrance carryovers, revenue adjustments due to the coronavirus pandemic, special counsel related to sales tax legislation, and a risk assessment. The Special Revenue Funds supplemental appropriations included funding to cover encumbrance carryovers, revenue adjustments and incurred expenditures due to the coronavirus pandemic, construction of Oak Grove Lane, costs associated with the ongoing construction of the Arts Center, CRDC-approved drainage and trails projects, and establishment of the Coppell Arts & Heritage Foundation. The Enterprise Fund supplemental appropriation included funding to cover encumbrance carryovers, a settlement from Dallas Water Utilities regarding Sabine River Authority, costs for water line relocation services, and decreases in projected revenues due to weather and no rate increase.

C. Fund Deficits

The Cemetery Fund, a nonmajor capital project fund, had a $552,169 deficit fund balance at September 30, 2020. It is planned to recoup the deficit from future sales of mausoleum spaces recorded in the Rolling Oaks Cemetery Fund, a nonmajor special revenue fund.

D. Excess of Expenditures over Appropriations

No funds had expenditures in excess of appropriations.

E. Bond Requirements

The management of the City believes that it and its component units have complied with all significant bond requirements and restrictions as of September 30, 2020.

(3) DEPOSITS AND INVESTMENTS

Deposits – The City maintained the following deposit balances at September 30, 2020:

	Primary Government	
Financial Institution	Bank Balance	Book Balance
Frost Bank	$10,654,530	$10,636,373
Petty Cash	-	6,418
	$10,654,530	$10,642,791

Investments – The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The City's investments in U.S. Treasury Notes are classified in Level 1 of the fair value hierarchy which are valued using prices quoted in active markets for identical securities. The City's investments in U.S. Agency securities are classified in Level 2 of the fair value hierarchy which are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The City has no Level 3 investments which are valued using significant unobservable inputs.

As of September 30, 2020, the City had the following investments:

Primary Government

Investments by fair value level	**September 30, 2020**	**Fair Value Level 1**	**Fair Value Level 2**	**Weighted Average Maturity (in days)**
Federal Home Loan Bank Notes	$ 74,787,237	$	$ 74,787,237	206
Total investments by fair value level	$ 74,787,237	$ -	$ 74,787,237	
Portfolio Weighted Average Maturity				206
Total Investments at NAV/amortized cost				
TexPool	$ 40,668,382			38
TexSTAR	46,605,643			39
Texas CLASS	46,924,833			56
Total investments at NAV/amortized cost	134,198,858			
Total Investments	$ 208,986,095			

Credit Risk – Investments. The City's investment policy requires that joint investment pools maintain a continuous rating no lower than AAA or AAA-M by at least one nationally recognized rating agency and that obligations of states, agencies, cities, or other political subdivisions of any state be rated no less than A or an equivalent rating by at least one nationally recognized rating agency. The City's investment policy has no other restrictions relating to credit ratings that would limit its investment options. As of September 30, 2020, Moody's has rated investments in FHLB as Aaa, and Standard & Poor's has rated investments in TexPool, TexSTAR, and Texas CLASS as AAA-m.

Custodial Credit Risk – Deposits. For deposits, custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy follows state statutes, which requires that all deposits in financial institutions be fully collateralized or insured. For investments, custodial credit risk is the risk that in the event of the failure of a counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that all investments held by outside parties for safekeeping be held in the name of the City. The City was not exposed to any custodial credit risk at September 30, 2020.

Interest Rate Risk – Investments. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to one year or less under normal market conditions, and the maximum final stated maturity of any investment shall not exceed five years. Investments in TexPool, TexSTAR, and Texas CLASS are exempted from SEC registration and the requirements of Rule 2a-7 pertaining to registered money market funds; however, consistent with Rule 2a-7, they seek to maintain stable net asset value of $1.00 per unit and are not subject to interest rate risk.

Concentration of Credit Risk – Investments. The City's investment policy states that investments in local government investment pools shall be limited to seventy-five percent (75%) of the City's entire cash in bank and investment portfolio, with no more than twenty-five percent (25%) of the entire portfolio invested in any one authorized pool. In addition, investments in mutual funds shall be limited to 10% of the City's monthly fund balance, excluding bond proceeds and reserves and other funds held for debt service. At September 30, 2020, the City's investments are in Federal Home Loan Bank, TexSTAR, TexPool, and Texas CLASS. These investments are 36%, 20%, 22% and 22% respectively, of the City's total investments.

(4) CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020 is summarized below:

Primary Government:

Governmental activities	Balance October 1, 2019	Additions	Transfers	Retirements	Balance September 30, 2020
Capital assets not being depreciated:					
Land	$ 40,104,882	$ -	$ -	$ -	$ 40,104,882
Construction in Progress	28,579,458	37,787,801	(25,080,197)	-	41,287,062
Total capital assets, not being depreciated	68,684,340	37,787,801	(25,080,197)	-	81,391,944
Capital assets being depreciated:					
Building & Improvements	79,926,252	409,748	80,668	-	80,416,668
Parks & Improvements	70,065,253	610,341	644,825	-	71,320,419
Streets & Improvements	284,619,750	554,478	24,310,026	-	309,484,254
Vehicles, Machinery & Equipment	51,559,108	3,574,321	44,678	(467,536)	54,710,571
Total capital assets, being depreciated	486,170,363	5,148,888	25,080,197	(467,536)	515,931,912
Less accumulated depreciation for:					
Building & Improvements	(18,961,218)	(1,727,627)	-	-	(20,688,845)
Parks & Improvements	(14,624,581)	(1,404,676)	-	-	(16,029,257)
Streets & Improvements	(186,724,877)	(7,341,888)	-	-	(194,066,765)
Vehicles, Machinery & Equipment	(44,853,183)	(3,476,855)	-	467,536	(47,862,502)
Total accumulated depreciation	(265,163,859)	(13,951,046)	-	467,536	(278,647,369)
Total capital assets being depreciated, net	221,006,504	(8,802,158)	25,080,197	-	237,284,543
Governmental activities capital assets, net	$ 289,690,844	$ 28,985,643	$ -	$ -	$ 318,676,487

Business-type Activities-Water and Sewer Fund	Balance October 1, 2019	Additions	Transfers	Retirements	Balance September 30, 2020
Capital assets not being depreciated:					
Land	$ 844,572	$ -	$ -	$ -	$ 844,572
Construction in Progress	6,739,241	1,045,173	(7,287,519)	-	496,895
Total capital assets, not being depreciated	7,583,813	1,045,173	(7,287,519)	-	1,341,467
Capital assets being depreciated:					
Water & Sewer System	101,768,689	531,018	7,259,019	(155,981)	109,402,745
Buildings & Improvements	1,434,724	15,634	28,500	-	1,478,858
Vehicles, Machinery & Equipment	4,192,608	308,700	-	-	4,501,308
Total capital assets, being depreciated	107,396,021	855,352	7,287,519	(155,981)	115,382,911
Less accumulated depreciation for:					
Water & Sewer System	(58,042,151)	(2,614,716)	-	99,680	(60,557,187)
Buildings & Improvements	(477,520)	(29,369)	-	-	(506,889)
Vehicles, Machinery & Equipment	(2,908,837)	(260,642)	-	-	(3,169,479)
Total accumulated depreciation	(61,428,508)	(2,904,727)	-	99,680	(64,233,555)
Total capital assets being depreciated, net	45,967,513	(2,049,375)	7,287,519	(56,301)	51,149,356
Business-type activities capital assets, net	$ 53,551,326	$ (1,004,202)	$ -	$ (56,301)	$ 52,490,823

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

Governmental activities:	
General government	$ 761,671
Public Safety	2,751,182
Public Works	7,643,684
Culture and Recreation	2,794,509
Total depreciation expense – governmental activities	$13,951,046
Business-type activities:	
Water and Sewer	$ 2,904,727
Total depreciation expense – business-type activities	$ 2,904,727

(5) LONG-TERM DEBT AND LIABILITIES

General Obligation Debt

General obligation debt provides funds for the acquisition and construction of major capital equipment, facilities and infrastructure. The general obligation debt consists of general obligation bonds, notes and certificates of obligation that are serial debt collateralized by the full faith and credit of the City, and payable from property taxes and other revenues. General obligation bonds require the City to compute, at the time other property taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) funds to pay interest and principal at maturity. The debt matures annually in varying amounts through 2040, and interest is payable semi-annually.

Governmental Activities

A summary of activity of the general obligation debt reported in governmental activities for the year ended September 30, 2020 is as follows:

Outstanding - October 1, 2019	$ 82,020,000
Issued	14,650,000
Retirements	(6,575,000)
Premium	5,508,955
Outstanding - September 30, 2020	$ 95,603,955

General obligation debt at September 30, 2020, is comprised of the following issues:

Bonds	Interest Rate %	Issue Date	Maturity Date	Issued Amount	Outstanding September 30, 2020
Certificate of Obligation	2.000-4.250	2011	2031	$ 8,830,000.00	$ 5,570,000
GO Refunding Bonds	2.000-4.250	2011	2031	12,510,000	4,650,000
GO Refunding Bonds	3.000-5.000	2013	2024	7,660,000	3,500,000
Certificate of Obligation	3.000-5.000	2013	2033	9,095,000	6,815,000
GO Refunding Bonds	2.000-4.000	2015	2028	18,675,000	13,450,000
GO Refunding Bonds	2.000-3.000	2016	2027	4,405,000	2,975,000
Certificate of Obligation	2.000-4.000	2016	2036	11,800,000	8,985,000
Certificate of Obligation	3.250-5.000	2018	2038	16,705,000	15,615,000
Certificate of Obligation	3.250-5.000	2018	2038	14,850,000	13,885,000
Certificate of Obligation	1.000-4.000	2020	2040	14,650,000	14,650,000
					$ 90,095,000

Aggregate maturities of the general long-term debt (principal and interest) for the years subsequent to 2020 are as follows:

Fiscal Year	Principal Requirements	Interest Requirements	Total Requirements
2021	$ 6,655,000	$ 3,265,230	$ 9,920,230
2022	6,765,000	3,059,762	9,824,762
2023	6,550,000	2,788,062	9,338,062
2024	6,735,000	2,509,862	9,244,862
2025	5,930,000	2,245,637	8,175,637
2026-2030	26,195,000	7,696,111	33,891,111
2031-2035	19,675,000	3,226,135	22,901,135
2036-2040	11,590,000	574,404	12,164,404
	$ 90,095,000	$ 25,365,203	$ 115,460,203

Proceeds of general obligation bonds are recorded in the Capital Projects Funds and are restricted to the use for which they were approved in the bond elections. Certificates of obligation and note proceeds are recorded in the appropriate fund to account for the use of the funds for which the debt was issued. The City Charter expressly prohibits the use of bond proceeds to fund operating expenditures. The City currently has no authorized but unissued general obligation debt.

The City intends to retire all its governmental activities general obligation debt, plus interest, from ad valorem taxes and other current revenues.

Water and Sewer Fund

A summary of Water and Sewer general obligation bond activity for the year ended September 30, 2020 is as follows:

Outstanding -October 1, 2019	$ 10,285,000
Issued	11,740,000
Retirements	(560,000)
Premium	1,706,910
Outstanding -September 30, 2020	$ 23,171,910

Water & Sewer bonds payable at September 30, 2020 is comprised of the following issues:

Bonds	Interest Rate %	Issue Date	Maturity Date	Issued Amount	Outstanding September 30, 2020
Water & Sewer Certificate of Obligation Bonds	3.25-5.00	2018	2038	10,850,000	9,725,000
Water & Sewer Certificate of Obligation Bonds	1.00-4.00	2020	2040	11,740,000	11,740,000
					$ 21,465,000

Aggregate maturities of the Water and Sewer GO Refunding bonds (principal and interest) for the years subsequent to September 30, 2020 are as follows:

Fiscal Year	Principal	Interest	Total
2021	$ 1,020,000	$ 692,171	$ 1,712,171
2022	1,015,000	678,556	1,693,556
2023	1,045,000	631,556	1,676,556
2024	1,065,000	583,481	1,648,481
2025	1,095,000	534,331	1,629,331
2026-2030	5,960,000	1,886,781	7,846,781
2031-2035	5,830,000	788,038	6,618,038
2036-2040	4,435,000	210,260	4,645,260
	$ 21,465,000	$ 6,005,174	$ 27,470,174

Sales Tax Bonds

The Sales Tax Revenue Bonds are payable from the gross proceeds of the 1/2 of 1% Sales and Use Tax (Section 4B) levied for the benefit of the Coppell Recreation Development Corporation.

A summary of Sales Tax Revenue Bond activity for the year ended September 30, 2020 is as follows:

Outstanding -October 1, 2019	$28,335,000
Retirements	(1,035,000)
Premiums	1,984,804
Outstanding -September 30, 2020	$29,284,804

Sales Tax Revenue Bonds payable at September 30, 2020 is comprised of the following issue:

Bonds	Interest Rate %	Issue Date	Maturity Date	Issued Amount	Outstanding September 30, 2020
Sales Tax Revenue Bonds	3.25 - 5.00	2014	2038	$ 31,730,000	$ 27,300,000

Debt service requirements of the Sales Tax Revenue Bonds (principal and interest) for the years subsequent to September 30, 2020 are as follows:

Fiscal Year	Principal	Interest	Total
2021	$ 1,085,000	$ 1,155,969	$ 2,240,969
2022	1,140,000	1,101,718	2,241,718
2023	1,200,000	1,044,719	2,244,719
2024	1,260,000	984,719	2,244,719
2025	1,320,000	921,719	2,241,719
2026 - 2030	7,660,000	3,550,094	11,210,094
2031 - 2035	9,310,000	1,905,512	11,215,512
2036 - 2038	4,325,000	267,200	4,592,200
	$ 27,300,000	$ 10,931,650	$ 38,231,650

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	$ 82,020,000	$ 14,650,000	$ (6,575,000)	$ 90,095,000	$ 6,655,000
Sales tax bonds	28,335,000	-	(1,035,000)	27,300,000	1,085,000
Deferred amounts:					
Premiums	6,991,809	1,053,290	(551,340)	7,493,759	551,343
Total bonds payable	117,346,809	15,703,290	(8,161,340)	124,888,759	8,291,343
Compensated absences	3,242,796	2,147,226	(1,662,255)	3,727,767	1,207,237
Net pension liability	26,409,249	-	(9,593,356)	16,815,893	-
Other post-employment benefits obligation	2,779,366	381,100	-	3,160,466	-
Total governmental activities	149,778,220	18,231,616	(19,416,951)	148,592,885	9,498,580
Business-type Activities:					
Bonds payable:					
General obligation bonds	10,285,000	11,740,000	(560,000)	21,465,000	1,020,000
Premiums	973,515	842,710	(109,315)	1,706,910	109,315
Total bonds payable	11,258,515	12,582,710	(669,315)	23,171,910	1,129,315
Compensated absences	85,427	86,004	(58,713)	112,718	56,875
Net pension liability	1,186,622	-	(431,049)	755,573	-
Other post-employment benefits obligation	146,283	20,058	-	166,341	-
Total business-type acivities	12,676,847	12,688,772	(1,159,077)	24,206,542	1,186,190
Total government	$ 162,455,067	$ 30,920,388	$ (20,576,028)	$ 172,799,427	$ 10,684,770

Within the governmental activities, compensated absences, net pension liability, and other post-employment benefits liability are generally liquidated by the General Fund.

(6) COMPENSATED ABSENCES

Vacation leave is earned in varying amounts up to a maximum of twenty-four (24) days for employees with 19 or more years of service. Unused vacation leave is carried forward from one year to the next, up to a maximum of forty-eight (48) days, depending on years of service. As of September 30, 2020, the amount expected to be due within one year for Governmental Activities is $1,207,237. The amount expected to be due within one year for Business-type Activities is $56,875.

A summary of the activity for the year is as follows:

	Business-type Activities	Governmental Activities	Total
Balance – Beginning of year	$ 85,427	$ 3,242,796	$ 3,328,223
Additions	86,004	2,147,226	2,233,230
Reductions	(58,713)	(1,662,255)	(1,720,968)
Balance – End of Year	$ 112,718	$ 3,727,767	$ 3,840,485

(7) FUND BALANCE FLOW ASSUMPTIONS

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

When both restricted and unrestricted resources are available for use in governmental activities or proprietary funds, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

(8) FUND BALANCES

According to GASB Statement No. 54, the fund balance is classified depending on the relative strength of the spending constraints placed on the purposes for which resources can be used as follows:

Nonspendable fund balance- amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Restricted fund balance- amounts constrained to specific purposes externally imposed by creditors (such as through debt covenants), grantor and contributors, or laws, or regulations of other governments, or through constitutional provisions, or by enabling legislation.

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

Assigned fund balance-amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council has by resolution authorized the Finance Director to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance-amounts that represent fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In other governmental funds, it may be necessary to report a negative residual balance as unassigned.

Fund Balances	General	General Obligation	Capital Projects Streets	Capital Projects Recreation Development	Infrastructure Maintenance Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:							
Prepaid items	$ 25,474	$ -	$ -	$ -	$ -	$ 13,994	$ 39,468
Permanent fund - Perpetual Care Fund	-	-	-	-	-	704,558	704,558
Restricted for:							
General government							
Public educational government channel	616,058	-	-	-	-	-	616,058
Public education about solid waste	31,381	-	-	-	-	-	31,381
Public Safety							
Emergency 911	929,057	-	-	-	-	-	929,057
Fire	-	-	-	-	-	17,490	17,490
Police	-	-	-	-	-	153,251	153,251
Animal shelter	-	-	-	-	-	6,367	6,367
Child safety programs	-	-	-	-	-	147,486	147,486
Crime prevention programs and services	-	-	-	-	-	12,006,224	12,006,224
Court security	-	-	-	-	-	357,203	357,203
Traffic and signal enforcement / improvements	-	-	-	-	-	646,194	646,194
Juvenile case manager	-	-	-	-	-	331,095	331,095
Court technology	-	-	-	-	-	1,747	1,747
Judicial efficiency	-	-	-	-	-	18,609	18,609
Culture and recreation							
facilities, trails, drainage, and streetscapes	7,870,835	-	-	-	-	9,203	7,880,038
Recycling	-	-	-	-	-	69,700	69,700
Community garden / farmer's market	-	-	-	-	-	1,589	1,589
Library	-	-	-	-	-	27,161	27,161
Parks	-	-	-	-	-	35,643	35,643
Art Center	-	-	-	-	-	61,980	61,980
Tennis Center	-	-	-	-	-	1,676	1,676
Senior and Community Center	-	-	-	-	-	22,305	22,305
Living Well wellness incentive	-	-	-	-	-	105	105
Promotion of tourism and events	-	-	-	-	-	408,884	408,884
facilities, trails, drainage, and streetscapes	-	-	-	-	-	9,913,089	9,913,089
Economic development	-	-	-	-	-	9,659	9,659
Capital projects	-		15,847,053	1,206,805	-	8,944,484	25,998,342
Debt service	-	1,074,559	-	-	-	107,704	1,182,263
Committed for:							
City charter required reserves	7,495,839	-	-	-	-	-	7,495,839
Culture and recreation							
facilities, trails, drainage, and streetscapes	66,826	-	-	-	-	-	66,826
Parks	-	-	-	-	-	-	-
Rolling Oaks Cemetery	-	-	-	-	-	401,432	401,432
Tree preservation	-	-	-	-	-	236,994	236,994
Economic development	966,355	-	-	-	-	18,154	984,509
Public works							
Projects	358,858	-	-	-	20,226,203	-	20,585,061
Storm water control development	-	-	-	-	-	546,698	546,698
Assigned for:							
General overnment							
Volunteer coordination	2,791,391	-	-	-	-	-	2,791,391
Culture and recreation							
Outreach vehicle	325,000	-	-	-	-	-	325,000
Economic development							
Economic development program	185,000	-	-	-	-	-	185,000
Capital projects	1,098,575	-	-	-	-	-	1,098,575
Unassigned	64,338,853	-	-	-	-	(552,169)	63,786,684
	$ 87,099,502	$ 1,074,559	$ 15,847,053	$ 1,206,805	$ 20,226,203	$ 34,668,509	$ 160,122,631

(9) INTERFUND BALANCES AND TRANSFERS

During a fiscal year, interfund payables and receivables arise. The following were outstanding as of September 30, 2020:

Payable Fund	Amount	Purpose
Nonmajor governmental	$ 171,000	Short-term funding of deficit cash
Total	$ 171,000	

Transfers made during the year were as follows:

Transfers In	Transfers Out	Amount	Purpose
General Fund	Nonmajor governmental	$ 3,021,670	Maintenance and operations of parks and facilities with 4B sales tax proceeds
Special revenue - Infrastructure Maintenance	General Fund	3,235,000	Annual maintenance of City facilities, streets and traffic control
Recreation Development Capital Project Fund	Nonmajor governmental	4,000,000	Arts Center capital project
Nonmajor governmental	General Fund	26,000	Payroll conversion and asset management software projects
Internal service	General Fund	1,161,674	Fund future vehicle and equipment replacements
Internal service	Nonmajor governmental	589,658	Fund future vehicle and equipment replacements
Internal service	Water-Sewer enterprise fund	146,736	Fund future vehicle and equipment replacements
	Total	$12,180,738	

(10) DEFINED BENEFIT PENSION PLAN

A. Plan Description

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an entity created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at *www.tmrs.com*.

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

B. Benefits Provided

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

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

Members can retire at ages 60 and above with five or more years of service or with 20 years of service regardless of age. A member is vested after five years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Employees covered by benefit terms.

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	253
Inactive employees entitled to but not yet receiving benefits	229
Active employees	395
	877

C. Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.53% and 15.57% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020 were $4,836,795 and were equal to the required contributions.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 through December 31, 2018. They were adoptd in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. 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 real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

Discount Rate

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

Changes in the Net Pension Liability	**Increases (Decreases)**		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balance at 12/31/2018	$ 165,106,284	$ 137,510,413	$ 27,595,871
Changes for the year:			
Service cost	5,423,721	-	5,423,721
Interest	11,140,690	-	11,140,690
Difference between expected and actual experience	1,210,046	-	1,210,046
Change of assumptions	195,962	-	195,962
Contributions - employer	-	4,719,024	(4,719,024)
Contributions - employee	-	2,125,758	(2,125,758)
Net investment income	-	21,273,772	(21,273,772)
Benefit payments, including refunds of employee contributions	(5,541,779)	(5,541,779)	-
Administrative expense	-	(120,122)	120,122
Other changes	-	(3,608)	3,608
Net changes	12,428,640	22,453,045	(10,024,405)
Balance at 12/31/2019	$ 177,534,924	$ 159,963,458	$ 17,571,466

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 one percentage-point lower (5.75%) or one percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 44,964,658	$ 17,571,466	$ (4,698,646)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2020, the City recognized pension expense of $6,003,172.

At September 30, 2020, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,453,106	$ 30,519
Changes in actuarial assumptions	151,119	15,451
Difference between projected and actual investment earnings	-	4,850,303
Contributions subsequent to the measurement date	3,654,679	-
Total	$ 5,258,904	$ 4,896,273

The City reported $3,654,679 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2021	$ (834,181)
2022	(861,774)
2023	683,226
2024	(2,279,319)
2025	-
Total	$ (3,292,048)

(11) DEFERRED COMPENSATION PLANS

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

The City funds all amounts of compensation deferred under the plan, at the direction of the covered employee, through investments in either a Roth IRA or fixed and variable annuity contracts underwritten by International City Manager Association (ICMA) Retirement Corporation and American Fund.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of the participants and their beneficiaries.

The City has no liability for losses under the plan, only provides limited administrative duties, and therefore, the deferred compensation plans are not included in the financial statements of the City.

(12) RISK FINANCING

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. There have been no reductions in coverages during the year or settlements in excess of coverages in the past three years.

The City established an internal service fund to account for its self-funded employee health program in November 2000. The City pays most of the premium for each eligible employee and each employee pays a portion of the employee premium and dependent coverage premium, if elected. The premiums paid by the City are primarily an expenditure of the general fund and an expense of the Water and Sewer Enterprise Fund. All premiums are paid into the self-funded health internal service fund to pay claims, claim reserves and administrative costs of the program as well as costs associated with the City's wellness program.

The self-funded employee health program is responsible for medical claims up to an aggregate stop loss of $125,000 per covered individual. Coverage from a private insurance company is maintained for covered losses in excess of the stop loss amount. An independent claims administrator performs all claims handling procedures.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Claims payable include all known claims and an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are estimated by considering the effects of inflation, recent claim settlement trends, including frequency and amount of pay-outs, and other economic and social factors. The self-funded program was implemented during the year ended September 30, 2001. Changes in the balance of the claims liabilities for the year ended September 30, 2020 are as follows:

	2020	2019
Claims payable, beginning of year	$ 510,680	$ 512,035
Claims incurred	4,614,471	3,710,801
Changes in estimates	43,292	23,240
Claim payments	(4,583,160)	(3,735,396)
Claims payable, end of year	$ 498,699	$ 510,680

(13) OTHER POST-EMPLOYMENT BENEFITS

For the year ended September 30, 2020, the City recognized $269,176 OPEB expense, of which $154,603 was for health care benefits and $114,573 was for life insurance benefits.

Health Care Benefits

A. Plan Description

In addition to the pension benefits described in Note 10, the City provides post-employment health care benefits in accordance with City policy. Administration of the City of Coppell Retiree Health Care Plan trust is through the Public Agency Retirement Services (PARS) with an IRC Section 115 Irrevocable Exclusive Benefit Trust. Trustee for the plan is USBank. Ultimate authority for investment decisions and actions necessary to maintain the City's participation in the program resides with the City Manager, appointed as Plan Administrator through a 2014 resolution of the City Council, or his successor or designee. Investment strategy is currently through the City's selection of the PARS Moderate: Highmark Index PLUS (passive) from High Mark Capital Management, selected August 27, 2014. Stated goals are for growth of principal and income. At December 31, 2019, the annual one-year rate of return was 17.41%.

All employees who are vested in the City's pension plan, Texas Municipal Retirement System, are eligible for these benefits with 20 years or more of service, regardless of age, or at age 60 and above. Coverage is also available to dependents or surviving spouses of retirees. This healthcare plan provides medical, dental and hospitalization coverage (until eligible for Medicare) to eligible retirees, their spouses and dependents through the city's self-funded health program, which covers both active and retired members. At December 31, 2019, the City had 177 retirees and an additional 57 active employees that are eligible to retire. The City implicitly subsidizes medical and hospitalization costs incurred by retirees and their dependents through the use of a single, blended premium rate. Recommendations for plan benefits are presented to City Council for their approval during the annual budget process. The City's plan qualifies as a single-employer, defined benefit plan administered through a trust. Financial statements for the plan are presented as a statement of fiduciary net position as of December 31, 2019, the end of the plan's reporting period, and a statement of changes in fiduciary net position.

COBRA Benefits

Under the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), the City makes healthcare benefits available to eligible former employees and eligible dependents. The federal government outlines certain requirements for this coverage. The premium plus a two percent administration fee is paid in full by the insured on or before the tenth (10^{th}) day of the month for the actual month covered. This program is offered for 18 months after the employee's termination date. The City makes no contribution under this program. There was one participant in the program as of September 30, 2020.

B. Benefits Provided

The terms of the health benefits provided to retirees are the same as those provided to employees in the self-funded health program.

Employees Covered by Benefit Terms

At the December 31, 2019 measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	6
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	0
Active Plan Members	371
Total Plan Members	377

C. Contributions

Current retirees contribute to the self-funded health program the blended premium for active and retired participants. Retiree contribution rates for fiscal year 2020 ranged from $943 to $2,415 per month depending on coverage levels selected. In fiscal year 2020, the total member contributions were $80,139. The City contribution for retirees consists of pay-as-you-go claims in excess of the retiree contributions. The City claims incurred by retirees were $15,424; therefore, the City's contribution to the plan for fiscal year 2020 was zero as retiree contributions covered retiree expense. In July through September 2020, the City made a total of $2,000,000 additional contributions to the plan assets held in trust.

D. Net OPEB Liability

The City's net OPEB liability was measured as of December 31, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019.

Actuarial Assumptions

The City's total OPEB liability in the December 31, 2019 valuation was determined using the following actuarial assumptions:

Actuarial Assumptions

Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	2.75% as of December 31, 2019
Inflation Rate	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the TMRS
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Participation Rates	Rates of 25% post-55 or disabled, and 0% pre-55, with 100% assumed to discontinue when eligible for Medicare.
Healthcare cost trend rates	7.10% Initial, 4.25% ultimate

The discount rate was based on the Fidelity "20-Year Municipal GO AA Index" rate closest to, but not later than December 31, 2019. The discount rate is equal to the municipal bond rate because at the December 31, 2019 valuation date, the City had not contributed to the OPEB trust since its initial contribution. The discount rate changed from 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019. Additionally, the demographic and salary increase assumptions were updated to reflect the 2019 TMRS Experience Study.

Future results may differ from those anticipated in this valuation. Reasons include but are not limited to actual medical trend differing from expected, changes in the healthcare plan designs offered to active and retired members, and participant behavior differing from expected.

Changes in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at 12/31/2018	$ 2,085,092	$ 224,632	$ 1,860,460
Changes for the year:			
Service cost	92,503		92,503
Interest on the total OPEB liability	77,489		77,489
Difference between expected and actual experience	(14,261)		(14,261)
Changes of assumptions	165,224		165,224
Employer contributions		85,360	(85,360)
Net investment income		39,175	(39,175)
Benefit payments	(85,360)	(85,360)	-
Administrative Expense		(1,378)	1,378
Net changes	235,595	37,797	197,798
Ending balance	$ 2,320,687	$ 262,429	$ 2,058,258

Consistent with the requirements of GASB Statements No. 74 and No. 75, the employer contribution and benefit payment amounts include "amounts for OPEB as the benefits come due that will not be reimbursed to the employer using OPEB plan assets." The $85,360 in benefit payments was paid by the City using its own assets.

The benefit payments during the measurement period were determined by subtracting the actual retiree premium payments from an age-adjusted premium calculation, calculated using an age-adjustment factor of 1.845.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate:

The following presents the Plan's net OPEB liability, calculated using the discount rate of 2.75%, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher than the current rate assumption:

	1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
Plan's Net OPEB Liability	$ 2,263,899	$ 2,058,258	$ 1,869,263

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate:

The following presents the Plan's net OPEB liability, calculated using the assumed trend rates as well as what the Plan's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percent lower or one percent higher than the current rate assumption:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Plan's Net OPEB Liability	$ 1,823,192	$ 2,058,258	$ 2,334,852

E. Related Deferred Outflows of Resources and Deferred Inflows of Resources

At September 30, 2020, the City reported deferred outflows of resources and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 7,581	$ 116,913
Changes in actuarial assumptions	214,392	100,094
Difference between projected and actual investment earnings	-	9,789
Contributions subsequent to the measurement date	2,045,209	-
Total	$ 2,267,182	$ 226,796

The City reported $2,045,209 as deferred outflows related to OPEB resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:	Net Deferred Outflows (Inflows)
2021	$ (2,771)
2022	(2,772)
2023	(603)
2024	(5,499)
2025	(464)
Thereafter	7,286
Total	$ (4,823)

Life Insurance Benefits

A. Plan Description

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

B. Benefits Provided

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

Employees Covered by Benefit Terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	177
Inactive employees entitled to but not yet receiving benefits	57
Active employees	395
	629

C. 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 employee's entire careers.

The City's contributions to the TMRS SDBF for the year ended September 30, 2020 were $6,216, which equaled the required contributions.

D. Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The City's total OPEB liability in the December 31, 2019 valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.5% to 11.5% including inflation
Discount rate	2.75%
Retirees' share of benefit-related costs	$0

The discount rate was based on the Fidelity Index "20-Year Municipal GO AA Index" rate as of December 31, 2019. All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68. Mortality rates for service retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables projected on a fully generational basis with scale UMP. Mortality rates for disabled retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Changes in the Total OPEB Liability

		Total OPEB Liability
Balance at 12/31/2018	$	1,065,189
Changes for the year:		
Service cost		42,515
Interest		40,194
Difference between expected and actual experience		(94,355)
Changes in assumptions or other inputs		221,080
Benefit payments		(6,074)
Net changes		203,360
Balance at 12/31/2019	$	1,268,549

Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees. Changes in assumptions are a result of the change in municipal bond index rate from the previous year.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.75%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
City's Total OPEB liability	$ 1,569,880	$ 1,268,549	$ 1,038,740

E. Related Deferred Outflows of Resources and Deferred Inflows of Resources

At September 30, 2020, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 40,644	$ 78,963
Changes in actuarial assumptions	231,502	54,185
Contributions subsequent to the measurement date	4,695	-
Total	$ 276,841	$ 133,148

The City reported $4,695 as deferred outflows related to OPEB resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:		
2021	$	31,864
2022		31,864
2023		31,864
2024		20,783
2025		19,936
Thereafter		2,687
Total	$	138,998

(14) JOINT VENTURE AND JOINTLY GOVERNED ORGANIZATIONS

The North Texas Emergency Communications Center, Inc. (NTECC) is a joint venture between the Town of Addison, City of Carrollton, City of Coppell and City of Farmers Branch (the "Cities") formed during fiscal year 2014 to establish and operate a joint public safety dispatch center. The affairs of the NTECC are managed by a four-person board of directors representing each of the four participating Cities.

The Cities are responsible for funding capital and operating costs of the NTECC in the proportions stated in the interlocal agreement. The City of Coppell has an equity interest in the NTECC of $991,865 at September 30, 2020, and it is reported as an investment in joint venture in the governmental activities on the government-wide Statement of Net Position. The financial statements for NTECC may be obtained from the Department of Finance at P.O. Box 9478, Coppell, Texas 75048-9478, call (972) 304-3690, or e-mail at finance@coppelltx.gov.

The Cities have also entered into an interlocal agreement to jointly procure a public safety radio system. While this agreement did not include the formation of a separate legal joint venture entity, it is possible that this system may be consolidated into the NTECC in the future. The Cities are responsible for funding a portion of the radio system in the proportions stated in the inter-local agreement. The City of Coppell's portion of the system costs at September 30, 2020 of $759,911 is capitalized as equipment in the governmental activities on the government-wide Statement of Net Position.

Additionally, the Cities entered into the Joint Fire Training Center Interlocal Cooperation Agreement for the purpose of jointly designing, constructing, maintaining, operating, managing, and using a fire training facility on property owned by the City of Farmers Branch. This agreement did not include the formation of a separate legal joint venture entity, and the City of Coppell's portion of the shared capital costs at September 30, 2020 of $505,072 is capitalized as building and improvements in the governmental activities on the government-wide Statement of Net Position.

(15) COMMITMENTS AND CONTINGENCIES

The City has active construction projects as of September 30, 2020. The projects include street, arts center, fire station, cemetery expansion, lift station and water tower. The outstanding commitments under authorized construction contracts by project are as follows:

Project	Spent to-Date	Remaining Commitment
Arts Center	$ 20,146,093	$ 1,280,639
Freeport Parkway	12,632,535	927,735
Cemetery Expansion	7,315,958	1,319,227
Fire station	6,995,977	3,818,625
Smart Meters	8,317,864	8,379
Beltline Road	3,072,620	530,145
Water Tower/Lift Station	1,257,544	64,059
Various Capital Projects	8,491,139	276,676
Total all funds	$ 68,229,730	$ 8,225,485

Outstanding commitments at year end were $1,457,880 to be funded by the Streets Capital Project Fund, $1,280,639 to be funded by the Recreation Development Capital Projects Fund, $5,414,528 to be funded by other nonmajor governmental capital project funds, and $72,438 to be funded by the Enterprise Fund. These commitments were encumbered at year end and are re-appropriated and become part of the subsequent year's budget.

The City receives State and Federal Grants for specific purposes that are subject to review and audit by the Grantor Agency. Such audits could result in a request for reimbursement for expenditures disallowed under terms and conditions of the appropriate agencies. In the opinion of City management, such disallowances, if any, will not be significant.

(16) SUBSEQUENT EVENT

The City contributed $2,000,000 to the OPEB trust within fiscal year 2020, but subsequent to the December 31, 2019 measurement date of the OPEB Trust Fund. The trust contributions and the resulting change to the discount rate, are expected to substantially reduce the City's net OPEB liability.

CITY OF COPPELL, TEXAS

Required Supplemental Information
Texas Municipal Retirement System (TMRS)
Schedule of Changes in Net Pension Liability and Related Ratios
Last Six Measurement Years (Unaudited)

Measurement Year - December 31,	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Total pension liability						
Service cost	$ 5,423,721	$ 5,147,391	$ 5,121,355	$ 4,795,907	$ 4,773,791	**$** 4,360,178
Interest (on the total pension liability)	11,140,690	10,429,907	9,690,470	9,034,884	8,655,276	8,043,965
Difference between expected and actual experience	1,210,046	170,311	1,049,026	(143,547)	1,027,510	(416,347)
Changes of assumptions	195,962	-	-	-	(530,535)	-
Benefit payments, including refunds of employee contributions	(5,541,779)	(5,169,533)	(4,668,968)	(3,606,184)	(3,861,363)	(3,061,820)
Net change in total pension liability	12,428,640	10,578,076	11,191,883	10,081,060	10,064,679	8,925,976
Total pension liability - beginning	165,106,284	154,528,208	143,336,325	133,255,265	123,190,586	114,264,610
Total pension liability - ending (a)	$ 177,534,924	$ 165,106,284	$ 154,528,208	$ 143,336,325	$ 133,255,265	$ 123,190,586
Plan fiduciary net position						
Contributions - employer	$ 4,719,024	$ 4,440,159	$ 4,365,557	$ 3,973,656	$ 4,156,827	$ 3,937,618
Contributions - employee	2,125,758	2,001,935	1,975,726	1,849,941	1,904,241	1,763,756
Net investment income	21,273,772	(4,211,826)	16,920,562	7,592,873	162,416	5,816,895
Benefit payments, including refunds of employee contributions	(5,541,779)	(5,169,533)	(4,668,968)	(3,606,184)	(3,861,363)	(3,061,820)
Administrative expense	(120,122)	(81,360)	(87,653)	(85,724)	(98,915)	(60,721)
Other	(3,608)	(4,249)	(4,443)	(4,619)	(4,885)	(4,993)
Net change in plan fiduciary net position	22,453,045	(3,024,874)	18,500,781	9,719,943	2,258,321	8,390,735
Plan fiduciary net position - beginning	137,510,413	140,535,287	122,034,506	112,314,563	110,056,242	101,665,507
Plan fiduciary net position - ending (b)	159,963,458	137,510,413	140,535,287	122,034,506	112,314,563	110,056,242
Net pension liability (a) - (b)	$ 17,571,466	$ 27,595,871	$ 13,992,921	$ 21,301,819	$ 20,940,702	$ 13,134,344
Plan fiduciary net position as a percentage of total pension liability	90.10%	83.29%	90.94%	85.14%	84.29%	89.34%
Covered payroll	$ 30,367,976	$ 28,501,610	$ 28,201,294	$ 26,235,817	$ 26,594,934	$ 24,996,845
Net pension liability as a percentage of covered payroll	57.86%	96.82%	49.62%	81.19%	78.74%	52.54%

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

CITY OF COPPELL, TEXAS

Required Supplemental Information
Texas Municipal Retirement System (TMRS)
Schedule of Pension Contributions
Last Six Fiscal Years (Unaudited)

	Fiscal Year					
	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 4,836,794	$ 4,656,502	$ 4,406,168	$ 4,291,973	$ 4,221,309	$ 4,068,349
Contribution in relation of the actuarially determined contribution	4,836,794	4,656,502	4,406,168	4,291,973	4,221,309	4,068,897
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ (548)
Covered payroll	$ 31,075,303	$ 29,912,752	$ 28,367,042	$ 27,810,639	$ 27,430,532	$ 26,141,272
Contributions as a percentage of covered payroll	15.56%	15.57%	15.53%	15.43%	15.39%	15.57%

Notes to Schedule

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	26 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fuly generational basis with scale UMP. Pre retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information: There were no benefit changes during the year.

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

CITY OF COPPELL, TEXAS

Required Supplemental Information
City of Coppell Retiree Health Care Plan
Schedule of Changes in Net OPEB Liability and Related Ratios
Last Three Measurement Years (Unaudited)

Measurement year ending December 31,	**2019**	**2018**	**2017**
Total OPEB liability			
Service cost	$ 92,503	$ 115,068	$ 99,460
Interest (on the total OPEB liability)	77,489	74,678	77,524
Difference between expected and actual experience	(14,261)	(132,925)	11,052
Changes of assumptions	165,224	(127,696)	97,715
Benefit payments, including refunds of employee contributions	(85,360)	(85,235)	(59,157)
Net change in total OPEB liability	235,595	(156,110)	226,594
Total OPEB liability - beginning	2,085,092	2,241,202	2,014,608
Total OPEB liability - ending (a)	$ 2,320,687	$ 2,085,092	$ 2,241,202
Plan fiduciary net position			
Contributions - employer	$ 85,360	$ 85,235	$ 59,157
OPEB plan net investment income	39,175	(9,231)	24,567
Benefit payments	(85,360)	(85,235)	(59,157)
OPEB Plan administrative expense	(1,378)	(1,370)	(1,299)
Net change in plan fiduciary net position	37,797	(10,601)	23,268
Plan fiduciary net position - beginning	224,632	235,233	211,965
Plan fiduciary net position - ending (b)	262,429	224,632	235,233
Net OPEB liability (a) - (b)	$ 2,058,258	$ 1,860,460	$ 2,005,969
Plan fiduciary net position as a percentage of total OPEB liability	11.31%	10.77%	10.50%
Covered payroll	$ 30,367,976	$ 28,501,610	$ 28,201,294
Net OPEB liability as a percentage of covered payroll	6.78%	6.53%	7.11%

Notes to Schedule:
Measurement year 2018 - Minor updates to the healthcare trend assumption.
Measurement year 2019 - The demographic and salary increase assumptions were updated to reflect the 2019 TMRS Experience Study
Changes of assumptions reflect the effects of changes in the discount rate each period.
The following are the single discount rates used in each period:

Measurement Year	Discount Rate
2019	2.75%
2018	3.71%
2017	3.31%
2016	3.81%

This schedule is intended to show information for ten years.
Information for additional years will be displayed as it becomes available.

CITY OF COPPELL, TEXAS

Required Supplemental Information
Texas Municipal Retirement System (TMRS)
Schedule of OPEB Contributions
Last Three Fiscal Years (Unaudited)

	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
Actuarially determined contribution	$ 6,216	$ 5,982	$ 5,673
Contribution in relation to the actuarially determined contribution	6,216	5,982	5,673
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 31,075,303	$ 29,912,752	$ 28,367,042
Contributions as a percentage of covered payroll	0.02%	0.02%	0.02%

Notes to Schedule

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Asset Valuation	No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.
Inflation	2.50%
Salary Increases	3.50% to 11.5% including inflation
Discount Rate	Fidelity Index's "20-Year Municipal GO AA Index" rate as of measurement date.
Retiree's share of benefit-related cost:	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits.
Mortality - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future morality improvements subject to the floor.

Other Information: The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

CITY OF COPPELL, TEXAS

Required Supplemental Information
Supplemental Death Benefits Fund
Schedule of Changes in Total OPEB Liability and Related Ratios
Last Three Measurement Years (Unaudited)

Measurement Year - December 31,	**2019**	**2018**	**2017**
Total OPEB liability			
Service cost	$ 42,515	$ 51,303	$ 42,302
Interest	40,194	34,037	32,690
Changes of benefit terms			
Difference between expected and actual experience	(94,355)	59,862	-
Changes in assumptions or other inputs	221,080	(79,805)	89,663
Benefit payments	(6,074)	(5,700)	(5,640)
Net change in total OPEB liability	203,360	59,697	159,015
Total OPEB liability - beginning	1,065,189	1,005,492	846,477
Total OPEB liability - ending	$ 1,268,549	$ 1,065,189	$ 1,005,492
Covered payroll	$ 30,367,976	$ 28,501,610	$ 28,201,294
Total OPEB liability as a percentage of covered payroll	4.18%	3.74%	3.57%

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

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APPENDIX C

FORMS OF BOND COUNSEL'S OPINIONS

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Proposed Form of Opinion of Bond Counsel

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

CITY OF COPPELL, TEXAS
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021

IN THE AGGREGATE PRINCIPAL AMOUNT OF $8,165,000

AS BOND COUNSEL for the City of Coppell, Texas (the "Issuer"), the issuer of the above-described Bonds (the "Bonds"), we have examined into the legality and validity of the Bonds, which bear interest from the date specified in the text of the Bonds, at the rates and payable on the dates as stated in the text of the Bonds, maturing all in accordance with the terms and conditions stated in the text of the Bonds.

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

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been authorized and issued and the Bonds delivered concurrently with this opinion have been duly delivered and that, assuming due authentication, Bonds issued in exchange therefore will have been duly delivered, in accordance with law, and that the Bonds, except as may be limited by laws applicable to the Issuer relating to governmental immunity and bankruptcy, reorganization and other similar matters affecting creditors' rights generally, and by general principles of equity which permit the exercise of judicial discretion, constitute valid and legally binding special obligations of the Issuer, and that ad valorem taxes sufficient to provide for the payment of the interest, if any, on and principal of the Bonds have been levied and pledged for such purpose, within the limits prescribed by law, as provided in the ordinance adopted by the City Council of the Issuer, pursuant to which the Bonds have been issued.

IT IS FURTHER OUR OPINION that, except as discussed below, the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or if the Issuer fails to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

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

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

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

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

THE FOREGOING OPINIONS represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,

Proposed Form of Opinion of Bond Counsel

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

CITY OF COPPELL, TEXAS
COMBINATION TAX AND LIMITED SURPLUS REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2021

IN THE AGGREGATE PRINCIPAL AMOUNT OF $21,610,000

AS BOND COUNSEL for the City of Coppell, Texas (the "Issuer"), the issuer of the above-described Certificates (the "Certificates"), we have examined into the legality and validity of the Certificates, which bear interest from the date specified in the text of the Certificates, at the rates and payable on the dates as stated in the text of the Certificates, maturing all in accordance with the terms and conditions stated in the text of the Certificates.

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

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Certificates have been authorized and issued and the Certificates delivered concurrently with this opinion have been duly delivered and that, assuming due authentication, Certificates issued in exchange therefore will have been duly delivered, in accordance with law, and that the Certificates, except as may be limited by laws applicable to the Issuer relating to governmental immunity and bankruptcy, reorganization and other similar matters affecting creditors' rights generally, and by general principles of equity which permit the exercise of judicial discretion, constitute valid and legally binding special obligations of the Issuer, and that ad valorem taxes sufficient to provide for the payment of the interest, if any, on and principal of the Certificates have been levied and pledged for such purpose, within the limits prescribed by law, and that the Certificates are additionally secured by and payable from a pledge of the revenues of the Issuer's combined Waterworks and Sewer System remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve and other requirements in connection with all of the Issuer's revenue obligations (now or hereafter outstanding), which are payable from all or part of said revenues, all as provided in the ordinance adopted by the City Council of the Issuer, pursuant to which the Certificates have been issued.

IT IS FURTHER OUR OPINION that, except as discussed below, the interest on the Certificates is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Certificates are not "specified private activity bonds" and that, accordingly, interest on the Certificates will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants regarding the use and investment of the proceeds of the Certificates and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or if the Issuer fails to comply with such covenants, interest on the Certificates may become includable in gross income retroactively to the date of issuance of the Certificates.

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

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

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

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

THE FOREGOING OPINIONS represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,

Financial Advisory Services
Provided By

HilltopSecurities
A Hilltop Holdings Company