OFFICIAL STATEMENT

Dated May 11, 2021

Rating:
S&P: "AA+"
(See "OTHER INFORMATION - RATING" herein)

NEW ISSUE – BOOK-ENTRY-ONLY

In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, interest on the Certificates, defined below, 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" herein.

$21,015,000
CITY OF GEORGETOWN, TEXAS
(A political subdivision of the State of Texas located in Williamson County)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2021A

Dated Date: June 3, 2021 **Due: August 15, as shown on the inside cover page**
Interest accrues from the Date of Initial Delivery (defined below)

PAYMENT TERMS . . . Interest on the $21,015,000 City of Georgetown, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2021A (the "Certificates") will accrue from the Date of Initial Delivery, defined below, and will be payable February 15 and August 15 of each year commencing February 15, 2022, until maturity or earlier redemption, and 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 denominations of $5,000 or integral multiples thereof. **No physical delivery of the Certificates will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "THE CERTIFICATES – BOOK-ENTRY-ONLY SYSTEM" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, National Association (see "THE CERTIFICATES – 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 Subchapter C of Chapter 271, Texas Local Government Code, as amended, and Chapter 1502, Texas Government Code, as amended, and an ordinance (the "Ordinance") adopted by the City Council of the City of Georgetown, Texas (the "City"). The Certificates constitute direct obligations of the City, payable from a combination of (i) the levy and collection of a continuing, direct annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and (ii) a limited pledge of surplus net revenues of the City's combined water, sewer and electric systems, not to exceed $10,000 as provided in the Ordinance (see "THE CERTIFICATES – AUTHORITY FOR ISSUANCE" and "THE CERTIFICATES – SECURITY AND SOURCE OF PAYMENT").

PURPOSE . . . Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations incurred or to be incurred by the City for (1) constructing, improving, and extending the City's waterworks, sewer and electric system, including (i) water system improvements related to elevated storage tanks, supply lines, pump stations, water lines and water treatment plant rehabilitation and (ii) electric system improvements related to power lines, circuits, capacitors, switching equipment, information technology equipment and vehicles, and (2) professional services including fiscal, engineering, architectural and legal fees and other such costs incurred in connection therewith including the costs of issuing the Certificates.. See "THE CERTIFICATES – PURPOSE."

CUSIP PREFIX: 373029
MATURITY SCHEDULE, INTEREST RATES, PRICES AND OTHER TERMS
SEE INSIDE COVER PAGE

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after August 15, 2031, in whole or from time to time in part, in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE CERTIFICATES – OPTIONAL REDEMPTION").

LEGALITY . . . The Certificates are offered for delivery when, as and if issued and received by the initial purchaser (the "Purchaser") and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, Austin, Texas (see "APPENDIX C – FORM OF BOND COUNSEL'S OPINION").

DELIVERY . . . It is expected that the Certificates will be available for delivery through DTC on June 3, 2021 (the "Date of Initial Delivery").

MATURITY SCHEDULE

8/15 Maturity	Principal Amount	Interest Rate	Initial Yield	CUSIP Numbers[1]
2022	$ 630,000	5.000%	0.150%	373029PF8
2023	795,000	5.000%	0.180%	373029PG6
2024	825,000	5.000%	0.310%	373029PH4
2025	870,000	5.000%	0.450%	373029PJ0
2026	915,000	5.000%	0.580%	373029PK7
2027	960,000	5.000%	0.730%	373029PL5
2028	1,015,000	5.000%	0.870%	373029PM3
2029	990,000	5.000%	1.010%	373029PN1
2030	1,045,000	5.000%	1.120%	373029PP6
2031	1,095,000	3.000%	1.200% [2]	373029PQ4
2032	1,075,000	3.000%	1.280% [2]	373029PR2
2033	1,105,000	2.000%	1.560% [2]	373029PS0
2034	1,130,000	2.000%	1.630% [2]	373029PT8
2035	1,155,000	2.000%	1.770% [2]	373029PU5
2036	1,175,000	2.000%	1.850% [2]	373029PV3
2037	1,200,000	2.000%	1.900% [2]	373029PW1
2038	1,220,000	2.000%	1.950% [2]	373029PX9
2039	1,250,000	2.000%	2.000%	373029PY7
2040	1,270,000	2.000%	2.050%	373029PZ4
2041	1,295,000	2.000%	2.100%	373029QA8

(Interest Accrues from the Date of Initial Delivery)

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

(2) Yield calculated based on the assumption that the Certificates denoted and sold at a premium will be redeemed on August 15, 2030, the first optional call date for such Certificates, at a redemption price of par, plus accrued interest to the redemption date.

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This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the City to give any information, or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell Certificates in any jurisdiction to any person to whom it is unlawful to make such an 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 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.

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

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

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

CITY OFFICIALS, STAFF AND CONSULTANTS

Policy making and supervisory functions are the responsibility of and are vested in a seven-member City Council ("Council"). The Council serves three-year staggered terms with elections being held in May of each year. The City's Home Rule Charter delegates administrative responsibilities to the City Manager. Various support services are provided by independent consultants and advisors.

ELECTED OFFICIALS

City Council	Length of Service	Term Expires	Occupation
Josh Schroeder Mayor	1 Year	May 2023	Attorney
Mary Calixtro Councilmember District 1	1 Year	May 2021	Homemaker/Community Volunteer
Shawn Hood Councilmember District 2	1 Year	May 2023	Architect
Mike Triggs Councilmember, District 3	5½ Years	May 2022	Retired, Commercial Banking
Steve Fought Councilmember District 4	6½ Years	May 2022	Retired
Kevin Pitts Councilmember District 5	2 Years	May 2021	Commercial Banker
Rachael Jonrowe Councilmember District 6	6½ Years	May 2023	Homemaker/Community Volunteer
Tommy Gonzalez Councilmember District 7	7 Years	May 2022	Retail Banker

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service
David Morgan	City Manager	5 Years
Laurie Brewer	Assistant City Manager	11 Years
Leigh Wallace	Finance Manager	5 Years
Skye Masson	City Attorney	1 Year
Robyn Densmore	City Secretary	2 Years

CONSULTANTS AND ADVISORS

Auditors .... Weaver and Tidwell, L.L.P.
Austin, Texas

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

Financial Advisor .... Specialized Public Finance Inc.
Austin, Texas

For additional information regarding the City, please contact:

Leigh Wallace Finance Manager City of Georgetown, Texas 808 Martin Luther King Jr. Street Georgetown, Texas 78626 512/930-3676 512/930-3681 Fax	or	Jennifer Ritter Managing Director Specialized Public Finance Inc. 248 Addie Roy Road, Suite B-103 Austin, Texas 78746 512/275-7300 512/275-7305 Fax

OFFICIAL STATEMENT SUMMARY

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

THE CITY .... The City of Georgetown, Texas (the "City"), is a political subdivision located in Williamson County operating as a home-rule city under the laws of the State of Texas and a charter approved by the voters in 1970, as subsequently amended (the "Home Rule Charter"). The City operates under the City Council/Manager form of government where the Mayor and seven City Councilmembers are elected for staggered three-year terms from seven single-member districts. The City Council formulates operating policy for the City while the City Manager is the chief administrative officer. The City is approximately 59.48 square miles in area (see "APPENDIX A – GENERAL INFORMATION REGARDING THE CITY").

THE CERTIFICATES .... The $21,015,000 Combination Tax and Revenue Certificates of Obligation, Series 2021A (the "Certificates") are issued as serial Certificates maturing on August 15 in the years 2022 through and including 2041 (see "THE CERTIFICATES – GENERAL").

PAYMENT OF INTEREST .... Interest on the Certificates will accrue from the Date of Initial Delivery and is payable February 15, 2022, and each August 15 and February 15 thereafter until maturity or prior redemption (see "THE CERTIFICATES – GENERAL" and "THE CERTIFICATES – OPTIONAL REDEMPTION").

AUTHORITY FOR ISSUANCE .... The Certificates are issued pursuant to the general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, Chapter 1502, Texas Government Code, as amended, and an ordinance adopted by the City Council of the City on May 11, 2021 authorizing the issuance of the Certificates (the "Ordinance"). See "THE CERTIFICATES – AUTHORITY FOR ISSUANCE."

SECURITY FOR THE CERTIFICATES The Certificates constitute direct obligations of the City, payable from a continuing, direct annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the Ordinance and a limited pledge of surplus net revenues of the City's water, sewer and electric systems not to exceed $10,000 (see "THE CERTIFICATES – SECURITY AND SOURCE OF PAYMENT").

OPTIONAL REDEMPTION .... The City reserves the right, at its option, to redeem Certificates having stated maturities on and after August 15, 2031, in whole or from time to time in part, in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE CERTIFICATES – OPTIONAL REDEMPTION").

TAX EXEMPTION............................. In the opinion of Bond Counsel, the 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 the caption "TAX MATTERS" herein.

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

USE OF PROCEEDS .... Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations incurred or to be incurred by the City for (1) constructing, improving, and extending the City's waterworks, sewer and electric system, including (i) water system improvements related to elevated storage tanks, supply lines, pump stations, water lines and water treatment plant rehabilitation and (ii) electric system improvements related to power lines, circuits, capacitors, switching equipment, information technology equipment and vehicles, and (2) professional services including fiscal, engineering, architectural and legal fees and other such costs incurred in connection therewith including the costs of issuing the Certificates. See "THE CERTIFICATES – PURPOSE."

RATING .... The Certificates and the presently outstanding tax supported debt of the City have been rated "AA+" by S&P Global Ratings ("S&P"). The presently outstanding uninsured general obligation debt of the City is also rated "Aa2" by Moody's Investors Service ("Moody's"). No application has been made to Moody's for a rating on the Certificates (see "OTHER INFORMATION – RATING").

PAYMENT RECORD .... The City has never defaulted on payment of its debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated City Population[(1)]	Taxable Assessed Valuation[(2)]	Per Capita Taxable Assessed Valuation	Funded Tax Debt[(3)]	Per Capita Funded Tax Debt	Ratio Funded Debt to Taxable Assessed Valuation	% of Total Tax Collections
2017	60,642	$ 6,481,967,453	$ 106,889	$ 184,060,000	$ 3,035	2.84%	99.66%
2018	63,227	7,090,666,811	112,146	204,770,000	3,239	2.89%	98.82%
2019	67,756	7,830,350,417	115,567	216,560,000	3,196	2.77%	99.58%
2020	72,243	8,681,840,882	120,176	222,910,000	3,086	2.57%	99.63%
2021	75,132	9,174,336,112	122,110	305,560,000 (4)	4,067 (4)	3.33% (4)	95.20% (5)

(1) Estimates provided by the City.
(2) The City's Taxable Assessed Values as provided by the certified values of the Williamson Central Appraisal District.
(3) Includes the $48,025,000 Combination Tax and Surplus Revenue Public Property Finance Contractual Obligation, Taxable Series 2021 which was sold by a bank placement and closed on April 7, 2021 that the City intends will be self-supporting debt to be paid from net electric utility revenues. Includes $52,018,729 of additional self-supporting debt. See Note 6.A., Long-Term Debt – General Obligation Debt, in the Notes to Financial Statements for the Fiscal Year Ended September 30, 2020, in "APPENDIX B – EXCERPTS FROM THE CITY'S ANNUAL FINANCIAL REPORT." There is no guarantee that the discretionary payments relating to such self-supporting debt will be made in the future from the sources indicated. If such payments are not made from such sources, or if payments from such sources are insufficient, the City is obligated to provide funding for any shortfall through the levy of ad valorem taxes. Also includes $7,520,000 General Obligation Bonds, Series 2021 and $22,400,000 Combination Tax and Revenue Certificates of Obligation, Series 2021 which were sold on May 3, 2021 and are scheduled to close on May 20, 2021.
(4) Projected; includes the Certificates. The City also intends that the Certificates will be self-supporting debt to be paid from net utility revenues.
(5) Partial collections as of February 28, 2021.

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OFFICIAL STATEMENT
RELATING TO

$21,015,000
CITY OF GEORGETOWN, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2021A

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of the $21,015,000 City of Georgetown, Texas Combination Tax and Revenue Certificates of Obligation, Series 2021A (the "Certificates"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance (the "Ordinance") except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Certificates 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, Specialized Public Finance Inc., Austin, Texas, by electronic mail or upon payment of reasonable copying, handling, and delivery charges.

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

DESCRIPTION OF THE CITY . . . The City is a political subdivision located in Williamson County operating as a home-rule city under the laws of the State of Texas and a charter approved by the voters in 1970 and subsequently amended (the "Home Rule Charter"). The City operates under the City Council/Manager form of government where the Mayor and seven City Councilmembers are elected for staggered three-year terms from seven single-member districts. The City Council formulates operating policy for the City while the City Manager is the chief administrative officer. The City is approximately 59.48 square miles in area. For more information regarding the City, see "APPENDIX A – GENERAL INFORMATION REGARDING THE CITY."

2021 FEBRUARY WEATHER EVENT

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

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

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

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

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

Impact on the City. As a result of the Weather Event, demand for electricity by the City's electric utility customers was significantly above historical norms for February, about a 40% increase over the same period in February 2020.

During the 2021 Weather Event, the City's electric utility incurred significant costs for the purchase of power. On April 7, 2021, the City issued its $48,025,000 Combination Tax and Surplus Revenue Public Property Finance Contractual Obligation, Taxable Series 2021 to pay for the City's unbudgeted purchase power costs from the Weather Event. In the short-term, the City also intends to finance its utility capital projects with certificates of obligations, such as the Certificates. The City currently anticipates that such debt will be entirely self-supporting and will be paid from utility revenues without the need to levy an ad valorem tax.

For more information on the Weather Event and its impact on the City's electric utility system, see the City's filings on Electronic Municipal Market Access System ("EMMA") at http://emma.msrb.org/ for the City's utility revenue debt obligations with a six-digit base CUSIP prefix of 373064.

IMPACT OF COVID-19 PANDEMIC

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

On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas in response to the Pandemic which has been subsequently extended and is still in effect. In addition, certain local officials, including the City and Williamson County, have also declared a local state of disaster. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation.

However, on March 2, 2021, the Governor issued Executive Order GA-34, which took effect on March 10, 2021, and superseded most of the executive orders relating to COVID19 and provides, generally, for the reopening of the State to 100%, ends the COVID-19 mask mandate, and superseded any conflicting order issued by local officials in response to COVID-19, among other things and subject to certain limitations. Executive Order GA-34 remains in place until amended, rescinded, or superseded by the Governor. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

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

The full extent of the ongoing impact of COVID-19 on the City's longer-term operational and financial performance will depend on future developments, many of which are outside of its control, including the effectiveness of the mitigation strategies discussed above, the duration and spread of COVID-19, and future governmental actions, all of which are highly uncertain and cannot be predicted. The City continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of the Pandemic upon the City. While the potential impact of the Pandemic on City cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the City's operations and financial condition.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the City. The financial and operating data contained herein are the latest available but are for the dates and the periods stated herein, which are for periods prior to the economic impact of the Pandemic and efforts to slow it. It is unclear at this time what effect, if any, COVID-19 and resulting economic disruption may have on future assessed values or the collection of taxes, either because of delinquencies or collection and valuation relief resulting from the declared emergency.

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THE CERTIFICATES

GENERAL . . . The Certificates are dated June 3, 2021, and mature on August 15 in each of the years and in the amounts shown on the inside cover pages hereof. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months, and will be payable February 15 and August 15 of each year commencing February 15, 2022 until maturity or earlier redemption, accruing from the Date of Initial Delivery.

The definitive Certificates will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the book-entry-only system described herein (the "Book-Entry-Only System"). **No physical delivery of the Certificates will be made to the 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 "BOOK-ENTRY-ONLY SYSTEM" herein.

AUTHORITY FOR ISSUANCE . . . The Certificates are issued pursuant to the general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, Chapter 1502, Texas Government Code, as amended, and the Ordinance adopted by the City Council on May 11, 2021.

SECURITY AND SOURCE OF PAYMENT . . . The Certificates constitute direct obligations of the City, payable from a continuing, direct annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the Ordinance and a limited pledge of surplus net revenues of the City's water, sewer and electric systems not to exceed $10,000.

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 of the City within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits the City's 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, 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 obligation debt service. The City's 2020/21 tax rate is $0.4180, of which $0.2248 is for debt service purposes.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after August 15, 2031, in whole or from time to time in part, in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Certificates are to be redeemed, the City may select the maturities of such 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 or any other customary random method such 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 . . . Not less than 30 days prior to an optional redemption date for the Certificates, the City shall cause a notice of redemption to be sent by United States mail, first-class, postage prepaid, to the registered owners of the Certificates 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 SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE CERTIFICATES CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY CERTIFICATE OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH PORTION THEREOF SHALL CEASE TO ACCRUE.

The Paying Agent/Registrar and the City, so long as a book-entry-only system is used for the Certificates will send any notice of redemption, notice of proposed amendment to the Ordinance or other notices with respect to the Certificates only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Certificate called for redemption or any other action premised or 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 Certificate 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 Certificate from the beneficial owners. Any such selection of Certificates to be redeemed will not be governed by the Ordinance and will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Certificates or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Certificates for redemption. See "Book-Entry-Only System" herein.

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

DTC REDEMPTION PROVISIONS . . . The Paying Agent/Registrar and the City so long as a book-entry-only system is used for the Certificates, will send any notice of redemption, notice of proposed amendment to the Ordinance or other notices with respect to the Certificates to DTC. Any failure by DTC to advise any DTC Participant, or of any Direct Participant or Indirect Participant to notify the beneficial owner, shall not affect the validity of the redemption of the bonds 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 Direct Participants and Indirect Participants may implement a redemption of such Certificates and such redemption 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 persons for whom DTC Participants, or beneficial owners of the selection of portions of the Certificates for redemption.

DEFEASANCE . . . *General.* The Ordinance provide for the defeasance of the Certificates and the termination of the pledge of taxes and all other general covenants in the Ordinance under certain circumstances. Any Certificate and the interest thereon shall be deemed to be paid, retired and no longer outstanding ("Defeased Certificate") within the meaning of the Ordinance, except to the extent provided below for the Paying Agent/Registrar to continue payments and for the City to retain the right to call Defeased Certificates to be paid at maturity, when the payment of all principal and interest payable with respect to such Defeased Certificates to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (1) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (2) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or a commercial bank or trust company for such payment (a) lawful money of the United States of America sufficient to make such payment, (b) Defeasance Securities (defined below) that mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the City with the Paying Agent/Registrar for the payment of its services until after all Defeased Certificates shall have become due and payable or (c) any combination of (a) and (b). At such time as a Certificate shall be deemed to be a Defeased Certificate, such Certificate and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes levied and pledged as provided in the Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities and thereafter the City will have no further responsibility with respect to amounts available to such Paying Agent/Registrar (or other financial institution permitted by applicable law) for the payment of such Defeased Certificate, including any insufficiency therein caused by the failure of the Paying Agent/Registrar (or other financial institution permitted by law) to receive payment when due on the Defeased Securities.

The deposit under clause (2) above shall be deemed a payment of a Certificate when proper notice of redemption of such Certificates shall have been given, in accordance with the Ordinance. Any money so deposited with the Paying Agent/Registrar or a commercial bank or trust company may at the discretion of the City also be invested in Defeasance Securities, as hereinafter defined, maturing in the amounts and at the times as set forth in the Ordinance, and all income from such Defeasance Securities received by the Paying Agent/Registrar or a commercial bank or trust company that is not required for the payment of the Certificates and interest thereon, with respect to which such money has been so deposited, shall be remitted to the City.

All money or Defeasance Securities set aside and held in trust pursuant to the provisions of the Ordinance for the payment of principal of the Certificates and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Certificates and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Certificates shall have become due and payable, the Paying Agent/Registrar or a commercial bank or trust company shall perform the services of Paying Agent/Registrar for such Defeased Certificates the same as if they had not been defeased, and the City shall make proper arrangements to provide and pay for such services as required by the Ordinance.

If money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar or a commercial bank or trust company for the payment of Certificates and such Certificates shall not have in fact been actually paid in full, no amendment of the defeasance provisions of the Ordinance shall be made without the consent of the registered owner of each Certificate affected thereby.

Retention of Rights. To the extent that, upon the defeasance of any Defeased Certificates to be paid at its maturity, the City retains the right under State law to later call any Defeased Certificates which is subject to redemption (i.e. the Certificates) in accordance with the provisions of the Ordinance, the City may call such Defeased Certificates for redemption upon complying with the provisions of State law and upon the satisfaction of the provisions set forth above regarding such Defeased Certificates as though it was being defeased at the time of the exercise of the option to redeem the Defeased Certificates and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Certificates.

Investments. Any escrow agreement or other instrument entered into between the City and the Paying Agent/Registrar or a commercial bank or trust company pursuant to which money and/or Defeasance Securities are held by the Paying Agent/Registrar or a commercial bank or trust company for the payment of Defeased Certificates may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of certain requirements. All income from such Defeasance Securities received by the Paying Agent/Registrar or a commercial bank or trust company which is not required for the payment of the Certificates and interest thereon, with respect to which such money has been so deposited, will be remitted to the City.

For the purposes of these provisions, "Defeasance Securities" means (i) Federal Securities and (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the City Council adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Certificates are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent. For the purposes of these provisions, "Federal Securities" means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America.

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.

BOOK-ENTRY-ONLY SYSTEM . . . This section describes how ownership of the Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and credited by DTC while the Certificates are registered in its nominee's 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 Certificates, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Certificates), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered 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 Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Certificates within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

All payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Certificates held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City does not take any responsibility for the accuracy thereof.

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT . . . In reading this Official Statement it should be understood that while the Certificates are in the book-entry-only system, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Certificates, but (i) all rights of ownership must be exercised through DTC and the book-entry-only system, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Information concerning DTC and the book-entry-only system has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Financial Advisor, or the Purchaser.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, National Association, Dallas, Texas. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Certificates are duly paid and any successor Paying Agent/Registrar shall be a 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 Certificates. Upon any change in the Paying Agent/Registrar for the Certificates, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Certificates by United States mail, first-class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION . . . If the book-entry-only system should be discontinued, the Certificates may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer.

Certificates may be assigned by the execution of an assignment form on the Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Certificates will be delivered by the Paying Agent/Registrar, in lieu of the Certificates being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Certificates to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Certificates surrendered for exchange or transfer. See "Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Certificates. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Certificate.

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

Certificateholders' Remedies . . . The Ordinance establish specific events of default with respect to the Certificates. If the City defaults in the payment of the principal of or interest on the Certificates when due, or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the Ordinance provide that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions.

The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Certificates or the Ordinance and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year.

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

On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 49 Tex. Sup. Ct. J. 819 (Tex. 2006), that a waiver of governmental 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 governmental immunity from a suit for money damages, Certificateholders may not be able to bring such a suit against the City for breach of the Certificates or covenants in the Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 59 Tex. Sup. Ct. J. 524 (Tex. 2016) that governmental 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 waive immunity when a city performs a proprietary function.

As noted above, the Ordinance provide that holders of Certificates may exercise the remedy of mandamus to enforce the obligations of the City under the Ordinance. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in Tooke, and it is unclear whether Tooke will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract).

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

AMENDMENTS TO THE ORDINANCE . . . In the Ordinance, the City has reserved the right to amend the Ordinance without the consent of any owners for the purpose of amending or supplementing such Ordinance to (1) cure any ambiguity, defect or omission therein that does not materially adversely affect the interests of the owners, (2) grant additional rights or security for the benefit of the owners, (3) 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 owners, (4) 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 (5) 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 interest of the owners.

The Ordinance further provide that the owners of the Certificates aggregating in principal amount 51% of the outstanding Certificates shall have the right from time to time to approve any amendment not described above to the Ordinance if it is deemed necessary or desirable by the City; provided, however, that without the consent of 100% of the owners in original principal amount of the then outstanding Certificates no amendment may be made of the purpose of: (1) making any change in the maturity of any of the outstanding Certificates; (2) reducing the rate of interest borne by any of the outstanding Certificates; (3) reducing the amount of the principal of, or redemption premium, if any, payable on any outstanding Certificates; (4) modifying the terms of payment of principal or of interest or redemption premium on outstanding Certificates, or imposing any condition with respect to such payment; or (5) changing the minimum percentage of principal amount of the Certificates necessary for consent to such amendment. Reference is made to the Ordinance for further provisions relating to the amendment thereof.

PURPOSE . . . Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations incurred or to be incurred by the City for (1) constructing, improving and extending the City's waterworks, sewer and electric system, including (i) water system improvements related to elevated storage tanks, supply lines, pump stations, water lines and water treatment plant rehabilitation and (ii) electric system improvements related to power lines, circuits, capacitors, switching equipment, information technology equipment and vehicles, and (2) professional services including fiscal, engineering, architectural and legal fees and other such costs incurred in connection therewith including the costs of issuing the Certificates.

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

Sources:		
Principal	$	21,015,000.00
Bid Premium		2,248,038.55
Total Sources	$	23,263,038.55
Uses:		
Deposit to Project Fund	$	22,950,000.00
Deposit to Debt Service Fund		2,411.85
Underwriter's Discount		180,474.45
Costs of Issuance		130,152.25
Total Uses	$	23,263,038.55

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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. Reference is made to Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

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

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property (the "10% Homestead Cap"). 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 ("Productivity Value"). 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 "– 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 market value of all homesteads (but not less than $5,000) and (2) an additional exemption of the market value of the homesteads of persons 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.

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 EXEMPTIONS . . . Certain goods 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 to tax Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal. Certain goods, principally inventory, that are stored for the purposes of assembling, storing, manufacturing, processing or fabricating the goods in a location that is not owned by the owner of the goods and are transferred from that location to another location within 175 days ("Goods-in-Transit"), are exempt from ad valorem taxation unless a taxing unit takes official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax Goods-in-Transit beginning the following tax year. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include special inventories such as motor vehicles or boats in a dealer's retail inventory. A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

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

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

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

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

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

> "adjusted" means lost values are not included in the calculation of the prior year's taxes and new values are not included in the current year's taxable values.
>
> "de minimis rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted), plus the rate that produces an additional $500,000 in tax revenue when applied to the current year's taxable value, plus the debt service tax rate.
>
> "no-new-revenue tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted).
>
> "special taxing unit" means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per $100 of taxable value.
>
> "unused increment rate" means the cumulative difference between a city's voter-approval tax rate and its actual tax rate for each of the tax years 2020 through 2022, which may be applied to a city's tax rate in tax years 2021 through 2023 without impacting the voter-approval tax rate.
>
> "voter-approval tax rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the "unused increment rate."

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY APPLICATION OF PROPERTY TAX CODE . . . The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of $12,000; the disabled are granted an exemption of $40,000.

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

The City does not tax nonbusiness personal property.

The Williamson County Tax Collector collects taxes for the City.

The City does not tax freeport property; and, the City has not taken action to tax goods-in-transit for the 2018 tax year.

The City has taken action to implement the tax freeze on the residence homestead of the disabled or persons 65 years of age or older, as approved by the City's voters at an election held on September 11, 2004. The tax freeze, which applies to property that accounts for approximately 31% of the City's property tax revenue, may impact future property tax rates for the City. The implementation of the tax freeze did not have a material adverse financial impact on the City for the September 30, 2020 fiscal year; however, City staff expects to continue to monitor the potential impact of the tax freeze on the City's financial condition.

In 2004, the City created a TIRZ in the historic downtown overlay district to fund improvements needed to implement the Downtown Master Plan. For the year ending September 30, 2020, total revenues were $307,300 with total expenditures of $50,484.

In November 2006, the City created the Williams Drive Gateway TIRZ to fund improvements for the redevelopment of the Williams Drive gateway area. As of September 30, 2020, $52,471 has been collected, with no proceeds invested in projects.

In 2008, the City created the Rivery Summit TIRZ to fund a convention center/hotel complex, as well as expansion to Rivery Park. The City and Williamson County agreed to reimburse up to $25 million for the project. The City will contribute 100% and Williamson County will contribute 80% of their respective property tax valuation increase generated at the 32-acre site to fund the project. For the year ending September 30, 2020, total revenues were $754,131 with total expenditures of $606,083.

In June 2014, the City created the South Georgetown TIRZ on 595 undeveloped acres along Westinghouse Road near IH35 to accelerate and ensure quality development and job creation in the area. This project abuts the high-growth corridor in neighboring Round Rock. The City intends to use this TIRZ to proactively build infrastructure, including sewer and road improvements, using future TIRZ revenues to reimburse the City for the costs of these improvements. For the year ending September 30, 2020, total revenues were $ 542,807 with expenditures of $500,000.

In December 2018, the City created the Wolf Lakes TIRZ on 164 acres located at the northwest corner of Interstate 35 and University Ave (SH29), bounded by Wolf Ranch Parkway to the west and the River Hills subdivision to the north. The purpose of the TIRZ is to provide economic and qualitative benefits by facilitating a program of public improvements. The City and Williamson County agreed to reimburse up to $130,000,000 for public improvement projects in the TIRZ. The City will contribute 70% of their respective incremental ad valorem tax valuation generated up to $100,000,000 and Williamson County will contribute 50% of their respective incremental ad valorem tax valuation generated up to $30,000,000.

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TABLE 1 – VALUATION, EXEMPTIONS AND AD VALOREM TAX DEBT

2020/21 Market Valuation Established by Williamson Central Appraisal District			
(excluding totally exempt property)		$	10,077,010,238
Less Exemptions/Reductions at 100% Market Value:			902,674,126
2020/21 Taxable Assessed Valuation		$	9,174,336,112
2021/2022 Preliminary Taxable Assessed Valuation (as of March 16, 2021)		$	11,365,168,143
City Funded Debt Payable from Ad Valorem Taxes (as of 3-1-21)[(1)]	$ 300,615,000		
The Certificates	21,015,000		
Total Debt Payable from Ad Valorem Taxes		$	321,630,000
Less: Interest and Sinking Fund (as of 3-1-2021)			(15,460,337)
Net Debt Payable from Ad Valorem Taxes		$	306,169,663
Ratio of Net Tax Supported Debt to Taxable Assessed Valuation[(1)]			3.34%

2021 Estimated Population - 75,132

Per Capita Taxable Assessed Valuation - $122,110

Per Capita Net Ad Valorem Tax Debt Payable from Ad Valorem Taxes - $4,075

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(1) Includes the $48,025,000 Combination Tax and Surplus Revenue Public Property Finance Contractual Obligation, Taxable Series 2021 which was sold by a bank placement and closed on April 7, 2021 that the City intends will be self-supporting debt to be paid from net electric utility revenues. Includes $52,018,729 of additional self-supporting debt. See Note 6.A., Long-Term Debt – General Obligation Debt, in the Notes to Financial Statements for the Fiscal Year Ended September 30, 2020, in "APPENDIX B – EXCEPTS FROM THE CITY'S ANNUAL FINANCIAL REPORT." There is no guarantee that the discretionary payments relating to such self-supporting debt will be made in the future from the sources indicated. If such payments are not made from such sources, or if payments from such sources are insufficient, the City is obligated to provide funding for any shortfall through the levy of ad valorem taxes. Also includes the $7,520,000 General Obligation Bonds, Series 2021 and $22,400,000 Combination Tax and Revenue Certificates of Obligation, Series 2021 which were sold on May 3, 2021 and are scheduled to close on May 20, 2021.

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TABLE 2 – TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2021		2020		2019	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 6,318,239,568	62.70%	$ 6,186,218,922	64.77%	$ 5,771,630,770	66.32%
Real, Residential, Multi-Family	633,531,009	6.29%	553,433,317	5.79%	392,904,514	4.51%
Real, Vacant Lots/Tracts	153,372,158	1.52%	132,587,985	1.39%	126,008,013	1.45%
Real, Acreage (Land Only)	356,440,543	3.54%	376,424,722	3.94%	380,712,227	4.37%
Real, Farm and Ranch Improvements	111,480,801	1.11%	94,432,830	0.99%	86,900,050	1.00%
Real, Commercial/Industrial	1,469,237,893	14.58%	1,376,948,403	14.42%	1,327,848,862	15.26%
Real and Tangible, Personal, Utilities, Other	71,978,325	0.71%	69,585,049	0.73%	65,072,520	0.75%
Tangible Personal, Commercial	578,114,694	5.74%	462,417,703	4.84%	380,418,501	4.37%
Tangible Personal, Other, Inventory	384,615,247	3.82%	298,544,512	3.13%	171,491,796	1.97%
Total Appraisal Value Before Exemptions	$ 10,077,010,238	100.00%	$ 9,550,593,443	100.00%	$ 8,702,987,253	100.00%
Less: Total Exemptions/Reductions	902,674,126		868,752,561		872,636,836	
Taxable Assessed Value	$ 9,174,336,112		$ 8,681,840,882		$ 7,830,350,417	

	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2018		2017	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 5,269,955,833	67.22%	$ 4,843,150,575	66.57%
Real, Residential, Multi-Family	321,729,040	4.10%	301,347,956	4.14%
Real, Vacant Lots/Tracts	113,986,653	1.45%	102,618,534	1.41%
Real, Acreage (Land Only)	413,248,527	5.27%	392,906,486	5.40%
Real, Farm and Ranch Improvements	12,051,614	0.15%	11,464,706	0.16%
Real, Commercial/Industrial	1,090,806,455	13.91%	1,119,423,577	15.39%
Real and Tangible, Personal, Utilities, Other	55,881,385	0.71%	20,955,168	0.29%
Tangible Personal, Commercial	441,440,286	5.63%	365,113,563	5.02%
Tangible Personal, Other	120,434,043	1.54%	118,430,638	1.63%
Total Appraisal Value Before Exemptions	$ 7,839,533,836	100.00%	$ 7,275,411,203	100.00%
Less: Total Exemptions/Reductions	748,867,025		793,443,750	
Taxable Assessed Value	$ 7,090,666,811		$ 6,481,967,453	

TABLE 3 – VALUATION AND AD VALOREM TAX DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population[(1)]	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	Funded Debt Outstanding at End of Year[(2)]	Ratio of Funded Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2017	60,642	$ 6,481,967,453	$ 106,889	$184,060,000	2.84%	$ 3,035
2018	63,227	7,090,666,811	112,146	204,770,000	2.89%	3,239
2019	67,756	7,830,350,417	115,567	216,560,000	2.77%	3,196
2020	72,243	8,681,840,882	120,176	222,910,000	2.57%	3,086
2021	75,132	9,174,336,112	122,110	305,560,000 (3)	3.33% (3)	4,067 (3)

(1) Figures are estimates provided by the City.
(2) Includes the $48,025,000 Combination Tax and Surplus Revenue Public Property Finance Contractual Obligation, Taxable Series 2021 which was sold by a bank placement and closed on April 7, 2021 that the City intends will be self-supporting debt to be paid from net electric utility revenues. Includes $52,018,729 of additional self-supporting debt. See Note 6.A., Long-Term Debt – General Obligation Debt, in the Notes to Financial Statements for the Fiscal Year Ended September 30, 2020, in "APPENDIX B – EXCERPTS FROM THE CITY'S ANNUAL FINANCIAL REPORT." There is no guarantee that the discretionary payments relating to such self-supporting debt will be made in the future from the sources indicated. If such payments are not made from such sources, or if payments from such sources are insufficient, the City is obligated to provide funding for any shortfall through the levy of ad valorem taxes. Also includes $7,520,000 General Obligation Bonds, Series 2021 and $22,400,000 Combination Tax and Revenue Certificates of Obligation, Series 2021 which were sold on May 3, 2021 and are scheduled to close on May 20, 2021.
(3) Projected; includes the Certificates. The City also intends that the Certificates will be self-supporting debt to be paid from net utility revenues.

TABLE 4 – TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2017	$ 0.4240	$ 0.1967	$ 0.2273	$ 25,551,262	99.69%	99.66%
2018	0.4200	0.1927	0.2273	28,043,693	98.50%	98.82%
2019	0.4200	0.1996	0.2205	30,490,501	99.35%	99.58%
2020	0.4200	0.1955	0.2245	33,674,169	99.47%	99.63%
2021	0.4180	0.1932	0.2248	36,399,188 (1)	95.01% (1)	95.20% (1)

(1) Partial collections as of February 28, 2021.

TABLE 5 – TEN LARGEST TAXPAYERS

Name of Taxpayer	2020/21 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Citicorp North America	$ 203,336,161	2.22%
WPG Wolf Ranch LLC	89,994,394	0.98%
Citigroup Technology Inc.	82,650,000	0.90%
BT-JV VG LLC	77,471,609	0.84%
Carroll at Rivery Ranch LLC	46,598,805	0.51%
LG WR1 LLC	42,545,746	0.46%
St. David's Healthcare Partners	42,325,855	0.46%
Water's Edge Luxury Apartments I LLC	42,006,832	0.46%
MRP Wolf Ranch LP	38,711,340	0.42%
PBH Georgetown Apts. LLC	37,000,000	0.40%
	$ 702,640,742	7.66%

AD VALOREM TAX DEBT LIMITATION . . . The City has no legal debt limit established by its Home Rule Charter or ordinances. For a description of limitations on the City's maximum ad valorem tax rate, see "THE CERTIFICATES – TAX RATE LIMITATION."

TABLE 6 – TAX ADEQUACY[1]

Estimated 2021 Principal and Interest Requirements	$ 23,690,829 [2]
$0.2635 Tax Rate at 98% Collections	$ 23,690,888
Average Annual Principal and Interest Requirements, 2021 – 2041	$ 19,151,776 [2]
$0.2131 Tax Rate at 98% Collections	$ 19,159,500

(1) Includes $7,520,000 General Obligation Bonds, Series 2021 and $22,400,000 Combination Tax and Revenue Certificates of Obligation, Series 2021 which were sold on May 3, 2021 and are scheduled to close on May 20, 2021.
(2) Includes principal and interest requirements on the $48,025,000 Combination Tax and Surplus Revenue Public Property Finance Contractual Obligation, Taxable Series 2021 which was sold by a bank placement and closed on April 7, 2021 which will be self-supporting debt to be paid from net utility revenues. Also includes principal and interest requirements on $52,018,729 of additional self-supporting debt. See Note 6.A., Long-Term Debt – General Obligation Debt, in the Notes to Financial Statements for the Fiscal Year Ended September 30, 2020, in "APPENDIX B – EXCERPTS FROM THE CITY'S ANNUAL FINANCIAL REPORT." There is no guarantee that the discretionary payments relating to such self-supporting debt will be made in the future from the sources indicated. If such payments are not made from such sources, or if payments from such sources are insufficient, the City is obligated to provide funding for any shortfall through the levy of ad valorem taxes.

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 bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Jurisdiction	Total Tax Supported Debt	Estimated % Applicable	City's Overlapping Tax Supported Debt as of 3/31/2021
City of Georgetown	$ 306,169,663 [1][2]	100.00%	$ 306,169,663
Austin Community College District	386,255,000	0.03%	115,877
Georgetown Independent School District	411,765,000	66.21%	272,629,607
Jarrell Independent School District	98,029,988	33.05%	32,398,911
Somerset Hills Road District	3,890,000	97.10%	3,777,190
Southeast Williamson County	26,925,000	100.00%	26,925,000
Williamson County	963,095,000	12.41%	119,520,090
Williamson County MUD #28	26,920,000	100.00%	26,920,000
Williamson County MUD #34	2,200,000	100.00%	2,200,000
Total Direct and Overlapping Tax Supported Debt			$ 790,656,337
Ratio of Direct and Overlapping Tax Supported Debt to Taxable Assessed Valuation			8.62%
Per Capita Overlapping Tax Supported Debt			$ 10,523.56

(1) Includes approximately $52,018,729 of additional self-supporting debt (see Table 1 – footnote 1).
(2) Includes the Certificates.

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DEBT INFORMATION

TABLE 8 – AD VALOREM TAX DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding Debt[(1)]			The Certificates[(2)]			Total Debt Service Requirements
	Principal	Interest	Total	Principal	Interest	Total	
2021	$ 16,070,000	$ 7,620,829	$ 23,690,829	$ -	$ -	$ -	$ 23,690,829
2022	21,420,000	9,207,475	30,627,475	630,000	820,020	1,450,020	32,077,495
2023	22,050,000	8,061,283	30,111,283	795,000	651,850	1,446,850	31,558,133
2024	22,475,000	7,353,665	29,828,665	825,000	612,100	1,437,100	31,265,765
2025	22,240,000	6,592,726	28,832,726	870,000	570,850	1,440,850	30,273,576
2026	20,105,000	5,841,485	25,946,485	915,000	527,350	1,442,350	27,388,835
2027	20,285,000	5,224,484	25,509,484	960,000	481,600	1,441,600	26,951,084
2028	18,980,000	4,611,816	23,591,816	1,015,000	433,600	1,448,600	25,040,416
2029	19,410,000	4,048,604	23,458,604	990,000	382,850	1,372,850	24,831,454
2030	18,660,000	3,478,312	22,138,312	1,045,000	333,350	1,378,350	23,516,662
2031	18,455,000	2,901,966	21,356,966	1,095,000	281,100	1,376,100	22,733,066
2032	12,780,000	2,437,757	15,217,757	1,075,000	248,250	1,323,250	16,541,007
2033	13,085,000	2,025,852	15,110,852	1,105,000	216,000	1,321,000	16,431,852
2034	12,875,000	1,619,306	14,494,306	1,130,000	193,900	1,323,900	15,818,206
2035	12,750,000	1,215,383	13,965,383	1,155,000	171,300	1,326,300	15,291,683
2036	9,800,000	827,510	10,627,510	1,175,000	148,200	1,323,200	11,950,710
2037	7,975,000	517,973	8,492,973	1,200,000	124,700	1,324,700	9,817,673
2038	4,960,000	284,748	5,244,748	1,220,000	100,700	1,320,700	6,565,448
2039	3,115,000	140,800	3,255,800	1,250,000	76,300	1,326,300	4,582,100
2040	1,545,000	62,500	1,607,500	1,270,000	51,300	1,321,300	2,928,800
2041	1,580,000	31,600	1,611,600	1,295,000	25,900	1,320,900	2,932,500
	$ 300,615,000	$ 74,106,071	$ 374,721,071	$ 21,015,000	$ 6,451,220	$ 27,466,220	$ 402,187,291

(1) Includes the $48,025,000 Combination Tax and Surplus Revenue Public Property Finance Contractual Obligation, Taxable Series 2021 which was sold by a bank placement and closed on April 7, 2021 that the City intends will be self-supporting debt to be paid from net electric utility revenues. Also includes $52,018,729 of additional self-supporting debt. See Note 6.A., Long-Term Debt – General Obligation Debt, in the Notes to Financial Statements for the Fiscal Year Ended September 30, 2020, in "APPENDIX B – EXCERPTS FROM THE CITY'S ANNUAL FINANCIAL REPORT." There is no guarantee that the discretionary payments relating to such self-supporting debt will be made in the future from the sources indicated. If such payments are not made from such sources, or if payments from such sources are insufficient, the City is obligated to provide funding for any shortfall through the levy of ad valorem taxes. Also includes $7,520,000 General Obligation Bonds, Series 2021 and $22,400,000 Combination Tax and Revenue Certificates of Obligation, Series 2021 which were sold on May 3, 2021 and are scheduled to close on May 20, 2021.

(2) Interest calculated at the rates shown on the inside cover page.

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TABLE 9 – INTEREST AND SINKING FUND BUDGET PROJECTION

Estimated Ad Valorem Tax Debt Service Requirements, Fiscal Year Ending 9-30-21[(1)]		$ 23,690,829
Interest and Sinking Fund, 9-30-20	$ 1,907,062	
Budget Interest and Sinking Fund Tax Levy	20,623,908	
Self-Supporting Debt from Electric, Water, Airport and Storm Water	1,421,184	
Transfer from the Rivery TIRZ and GEDCO	1,215,587	
Transfer from Type B Corporation[(2)]	2,763,242	27,930,983
Estimated Balance, 9-30-21		$ 4,240,154

(1) Includes the $48,025,000 Combination Tax and Surplus Revenue Public Property Finance Contractual Obligation, Taxable Series 2021 which sold by a bank placement and closed on April 7, 2021 that the City intends will be self-supporting debt to be paid from net electric utility revenues. Also includes $52,018,729 of additional self-supporting debt. Also includes $7,520,000 General Obligation Bonds, Series 2021 and $22,400,000 Combination Tax and Revenue Certificates of Obligation, Series 2021 which were sold on May 3, 2021 and are scheduled to close May 20, 2021.
(2) Represents payments made to the City from its Type B Corporation, GTEC, pursuant to an interlocal agreement between such parties with respect to $52,018,729 of additional self-supporting debt of the City.

TABLE 10 – AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS[(1)]

Purpose	Date Authorized	Amount Authorized	Amount Heretofore Issued	Authorization Being Used	Unissued Balance
Roads	11/4/2008	$ 46,000,000	$ 25,050,000	$ -	$ 20,950,000
Parks & Recreation	11/4/2008	35,500,000	23,710,000	-	11,790,000
Roads	5/9/2015	105,000,000	60,470,000	-	44,530,000
Mobility Projects	5/1/2021	90,000,000	-	-	90,000,000
Total		$ 276,500,000	$ 109,230,000	$ -	$ 167,270,000

(1) Includes the City's $7,520,000 General Obligation Bonds, Series 2021 which were sold on April 27, 2021 and are scheduled to close on May 20, 2021.

ANTICIPATED ISSUANCE OF AD VALOREM TAX DEBT . . . The City anticipates issuing refunding bonds within the next 45 days for debt service savings in a par amount of up to $21,000,000.

OTHER OBLIGATIONS . . . Other than OPEB obligations described below, the City has no unfunded debt as of September 30, 2020.

PENSION FUND . . . The City provides pension benefits for all of its full-time employees through the Texas Municipal Retirement System ("TMRS"), a State-wide administered pension plan. The City makes annual contributions to the plan equal to the amounts accrued for pension expense. (For more detailed information concerning the retirement plan, see "APPENDIX B – EXCERPTS FROM THE CITY'S ANNUAL FINANCIAL REPORT".)

Change In Actuarial Method And Plan Assumptions: In early 2007, TMRS informed each of the member cities that the current actuarial assumptions did not take into account updated services credits or cost of living increases which are granted to retirees. These benefits, which the City adopted on an annually repeating basis beginning in 1992, have been historically funded on a pay-as-you-go basis. This has led to regular increases in member cities' rates and a decrease in the overall funding of the retirement system. TMRS announced that it intended to study the impact of these benefit components and make potential changes in the way benefits are being funded.

At its December 2007 meetings, the TMRS board approved several changes to the actuarial methods and plan assumptions. The board changed the actuarial method from unit credit to projected unit credit. Projected unit credit will allow the actuaries to consider the future financial impact of updated service credits and cost of living increases, and these benefits will begin to be pre-funded instead of funded on a pay-as-you-go-basis. To mitigate the impact of this change, the board approved an eight year transition period. During this time, cities will be able to phase in the higher contribution rates instead of being required to fund these new rates immediately. Also, the board changed the amortization period from a 25-year open period to a 30-year closed period. Under a closed amortization period, contribution rates are higher, but a greater percentage of the unfunded balance is paid off each year. Finally, the board approved changes to the investment policy. TMRS has historically invested solely in fixed income investments. The board authorized the selection of an investment advisor to begin shifting a portion of investments into equity securities as a way to diversify the portfolio's holdings and earn higher returns than could be obtained with fixed income investments.

OTHER POST-EMPLOYMENT BENEFITS . . . In addition to the contributions made to TMRS, the City provides other post-employment benefits to its retirees and dependents through its health insurance provider, an agent multiple-employer system. Full time employees of the City are eligible to receive continued health benefits, dental and vision coverage for the person and the person's dependents unless anyone is eligible for coverage through another employer. Retirees of the City are eligible to continue with coverage at the same level they had during employment. Retirees are eligible at age 60 with 5 years of services or at any age with 20 years of service. Other post-employment benefit levels for retirees are the same as coverage provided to active City employees in accordance with the terms and conditions of the current City of Georgetown Health Plan. The retirees are responsible for 100% of the monthly premiums.

Other post-employment benefits are funded on a pay-as-you-go basis. The City recognizes the cost of providing these benefits as an expense on the government wide statements. The estimated obligation of providing these benefits was $2,731,572 as of September 30, 2020, according to a report on the results of the actuarial valuation of assets and benefits values associated with OPEB requirements.

In fiscal year 2009, the City implemented GASB Statement No. 45. The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

The City is under no obligation, statutorily or otherwise, to offer other post-employment benefits to any retirees, or their dependents. Allocation of City funds to make these benefits available is determined on an annual basis by the City Council as part of the budget approval process.

A copy of the Actuarial Valuation Report for the Employee Retirement Benefit Program may be obtained by contacting Gabriel, Roeder, Smith & Company at 5605 North MacArthur Blvd., Suite 870, Irving, Texas 75038-2631. See Note 8, Other Post-Employment Benefits, in the Notes to Financial Statements for the Fiscal Year Ended September 30, 2020, in "APPENDIX B – EXCERPTS FROM THE CITY'S ANNUAL FINANCIAL REPORT."

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FINANCIAL INFORMATION

TABLE 11 – GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ending September 30,				
	2020	2019	2018	2017	2016
Revenues:					
Taxes	$ 40,326,794	$ 36,564,950	$ 33,892,988	$ 31,618,006	$ 29,675,059
Licenses and Permits	3,435,817	3,756,125	2,747,720	2,652,279	2,113,126
Charges for Services	17,296,439	19,138,571	13,488,592	11,838,632	10,676,249
Fines and Forfeitures	363,513	348,353	352,296	453,675	476,138
Miscellaneous and Interest	5,883,819	1,511,303	1,082,940	825,006	1,074,395
Total Revenues	$ 67,306,382	$ 61,319,302	$ 51,564,536	$ 47,387,598	$ 44,014,967
Expenditures:					
General Government	$ 4,815,269	$ 4,914,894	$ 4,913,556	$ 4,436,866	$ 3,237,092
Development Services	3,380,104	3,126,561	2,910,130	2,389,998	2,297,979
Parks and Recreation	10,485,028	10,994,484	10,319,911	9,552,133	9,447,132
Fire Services	19,557,377	18,113,884	13,526,334	12,500,721	11,806,803
Police Services	17,188,341	16,295,091	15,804,410	14,471,049	13,778,073
Georgetown Utility Systems/Streets	12,263,385	12,294,557	12,663,901	10,310,775	10,333,422
Capital Outlay	1,213,733	-	-	-	-
Total Expenses	$ 68,903,237	$ 65,739,471	$ 60,138,242	$ 53,661,542	$ 50,900,501
Excess (Deficiency) of Revenues Over Expenditures	$ (1,596,855)	$ (4,420,169)	$ (8,573,706) #	$ (6,273,944)	$ (6,885,534)
Budgeted Transfers In	$ 8,877,033	$ 7,686,360	$ 9,165,637	$ 9,592,342	$ 8,909,975
Budgeted Transfers Out	(524,860)	(771,646)	(1,970,809)	(2,489,735)	(1,531,334)
Net Increase (Decrease)	$ 6,755,318	$ 2,494,545	$ (1,378,878)	$ 828,663	$ 493,107
Fund Equity at Beginning of Year	14,441,292	11,946,747	13,325,625	12,496,962	12,003,855
Fund Equity at End of Year	$ 21,196,610	$ 14,441,292	$ 11,946,747	$ 13,325,625	$ 12,496,962

Source: City's Audited Financial Statements.

TABLE 12 – MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, Chapter 321, Texas Tax Code, which grants the City the power to impose and levy a 1.0% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Certificates. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts of the State of Texas, which remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. The following table summarizes the City's 1.0% sales tax collections for fiscal years 2017-2021.

Fiscal Year Ended 9/30	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2017	$ 13,595,005	53.21%	$ 0.2097	$ 224
2018	14,827,612	52.87%	0.2091	235
2019	16,581,705	54.38%	0.2118	245
2020	19,108,465	56.75%	0.2201	265
2021(1)	5,845,968	16.31%	0.0637	78

(1) Partial collections as of February 28, 2021.

State law limits the maximum aggregate sales and use tax rate in any area to 8¼%. Accordingly, the collection of local sales and use taxes in the area of the City (including sales and use taxes levied by the City) is limited to no more than 2% (when combined with the State sales and use tax rate of 6¼%).

Pursuant to elections approved within the City on May 5, 2001, November 5, 2002 and May 7, 2005, the City also levies the following sales and use taxes in addition to the one percent (1%) local sales and use tax referred to above: an additional ½ of 1% sales and use tax within the City pursuant to Chapter 505, Texas Local Government Code, as amended, an additional ¼ of 1% sales and use tax within the City pursuant to Chapter 327, Texas Tax Code, an additional 1/8 cent pursuant to Chapter 504, Texas Local Government Code, as amended, and an additional 1/8 of 1% sales and use tax to be used to reduce the ad valorem property tax rate. The additional ½% sales tax may only be used for certain transportation projects. The additional ¼% sales tax (this tax was re-adopted in November, 2010 with a sunset provision that expired in March, 2015) may only be used to maintain and repair City streets existing on the date of the election to adopt the tax. None of these voted sales taxes are pledged or available to pay debt service on the Bonds. The City will be holding a street sales tax election this fall.

FINANCIAL ADMINISTRATION . . . The financial administration of the City is vested in the Department of Finance. The Department of Finance operates under the Finance Director, who is appointed by the City Manager. Required activities of the Department of Finance are control, custody and disbursement of City funds, City-wide purchasing, annual budget preparation and interim and annual financial reports.

FINANCIAL POLICIES

Basis of Accounting . . . The City's accounting records of the governmental fund revenues and expenditures are recognized on the modified accrual basis. Revenues are recognized in the accounting period in which they are available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt.

The accrual basis of accounting is utilized by proprietary funds. Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recorded in the accounting period incurred, if measurable.

General Fund Balance . . . The City policy is to maintain a General Fund minimum balance of 90 days of budgeted on-going expenditures and a minimum of 75 days City-wide. The ending fund balance at September 30, 2020 was $21,196,610 or approximately 113 days of actual 2019 expenditures. This allows the City to avoid interim borrowing pending tax receipts and provides flexibility should actual revenues fall short of budget estimates.

The City established an Economic Stability Reserve in the General Fund in April of 2016. The reserve after the FY21 budget amendment is funded at $1,467,563 and is over 2% General Fund operating expenditures. Per the City's fiscal policies, the reserve is designated to temporarily offset a decline in any General Fund revenue source during the current fiscal year or in planning the future budget year. The reserve will be available to support only existing programs approved in a prior fiscal year. Used funds shall be restored up to the 6% reserve as soon as practical.

Use of Debt Proceeds, Grants, etc . . . The City's policy is to use bond proceeds, grants, revenue sharing or other non-recurring revenues for capital expenditures only.

Budgetary Procedures . . . The Home Rule Charter establishes the City's fiscal year as the twelve-month period beginning October 1. The departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year by the first of June. The City Manager subsequently submits a budget of estimated expenditures and revenues to the City Council by August 31. The City Council then holds a public hearing on the budget after giving at least seven days' notice of the hearing in the official newspaper of the City. The Council shall then make any changes in the budget as it deems advisable and adopts a budget not later than the 27th day of the last month of the fiscal year.

During the fiscal year, budgetary control is maintained by the review of departmental appropriation balances with purchase orders prior to their release to vendors.

Departmental appropriations that have not been encumbered, 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 by the City Council in the ensuing fiscal year's budget.

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INVESTMENTS

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

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE CITY . . . Under State law the City is authorized to invest in: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the City selects from a list the governing body or designated investment committee of the City adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the City selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the City's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the City appoints as its custodian of the banking deposits issued for its account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under SEC Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code) (the "PFIA") that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or their respective successors, and are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for City deposits, or (ii) certificates of deposits where (a) the funds are invested by the City through (A) 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 (B) a depository institution that has its main office or 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 SEC and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1), require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with 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 United States or state bank; (13) no-load money market mutual funds registered with and regulated by the SEC that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with SEC 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 SEC that have an average weighted maturity of less than two years, and either (a) a duration of one year or more and invest exclusively in obligations described under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the City and deposited with the City or a third party selected and approved by the City.

A political subdivision such as the City may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, 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.

An eligible political subdivision such as the City may enter into hedging transactions, including hedging contracts, related security, credit, and insurance agreements in connection with commodities used the political subdivision in its general operations, with the acquisition or construction of a capital project, or with an eligible project. A hedging transaction must comply with the regulations of the Commodity Futures Trading Commission and the SEC. The political subdivision may pledge to such contracts or agreements any general or special revenues or funds it is authorized by law to pledge to the payment of any other obligations. The political subdivision's cost under such contract or agreement may be considered an operations and maintenance expense, an acquisition costs, a project cost, or a construction expense.

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

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

Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, ordinance, or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution, (3) require any investment officers with personal business relationships or family relationships with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City, (4) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio, requires an interpretation of subjective investment standards or relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority), and (c) deliver a written statement attesting to these requirements, (5) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the City's investment policy, (6) 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 repurchase agreement, (7) restrict the investment in no-load money market 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, (8) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements, (9) provide specific investment training for the treasurer, the chief financial officer (if not the treasurer) and the investment officer, 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.

CURRENT INVESTMENTS . . . The City is authorized to invest in certificates of deposit, direct obligations of the United States government, United States government agency securities, fully collateralized direct repurchase agreements, no-load money market funds whose portfolio meet the City's investment requirements, obligations of Texas or Texas, political subdivisions rated "A" or better and in qualified local government investment pools as approved by the City Council.

As of February 28, 2021 the City's investable funds were invested in the following categories:

Investments	Market Value	% of Total
TexPool	$ 56,178,685	20.24%
Money Market Accounts	10,582,346	3.81%
TexSTAR	82,469,609	29.71%
Certificates of Deposit	112,708,766	40.60%
JPMorgan Escrow Account	434,036	0.16%
City's Depository Bank	15,200,216	5.48%
Total	$ 277,573,658	100.00%

Investment pools and money market funds are not categorized since specific securities relating to the government cannot be identified.

None of the state pools are registered with the Securities and Exchange Commission ("SEC") as investment companies. They operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940.

Interest Rate Risk – In compliance with the City's Investment Policy, as of September 30, 2019, the City minimized the interest rate risk, related to the decline in market value of securities due to rising interest rates in the portfolio by; limiting the weighted average maturity of security types to no longer than 2 years; structuring the investment portfolio so that securities matured to meet cash requirements for ongoing operations and capital improvement projects; monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by the Public Funds Investment Act; and investing operating funds primarily in shorter-term securities and similar government investment pools.

Credit Risk – In compliance with the City's Investment Policy, as of September 30, 2020, the City minimized credit risk losses due to default of security issuer or backer by limiting investments to the safest types of securities; pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the City will do business; and diversifying the investment portfolio so that potential losses on individual securities were minimized. All of the City's purchased investments in U.S. Agencies were rated "AAA," "AAA," and "Aaa" by Standard and Poor's, Fitch and Moody's, respectively.

For short term liquidity requirements, the City primarily utilizes the Texas Short Term Asset Reserve Program ("TexSTAR"). JPMorgan Fleming Asset Management, Inc. and First Southwest Asset Management, Inc. serve as co-administrators under an agreement with the TexSTAR board of directors to provide investment and participant services for this pool. JPMorgan Chase Bank or its subsidiary J.P. Morgan Investor Services Co. provides the custodial, transfer agency, fund accounting, and depository services for this pool.

The City also maintains an account with the Texas Local Government Investment Pool ("TexPool"). Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State of Texas Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool.

The City also maintains an account with TexasTERM Local Government Investment Pool. The TexasTERM Advisory Board has contracted with PFM Asset Management LLC to serve as administrator and investment advisor to the pool. US Bank, NA provides the custodial services to the pool. The City's account is in their TexasDAILY portfolio, a money market portfolio with daily liquidity.

At year end, balances in TexSTAR and TexPool were rated "AAAm" by Standard & Poor's

All pools operate on a $1 net asset value basis. In order to maintain a stable $1 price of the fund, the pools will sell portfolio holdings if the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005. The pools are stated at their measured amortized cost, which is assumed to approximate fair value.

SUN CITY GEORGETOWN

The Del Webb Corporation ("Del Webb") began development in April 1995 of a proposed 9,500 unit; 5,300 acre active retirement community to be called Sun City Texas. The City, through a Development Agreement, and in exchange for payment of Service Improvement Fees (SIP fee - discussed below) provides fire protection, wastewater, water and electric service to Sun City. The project is annexed into the City limits as phases of the project are platted. Home sales began in June 1995 and were expected to average 425 homes per year for 20 years.

In May 2006, the City approved the *Eighth Amendment to the Development Agreement* with Del Webb. The Eighth Amendment set the build out at 7,500 age restricted units at Sun City. Additionally, it escalated the payment of "stranded costs" and addressed the water and wastewater capacity needs to serve the 2,500 age restricted units above the 5,000 units originally defined in the Seventh Amendment. The SIP fee for units 5,001 through 7,500 was also set in this agreement at $3,292 per unit. All 7,500 units have now been completed.

On August 26, 2014, the City approved annexation of two tracts of land totaling over 1,175 acres for the future expansion of Sun City called Somerset Planned Unit Development and Queen's Tract Planned Unit Development. This expansion will contain a maximum of 2,600 homes, amenity centers and commercial property and will not be subject to the terms and conditions of the Del Webb Development Agreement. Instead, the expansion will occur under traditional development conditions.

In 2020, there was an addition to Sun City called the RV Tract Planned Unit Development. It will include a small amenity center and will not exceed 50 homes.

TAX MATTERS

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

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

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

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

A ruling was not sought from the Internal Revenue Service by the City with respect to the Certificates or the property financed or refinanced with proceeds of the Certificates. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Certificates, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the Certificateholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

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

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

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

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

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

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

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

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

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

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

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

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

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

CONTINUING DISCLOSURE OF INFORMATION

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

ANNUAL REPORTS . . . The City will provide to the MSRB updated financial information and operating data annually. The information to be updated includes quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under the Tables numbered 1 through 5, 8 and 10 through 12 and in APPENDIX B. The City will provide this information within 6 months after the end of each fiscal year ending in or after 2021. If audited financial statements are not available when the other information is provided, the City will provide audited financial statements when and if they become available and will provide unaudited financial statements within 12 months after fiscal year end, unless audited financial statements are sooner provided. 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 may provide updated information in full text or may incorporate by reference documents available on EMMA or filed with the U.S. Securities and Exchange Commission (the "SEC").

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

EVENT NOTICES . . . The City will also provide to the MSRB notices of certain events on a timely basis no later than 10 business days after the event. The City will provide notice of any of the following events with respect to the Certificates: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of holders of the Certificates, if material; (8) Certificate calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of the trustee, if material; (15) incurrence of a financial obligation of the City (as defined by the Rule, which includes certain debt, debt-like, and debt-related obligations), if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the City, any of which reflect financial difficulties. (Neither the Certificates nor the Ordinance make any provision for debt service reserves, credit enhancement or a trustee.)

For these purposes, (a) any event described in clause (12) in the 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 preceding paragraph and the definition of financial obligation in this section to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

The City will also file notice with the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data as described above in "– ANNUAL REPORTS" by the time required.

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

The City may amend its continuing disclosure agreements 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 agreements, as amended, would have permitted an underwriter to purchase or sell Certificates in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Certificates 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 registered and beneficial owners of the Certificates.

The City may also amend or repeal the provisions of its continuing disclosure agreements 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, and the City also may amend the provisions of its continuing disclosure agreements in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates, giving effect to (i) such provisions as so amended and (ii) any amendments or interpretations of the Rule.

If the City so amends its continuing disclosure agreements as described in this section, it has agreed to include with the next financial information and operating data provided in accordance with its agreements 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 its previous continuing disclosure agreements in accordance with the Rule.

OTHER INFORMATION

Rating . . . The Certificates and the presently outstanding tax supported debt of the City have been rated "AA+" by S&P Global Ratings ("S&P"). The presently outstanding uninsured general obligation debt of the City is also rated "Aa2" by Moody's Investors Service ("Moody's"). No application has been made to Moody's for a rating on the Certificates. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The rating reflects only the respective views of such organization and the City makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating company, if in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of any of such rating may have an adverse effect on the market price of the Certificates.

Litigation . . . The City is a defendant in various tort claims and lawsuits involving general liability, civil rights actions, and various contractual matters. In the opinion of the City's management and the City Attorney's office, the outcome of the pending litigation will not have a material adverse effect on the City's financial position or operations of the City.

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

Legal Investments and Eligibility to Secure Public Funds in Texas . . . Under the Texas Public Security Procedures Act, Chapter 1201, Texas Government Code, as amended, the Certificates (1) are negotiable instruments, (2) are investment securities to which Chapter 8 of the Texas Uniform Commercial Code applies, and (3) are legal and authorized investments for (a) an insurance company, (b) a fiduciary or trustee, or (c) a sinking fund of a municipality or other political subdivision or public agency of the State of Texas. The Certificates are eligible to secure deposits of any public funds of the State, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act, Chapter 2236, Texas Government Code, as amended, the Certificates may have to be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. See "OTHER INFORMATION – Rating" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with at least $1 million of capital, and savings and loan associations. No review has been made of the laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

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

LEGAL OPINIONS AND NO-LITIGATION CERTIFICATE . . . Delivery of the Certificates will be accompanied by the unqualified approving legal opinion of the Attorney General of Texas to the effect that the Certificates are valid and legally binding obligations of the City under the Constitution and laws of the State of Texas payable from the proceeds of an annual ad valorem tax levied by the City, within the limits prescribed by law, upon all taxable property within the City, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Certificates, the approving legal opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, to the matters set forth in "TAX MATTERS."

The obligations of each purchaser to take and pay for the Certificates, and of the City to deliver such Certificates, are subject to the condition that, up to the time of delivery of and receipt of payment for the Certificates, there shall have been no material adverse change in the condition (financial or otherwise) of the City from that set forth or contemplated in the Official Statement.

The City will furnish each purchaser a certificate, and dated as of the date of delivery of the Certificates, to the effect that there is not pending, and to their knowledge, there is not threatened, any litigation affecting the validity of the Certificates, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the City, or the title of the officers thereof to their respective offices, and that no additional bonds or other indebtedness have been issued since the date of the statement of indebtedness or non-encumbrance certificate submitted to the Attorney General of Texas in connection with approval of the Certificates.

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

FINANCIAL ADVISOR . . . Specialized Public Finance Inc. is employed as Financial Advisor to the City in connection with the issuance of the Certificates. The Financial Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. Specialized Public Finance Inc., in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

FORWARD-LOOKING STATEMENTS . . . The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. It is important to note that the City's actual results could differ materially from those in such forward-looking statements. The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

INITIAL PURCHASER . . . After requesting competitive bids for the Certificates, the City accepted the bid of SAMCO Capital Markets, Inc. (the "Purchaser") to purchase the Certificates at the interest rates shown on the inside cover page of the Official Statement at a price of approximately 109.839% of par. The Purchaser can give no assurance that any trading market will be developed for the Certificates after their sale by the City to the Purchaser. The City has no control over the price at which the

Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

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 resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

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

CERTIFICATION AS TO OFFICIAL STATEMENT . . . The City, acting by and through its City Council in its official capacity hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the City and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, description and statements concerning entities other than the City, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the City has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof. Except as set forth in "CONTINUING DISCLOSURE OF INFORMATION" herein, the City has no obligation to disclose any changes in the affairs of the City and other matters described in this Official Statement subsequent to the "end of the underwriting period" which shall end when the City delivers the Certificates to the Purchaser at closing, unless extended by the Purchaser. All information with respect to the resale of the Certificates subsequent to the "end of the underwriting period" is the responsibility of the Purchaser.

This Official Statement has been approved by the City Council for distribution in accordance with the provisions of the Securities and Exchange Commission's rule codified at 17 C.F.R. Section 240.15c2-12.

/s/ JOSH SCHROEDER
Mayor
City of Georgetown, Texas

ATTEST:

/s/ ROBYN DENSMORE
City Secretary
City of Georgetown, Texas

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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THE CITY

LOCATION . . . The City of Georgetown, Texas (the "City") with a 1980 census population of 9,468, a 1990 census population of approximately 14,842, and a 2021 estimated population of 72,243 is located 26 miles north of Austin, Texas on Interstate Highway 35. The City is the county seat of Williamson County (the "County"), which is bordered by Travis County on the south and Bell County on the north.

ECONOMY . . . Founded in 1848, the City was originally an agricultural trade center for the County and the surrounding area. In recent years the City has become more industrialized and commercially oriented. Along with the commercial growth, the City has successfully promoted tourism in the area which has become a significant economic benefit to the community. Industries in the immediate area include a large crushed stone operation, several electronic manufacturers and agricultural related businesses.

MAJOR EMPLOYERS IN THE AREA

Name	Approximate Number of Employees
Williamson County Government	1,582
Georgetown ISD	1,550
City of Georgetown	682
St. David's Hospital	512
Airborn, Inc.	482
Southwestern University	450
Wesleyan Homes	340
Caring Home Health	269
Lone Star Circle of Care	201
Sun City (Del Webb)	170

Source: City of Georgetown Finance and Administration Division.

LABOR MARKET PROFILE . . . The most recent civilian labor force estimates for the metropolitan statistical area of the City of Georgetown, Williamson County and for the State of Texas are as follows:

City of Georgetown	February 2021	February 2020
Total Civilian Labor Force	33,752	34,031
Total Unemployment	2,129	1,124
Percent Unemployed	6.3%	3.3%
Total Employment	31,623	32,907

Williamson County	February 2021	February 2020
Total Civilian Labor Force	323,814	327,538
Total Unemployment	17,609	8,892
Percent Unemployed	5.4%	2.7%
Total Employment	306,205	318,646

State of Texas	February 2021	February 2020
Total Civilian Labor Force	14,049,170	14,262,779
Total Unemployment	1,059,622	501,576
Percent Unemployed	7.5%	3.5%
Total Employment	12,989,548	13,761,203

Source: Texas Workforce Commission.

EDUCATIONAL FACILITIES . . . Georgetown Independent School District serves the City and the surrounding area, having a current enrollment of approximately 10,400 students. The District operates ten elementary schools, three middle schools, three senior high schools and two alternative education schools. There are also three private schools and two parochial schools in the area.

Southwestern University is located in the City and is the oldest institution of higher learning in Texas, being established in 1843. Present facilities of the University include some 40 buildings located on approximately 700 acres, located approximately 10 blocks from the City's central business district. The 2019 enrollment of Southwestern University is approximately 1,387.

TRANSPORTATION . . . Interstate Highway 35 and State Highway 29 intersect in the City. Rail transportation includes the MKT Railroad and the Georgetown Railroad. The City also operates an airport with a paved and lighted main runway of 5,000 feet and a crosswind runway of 4,100 feet.

RECREATION AND TOURISM . . . The City offers a wealth of recreation opportunities through its award winning Parks and Recreation program. In the City there are currently 34 city parks, comprising 473 total developed acres. The parks range from a half-acre neighborhood park to the one hundred-acre city wide San Gabriel Park. The park and adjoining property contain a playscape, playground and picnic facilities, a 3½ mile lighted and landscaped granite hike and bike trail, a community center, a tennis center, a high school football stadium, a high school baseball field and numerous softball, baseball, soccer, tennis and basketball facilities. There are almost 9 miles of Hike/Bike Trails throughout the city, three cemeteries, an athletic complex, five swimming pools, downtown pocket parks and tennis center, as well as a wide range of facilities including: softball and baseball fields, soccer fields, playground equipment, individual and group picnic shelters, basketball and tennis courts and disc golf.

There are three golf courses in the City, two being country club operations and one at Sun City Georgetown.

Lake Georgetown, on the North San Gabriel River on the western edge of the City, offers park facilities along with fishing and boating.

Located on the southern borders of the City is Inner Space Cavern, a popular tourist attraction for the area. These facilities, along with three historical districts and many special events, have boosted the City's tourism traffic considerably over the last few years.

MEDICAL SERVICES . . . St. David's Hospital, a 98 bed full service medical facility with over 70 active admitting physicians, provides obstetrical, surgical, diagnostic and emergency services to the local area. Scott & White operates a 34,000 square foot outpatient clinic on the City's northwest side.

WILLIAMSON COUNTY . . . The County was organized in 1848, is a Central Texas county and has an area of approximately 1,118 square miles. The City is the County seat. The economy is diversified by agribusiness, manufacturing and education. The different cities within the County offer many recreational, historical and cultural opportunities.

APPENDIX B

EXCERPTS FROM THE
CITY OF GEORGETOWN, TEXAS
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2020

The information contained in this APPENDIX consists of excerpts from the City of Georgetown, 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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Independent Auditor's Report

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

Report on the Financial Statements

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

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.

Weaver and Tidwell, L.L.P.
1601 South MoPac Expressway, Suite D250 | Austin, Texas 78746
Main: 512.609.1900 | Fax: 512.609.1911
CPAs AND ADVISORS | WEAVER.COM

The Honorable Mayor and
Members of the City Council
City of Georgetown, 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, the discretely presented component unit, 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 comparison for the general 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, Texas Municipal Retirement System pension schedules, Other Post-employment Benefits schedules, and Modified Approach for Street Infrastructure Capital Assets as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generallys 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 major and nonmajor fund financial statements and schedules, statistical section, and schedule of expenditures of federal awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual major and nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards 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 major and nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections listed in the table of contents 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 and
Members of the City Council
City of Georgetown, Texas

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 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 the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
March 31, 2021

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GEORGETOWN
TEXAS

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CITY OF GEORGETOWN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the City of Georgetown financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

General Fund

- At the end of the current fiscal year, the fund balance of the General Fund was $21,196,610 or 46.7% higher than FY 2019 fund balance. The fund had $11.8 million of committed fund balance, $245 thousand of nonspendable fund balance and $9.2 million of unassigned fund balance. Revenues were $2,904,742 more than the original budget estimates.

- General Fund revenues increased $6.2 million, an increase of 9.8% over FY 2019. This increase is due to greater revenues from growth in sales tax, licenses and permits, other charges for services, environmental services rates and increased ad valorem taxes. While overall charges for services increased, Parks & Recreation and Library service fees were dramatically down for the year due to facility and program closures due to COVID-19.

- General Fund expenditures increased by $3.1 million, an increase of 4.5 % over FY 2019. This increase was due to city-wide salary increases for merit and market adjustments that went into effect January 2020, increased environmental services costs, increased costs of public safety personnel. Expenditures in Parks & Recreation and the Library were also down significantly this year due to facility and program closures due to COVID-19.

Governmental Activities

- On a government-wide basis for governmental activities, the City had expenses net of program revenue of $59.4 million. General revenues and transfers totaled $85.9 million, resulting in an increase in net position of $26.4 million.

- As of September 30, 2020, the City's governmental activities reported combined ending net position balances of $387.1 million. The largest element of this balance is the value of the City's investment in capital assets, which totaled $334.8 million. Capital assets include the value of streets, parks and facilities, net of related debt.

- During fiscal year ended September 30, 2020, the City issued approximately $9,080,000 in General Obligation and $11,210,000 Certificates of Obligation bonds for entity-wide purposes. The debt issue included $11,300,000 for roads, $4,216,000 for Public Safety Vehicles and Facilities, $550,000 for the Fuel Station Improvements, $1,000,000 for Sidewalk Improvements and $2,000,000 for Traffic Signal and Intersection Improvements. The City's general obligation debt is rated AA+ by Standard & Poor's as of September 30, 2020.

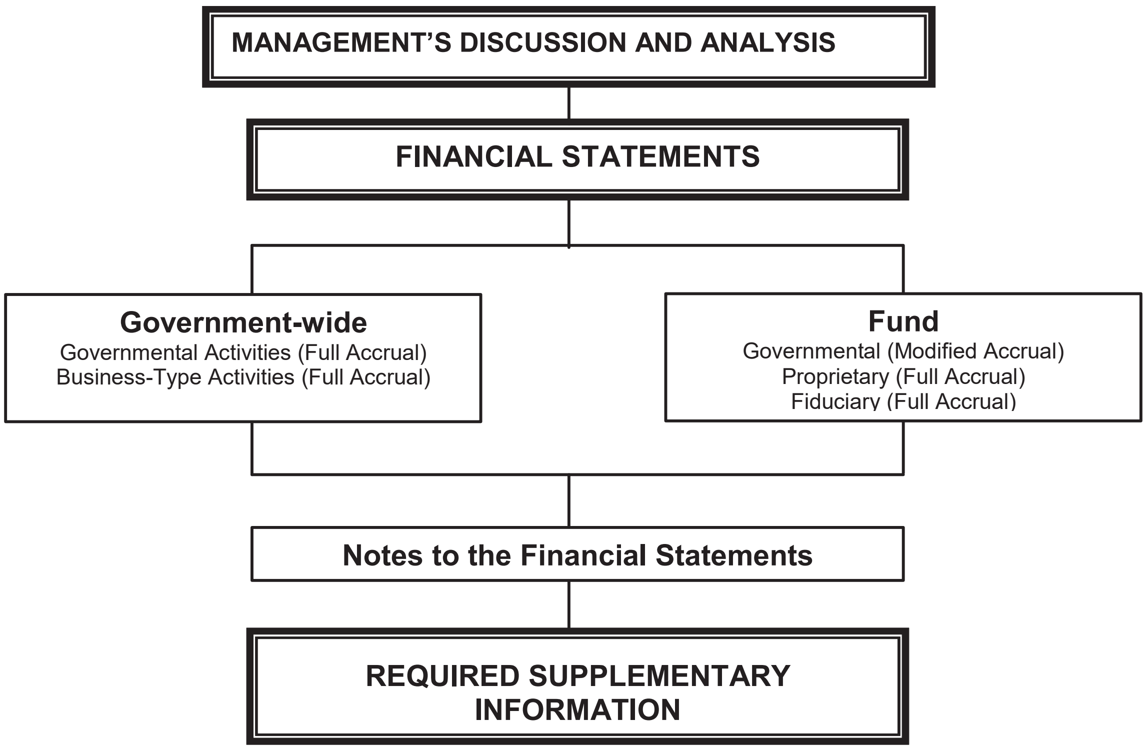
Business-Type Activities

- The net position of the City's business-type activities had a current year increase of $84.9 million. The current year increase is due to the continued growth of the customer base of the utility systems. The City also received $31.9 million of infrastructure assets contributed by developers for commercial projects and residential subdivisions.

- The City's Certificate of Obligation debt issue included $655,000 for the Stormwater Utility. The City also issued $14,430,000 in Utility Revenue bonds and $6,225,000 in Utility System Revenue Refunding bonds in FY20. The City's Standard & Poor's rating is AA- on the utility system revenue debt as of September 30, 2020.

Entity-Wide

- The City's total net position on a government-wide basis was $983.1 million at September 30, 2020, an increase of 12.8% over September 30, 2019. Most of this balance is invested in capital assets or restricted for specific purposes.



- The City received $68.3 million of grants and other capital contributions in FY 2020.

USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report consists of three sections: introductory, financial and statistical. As illustrated in the following chart, the financial section of this report has three components: management's discussion and analysis (this section), the basic financial statements, and required supplementary information.

Components of the Financial Section

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the City as a whole, using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. The statement of activities accounts for all of the current year's revenues and expenses. Both are reported in full accrual basis of accounting meaning recognizing events during accounting period, regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how it has changed. Net position, which is the difference between the City's assets and deferred outflows and liabilities and deferred inflows, are one way to measure the financial health of the City. Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the City, one needs to consider other non-financial factors such as changes in the City's property tax base and condition of the City's infrastructure.

The government-wide financial statements of the City are divided into two categories:

Governmental Activities – Most of the City's basic services are included here, such as police, fire and other public safety services, parks and recreation, public library, street maintenance, environmental services, and general administration. Property and sales taxes, return on investment from the City's utility services, and charges for services finance most of these activities.

Business-type Activities – The City's Water Services Fund, which includes water, wastewater and irrigation services, as well as its Electric utility, are reported here. Stormwater Drainage and the City's Airport are also reported in these activities. Rates and fees charged to customers fund the costs of providing these services.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the City's most significant funds and will be more familiar to traditional users of government financial statements. The focus is now on major funds rather than fund types.

The City has three types of funds:

Governmental Funds – General Fund, Special Revenue Funds, Capital Projects Funds and the Debt Service Fund are governmental funds, which focus on:

(1) How cash and other financial assets can readily be converted to cash flow (in and out), and
(2) Year-end balances readily available for spending.

Consequently, the governmental funds statements provide a short-term view that helps determine whether there are greater or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided with the governmental fund financial statements that explain the reconciliation between the fund statements and the government-wide statements.

Proprietary Funds – Services for which the City collects fees and rates intended to fully recover the cost of providing the service are reported in proprietary funds. Two types of proprietary funds are allowed in governmental accounting: enterprise funds and internal service funds. These funds, similar to government-wide statements, provide both long-term and short-term financial information.

The City's enterprise funds are substantially the same as its business-type activities, but the fund financial statements provide more detail and additional information, such as cash flows. The City uses enterprise funds to account for its electric, water services, airport, and stormwater drainage activities. The City uses internal service funds to report activities that provide supplies and services for the City's other programs, activities and funds. The City's internal service funds are used in providing facility maintenance, fleet services, joint services (providing administrative functions to the other funds), as well as information technology services and self-funded health insurance.

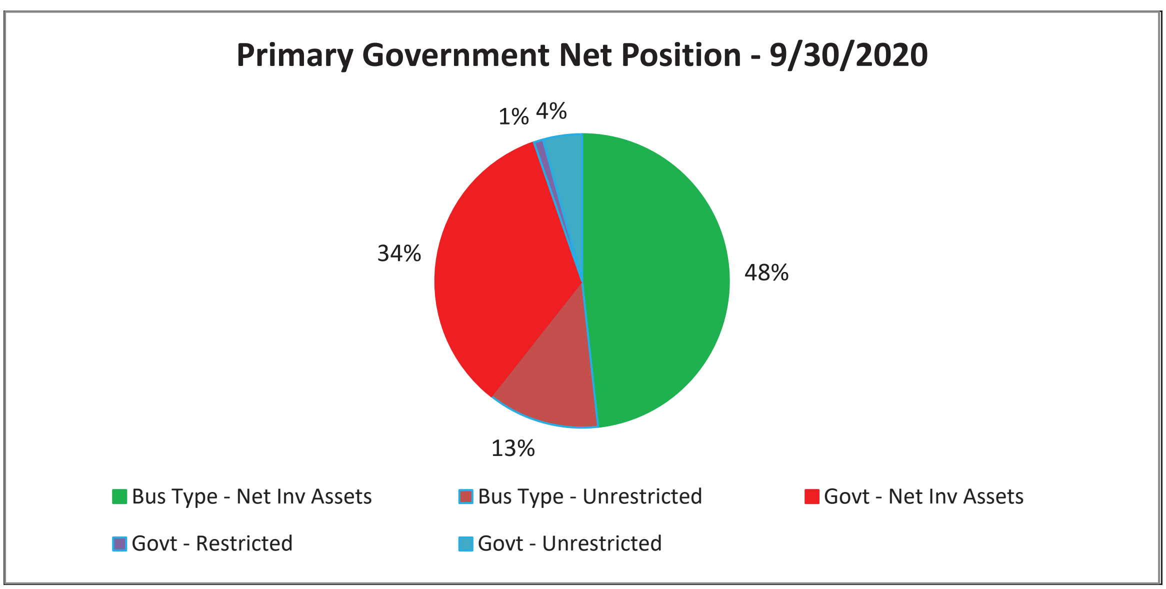
Fiduciary Funds – The City is trustee, or fiduciary, for certain amounts held on behalf of others, and for certain pass-through arrangements. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The City's fiduciary activities are reported in a separate statement of fiduciary net position. Assets for assessment collections for the City's public improvement districts and pass-through lease agreements for Texas Capital Fund projects are held in fiduciary funds. These fiduciary activities are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

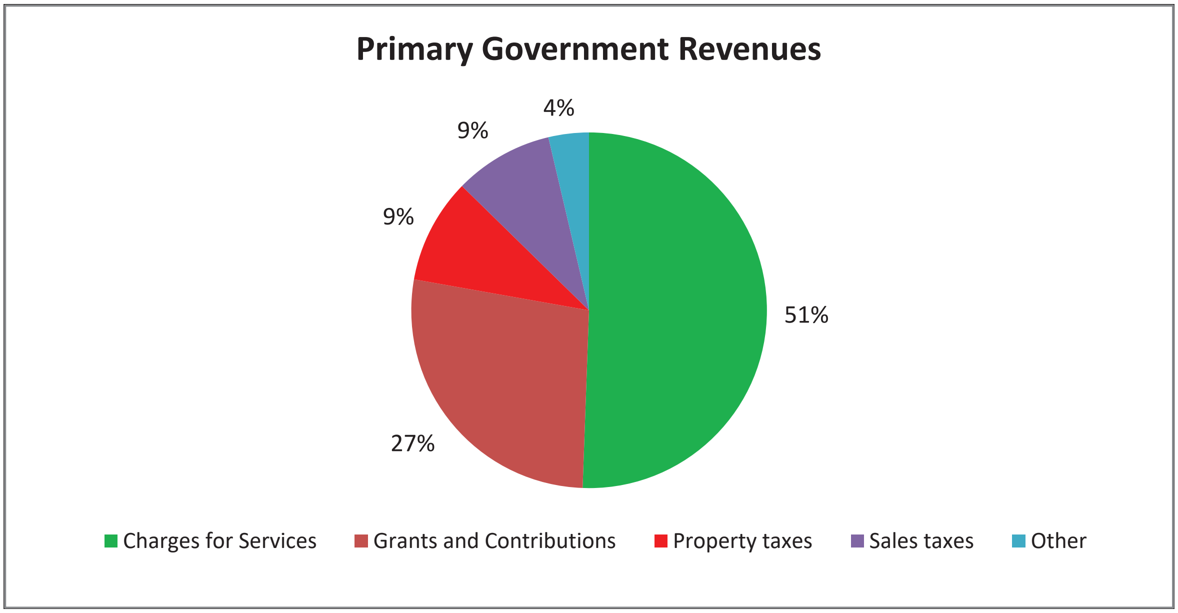
	Governmental Activities		Business-Type Activities		Total Primary Government	
(Dollars in thousands)	2020	2019	2020	2019	2020	2019
Current and other assets	$ 147,474	$ 131,079	$ 181,143	$ 123,728	$ 328,617	$ 254,807
Capital assets	508,832	491,087	548,599	512,744	1,057,431	1,003,831
Total assets	656,306	622,166	729,742	636,472	1,386,048	1,258,638
Deferred outflows	12,814	14,994	3,272	4,362	16,086	19,356
Long-term liabilities	252,451	253,366	116,753	111,628	369,204	364,994
Other liabilities	19,371	19,069	17,921	17,148	37,292	36,217
Total liabilities	271,822	272,435	134,674	128,776	406,496	401,211
Deferred inflows	10,132	4,012	2,355	1,037	12,487	5,049
Net investment in capital assets	334,866	314,794	474,483	421,399	809,349	736,193
Restricted	10,218	5,992	-	-	10,218	5,992
Unrestricted	42,054	39,926	121,502	89,622	163,556	129,548
Total net position	$ 387,138	$ 360,712	$ 595,985	$ 511,021	$ 983,123	$ 871,733



(Dollars in thousands)	Governmental Activities 2020	Governmental Activities 2019	Business-Type Activities 2020	Business-Type Activities 2019	Total Primary Government 2020	Total Primary Government 2019
Revenues						
Program revenues						
Charges for services	$ 22,076	$ 25,410	$ 184,575	$ 159,024	$ 206,651	$ 184,434
Operating grants and contributions	5,900	225	133	-	6,033	225
Capital grants and contributions	11,143	9,890	51,191	31,950	62,334	41,840
General revenues						
Property taxes	33,731	30,784	-	-	33,731	30,784
Sales taxes	31,845	27,647	-	-	31,845	27,647
Other taxes	1,385	1,834	-	-	1,385	1,834
Franchise taxes	5,883	5,646	-	-	5,883	5,646
Interest	1,515	2,688	1,558	2,251	3,073	4,939
Other	2,634	2,632	-	-	2,634	2,632
Total revenues	116,112	106,756	237,457	193,225	353,569	299,981
Expenses						
Culture/recreation	15,597	13,873	-	-	15,597	13,873
Development	4,293	3,466	-	-	4,293	3,466
Fire	24,265	19,530	-	-	24,265	19,530
General government	6,844	5,684	-	-	6,844	5,684
Interest on long-term debt	7,307	7,095	-	-	7,307	7,095
Police	21,711	17,528	-	-	21,711	17,528
Streets	7,924	9,651	-	-	7,924	9,651
Environmental services	10,686	8,358	-	-	10,686	8,358
Electric	-	-	79,180	81,229	79,180	81,229
Water services	-	-	56,355	45,507	56,355	45,507
Airport	-	-	3,964	4,306	3,964	4,306
Stormwater	-	-	4,052	3,723	4,052	3,723
Total expenses	98,627	85,185	143,551	134,765	242,178	219,950
Change in net position before transfers	17,485	21,571	93,906	58,460	111,391	80,031
Transfers	8,942	7,607	(8,942)	(7,607)	-	-
Change in net position	26,427	29,178	84,964	50,853	111,391	80,031
Net position - beginning	360,712	331,534	511,021	460,168	871,733	791,702
Net position - ending	$ 387,139	$ 360,712	$ 595,985	$ 511,021	$ 983,124	$ 871,733

The City's combined net position increased by $111.4 million to $983.1 million from $871.7 million in FY 2019.

- Net position of Governmental Activities was $387.1 million. Most of these assets are invested in capital assets or restricted for particular purposes, such as $2.1 million debt service or capital projects.
- The City's unrestricted net position for governmental activities, which can be used to finance day-to-day operations, totaled $42 million.
- Net position invested in capital assets net of related debt for governmental activities increased $20 million, primarily due to developer contributed capital and additions to capital assets.
- Current year net position for business-type activities increased by $84.9 million, due to the growth in the customer base, developer contributed capital, and capital assets.
- During 2020, the City invested $53 million towards improving and expansion of utility infrastructure, compared to $46.9 million in 2019.



REVENUES

- **Program revenues** are derived from the program itself and reduce the cost of the function to the City. Total program revenues for both governmental and business-type activities are described below.

- **Governmental activities program revenue** for the fiscal year ended September 30, 2020 was $39.1 million. The *Charges for Services* category represents receipts primarily from environmental services, development and building inspection fees, parks fees, fire billing for services and court fines. Charges for services totaled $22.1 million in FY 2020, or 13% decrease over prior year revenues as a result of the COVID-19 pandemic. Other governmental program revenues included *operating and capital grants and contributions* for parks, fire and police programs, and streets. Capital grants and contributions totaled $10.1 million compared to $17 million last fiscal year.

- **Business-type activities program revenue** totaled $235.8 million, a 23% increase over prior year. Capital grants and contributions were $19.3 million higher than the prior year due primarily to increase in developer contributions. *Charges for Services*, which represent receipts from utility customers for electric, water, and wastewater, increased $25.5 million. Electric charges for service increased 10% due to customer growth and rate increases. Other program revenues include airport fuel sales, hangar rentals and stormwater drainage fees.

- **General revenues** are revenues from taxes levied on behalf of the general government and other revenues used for general government activities not specific to a program or service. These revenues and notable changes are described below.

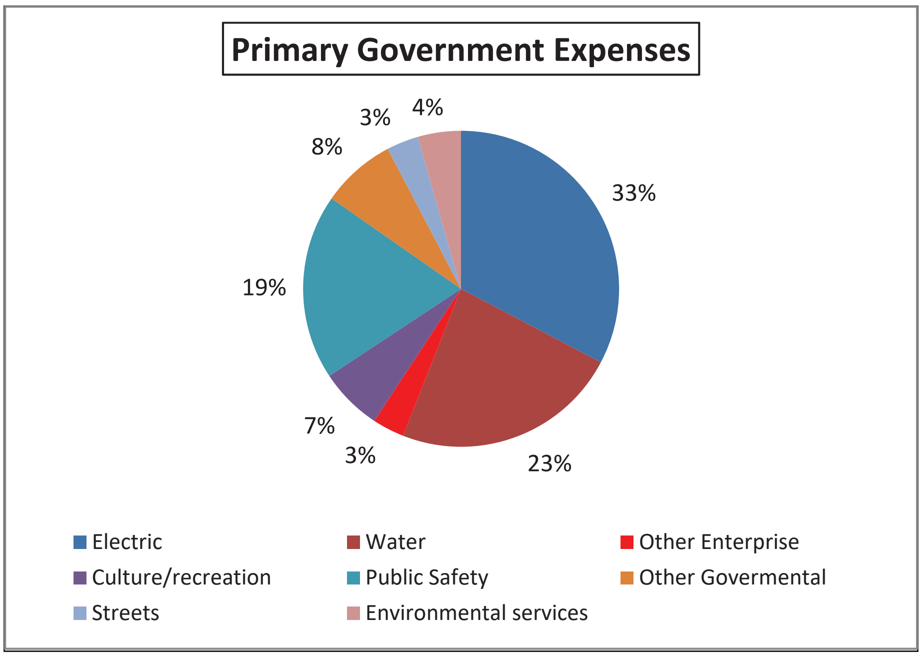
    - *Property taxes* totaled $33.7 million. Included in these taxes are real and personal property levies which are assessed October 1, and payable before the following January 31.

    - Certified assessed valuations in FY 2020 increased 11%. The total growth in assessed valuations is $861 million compared to FY 2019 certified assessed valuations.

    - The ad valorem tax rate for fiscal year 2020 was $0.420 per $100 of assessed valuation. There is no change from the prior year's rate of $0.420. The adopted tax rate is 1.63% above the 2020 effective rate.

- *Sales taxes*, the City's second largest source of general revenue, totaled $31.8 million for fiscal year 2020, which was an increase of 15.2% compared to the prior year. This increase is primarily driven by the continued economic growth in retail, food, and information sectors. Sales tax revenues represented 27.4% of the general government revenue total in 2020, excluding the return-on-investment transfers from the utility funds.

- Hotel/motel taxes totaled $985 thousand compared to $1.39 million in FY 2019 and are included in *other* taxes. This decrease is the result of the COVID-19 pandemic's effects on the travel industry.



EXPENSES

- **Expenses for governmental activities** totaled $98.6 million, versus $85.1 million in FY 2019. Total expenses increased by $13.5 million compared to the prior year. Salary increases implemented during the fiscal year included step increases for public safety as well as merit and market increases for non-public safety employees effective January 2020. Other explanations for the changes are noted below.
  - Public Safety increased 24% due to additional positions added in the Fire, EMS and Police departments.
  - Environmental services increased 27.8% due to growth and increased costs in solid waste collection and recycling services.
  - Overall IT service allocations increased across departments due to new software applications and second year of change in allocation model to build cash reserve for future equipment replacement.

- **Expenses for business-type activities** totaled $143.4 million, a 6.5% increase over the prior year, which provided electric, water, and wastewater services for customers, as well as airport and stormwater drainage programs. Salary increases implemented during the fiscal year included merit and market increases for employees effective January 2020. Notable explanations for the changes are explained below.
  - Electric decreased 2.6%. The decrease in expenses for electric is the result of improved power portfolio.
  - Water services increased 23.8%. The increase can be attributed to growth and increased utility contract costs and capital improvements.

- The 8% decrease at the Airport is related to the fluctuations in the price of fuel compared to FY 2019.
- Overall IT service allocations increased across departments due to new software applications and second year of change in allocation model to build cash reserve for future equipment replacement.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds: The City's fund balance is the accumulated difference between assets and liabilities within **governmental funds**, and it allows the City to meet its contractual obligations, fund disaster or emergency costs, provide cash flow for timing purposes and fund non-recurring expenses appropriated by City Council.

For the fiscal year ended September 30, 2020, the City's governmental funds reflect a combined fund balance of $107.5 million.

The General Fund had a fund balance of $21.1 million for FY 2020, an increase of approximately $6.7 milllion over FY 2019. According to the Fiscal and Budgetary Policy of the City, the use of excess fund balance is limited to non-recurring one time only expenses. Excess funds are transferred to the Council Special Revenue fund for future designation.

General Capital Project Fund had a fund balance of $38.3 million for FY 2020 compared to $43 million for FY 2019. This balance is primarily due to the nature of multi-year capital projects that will roll forward and is not available.

Non-major governmental funds include an increase in fund balance of approximately $2.2 million due to the funding and timing of street improvement projects in the Sales Tax Maintenance Fund, and increased development fees and developer contributions, while hotel/motel receipts decreased due to the COVID-19 pandemic. Continued growth of sales tax receipts occurred while street maintenance expenditures were delayed due to the COVID-19 pandemic.

Georgetown Transportation Enhancement Corporation (GTEC), the City's blended component unit had a 43.3% increase in fund balance due to the timing of capital improvement projects. GTEC contributed $.4 million in transportation improvements to facilitate economic development in 2020, which was a decrease from prior year due to some projects being delayed due to the COVID-19 pandemic.

Business-type Activities: The City's **proprietary fund** statements provide the same type of information found in government-wide financial statements, but in more detail.

Total unrestricted net position as of September 30, 2020 totaled $121.5 million, which included $10.8 million for Electric, $105.8 million for Water and $4.7 million for all other Non-Major funds. The change in net position for FY 2020 was $84.9 million resulting primarily from continued growth in the City's utility systems, tiered rate blocks for commercial water customers and development funded capital improvements.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original and final budget of the General Fund changed due to a budget amendment for increased sales tax collections and transfers in from the Council Discretionary fund. The variance between the actual ending fund balance at September 30, 2020 of $21.1 million and the final budgetary fund balance of $13.2 million is attributed to higher than expected sales tax, increases in licenses and permits, increase in interest income and lower expenditures. Expenditures were less than budgeted primarily due to the reduction of various programs and other expenditures due to COVID-19 pandemic.

CAPITAL ASSETS

The City's governmental activities (including the internal service funds) had invested $508 million in a variety of capital assets and infrastructure. The City has $549 million invested in its business-type activities capital assets. The detail is reflected in the following schedule:

(Dollars in thousands)	Governmental Activities 2020	Governmental Activities 2019	Business-Type Activities 2020	Business-Type Activities 2019	Total Primary Government 2020	Total Primary Government 2019
Land	$ 21,773	$ 21,773	$ 2,836	$ 2,784	$ 24,609	$ 24,557
Land rights	20,939	20,939	1,723	1,723	22,662	22,662
Buildings	96,908	96,727	13,492	13,492	110,400	110,219
Furniture, machinery, and equip	27,178	26,002	3,677	3,598	30,855	29,600
Vehicles	37,744	33,480	74	74	37,818	33,554
Streets	290,706	278,204	-	-	290,706	278,204
Distribution system	2,329	1,547	706,385	658,765	708,714	660,312
Bridges	7,777	7,777	-	-	7,777	7,777
Improvements	65,212	53,409	6,232	6,232	71,444	59,641
Construction in progress	36,052	28,057	21,210	9,743	57,262	37,800
Accumulated depreciation	(97,786)	(76,828)	(207,030)	(183,667)	(304,816)	(260,495)
Total capital assets	$ 508,832	$ 491,087	$ 548,599	$ 512,744	$1,057,431	$ 1,003,831

The City prepared a complete inventory of street infrastructure assets in 2003 and 2004 and assigned a value to the inventory based upon the age of the street and construction indexes. This established a base line for inventory reporting under the modified approach for GASB 34 reporting.

The Council adopted a financial policy that establishes an average condition level of 85 to maintain the streets in “good” condition. The Pavement Condition Index (PCI) is a measurement scale for pavement condition, ranging from zero (poor) to 100 for pavement in perfect condition. The PCI for fiscal years 2005-2007 was 91, 2008-2010 was 93, 87.7 in 2011-2013, 2014-2017 was 87.3 and for 2018-20 was 85.5. This decrease can be attributed to recently annexed areas with streets needing improvements. This assessment is conducted every three years with the next assessment to be done in 2021.

The City budgets approximately $1.2 million annually of General Fund revenues for on-going street maintenance projects, along with the staff and maintenance costs of the street department. In addition, the City also budgets $3.1 million of funds received in dedicated 1/4 cent sales tax for street maintenance. The maintenance funds are allocated among various projects identified by the analysis to ensure funds are spent where needed to maintain the PCI adopted by Council. Street maintenance total for FY20 was $4.9 million.

Utility infrastructure maintenance is budgeted within the utility funds. For fiscal year 2019, funding for electric and water services infrastructure maintenance was approximately $4.3 million.

Major capital assets added in FY 2020 are noted below:

- General Capital Projects:
  - Construction in process projects $31,870,930
    - San Gabriel Park
    - Fire Stations #6 & #7
    - ERP Project
    - Northwest Blvd Bridge
    - Old Town Northeast
    - Austin Avenue Bridge
    - Transfer Station
    - Southwestern Boulevard
    - Southeast Inner Loop
    - Leander Rd (Norwood-SW Bypass)
    - DB Wood (SH29 to OakRidge)
    - Downtown Landscaping & Public Art
    - SW Bypass – Wolf Ranch Extension
- San Gabriel Park Improvements $7,381,349
- Katy Crossing Trail $483,942
- Austin Avenue (SH29-FM2243) $508,350
- Downtown Parking Expansion $638,942
- Shell Rd Sidewalk $203,755

- Utility Infrastructure and Capital Projects:
  - Electric distribution system expansion (including developers) $4,900,954
  - Water and Wastewater $31,097,636

For more detailed notes about the City's capital assets, please see Note 5 to the financial statements.

OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Total Primary Government	
(Dollars in thousands)	2020	2019	2020	2019	2020	2019
General obligation bonds	$ 210,844	$ 204,223	$ 12,066	$ 12,337	$ 222,910	$ 216,560
Sales tax revenue bonds	4,960	5,555	-	-	4,960	5,555
Revenue bonds	-	-	95,585	87,295	95,585	87,295
Premiums	10,346	11,176	4,379	4,778	14,725	15,954
Compensated absences payable	6,988	6,364	1,173	1,178	8,161	7,542
Net pension liability	15,129	22,723	3,549	6,040	18,678	28,763
Other post-employment benefits	4,183	3,325	-	-	4,183	3,325
Total long-term liabilities	$ 252,450	$ 253,366	$ 116,752	$ 111,628	$ 369,202	$ 364,994

- As of September 30, 2020, the City had a total of $223 million in general obligation debt outstanding. This represents a 2.9% increase over prior year. This increase reflects $9,080,000 of 2020 General Obligation bonds and $11,210,000 of 2020 Certificates of Obligation issued in May 2020.

- The state limits the legal amount of tax levy available for general obligation debt service to $1.50 per $100 valuation. The City's 2020 debt levy equaled $0.22453 per $100 assessed valuation, or 14.97% of the maximum allowed.

- Other long-term debts included are compensated absence payable, net pension obligation, and other post-employment benefits. These experienced a decrease over FY 2019 of $8.6 million due to changes in actuarial estimates of the net pension liability at September 30, 2019. A detailed analysis of the City's other long-term debt liabilities are located in Note 6.A., Note 7 and Note 8.

- In May 2020, the City issued $11.21 million in Combination Tax and Revenue Certificates of Obligation and $9.08 million in General Obligation bonds for Public Safety Equipment & Vehicles, Sidewalks, Traffic Signal and Intersection Improvements, Fuel Station improvements, and Stormwater equipment and projects.

- A detailed analysis of the City's long-term debt is located in Note 6 to the financial statements.

ECONOMIC FACTORS

During FY 2020, the City continued to see some improvements in the local and regional economy despite the COVID-19 pandemic. Total sales tax receipts grew to $31.8 million, or by 15.2% over 2019. The growth in residential and commercial development continued in FY 2020, while unemployment increased to 6.7% in 2020 from 2.4% in 2019. The residential growth in the City's utility service area, which includes both the city limits and the City's extra territorial jurisdiction (ETJ), continued at a steady 5% growth rate.

The adopted FY 2021 budget assumes continued modest growth in new property of approximately $461 million and an adopted tax rate of $0.418 per $100 valuation. Sales taxes are projected conservatively since the state's overall trend has slowed down due to the pandemic. A modest growth trend is also anticipated in the City's utility funds.

DISCRETELY PRESENTED COMPONENT UNIT

The Georgetown Economic Development Corporation (GEDCO) has been included in the reporting entity as a discretely presented component unit since it provides benefits to other entities aside from the City. Separate audited financial statements are not issued for GEDCO.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This report is designed to provide City Council, citizens, customers, bond rating agencies, investors and creditors with a general overview of the City's finances. If you have questions about this report or need additional financial information, contact:

Finance Division
City of Georgetown
808 Martin Luther King St
Georgetown, Texas 78626
(512) 930-6534
www.georgetown.org
finance@georgetown.org

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Basic Financial Statements

City of Georgetown, Texas
Statement of Net Position
September 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Georgetown Economic Development Corporation
ASSETS				
Cash and cash equivalents	35,142,568	59,067,573	$ 94,210,141	$ 971,029
Cash and cash equivalents - restricted	-	-	-	-
Investments	95,054,500	53,294,913	148,349,413	7,782,214
Investments - restricted	-	33,006,748	33,006,748	-
Prepaid items	401,733	7,192,779	7,594,512	-
Accounts receivable				
Services (net of allowance for uncollectibles)	1,661,654	23,047,556	24,709,210	-
Taxes and other	11,734,952	2,061,313	13,796,265	370,626
Internal balances	-	-	-	-
Inventories	611,835	2,729,317	3,341,152	-
Long-term note receivable	2,839,635	588,806	3,428,441	-
Capital assets				
Land	21,772,554	2,835,683	24,608,237	-
Land rights	20,938,510	1,723,151	22,661,661	-
Buildings	96,908,069	13,492,399	110,400,468	-
Furniture, machinery, and equipment	27,178,313	3,677,119	30,855,432	-
Vehicles	37,743,709	74,230	37,817,939	-
Streets	290,705,767	-	290,705,767	-
Distribution system	2,329,890	706,384,574	708,714,464	-
Bridges	7,777,022	-	7,777,022	-
Improvements	65,212,549	6,231,935	71,444,484	139,740
Construction in progress	36,052,018	21,209,766	57,261,784	-
Accumulated depreciation	(97,786,253)	(207,029,938)	(304,816,191)	-
Total assets	656,279,025	729,587,924	1,385,866,949	9,263,609
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow related to pension	10,841,173	2,542,992	13,384,165	-
Deferred outflow related to OPEB	688,023	-	688,023	-
Deferred charge on refunding	1,284,789	728,573	2,013,362	-
Total deferred outflows of resources	12,813,985	3,271,565	16,085,550	-
LIABILITIES				
Accounts payable	13,615,643	14,235,940	27,851,583	10,000
Unearned revenue	4,690,624	397,414	5,088,038	-
Accrued interest	1,065,163	441,689	1,506,852	-
Payable from restricted assets				
Construction contracts and retainages	-	1,074,426	1,074,426	-
Customer deposits payable from restricted assets	-	1,618,144	1,618,144	-
Noncurrent liabilities, due within one year	18,646,252	8,989,526	27,635,778	201,475
Noncurrent liabilities, due in more than one year				
Accrued employee benefits	4,734,222	652,127	5,386,349	-
Net pension liability	15,129,088	3,548,799	18,677,887	-
Other post employment benefits	4,183,335	-	4,183,335	-
Long-term debt	209,757,718	103,562,094	313,319,812	2,954,050
Total liabilities	271,822,045	134,520,159	406,342,204	3,165,525
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	10,038,493	2,354,708	12,393,201	-
Deferred inflows related to OPEB	93,813	-	93,813	-
Total deferred inflows of resources	10,132,306	2,354,708	12,487,014	-
NET POSITION				
Net investment in capital assets	334,866,278	474,482,607	809,348,885	139,740
Restricted for				
Debt service	2,110,178	-	2,110,178	-
Specific programs	8,107,583	-	8,107,583	-
Unrestricted	42,054,620	121,502,015	163,556,635	5,958,344
TOTAL NET POSITION	$ 387,138,659	$ 595,984,622	$ 983,123,281	$ 6,098,084

The Notes to the Financial Statements are an integral part of this statement.

City of Georgetown, Texas
Statement of Activities
For the Fiscal Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants & Contributions	Program Revenues: Capital Grants & Contributions	Net (Expense) Revenue and Changes in Net Position – Primary Government: Governmental Activities	Business-type Activities	Total	Component Unit: Georgetown Economic Development Corporation
PRIMARY GOVERNMENT								
Governmental activities								
Culture / recreation	$ 15,598,354	$ 1,918,354	$ 443,389	$ 1,080,425	$ (12,156,186)	$ -	$ (12,156,186)	
Development	4,293,027	5,622,473	-	180,183	1,509,629	-	1,509,629	
Fire	24,264,619	2,806,272	4,735,355	-	(16,722,992)	-	(16,722,992)	
General government	6,844,030	1,032,226	159,506	19,360	(5,632,938)	-	(5,632,938)	
Police	21,710,738	478,602	412,151	-	(20,819,985)	-	(20,819,985)	
Streets	7,923,523	-	150,000	9,862,711	2,089,188	-	2,089,188	
Environmental services	10,686,467	10,218,066	-	-	(468,401)	-	(468,401)	
Interest on long-term debt	7,306,732	-	-	-	(7,306,732)	-	(7,306,732)	
Total governmental activities	98,627,490	22,075,993	5,900,401	11,142,679	(59,508,417)	-	(59,508,417)	
Business-type activities								
Electric	79,179,630	94,842,210	1,860	6,531,987	-	22,196,427	22,196,427	
Water	56,354,897	82,288,865	338	31,198,103	-	57,132,409	57,132,409	
Airport	3,964,161	3,284,729	129,193	-	-	(550,239)	(550,239)	
Stormwater	4,052,203	4,159,000	1,280	13,460,732	-	13,568,809	13,568,809	
Total business-type activities	143,550,891	184,574,804	132,671	51,190,822	-	92,347,406	92,347,406	
TOTAL PRIMARY GOVERNMENT	$ 242,178,381	$ 206,650,797	$ 6,033,072	$ 62,333,501	(59,508,417)	92,347,406	32,838,989	
COMPONENT UNIT - GEORGETOWN ECONOMIC DEVELOPMENT CORPORATION	$ 1,240,437	$ -	$ -	$ -				$ (1,240,437)
General Revenues								
Property tax					33,731,126	-	33,731,126	-
Sales tax					31,845,454	-	31,845,454	2,122,831
Franchise taxes					5,882,916	-	5,882,916	-
Taxes - other					1,384,656	-	1,384,656	-
Investment income					1,514,798	1,558,167	3,072,965	99,218
Other					2,633,974	-	2,633,974	-
Transfers					8,941,958	(8,941,958)	-	-
Total general revenues and transfers					85,934,882	(7,383,791)	78,551,091	2,222,049
Change in net position					26,426,465	84,963,615	111,390,080	981,612
Net position, beginning of the year					360,712,194	511,021,007	871,733,201	5,116,472
NET POSITION, END OF THE YEAR					$ 387,138,659	$ 595,984,622	$ 983,123,281	$ 6,098,084

The Notes to the Financial Statements are an integral part of this statement.

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Fund Financial Statements

City of Georgetown, Texas
Balance Sheet – Governmental Funds
September 30, 2020

	General	Georgetown Transportation Enhancement Corporation	Debt Service	General Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 10,165,423	$ 1,411,887	$ -	$ 4,677,085	$ 8,256,442	$ 24,510,837
Investments	9,014,620	27,923,462	2,193,691	39,172,838	7,289,185	85,593,796
Accounts receivable, net						
Property taxes	215,428	-	203,115	-	677	419,220
Sales tax	3,939,129	1,514,503	-	-	757,252	6,210,884
Grants	776,141	-	-	334,845	10,810	1,121,796
Other	3,314,550	120,864	-	-	1,680,011	5,115,425
Due from other funds	932,919	102,168	67,000	-	-	1,102,087
Notes receivable	250,229	-	-	-	2,823	253,052
Prepaid items	-	-	-	20,930	-	20,930
TOTAL ASSETS	$ 28,608,439	$ 31,072,884	$ 2,463,806	$ 44,205,698	$ 17,997,200	$ 124,348,027
LIABILITIES						
Accounts payable and accrued liabilities	$ 6,508,841	$ 43,184	$ 8,008	$ 2,671,256	$ 1,374,880	$ 10,606,169
Due to other funds	67,000	-	345,620	102,168	587,299	1,102,087
Unearned revenue	620,560	-	-	3,096,178	1,050,417	4,767,155
Total liabilities	7,196,401	43,184	353,628	5,869,602	3,012,596	16,475,411
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	215,428	-	203,116	-	676	419,220
Total deferred inflows of resources	215,428	-	203,116	-	676	419,220
FUND BALANCE						
Nonspendable	245,067	-	-	20,930	-	265,997
Restricted	-	-	1,907,062	38,315,166	8,107,583	48,329,811
Committed	11,754,340	31,029,700	-	-	6,876,345	49,660,385
Assigned	-	-	-	-	-	-
Unassigned	9,197,203	-	-	-	-	9,197,203
Total fund balance	21,196,610	31,029,700	1,907,062	38,336,096	14,983,928	107,453,396
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	$ 28,608,439	$ 31,072,884	$ 2,463,806	$ 44,205,698	$ 17,997,200	$ 124,348,027

The Notes to the Financial Statements are an integral part of this statement.

City of Georgetown, Texas
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2020

Total fund balance - total governmental funds	$ 107,453,396
Amounts reported for governmental activities in the statement of net position are different because:	
The City uses internal service funds to charge the costs of certain activities, such as capital assets, administrative services and information technology to the City's other funds. The assets and liabilities of the internal service funds are included in governmental functions in the statement of net position.	37,041,859
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	490,231,675
Long-term debt is not due and payable using available resources and is not recorded in the governmental funds balance sheet. The impact of recognizing long-term debt, and related items is as follows:	
Bonds payable	(215,803,700)
Premiums on bond issuance	(10,346,249)
Deferred charge on refunding bonds	1,284,789
Accrued interest	(1,026,736)
Other long-term liabilities, and related amounts, are not due and payable using available resources and are not recorded in the governmental funds balance sheet. The impact of recognizing these items is as follows:	
Compensated absences	(6,710,062)
Net pension liability	(15,129,088)
Deferred outflow related to pension	10,841,173
Deferred inflow related to pension	(10,038,493)
Other post-employment benefits	(4,183,335)
Deferred outflow related to other post-employment benefits	688,023
Deferred inflow related to other post-employment benefits	(93,813)
Revenues from property taxes are deferred in the governmental fund balance sheet until they are considered available to fund current expenditures, but such revenues are recognized in the government-wide statements.	419,220
Some long-term receivables are not recognized in the governmental fund balance sheet until the funds are considered available to fund current expenditures.	2,510,000
Net position of governmental activities	$ 387,138,659

The Notes to the Financial Statements are an integral part of this statement.

City of Georgetown, Texas

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

	General Fund	Georgetown Transportation Enhancement Corporation	Debt Service	General Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	$ 15,060,591	$ -	$ 17,000,000	$ -	$ 1,747,990	$ 33,808,581
Sales tax	19,108,464	8,491,328	-	-	4,245,662	31,845,454
Franchise taxes	5,757,843	-	-	-	125,073	5,882,916
Other taxes	399,896	-	-	-	984,760	1,384,656
Licenses and permits	3,435,817	-	-	-	-	3,435,817
Charges for service	17,296,439	-	-	26,582	918,148	18,241,169
Fines and forfeitures	363,513	-	-	-	35,494	399,007
Donations and grants	5,516,767	-	-	-	1,590,320	7,107,087
Investment income	244,164	272,223	69,408	547,254	196,843	1,329,892
Other revenue	122,888	-	3,167	-	620,514	746,569
Total revenues	67,306,382	8,763,551	17,072,575	573,836	10,464,804	104,181,148
EXPENDITURES						
Current						
Culture / recreation	10,485,028	-	-	-	1,690,630	12,175,658
Development	3,380,104	383	-	-	62,718	3,443,205
Fire services	19,557,377	-	-	-	263,885	19,821,262
General government	4,815,269	409,423	-	35,755	152,888	5,413,335
Highways and streets	3,812,705	60,681	-	-	978,704	4,852,090
Police	17,188,341	-	-	-	188,075	17,376,416
Environmental services	8,450,680	-	-	-	87,277	8,537,957
Capital outlay	1,213,733	370,569	-	18,111,164	4,012,504	23,707,970
Debt service						
Principal retirement	-	595,000	12,889,534	-	-	13,484,534
Interest and fiscal charges	-	284,100	7,356,619	126,558	-	7,767,277
Total expenditures	68,903,237	1,720,156	20,246,153	18,273,477	7,436,681	116,579,704
Excess (deficiency) of revenues over (under) expenditures	(1,596,855)	7,043,395	(3,173,578)	(17,699,641)	3,028,123	(12,398,556)
OTHER FINANCING SOURCES (USES)						
Transfers in	8,877,033	-	3,076,444	1,262,000	387,000	13,602,477
Transfers out	(524,860)	(2,403,361)	-	(3,204,546)	(1,199,717)	(7,332,484)
Issuance of bonds	-	4,740,000	-	14,895,000	-	19,635,000
Total other financing sources (uses)	8,352,173	2,336,639	3,076,444	12,952,454	(812,717)	25,904,993
Net change in fund balances	6,755,318	9,380,034	(97,134)	(4,747,187)	2,215,406	13,506,437
FUND BALANCES, beginning of year	14,441,292	21,649,666	2,004,196	43,083,283	12,768,522	93,946,959
FUND BALANCES, end of year	$ 21,196,610	$ 31,029,700	$ 1,907,062	$ 38,336,096	$ 14,983,928	$107,453,396

The Notes to the Financial Statements are an integral part of this statement.

City of Georgetown, Texas

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance
to the Statement of Activities – Governmental Funds
For the Fiscal Year Ended September 30, 2020

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	$ 13,506,437
Amounts reported for governmental activities in the statement of activities are different because:	
The City uses internal service funds to charge the costs of certain activities, such as fleet management and information technology to appropriate functions in other funds. The change in net position of internal service funds is recognized in governmental actvities in the statement of activities.	4,426,485
Current year capital outlays are expenditures in the fund statements, but are shown as increases in capital assets in the government-wide financial statements. The effect of removing the current year capital outlays is to increase net position. Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources.	
Capital outlay	22,996,669
Depreciation	(17,145,639)
Capital assets contributed or donated to the City are not recognized in governmental funds since they do not provide current financial resources, but are recognized in the statement of activities as program revenues	10,218,066
Proceeds from issuance of long-term debt are recognized as other financing sources in the governmental funds, but are treated as an increase in liabilities in the governmental activities. Principal payments on long-term debt are recognized as expenditures in the governmental funds, but are treated as reductions of liabilities in the governmental activities. Deferred charges on refunding bonds are recognized in the governmental activities, and amortized with the related long-term debt. Premiums on long-term debt issuances are recognized as other financing sources in the governmental funds, but are presented as a component of long-term debt and amortized in the governmental activities.	
Bond payments	13,609,534
Issuance of bonds	(19,635,000)
Amortization of bond premiums	829,736
Amortization of deferred charge on refunding	(293,911)
Interest is accrued on outstanding debt in the governmental activities statement of net position, but in the governmental fund financial statements the expenditure is reported when due.	(75,280)
Compensated absences, other post-employment benefit obligations, pension liability, and related deferred inflows and outflows of resources are not recognized in the governmental funds as they will not be settled with current financial resources; however these obligations are recognized in the governmental activities statement of net position. The change in these amounts for the current year is:	
Net pension liability	7,593,704
Deferred outflow related to pension	(2,407,721)
Deferred inflow related to pension	(6,136,910)
Other post employment benefits	(858,760)
Deferred outflow related to other post-employment benefits	521,901
Deferred inflow related to other post-employment benefits	16,874
Compensated absences	(537,264)
Changes to revenue deferred in the governmental funds but recognized in the governmental activities and to long-term note receivables not recorded in the governmental funds for the current year are:	
Long-term receivable	(125,000)
Unavailable property taxes	(77,456)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 26,426,465

The Notes to the Financial Statements are an integral part of this statement.

City of Georgetown, Texas

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

	Budgeted Amounts		Actual	Variance to
	Original	Final	Budgetary Basis	Final Budget
REVENUES				
Property taxes	$ 14,900,000	$ 14,960,000	$ 15,125,579	$ 165,579
Sales tax	17,859,375	17,861,875	19,108,465	1,246,590
Franchise taxes	5,890,270	5,910,270	5,757,843	(152,427)
Other taxes	435,000	435,000	399,896	(35,104)
Licenses and permits	3,344,250	3,969,250	5,434,776	1,465,526
Charges for services	20,859,122	20,337,682	19,448,361	(889,321)
Fines and forfeitures	352,250	352,250	298,524	(53,726)
Investment income	170,000	170,000	244,164	74,164
Miscellaneous	3,309,980	3,748,920	4,207,381	458,461
Total revenues	67,120,247	67,745,247	70,024,989	2,279,742
EXPENDITURES				
Culture / recreation	11,741,616	11,841,495	10,493,091	1,348,404
Development	3,574,713	3,808,610	3,380,754	427,856
Fire services	20,248,024	20,337,410	19,670,776	666,634
General government	7,002,832	7,324,682	7,532,998	(208,316)
Highways and streets	5,869,090	6,730,065	4,807,705	1,922,360
Police services	17,886,900	18,107,997	17,285,839	822,158
Environmental services	8,525,875	8,532,355	8,450,680	81,675
Total expenditures	74,849,050	76,682,615	71,621,844	5,060,771
Excess (Deficiencies) of revenues over expenditures	(7,728,803)	(8,937,368)	(1,596,855)	7,340,512
OTHER FINANCING SOURCES (USES)				
Transfers in	8,363,634	8,433,100	8,877,033	(443,933)
Transfers out	(524,860)	(524,860)	(524,860)	-
Total other financing sources (uses)	7,838,774	7,908,240	8,352,173	443,933
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	109,971	(1,029,128)	6,755,318	7,784,445
Fund balances, beginning of year	10,463,385	14,263,750	14,441,292	177,542
FUND BALANCES, end of year	$ 10,573,356	$ 13,234,622	$ 21,196,610	$ 7,961,987

The Notes to the Financial Statements are an integral part of this statement.

City of Georgetown, Texas
Statement of Net Position
Proprietary Funds
September 30, 2020

	Electric Fund	Water Services Fund	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ 2,410,678	$ 54,747,336	$ 1,909,559	$ 59,067,573	$10,648,991
Cash and cash equivalents - restricted	-	-	914,000	914,000	-
Investments	2,137,771	48,549,524	1,693,618	52,380,913	9,443,444
Investments - restricted	11,001,085	22,005,663	-	33,006,748	-
Prepaid expenses	3,574,070	3,409,642	209,067	7,192,779	380,803
Accounts receivable, net					
Services	13,683,496	8,679,382	684,678	23,047,556	99,131
Grants	8,095	6,257	6,297	20,649	125,348
Other	1,370,216	636,081	34,367	2,040,664	304,802
Due from other funds	-	10,964	-	10,964	-
Inventories	2,691,227	-	38,090	2,729,317	611,835
Total current assets	36,876,638	138,044,849	5,489,676	180,411,163	21,614,354
NONCURRENT ASSETS					
Long-term note receivables	43,754	542,424	2,628	588,806	76,583
Capital assets					
Land	635,073	1,559,074	641,536	2,835,683	695,993
Land rights	153,607	66,006	1,503,538	1,723,151	-
Buildings	24,637	9,611,544	3,856,218	13,492,399	510,121
Furniture, machinery, and equipment	1,623,499	1,631,732	421,888	3,677,119	12,119,821
Vehicles	13,346	46,834	14,050	74,230	37,278,627
Distribution system	186,808,859	442,683,102	76,892,613	706,384,574	1,701,989
Improvements	173,421	219,995	5,838,519	6,231,935	1,161,233
Construction in progress	1,370,187	19,447,616	391,963	21,209,766	-
Less accumulated depreciation	(65,764,186)	(117,521,647)	(23,744,105)	(207,029,938)	(34,867,311)
Total capital assets (net of accumulated depreciation)	125,038,443	357,744,256	65,816,220	548,598,919	18,600,473
Total noncurrent assets	125,082,197	358,286,680	65,818,848	549,187,725	18,677,056
TOTAL ASSETS	161,958,835	496,331,529	71,308,524	729,598,888	40,291,410
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflow related to pension	1,204,575	1,070,733	267,684	2,542,992	-
Deferred charge on refunding	383,386	319,366	25,821	728,573	-
Total deferred outflows of resources	1,587,961	1,390,099	293,505	3,271,565	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 163,546,796	$ 497,721,628	$ 71,602,029	$ 732,870,453	$40,291,410

The Notes to the Financial Statements are an integral part of this statement.

City of Georgetown, Texas
Statement of Net Position – Continued
Proprietary Funds
September 30, 2020

	Electric Fund	Water Services Fund	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
CURRENT LIABILITIES					
Accounts payable	$ 9,077,324	$ 4,894,662	$ 263,954	$ 14,235,940	$ 2,971,369
Accrued employee benefits	246,147	240,168	34,951	521,266	122,586
Due to other funds	-	-	10,964	10,964	-
Unearned revenue	21,222	354,122	22,070	397,414	-
Current portion of long-term debt	2,831,509	4,828,521	409,169	8,069,199	-
Accrued interest	150,728	263,571	27,390	441,689	-
Construction contracts and retainages payable	3,375	1,071,051	-	1,074,426	-
Customer deposits	1,383,703	228,395	6,046	1,618,144	-
Total current liabilities	13,714,008	11,880,490	774,544	26,369,042	3,093,955
NONCURRENT LIABILITIES					
Accrued employee benefits	311,450	296,725	43,952	652,127	155,596
Long-term debt	33,558,003	64,451,494	5,951,658	103,961,155	-
Net pension liability	1,681,010	1,494,231	373,558	3,548,799	-
Total noncurrent liabilities	35,550,463	66,242,450	6,369,168	108,162,081	155,596
TOTAL LIABILITIES	49,264,471	78,122,940	7,143,712	134,531,123	3,249,551
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pension	1,115,388	991,456	247,864	2,354,708	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,115,388	991,456	247,864	2,354,708	-
NET POSITION					
Net investment in capital assets	102,291,659	312,709,734	59,481,214	474,482,607	18,600,473
Unrestricted	10,875,278	105,897,498	4,729,239	121,502,015	18,441,386
TOTAL NET POSITION	113,166,937	418,607,232	64,210,453	595,984,622	37,041,859
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 163,546,796	$ 497,721,628	$ 71,602,029	$ 732,870,453	$40,291,410

City of Georgetown, Texas
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2020

	Electric Fund	Water Services Fund	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
OPERATING REVENUES					
Service charges					
Electric	$ 85,733,317	$ -	$ -	$ 85,733,317	$ -
Water	-	35,208,127	-	35,208,127	-
Wastewater	-	14,282,982	-	14,282,982	-
Other	1,143,781	7,372,343	7,385,691	15,901,815	41,465,581
Total operating revenues	86,877,098	56,863,452	7,385,691	151,126,241	41,465,581
OPERATING EXPENSES					
Electric	16,563,721	-	-	16,563,721	1,043,323
Water	-	24,778,226	-	24,778,226	-
Wastewater	-	5,104,410	-	5,104,410	-
Depreciation	1,758,117	10,985,196	2,385,500	15,128,813	3,309,227
Utility contracts	59,684,306	6,599,573	-	66,283,879	-
Plant management	-	6,768,035	-	6,768,035	-
Other	-	-	5,412,822	5,412,822	37,073,676
Total operating expenses	78,006,144	54,235,440	7,798,322	140,039,906	41,426,226
NET OPERATING INCOME (LOSS)	8,870,954	2,628,012	(412,631)	11,086,335	39,355
NONOPERATING REVENUES (EXPENSES)					
Investment income	13,530	1,490,887	53,750	1,558,167	184,906
Donations and grants	1,860	338	130,470	132,668	-
Interest and fiscal charges	(1,173,486)	(2,119,457)	(218,039)	(3,510,982)	-
Gain(loss) on disposed assets	4,569,628	(2,941,233)	450	1,628,845	193,714
Other	3,395,484	28,366,646	57,588	31,819,718	1,336,545
Total nonoperating revenues (expenses)	6,807,016	24,797,181	24,219	31,628,416	1,715,165
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	15,677,970	27,425,193	(388,412)	42,714,751	1,754,520
CONTRIBUTIONS AND TRANSFERS					
Capital contributions	6,531,987	31,198,103	13,460,732	51,190,822	-
Transfers in	500,000	-	-	500,000	3,949,465
Transfers out	(4,829,792)	(4,183,560)	(428,606)	(9,441,958)	(1,277,500)
Total contributions and transfers	2,202,195	27,014,543	13,032,126	42,248,864	2,671,965
Change in net position	17,880,165	54,439,736	12,643,714	84,963,615	4,426,485
Net position, beginning of period	95,286,772	364,167,496	51,566,739	511,021,007	32,615,374
TOTAL NET POSITION, end of period	$113,166,937	$ 418,607,232	$ 64,210,453	$ 595,984,622	$ 37,041,859

The Notes to the Financial Statements are an integral part of this statement.

City of Georgetown, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2020

	Electric Fund	Water Services Fund	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	$ 91,538,172	$ 85,673,143	$ 6,276,900	$ 183,488,215	$ 42,625,557
Payments to suppliers	(76,971,935)	(34,313,644)	(3,472,056)	(114,757,635)	(33,244,842)
Payments to employees for services	(3,276,924)	(1,222,471)	(728,703)	(5,228,098)	(3,628,731)
Net cash provided by operating activities	11,289,313	50,137,028	2,076,141	63,502,482	5,751,984
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	500,000	-	-	500,000	3,949,465
Transfers out	(4,829,792)	(4,183,560)	(428,606)	(9,441,958)	(1,277,500)
Net cash provided by (used in) noncapital financing activities	(4,329,792)	(4,183,560)	(428,606)	(8,941,958)	2,671,965
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	-	(6,338,040)	(1,131,838)	(7,469,878)	(5,166,917)
Proceeds on sale of capital assets	7,070,053	-	-	7,070,053	-
Donations and grants	1,860	338	130,470	132,668	-
Proceeds from issuance of long-term debt	5,055,000	9,375,000	607,171	15,037,171	-
Principal paid on revenue and certificates of obligation bonds	(2,862,035)	(4,222,329)	(332,350)	(7,416,714)	-
Interest paid on revenue and certificates of obligation bonds	(1,175,781)	(2,124,753)	(218,874)	(3,519,408)	-
Net cash provided by (used in) capital and related financing activities	8,089,097	(3,309,784)	(945,421)	3,833,892	(5,166,917)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	13,530	1,490,887	53,750	1,558,167	184,906
Change in temporary investments	(12,939,064)	(37,276,329)	(206,481)	(50,421,874)	(2,512,093)
Net cash provided by (used in) investing activities	(12,925,534)	(35,785,442)	(152,731)	(48,863,707)	(2,327,187)
Net change in cash and cash equivalents	2,123,084	6,858,242	549,383	9,530,709	929,845
CASH AND CASH EQUIVALENTS, beginning of year	287,594	47,889,094	2,274,176	50,450,864	9,719,146
CASH AND CASH EQUIVALENTS, end of year	$ 2,410,678	$ 54,747,336	$ 2,823,559	$ 59,981,573	$ 10,648,991
CLASSIFIED AS					
Current assets	$ 2,410,678	$ 54,747,336	$ 1,909,559	$ 59,067,573	$ 10,648,991
Restricted assets	-	-	914,000	914,000	-
TOTAL	$ 2,410,678	$ 54,747,336	$ 2,823,559	$ 59,981,573	$ 10,648,991
NON-CASH DISCLOSURE					
CAPITAL CONTRIBUTIONS	$ 6,531,987	$ 31,198,103	$ 13,460,732	$ 51,190,822	$ -
OPERATING INCOME (LOSS)	$ 8,870,954	$ 2,628,012	$ (412,631)	$ 11,086,335	$ 39,355
Adjustments to reconcile operating income (loss) to cash provided by operating activities					
Depreciation	1,758,117	10,985,196	2,385,500	15,128,813	3,309,225
Gain/loss on disposal of asset	4,569,628	(2,941,233)	-	1,628,395	-
Other income	3,395,484	28,366,646	58,038	31,820,168	1,530,259
Decrease (increase) in prepaid expenses	1,365,141	(105,464)	88,859	1,348,536	61,823
Decrease (increase) in inventories	(532,339)	-	(392)	(532,731)	234,281
Decrease (increase) in accounts receivable	1,774,033	318,621	(241,466)	1,851,188	(139,434)
Increase (decrease) in due to/from other funds	(9,071,579)	9,085,418	10,964	24,803	-
Increase (decrease) in accounts payable	(190,748)	1,421,558	153,809	1,384,619	860,780
Increase (decrease) in customer deposits	(509,344)	228,395	6,046	(274,903)	-
Increase (decrease) in unearned revenue	901	124,424	-	125,325	(230,849)
Increase (decrease) in net pension liability	(156,307)	44,021	28,959	(83,327)	-
Increase (decrease) in accrued employee benefits	15,372	(18,566)	(1,545)	(4,739)	86,544
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 11,289,313	$ 50,137,028	$ 2,076,141	$ 63,502,482	$ 5,751,984

The Notes to the Financial Statements are an integral part of this statement.

City of Georgetown, Texas
Statement of Fiduciary Net Position
Agency Funds
September 30, 2020

ASSETS	
Cash and cash equivalents	$ 405,788
TOTAL ASSETS	$ 405,788
LIABILITIES	
Accounts payable	$ 405,788
TOTAL LIABILITIES	$ 405,788

The Notes to the Financial Statements are an integral part of this statement.

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Notes Section

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Note 1. Summary of Significant Accounting Policies

The accounting and reporting policies of the City of Georgetown, Texas, (the City), included in the accompanying basic financial statements conform to the generally accepted accounting principles (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the City's Comprehensive Annual Financial Report.

A. Reporting Entity

The City of Georgetown was incorporated under the laws of the State of Texas in 1848 and operates under a Council-Manager form of government. The City's financial statements include the accounts of all City operations. Generally accepted accounting principles require all funds that are controlled by or are dependent on the City Council to be included in the City's financial statements. The reporting entity is the primary government, or the City, 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 potential component unit's board and either the ability to impose its will by the primary government or the possibility that the component unit will provide a financial benefit or impose a financial burden on the primary government. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with the data of the primary government. Based upon these considerations, the City's financial statements include the Georgetown Transportation Enhancement Corporation (GTEC) as a blended component unit. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the primary government, and whose exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon these considerations, the City's financial statements include the Georgetown Economic Development Corporation (GEDCO) as a discretely presented component unit.

Blended Component Unit
GTEC, the City's 4B economic development corporation, is a legally separate entity from the City that was created in May 2001 by voters approving an additional sales tax. GTEC is governed by a seven-member board appointed by City Council, of which two are Council members. The City Council maintains budgetary control over the corporation. The City Manager serves as the General Manager of the corporation and the City's Finance Director acts as the Financial Manager. For financial reporting purposes, GTEC is presented as a blended component unit within City operations because its sole purpose is to utilize sales tax revenues for the improvement of the City's transportation system. The revenues and expenditures for GTEC are accounted for in a general capital projects fund. The City issues debt on behalf of GTEC in exchange for pledged sales tax revenue that is transferred to the City to reimburse for debt service related to the bonds. GTEC's debt is shown in the Governmental Activities in the Statement of Net Position.

Discretely Presented Component Unit
GEDCO has been included in the reporting entity as a discretely presented component unit. GEDCO cannot be considered a blended component unit because the revenues are not only for the benefit of the City. GEDCO was created by the City in May 2005, under the Texas Development Act of 1979 for the purpose of promoting, assisting, and enhancing economic and development activities on behalf of the City. It is funded through voter authorized sales tax. The seven member Board, which includes two City Council members, is appointed by and serves at the discretion of the City Council. City Council approval is required for annual budgets and bonded debt issuance, therefore the City can impose its will on GEDCO. In the event of dissolution, net assets of GEDCO shall be converted to the City. Accordingly, the City accounts for GEDCO as a discretely presented component unit on the government-wide financial statements.

GEDCO is audited as part of the City of Georgetown; however, separately issued unaudited financial statements are available through the City of Georgetown's Finance Department.

Related Organizations
The Mayor and City Council are responsible for appointing a voting majority of the members of some local boards and commissions, but the City's accountability for these organizations does not extend beyond making the appointments. These entities are the Georgetown Industrial Development Corporation, Georgetown Hospital Authority, Georgetown Housing Authority, and Georgetown Higher Education Finance Corporation.

B. Basis of Presentation

Basic Financial Statements
The basic financial statements include both government-wide financial statements (based on the City as a whole) and fund financial statements. Both sets of financial statements classify activities as either governmental, which are supported by taxes and intergovernmental revenues, or business-type activities, which rely on fees and charges for support.

Government-Wide Financial Statements
The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given program or function is offset by the program's revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. The effect of interfund activity within the governmental and business-type activities columns has been removed from these statements.

Fund Financial Statements
The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Each fund is considered a separate accounting entity and the operations of each fund are accounted for using a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Separate statements are presented for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

The government-wide focus is on the sustainability of the City as an entity and the change in net 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. Each presentation provides a different focus, which allows the reader to compare and analyze the information to enhance the usefulness of the statements.

Governmental Fund Types

Governmental Funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds (in the fund financial statements) is on the sources, uses, and balance of current financial resources and include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund. The individual funds are described as follows:

Major Governmental Funds
General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Georgetown Transportation Enhancement Corporation – This capital projects fund is used to account for the City's 4B Corporation activities, created to administer the voter approved half-cent sales tax for transportation improvements that aid in economic development efforts.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

General Capital Projects Fund – This capital projects fund is used to account for financial resources to be used for the acquisition or construction of parks, buildings, and other facilities. Such resources are derived from proceeds of general obligation bonds or other sources of revenue specifically set aside for capital projects.

Nonmajor Governmental Funds
Special Revenue Funds – The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are restricted to expenditures for specified purposes.

Proprietary Fund Types
The Proprietary Fund Types are used to account for the City's organization and activities which are similar to those often found in the private sector. These funds are financed and operated in a manner similar to private business enterprises – where the intent of the City is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered mainly through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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

Major Proprietary Funds
Electric Fund – This fund accounts for the City's electric utility, including operations, maintenance of the infrastructure and expansion of the system within the City's service territory.

Water Services Fund – This fund accounts for the City's water, sewer and water reuse systems, including operations, contracted maintenance, internal maintenance, expansion of the system within the City's service territory and the costs of environmental mandates that arise.

Non-Major Proprietary Funds
Enterprise Funds – The funds that are operated as enterprise funds within the City but are not considered major funds are the Stormwater Drainage and Airport Funds.

Internal Service Funds – The Internal Service Funds, which provide services primarily to other funds of the government, are presented in the summary form as part of the proprietary fund financial statements. The financial statements of the internal service funds are allocated in the governmental column when presented at the government-wide level. Various operations are accounted for as internal service funds, such as operational costs associated with automobile and heavy equipment owned by the City and made available to various departments, costs related to maintaining and repairing City owned facilities, operational costs associated with the City's computer equipment within various departments, as well as jointly shared administrative departments.

Fiduciary Fund Type – Agency Funds
The City's fiduciary fund is presented in the fund financial statements by type. Since by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated in the government-wide statements. The City's fiduciary fund accounts for the operations of Cimarron Hills Public Improvement District in which taxes are received from the taxable value in Cimarron Hills and subsequently disbursed to the developer. It also accounts for the City's Flexible Spending Account funds. Deposits are made into this fund from payroll deductions until disbursements are made to the third party administrator to pay eligible claims.

C. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Measurement focus refers to what is being measured and basis of accounting refers to timing of revenue and expenditure recognition in the financial statements.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund also uses the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled utility services which are accrued. Expenses are recognized at the time the liability is incurred.

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

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues available if they are collected within sixty (60) days after year-end. Expenditures are recognized when the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt, which are recorded when due, and compensated absences, which are recorded when payable from current available financial resources.

Ad valorem, sales, hotel, and franchise tax revenues recorded in the Governmental Fund Types are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

D. Budgets

At least 30 days prior to the end of each fiscal year, the City Manager submits a proposed budget presenting a complete financial plan for the ensuing fiscal year to the City Council (the Council). Public hearings are conducted, at which time all interested persons' comments concerning the budget are heard. The budget must be legally adopted by the Council through passage of an ordinance no later than the 27th day of the last month of the fiscal year.

Formal budgetary integration is employed as a management control device during the year for all Governmental and Proprietary Fund Types. Budgets for all funds were legally adopted for the period. Budgetary control is exercised at the division level. All budgets are prepared on the budgetary basis, recognizing encumbrances outstanding at year-end as expenditures against that year’s appropriation. These encumbrances are reconciled to generally accepted accounting principles where appropriate.

The Council may transfer any unencumbered appropriation balance or portion thereof from one division, office, department, or agency to another at any time. The City Manager has authority, without Council approval, to transfer appropriation balances from one expenditure account to another within a single division, office, department, or agency of the City; however, unbudgeted transfers between funds are prohibited.

The Council may authorize by a majority plus one vote, an emergency expenditure as an amendment to the original budget, but only in a case of grave public necessity, to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonable, diligent thought and attention. The governing body may make changes to the budget for other municipal purposes.

Budget amounts are as originally adopted, or as transferred pursuant to authorization of the City Manager or amended by the City Council. Individual amendments were not material in relation to the original appropriations, with the exception of amendments related to capital projects and grant expenditures, whose actual costs were unknown when the budget was adopted. Unencumbered appropriations lapse each year at September 30.

The Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results, except for the effect of encumbrances and unrealized investment gains and losses, which are reconciled to the actual results for this comparison.

E. Encumbrances

Encumbrance account is employed as an extension of formal budgetary control in all governmental and proprietary funds. Encumbrance account is a process whereby purchase orders, contracts, and other commitments for the expending of monies are recorded in order to reserve that portion of the applicable appropriation.

F. Cash and Investments

For cash flow purposes, cash and cash equivalents consist of demand deposits, certificates of deposits and deposits in authorized investment pools.

The operating cash balances from all funds are consolidated in pooled cash and investment accounts. Excess pooled balances are invested in U.S. Treasury securities, U.S. Government agency securities, fully collateralized money market funds and local government investment pools. Maturities on all investments are consistent with the City's cash flow requirements. Investments, except for the investment pools, for the City are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Interest earnings are then allocated to each fund based on average monthly pooled equity balances. Separate cash and investment accounts are maintained for restricted cash such as debt service and bond proceeds reserved for future construction.

G. Restricted Assets

Certain cash and investments are restricted by various legal and contractual obligations. Included in the restricted assets are capital recovery fees (impact fees) restricted by law for future capital improvements, customer deposits, and specific bond proceeds restricted for use.

H. Inventories and Prepaid Items

Inventories consist of electric materials, jet fuel, office and other supplies valued at the weighted average cost method and are recognized as expenditures or expenses when used. The prepaid items consist of required payments made to a vendor for a contract in the following fiscal year. These items are accounted for using the consumption method.

I. Interfund Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts.

J. Note Receivable

Long-term note receivable, which consists of the principal amount of the loan, is reported in the governmental fund statements with an offset to nonspendable fund balance as resources are not available for expenditure. Long-term note receivable reported in the governmental activities on the government-wide statement of net position is not offset by unavailable revenue as it is recorded on an accrual basis at its net realizable value.

K. Interfund Transactions

All legally authorized transfers have been appropriately presented as interfund transfers and are included in the fund financial statements of both Governmental and Proprietary Fund types. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

L. Intergovernmental Revenues

Intergovernmental revenues represent entitlements and shared revenues which are accounted for within the fund financed. Such revenues, received for purposes normally financed through the general government, are accounted for within the Special Revenue Funds.

M. Accrued Employee Benefits

All employees, with the exception of firefighters, may accumulate a maximum of two times their annual vacation, up to a cap of 240 hours, or 30 days paid upon separation. Firefighters may accrue up to a maximum cap of 360 hours that can be paid out upon separation. Upon termination, non-Civil Service employees will not receive payment of sick leave, unless they have a balance that originated prior to October 1, 2004. These employees were grandfathered under the old policy of receiving payment for one-half of their balance of sick leave up to 60 days at the rate of pay when the hours were banked. Upon termination, Civil Service employees are paid for the balance of their Civil Service sick leave earned after July 30, 2003 or October 31, 2005 (the effective date of the regulations in the City for fire civil service and police civil service employees, respectively), up to a maximum of 720 hours or 1,080 hours for those Firefighters on a 56 hour a week schedule on an annual basis. Civil Service employees hired prior to the effective date of the adoption of Civil Service regulations are also eligible under city policy to receive payment for one-half of their sick leave up to 60 days at the rate of pay when the hours were banked.

Accumulated vacation and sick leave, which is expected to be liquidated with expendable available financial resources, is reported as expenditure and a fund liability of the governmental fund that will pay it. Amounts of accumulated vacation leave within governmental funds that are not expected to be liquidated with expendable available financial resources are reported as a long-term liability on the statement of net position. No expenditure is reported for these amounts in the fund financial statements unless the benefits have matured, i.e. unused reimbursable leave still outstanding following an employee's resignation or retirement. Accumulated vacation and sick leave of proprietary fund types are recorded as an expense and liability of those funds as the benefits accrue to employees.

N. Capital Assets

Capital Assets other than Streets and Drainage
Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at their historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized, not including infrastructure assets, have an original cost of $5,000 or more and an expected useful life of over one year.

Depreciation for assets not following the modified approach is computed using the straight-line method on the composite assets based upon the estimated useful lives as follows:

Distribution systems	25 to 50 years
Buildings and improvements	10 to 20 years
Furniture, fixtures, and equipment	3 to 10 years

The City records capital contributions to proprietary funds as revenue. Total capital contributions to the enterprise funds in fiscal year 2020 totaled $46,053,363. Contributed capital is not recorded for governmental type funds, but is recognized on the government-wide statements and totaled $14,460,645 for the year ended September 30, 2020.

Capital Assets – Streets and Drainage
Governmental Accounting Standards Board Statement No. 34 provides for an alternative approach to depreciation for measuring the value of infrastructure assets and the related costs incurred to maintain their service life at a locally established minimum standard. In order to adopt this alternative method, the City must use an asset management system, and must determine if the minimum standards are being maintained. This measurement occurs every three years at a minimum. The City has elected to use this alternative method for reporting its street infrastructure assets. The City contracted with the engineering firm of Dynatest North America, Inc. to complete pavement condition surveys for the City's street network during fiscal year ended 2020.

The City uses the CarteGraph PavementView Pavement Management Information System to track the condition levels of each of the street sections. The entire streets inventory is captured in the system and the condition of the pavement is based on the following factors:

- Type of Distress
- Amount of Distress
- Severity of Distress
- Deduct Values (function of the first three)

The Pavement Condition Index (PCI) is a measurement scale based upon a condition index ranging from zero for a failed pavement to 100 for pavement with perfect condition. The condition index is used to classify pavement in the following conditions:

PCI	Rating
100-85	Good
84-45	Fair
44-0	Poor

The PCI for fiscal year 2020 is 85.5. The previous score for 2014-2017 was 87. The City's administrative policy is to maintain an average PCI level of 85. An 85 PCI is considered maintaining the streets in a "good" condition.

Staff prepares a street maintenance budget that meets this target for Council's consideration during the budget process.

O. Long-term Obligations

The portion of long-term general obligation debt used to finance proprietary fund operations and payable from the revenues of the Enterprise Funds is recorded in such funds. General obligation bonds and other forms of long-term debt supported by general revenues are obligations of the City as a whole and not its individual funds. Accordingly, such unmatured obligations of the City are accounted for on the statement of net position and payments of principal and interest relating to the general obligation bonds are recorded as expenditures when they are paid in the fund statements. Self-supporting general obligation debt, which will be repaid from non-general revenue sources, is recorded in the appropriate proprietary fund.

P. Pensions and Other Post-employment Benefits

For purposes of measuring the net pension liability and net OPEB liability, related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the applicable plans and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability and OPEB liability for life insurance benefits is obtained from TMRS through reports prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with applicable Governmental Accounting Standards Board (GASB) standards. Information regarding the City's OPEB liability for retiree healthcare benefits is obtained through reports prepared for the City by its consulting actuary, Gabriel Roeder Smith & Company, in compliance with applicable GASB standards.

Q. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Specifically, the actuarial calculations used to determine the annual required contributions and related liabilities of the City's retirement plan and post-employment obligations are based on assumptions about the possibility of events far into the future. Accordingly, actual results could differ from those estimates.

R. Risk Financing Activity

The City of Georgetown is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. During fiscal year 2020, the City purchased general liability and property insurance from Texas Municipal League Intergovernmental Risk Pool (TML-IRP). The City pays an annual premium to TML-IRP for such coverage. TML-IRP purchases reinsurance and the City does not retain risks of loss exceeding deductibles. Settled claims have not exceeded insurance coverage in the past three years.

The workers compensation plan is administered and paid through the Texas Municipal League-Intergovernmental Risk Pool (TML-IRP). Under this plan, the City does not retain risks of loss exceeding the deductibles. TML-IRP also brokers the City's Aviation and Underground Storage Tank Pollution liability insurance, as well as, the canine and surgical vet coverage. The City does not retain the risks of loss exceeding the deductibles.

S. Credit Risk

Financial investments which potentially subject the City to concentrations of credit risk consist principally of cash, investments and accounts receivable. At September 30, 2020, there was not a significant risk arising from cash, investments, or accounts receivable.

T. Nature and Purpose of Reservations and Designation of Fund Equity

The City's Fund Balance is the accumulated difference between assets and liabilities within governmental funds, and it allows the City to meet its contractual obligations, fund disaster, or emergency costs, provide cash flow for timing purposes and fund non-recurring expenses appropriated by City Council. The City Council has adopted a financial standard to maintain a General Fund minimum balance of 90 days of budgeted on-going expenditures and 75 days citywide. This policy establishes limitations on the purposes for which Fund Balances can be used in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54.

Five Components of Fund Balance
Non-spendable Fund Balance – includes inherently non-spendable assets that will never convert to cash, as well as, assets that will not convert to cash soon enough to affect the current financial period. Assets included in this category are prepaid items, inventory, and non-financial assets held for resale.

Restricted Fund Balance – represents the portion of fund balance that is restricted to specific purposes that are externally imposed by creditors, grantors, contributors, laws or regulations of other governments, such as hotel/motel tax and bond proceeds.

Committed Fund Balance – describes the portion of fund balance that can only be used for specific purposes with constraints imposed by the formal action of the City Council's adoption of an ordinance, and remains binding unless the City Council removes the limitation.

Assigned Fund Balance – is that portion of fund balance that reflects the City's *intended* use for a specific purpose but is neither restricted nor committed. Assigned fund balances are determined by City management based on Council direction, in accordance with our financial policies adopted by resolution.

Unassigned Fund Balance – represents funds that have not been assigned to any other fund and cannot be properly classified in one of the other four categories within the general fund.

Below is the residual classification for the general fund:

	General	Georgetown Transportation Enhancement Corporation	Debt Service	General Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable						
Inventory/prepaids	$ -	$ -	$ -	$ 20,930	$ -	$ 20,930
Note receivable	245,067	-	-	-	-	245,067
Restricted for						
Debt service	-	-	1,907,062	-	-	1,907,062
Bond funds	-	-	-	38,315,166	-	38,315,166
Hotel/motel tax	-	-	-	-	1,675,963	1,675,963
Street maintenance tax	-	-	-	-	3,530,549	3,530,549
Other purposes	-	-	-	-	2,901,071	2,901,071
Committed for						
Contingency	11,414,340	-	-	-	-	11,414,340
Benefit payout	340,000	-	-	-	-	340,000
Other capital projects	-	31,029,700	-	-	-	31,029,700
Nonmajor funds	-	-	-	-	6,876,345	6,876,345
Unassigned	9,197,203	-	-	-	-	9,197,203
Total fund balance	$ 21,196,610	$ 31,029,700	$ 1,907,062	$38,336,096	$ 14,983,928	$ 107,453,396

When both restricted and unrestricted fund balance amounts are available for use, it is the City's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for which amounts in any of those unrestricted fund balance classifications are available. Amounts assigned to encumbrances relate to purchase commitments for future periods that do not yet meet expenditure recognition criteria.

U. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category:

- Deferred charges on refundings
- Pension and OPEB items:
  - Differences between expected and actual economic experience
  - Changes in actuarial assumptions
  - Difference between projected and actual investment earnings
  - Contributions to pension plan subsequent to the measurement date

In addition to liabilities, the statement of financial position and/or balance sheet 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. Property taxes levied, but not expected to be available to fund obligations in the current period, are recorded as deferred inflows of resources on the balance sheet. Additionally, deferred inflows of resources are recognized related to both pension and OPEB changes during the year.

V. Net Position

Net position represents the difference between assets, liabilities and respective deferred outflow or inflows of resources. A portion of net position represents net investments in capital assets which is the total balance of the City's investment in capital assets less accumulated depreciation and the outstanding balances of any borrowing spent for that acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through (1) the enabling legislation adopted by the City, (2) through external restrictions imposed by grantors, or (3) laws or regulations of other governments.

Note 2. Cash and Investments

For cash flow purposes, cash and temporary investments consist of demand deposits, certificates of deposits, and authorized investment pools. The operating cash balance from all funds is consolidated in pooled cash and investment accounts. Excess pooled balances are invested in U.S. Treasury securities, U.S. Government agency securities, fully collateralized money market funds and local government investment pools. Maturities on all investments are consistent with the City's cash flow requirements. Investments are recorded at cost. Interest earnings are allocated to each fund based on average monthly pooled equity balances. Separate cash and investment accounts are maintained for restricted cash such as debt service, utility debt reserves, and bond proceeds reserved for future construction.

The investment policies of the City are governed by State statutes and a City Council adopted Investment Policy. Major provisions of the City's investment policy include: responsibility for investments, authorized investments, security dealer selection and qualifying procedures, safekeeping and custodial procedures, statement of investment objectives, and investment reporting requirements.

A. Deposits

Texas Statutes require that all bank deposits be insured or fully collateralized by the U.S. government obligations or obligations of the State of Texas and its agencies. Fair value of the collateral pledged must equal at least 102% of the bank deposits not covered by federal deposit insurance.

At year-end, the carrying amount of the City's bank deposits was $14,275,762 and the bank balances were $9,505,298, all of which were entirely covered by Federal depository insurance or by collateral held by the City's agent bank in the City's name.

In order to maximize interest earnings, the City utilizes a controlled disbursement account, which allows the City to deposit only as much money as needed to fund checks presented each day.

B. Investments

The City is authorized to invest in certificates of deposit, direct obligations of the U.S. government, U.S. government agency securities, fully collateralized direct repurchase agreements, no-load money market funds whose portfolios meet the City's investment requirements, and in qualified local government investment pools as approved by the City Council. Non-participating interest earning contracts, including certificates of deposit, and money market accounts are reported at cost. Investments in external investment pools are reported at amortized cost.

Interest rate risk is the potential for a decline in market value due to rising interest rates. In compliance with the City's Investment Policy, as of September 30, 2020, the City minimized the interest rate risk in the portfolio by limiting the weighted average maturity of security types to no longer than two years; structuring the investment portfolio so that securities matured to meet cash requirements for ongoing operations and capital improvement projects; monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by the Public Funds Investment Act; and investing operating funds primarily in shorter-term securities and similar government investment pools.

The City evaluated all of its cash and investment positions, and determined that it had none subject to recurring fair value recognition or disclosures. The City's investment balances and weighted average maturity of such investments as of September 30, 2020 are:

	Primary Government	
	September 30, 2020	Weighted Average
Investment pools (at amortized cost)		
Texas local government investment pool (TexPool)	$ 39,541,882	32
Texas short-term asset reserve program (TexSTAR)	87,105,794	22
T-bills	2,499,970	8
Investments (at cost)		
Money market accounts	19,469,539	1
Certificates of deposit	113,140,672	179
Total investments	261,757,857	
Portfolio weighted average maturity		90
Carrying amount - cash	13,808,445	
Total cash and investments	$ 275,566,302	

C. Credit Risk

Credit risk is the possibility that the issuer of a security will fail to make timely payments of interest or principal. In general, the lower the credit quality of a security, the higher the yield, with all other factors being equal. In compliance with the City's Investment Policy, as of September 30, 2020, the City minimized credit risk losses due to default of security issuer or backer by limiting investments to the safest types of securities; pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business; and diversifying the investment portfolio so that potential losses on individual securities were minimized.

For short-term liquidity requirements, the City primarily utilizes the Texas Short-Term Asset Reserve Program (TexSTAR). JPMorgan Fleming Asset Management, Inc. and First Southwest Asset Management, Inc. serve as co-administrators under an agreement with the TexSTAR board of directors to provide investment and participant services for this pool. JPMorgan Chase Bank or its subsidiary J.P. Morgan Investor Services Co. provides the custodial, transfer agency, fund accounting, and depository services for this pool.

The City also maintains an account with the Texas Local Government Investment Pool (TexPool). Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State of Texas Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool.

At year end, balances in TexSTAR and TexPool were rated AAAm by Standard & Poor's. All pools operate on a $1 net asset value basis. In order to maintain a stable $1 price of the fund, the pools will sell portfolio holdings if the ratio of the fair value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005. The pools are stated at their measured amortized cost, which is assumed to approximate fair value.

Note 3. Taxes

A. Property Taxes

Property is appraised and a lien on such property becomes enforceable as of January 1 of each year. Taxes are levied on and payable the following October 1. Taxes become delinquent February 1 of the following year and are subject to interest and penalty charges. Under an agreement which began August 1, 2000, Williamson County Tax Office collects the City's taxes. In the fund financial statements, City property tax revenues are recognized when levied to the extent that they are collected in the current year. Taxes collected prior to the levy date to which they apply are recorded as unearned revenues and recognized as revenue of the period to which they apply.

All collections from prior year levies are considered delinquent tax revenue for reporting purposes in the year collected. The allowance for uncollectible taxes at September 30, 2020 was $10,732.

The City is permitted by the State of Texas to levy taxes up to $2.50 per $100 of assessed valuation for general government services and for the payment of principal and interest on general long-term debt. The combined current tax rate to finance general government services, including debt service for the fiscal year ended September 30, 2020, was $0.42 per $100 of assessed valuation.

The Williamson Central Appraisal District (Appraisal District) is responsible for the recording and appraisal of property for all taxing units in Williamson County. The Appraisal District is required to assess property at 100% of its appraised value. Real property must be reappraised at least every four years. The City may, at its own expense, require annual reviews by the Appraisal District through various appeals and, if necessary, legal action. Under this system, if the rate, excluding tax rates for bonds and other contractual obligations adjusted for new improvements, exceeds the rate for the previous year by more than 3.5%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to an increase of no more than 3.5%.

In September 2004, voters approved an initiative to freeze property taxes for homeowners over the age of 65 or disabled. This measure mirrors the State of Texas Constitutional Amendment Proposition 13, which passed overwhelmingly statewide in 2003. Prop 13 gives local governments the option of "freezing" taxes for the elderly and disabled.

B. Sales Taxes

The City has adopted the provisions of Article 1066C, Vernon's Texas Civil Statutes, as amended, which grant the City the power to impose and levy a 1% Local Sales and Use Tax within the City. Proceeds of the tax are credited to the General Fund except for sales taxes generated at the airport which are credited to the Airport (Enterprise) Fund. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits to the City monthly the proceeds of the tax, after deduction of a 2% service fee.

On October 1, 2001, the City began collecting an additional half-cent sales tax for its component unit, GTEC, to fund transportation improvements that promote economic development. These funds are reported in the GTEC General Capital Projects Fund, a blended component unit of the City.

On April 1, 2003, the City began collecting an additional quarter-cent sales tax in accordance with Texas House Bill 445 to fund maintenance on streets that were in existence at the time the sales tax was adopted by the voters. In November 2014 and again in November 2018, the citizens readopted this quarter-cent sales tax option. The sunset provision will expire in March 2023. These funds are reported in the Streets Special Revenue Fund.

On October 1, 2005, the City began collecting an additional eighth-cent sales tax in accordance with the Texas Development Corporation Act of 1979, Article 5190.6, Section 4A Texas Revised Civil Statues for the promotion and development of new and expanded business enterprises. This sales tax is administered through GEDCO.

On October 1, 2005, the City began collecting an additional eighth-cent sales tax to be used toward the reduction of ad valorem property taxes. Proceeds are credited to the City's General Fund.

Note 4. Transfers

	Transfers In								
	Governmental Funds						Enterprise Funds		
	Major Funds						Major Funds		
Transfers Out	General Fund	Debt Service	GTEC	General Capital Projects	Nonmajor Special Revenue	Internal Services	Electric	Nonmajor Enterprise Funds	Total Transfers Out
Governmental funds									
Major funds									
General fund	$ -	$ 67,000	$ -	$ -	$ 387,000	$ 70,860	$ -	$ -	$ 524,860
GTEC	-	2,403,361	-	-	-	-	-	-	2,403,361
General capital projects	-	-	-	-	-	3,204,546	-	-	3,204,546
Nonmajor funds	28,634	606,083	-	-	-	65,000	500,000	-	1,199,717
Internal service funds	-	-	-	1,262,000	-	15,500	-	-	1,277,500
Enterprise funds									
Major funds									
Electric	4,534,733	-	-	-	-	295,059	-	-	4,829,792
Water services	4,025,560	-	-	-	-	158,000	-	-	4,183,560
Nonmajor funds	288,106	-	-	-	-	140,500	-	-	428,606
	$8,877,033	$ 3,076,444	$ -	$1,262,000	$ 387,000	$ 3,949,465	$ 500,000	$ -	18,051,942
				Transfers eliminated in government-wide statements					(9,109,984)
				Net transfers - statement of activities					$ 8,941,958

The net transfers between the governmental types and business types total $8,941,958. Per the City's fiscal and budgetary policy, utility operations transfer seven percent of gross billings for utility services to the General fund as a payment of the profits of the fund or a return on investment. Other types of transfers include grant matching, fire hydrant testing, equipment purchases, and capital project funding.

Note 5. Capital Assets

Capital asset activity for the year ended September 30, 2020 was as follows:

	Balance September 30, 2019	Additions	Deletions and Transfers	Balance September 30, 2020
Governmental activities				
Capital assets not being depreciated				
Land	$ 21,772,554	$ -	$ -	$ 21,772,554
Land rights	20,938,510	-	-	20,938,510
Streets	278,203,966	12,501,801	-	290,705,767
Construction in progress	28,056,663	17,440,473	(9,445,118)	36,052,018
Total capital assets not being depreciated	348,971,693	29,942,274	(9,445,118)	369,468,849
Capital assets being depreciated				
Buildings	96,726,621	181,448	-	96,908,069
Furniture, machinery, and equipment	26,002,471	1,213,159	(37,317)	27,178,313
Vehicles	33,480,030	4,263,679	-	37,743,709
Distribution system	1,547,389	782,501	-	2,329,890
Bridges	7,777,022	-	-	7,777,022
Improvements	53,409,562	11,802,987	-	65,212,549
Total capital assets being depreciated	218,943,095	18,243,774	(37,317)	237,149,552
Less accumulated depreciation for				
Buildings	(19,584,357)	(2,061,898)	-	(21,646,255)
Furniture, machinery, and equipment	(22,118,622)	(1,789,930)	-	(23,908,552)
Vehicles	(19,200,645)	(2,559,249)	-	(21,759,894)
Distribution system	(661,866)	(269,522)	37,317	(894,071)
Bridges	(3,697,947)	(265,664)	-	(3,963,611)
Improvements	(11,564,708)	(14,049,162)	-	(25,613,870)
Total accumulated depreciation	(76,828,145)	(20,995,425)	37,317	(97,786,253)
Total capital assets being depreciated, net	142,114,950	(2,751,651)	-	139,363,299
Governmental activities capital assets, net	$ 491,086,643	$ 27,190,623	$ (9,445,118)	$ 508,832,148
Electric activities				
Capital assets not being depreciated				
Land	$ 635,073	$ -	$ -	$ 635,073
Land rights	153,607	-	-	153,607
Construction in progress	-	5,375,929	(4,005,742)	1,370,187
Total capital assets not being depreciated	788,680	5,375,929	(4,005,742)	2,158,867
Capital assets being depreciated				
Buildings	24,637	-	-	24,637
Furniture, machinery, and equipment	1,605,747	17,752	-	1,623,499
Vehicles	13,346	-	-	13,346
Distribution system	180,070,728	17,901,486	(11,163,355)	186,808,859
Improvements	173,421	-	-	173,421
Total capital assets being depreciated	181,887,879	17,919,238	(11,163,355)	188,643,762
Less accumulated depreciation for				
Buildings	(24,637)	-	-	(24,637)
Furniture, machinery, and equipment	(1,282,202)	(110,329)	-	(1,392,531)
Vehicles	(13,346)	-	-	(13,346)
Distribution system	(53,850,587)	(13,762,330)	-	(67,612,917)
Improvements	(171,161)	(2,261)	3,452,667	3,279,245
Total accumulated depreciation	(55,341,933)	(13,874,920)	3,452,667	(65,764,186)
Total capital assets being depreciated, net	126,545,946	4,044,318	(7,710,688)	122,879,576
Electric activities capital assets, net	$ 127,334,626	$ 9,420,247	$(11,716,430)	$ 125,038,443

	Balance September 30, 2019	Additions	Deletions and Transfers	Balance September 30, 2020
Water services activities				
Capital assets not being depreciated				
Land	$ 1,559,074	$ -	$ -	$ 1,559,074
Land rights	66,006	-	-	66,006
Construction in progress	9,721,532	10,627,902	(901,818)	19,447,616
Total capital assets not being depreciated	11,346,612	10,627,902	(901,818)	21,072,696
Capital assets being depreciated				
Buildings	9,611,544	-	-	9,611,544
Furniture, machinery, and equipment	1,597,911	33,821	-	1,631,732
Vehicles	46,834	-	-	46,834
Distribution system	415,943,724	31,146,204	(4,406,826)	442,683,102
Improvements	219,995	-	-	219,995
Total capital assets being depreciated	427,420,008	31,180,025	(4,406,826)	454,193,207
Less accumulated depreciation for				
Buildings	(2,832,957)	(235,589)	-	(3,068,546)
Furniture, machinery, and equipment	(992,441)	(201,421)		(1,193,862)
Vehicles	(38,760)	(1,642)	-	(40,402)
Distribution system	(102,896,810)	(10,543,491)	430,187	(113,010,114)
Improvements	(205,671)	(3,052)	-	(208,723)
Total accumulated depreciation	(106,966,639)	(10,985,195)	430,187	(117,521,647)
Total capital assets being depreciated, net	320,453,369	20,194,830	(3,976,639)	336,671,560
Water services activities capital assets, net	$ 331,799,981	$ 30,822,732	$ (4,878,457)	$ 357,744,256
Other nonmajor business-type activities				
Capital assets not being depreciated				
Land	$ 589,632	$ -	$ 51,904	$ 641,536
Land rights	1,503,538	-	-	1,503,538
Construction in progress	21,799	883,049	(512,885)	391,963
Total capital assets not being depreciated	2,114,969	883,049	(460,981)	2,537,037
Capital assets being depreciated				
Buildings	3,856,218	-	-	3,856,218
Furniture, machinery, and equipment	393,873	28,015	-	421,888
Vehicles	14,050	-	-	14,050
Distribution system	62,750,012	14,142,601	-	76,892,613
Improvements	5,838,519	-	-	5,838,519
Total capital assets being depreciated	72,852,672	14,170,616	-	87,023,288
Less accumulated depreciation for				
Buildings	(2,290,896)	(49,232)	-	(2,340,128)
Furniture, machinery, and equipment	(196,036)	(10,320)	-	(206,356)
Vehicles	-	-	-	-
Distribution system	(1,119,475)	(2,052,061)	-	(3,171,536)
Improvements	(17,752,198)	(273,887)	-	(18,026,085)
Total accumulated depreciation	(21,358,605)	(2,385,500)	-	(23,744,105)
Total capital assets being depreciated, net	51,494,067	11,785,116	-	63,279,183
Other nonmajor business-type activities capital assets, net	$ 53,609,036	$ 12,668,165	$ (460,981)	$ 65,816,220

	Balance September 30, 2019	Additions	Deletions and Transfers	Balance September 30, 2020
Total business-type activities				
Capital assets not being depreciated				
Land	$ 2,783,779	$ -	$ 51,904	$ 2,835,683
Land rights	1,723,151	-	-	1,723,151
Construction in progress	9,743,331	16,886,880	(5,420,445)	21,209,766
Total capital assets not being depreciated	14,250,261	16,886,880	(5,368,541)	25,768,600
Capital assets being depreciated				
Buildings	13,492,399	-	-	13,492,399
Furniture, machinery, and equipment	3,597,531	79,588	-	3,677,119
Vehicles	74,230	-	-	74,230
Distribution system	658,764,464	63,190,291	(15,570,181)	706,384,574
Improvements	6,231,935	-	-	6,231,935
Total capital assets being depreciated	682,160,559	63,269,879	(15,570,181)	729,860,257
Less accumulated depreciation for				
Buildings	(5,148,490)	(284,821)	-	(5,433,311)
Furniture, machinery, and equipment	(2,470,679)	(322,070)	-	(2,792,749)
Vehicles	(52,106)	(1,642)	-	(53,748)
Distribution system	(157,866,872)	(26,357,882)	430,187	(183,794,567)
Improvements	(18,129,030)	(279,200)	3,452,667	(14,955,563)
Total accumulated depreciation	(183,667,177)	(27,245,615)	3,882,854	(207,029,938)
Total capital assets being depreciated, net	498,493,382	36,024,264	(11,687,327)	522,830,319
Total business-type activities capital assets, net	$ 512,743,643	$ 52,911,144	$ (17,055,868)	$ 548,598,919

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

Governmental activities	
Culture / recreation	$ 3,103,364
Development	770,317
Fire	3,923,502
General government	1,288,719
Highways and streets	2,944,176
Police	3,878,587
Environmental services	1,924,584
Internal service funds	3,162,176
Total depreciation expense governmental activities	$ 20,995,425
Business-type activities	
Electric	$ 13,874,920
Water services	10,985,195
Nonmajor	2,385,500
Total depreciation expense business-type activities	$ 27,245,615

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets			
Total capital assets (net of accumulated depreciation)	$ 508,832,148	$ 548,598,919	$1,057,431,067
Less long-term debt and related charges	(224,865,160)	(111,388,141)	(336,253,301)
Add unspent bond proceeds	50,899,290	37,271,829	88,171,119
Net long-term debt	(173,965,870)	(74,116,312)	(248,082,182)
Net investment in capital assets (net of related debt)	$ 334,866,278	$ 474,482,607	$ 809,348,885

Note 6. Long-Term Liabilities

A. Overview

The following is a summary of long-term debt transactions of the City for the fiscal year ended September 30, 2020:

	Balance as of September 30, 2019	Additions	Retirements	Balance as of September 30, 2020	Due within One Year
Governmental activities					
General obligation bonds	$204,223,234	$19,635,000	$(13,014,534)	$210,843,700	$14,940,801
Sales tax revenue bonds	5,555,000	-	(595,000)	4,960,000	620,000
Premiums	11,175,985	-	(829,736)	10,346,249	831,430
Compensated absences	6,364,435	2,674,267	(2,050,459)	6,988,243	2,254,020
Net pension liability	22,722,792	-	(7,593,704)	15,129,088	-
Other post employment benefits	3,324,575	858,760	-	4,183,335	-
Total governmental activities	253,366,021	23,168,027	(24,083,433)	252,450,615	18,646,251
Business-type activities					
Revenue bonds	87,295,000	20,655,000	(12,365,000)	95,585,000	7,070,000
General obligation bonds	12,336,775	655,000	(925,475)	12,066,300	999,199
Premiums	4,778,117	-	(399,063)	4,379,054	399,061
Compensated absences	1,178,132	594,787	(599,526)	1,173,393	521,265
Net pension liability	6,040,235	-	(2,491,436)	3,548,799	-
Total business-type activities	111,628,259	21,904,787	(16,780,500)	116,752,546	8,989,525
Total long-term debt	$364,994,280	$45,072,814	$(40,863,933)	$369,203,161	$27,635,776

Liabilities for compensated absences, net pension liability, and other post-employment benefits that are included in governmental activities are expended primarily in the General Fund as benefits are used by the employees.

At September 30, 2020, there was $85,070,000 of authorized but unissued general obligation bonds. There are no authorized but unissued revenue bonds. The City is in compliance with all bond ordinances.

Fiscal Years Ending September 30,	Governmental		Business-type		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	$ 15,560,801	$ 7,556,425	$ 8,069,199	$ 3,533,513	$ 23,630,000	$ 11,089,938
2022	15,647,875	6,969,962	8,327,125	3,188,084	23,975,000	10,158,046
2023	15,815,478	6,436,765	7,959,522	2,907,785	23,775,000	9,344,550
2024	16,170,402	5,858,974	7,744,598	2,626,606	23,915,000	8,485,580
2025	15,828,256	5,228,171	8,021,744	2,354,605	23,850,000	7,582,776
2026-2030	62,572,634	18,375,242	34,577,366	8,029,788	97,150,000	26,405,030
2031-2035	54,628,254	8,489,544	27,526,746	3,390,623	82,155,000	11,880,167
2036-2040	19,580,000	1,200,735	5,425,000	294,964	25,005,000	1,495,699
	$ 215,803,700	$ 60,115,818	$107,651,300	$ 26,325,968	$323,455,000	$ 86,441,786

During the year ended September 30, 2020, the City issued $11,210,000 in Combination Tax and Revenue Certificates of Obligation, $9,080,000 in General Obligation Bonds, and $14,430,000 in Utility System Revenue Bonds. The City also issued $6,225,000 in Utility System Revenue Refunding Bonds which results in a gross cash flow savings through the year ending September 30, 2029 of $728,905.

General Obligation Debt

A summary of tax-supported general obligation debt outstanding at September 30, 2020:

$9,720,000, 2011 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2031; interest at 2% to 4%	$ 5,625,000
$12,500,000, 2012 General obligation bonds due in annual installments through February 15, 2037; interest at 1.5% to 3.625%	9,810,000
$1,650,000, 2012 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2032; interest at 1.5% to 3.375% (portion included below)	722,500
$1,016,532, 2012 General obligation and Refunding bonds due in annual installments through August 15, 2029; interest at 0.2% to 3.25% (portion included below)	472,328
$12,500,000, 2012A General obligation bonds due in annual installments through August 15, 2037; interest at 2.0% to 3.25% (portion included below)	9,880,000
$9,500,000, 2013 General obligation bonds due in annual installments through August 15, 2037; interest at 2.0% to 3.375% (portion included below)	6,685,000
$9,646,976, 2013 General obligation and Refunding bonds due in annual installments through August 15, 2025; interest at 2.0% to 4.0% (portion included below)	3,975,381
$4,800,000, 2014 General obligation bonds due in annual installments through August 15, 2034; interest at 2.0% to 3.60%	3,795,000
$1,841,000, 2014 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2034; interest at 3.00% to 3.625%s (portion included below)	1,456,728

$9,709,525, 2014 General obligation and Refunding bonds due in annual installments through August 15, 2027; interest at 2.00% to 4.00% (portion included below)	6,023,465
$4,345,000, 2015 General obligation bonds due in annual installments through August 15, 2035; interest at 3.00% to 4.00%	3,550,000
$3,175,000, 2015 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2035; interest at 2.00% to 3.50% (portion included below)	1,995,000
$4,042,295, 2015 General obligation and Refunding bonds due in annual installments through August 15, 2028; interest at 2.000% to 3.125% (portion included below)	1,875,020
$11,785,000, 2015A General obligation bonds due in annual installments through August 15, 2035; interest at 2.000% to 3.300%	9,580,000
$12,585,000, 2016 General obligation bonds due in annual installments through August 15, 2036; interest at 2.000% to 4.000%	10,705,000
$3,105,000, 2016 Combination tax and revenue certificates of obligation due in annual installments through August 15, 2036; interest at 2.000% to 4.000% (portion included below)	2,290,000
$4,014,840, 2016 General obligation and Refunding bonds due in annual installments through August 15, 2027; interest at 2.000% to 3.000% (portion included below)	1,905,849
$8,555,000, 2017 General obligation bonds due in annual installments through August 15, 2037; interest at 3.125% to 5.000%	7,845,000
$8,655,000, 2017 Combination tax and revenue certificates of obligation due in annual installments through August 15, 2037; interest at 3.000% to 5.000% (portion included below)	7,220,000
$12,385,000, 2017 General obligation and Refunding bonds due in annual installments through August 15, 2030; interest at 2.000% to 5.000%	11,810,000
$23,555,000, 2018 General obligation bonds due in annual installments through August 15, 2038; interest at 3.00% to 5.000%	22,230,000
$10,695,000, 2018 Combination tax and revenue certificates of obligation due in annual installments through August 15, 2038; interest at 3.000% to 4.000%	8,625,000
$4,920,000, 2019 General obligation bonds due in annual installments through August 15, 2039; interest at 3.00% to 5.000%	4,810,000
$13,830,000, 2019 Combination tax and revenue certificates of obligation due in annual installments through August 15, 2039; interest at 3.000% to 5.000%	13,110,000
$5,815,000, 2020 Combination tax and revenue certificates of obligation due in annual installments through August 15, 2035; interest at 1.200%	5,815,000
$9,080,000, 2020 General obligation bonds due in annual installments through August 15, 2035; interest at 2.290$	9,080,000
Total tax supported debt	$ 170,891,271

A summary of self-supporting general obligation debt outstanding at September 30, 2020:

$1,650,000, 2012 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2032; interest at 1.5% to 3.375%; designated for GTEC capital improvements to be paid through revenues from the ½ cent GTEC sales tax.	722,500
$2,165,180, 2012 General obligation and Refunding bonds due in annual installments through August 15, 2029; interest at 0.2% to 3.25%; designated for GTEC capital improvements to be paid through revenues from the ½ cent GTEC sales tax.	1,006,043
$5,233,289, 2012 General obligation and Refunding bonds due in annual installments through August 15, 2029; interest at 0.2% to 3.25%; paid through Electric utility revenues.	2,431,629
$4,065,000, 2013 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2033; interest at 2.0% to 3.25%; to be paid through Electric and Water utility revenues.	2,945,000
$442,408, 2013 General obligation and Refunding bonds due in annual installments through August 15, 2025; interest at 2.0% to 4.0%; portion dedicated for Airport Improvements, $254,219, to be paid with Airport fees. Portion dedicated for Stormwater Drainage Improvements, $188,189 to be paid through monthly fees charged to utility customers within the City limits.	182,307
$915,616, 2013 General obligation and Refunding bonds due in annual installments through August 15, 2025; interest at 2.0% to 4.0%; designated for GTEC capital improvements to be paid through revenues from the ½ cent GTEC sales tax.	377,312
$459,000, 2014 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2034; interest at 3.00% to 3.625% to be paid through monthly Stormwater Drainage fees charged to utility.	363,272
$162,030, 2014 General obligation and Refunding bonds due in annual installments through August 15, 2027; interest at 2.00% to 4.00% portion dedicated for Airport Improvements, $8,593, to be paid with Airport fees. Portion dedicated for Stormwater Drainage Improvements, $153,438, to be paid through monthly fees charged to utility customers within City limit.	100,518
$2,403,445, 2014 General obligation and Refunding bonds due in annual installments through August 15, 2027; interest at 2.00% to 4.00% designated for GTEC capital improvements to be paid through revenues from the ½ cent GTEC sales tax.	1,491,017

$6,470,000, 2015 Combination tax and revenue certificates of obligation due in annual installments through August 15, 2035; interest at 2.00% to 3.60%; to be paid through annual ad valorem tax levied on all taxable property within the Rivery TIRZ.	5,680,000
$675,297, 2015 General obligation and Refunding bonds due in annual installments through August 15, 2028; interest at 2.0% to 3.125%; portion dedicated for Airport Improvements, $188,168, to be paid with Airport fees. Portion dedicated for Stormwater Drainage Improvements, $487,129 to be paid through monthly fees charged to utility customers within the City limits.	313,290
$1,642,408, 2015 General obligation and Refunding bonds due in annual installments through August 15, 2028; interest at 2.0% to 3.125%; designated for GTEC capital improvements to be paid through revenues from the ½ cent GTEC sales tax.	761,690
$3,070,000, 2015 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2035; interest at 2.00% to 3.50%; portion dedicated for Airport Improvements, $865,000, to be paid with Airport fees. Portion dedicated for Stormwater Drainage Improvements, $2,205,000 to be paid through monthly fees charged to utility customers within the City limits.	2,490,000
$745,000, 2015 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2035; interest at 2.00% to 3.50%; paid through water utility revenues.	600,000
$10,720,000, 2016 Combination tax and revenue certificates of obligation due in annual installments through August 15, 2036; interest at 2.000% to 3.000%; designated for GTEC capital improvements to be paid through revenues from the 1/2 cent GTEC sales tax.	9,075,000
$2,980,000, 2016 Combination tax and revenue certificates of obligation due in annual installments through August 15, 2036; interest at 2.000% to 5.000%; designated for GEDCO-Rivery capital improvements to be paid through revenues from the .125 of a cent GEDCO sales tax.	2,510,000
$1,645,000, 2016 Combination tax and revenue certificates of obligation due in annual installments through August 15, 2036; interest at 2.000% to 3.000%; to be paid through annual ad valorem tax levied on all taxable property within the Rivery TIRZ.	1,395,000
$240,000, 2016 Combination tax and revenue certificates of obligation due in annual installments through August 15, 2036; interest at 2.000% to 3.000%; to be paid through monthly Stormwater Drainage fees charged to utility customers within City Limits.	200,000
$3,409,997, 2016 General obligation and refunding bonds due in annual installments through August 15, 2027; interest at 2.000% to 2.500%; designated for GTEC capital improvements to be paid through revenues from ½ cent GTEC sales tax.	1,618,867

$85,163, 2016 General obligation and refunding bonds due in annual installments through August 15, 2027; interest at 2.000% to 3.000%; portion dedicated for Airport Improvements, $4,620, to be paid with Airport fees. Portion dedicated for Stormwater Drainage Improvements $80,542 to be paid through monthly fees charged to utility customers within City limits.		40,284
$555,000, 2017 General obligation and Refunding bonds due in annual installments through August 15, 2030; interest at 2.000% to 5.000% dedicated for Stormwater Drainage Improvements to be paid through monthly fees charged to utility customers within City limits.		515,000
$5,750,000, 2017 Combination tax and revenue certificates of obligation due in installments through August 15, 2037; interest at 3.000% to 5.000%; designated for GTEC capital improvements to be paid through revenues from 1/2 cent GTEC sales tax.		5,185,000
$145,000, 2018 Combined tax and revenue certificates of obligation due in installments through 8/15/2038; interest at 3% to 4%; portion dedicated for Airport Improvements.		135,000
$1,140,000, 2019 Combination tax and revenue certificates of obligation due in annual installments through August 15, 2039; interest at 3.000% to 5.000%; portion dedicated for Airport Improvements, $430,000, to be paid with Airport fees. Portion dedicated for Stormwater Drainage Improvements $710,000 to be paid through monthly fees charged to utility customers within City limits.		1,095,000
$5,390,000, 2019 Combination tax and revenue certificates of obligation due in annual installments through August 15, 2039; interest at 3.000% to 5.000%; portion funded by Solid Waste fees.		5,390,000
$4,740,000, 2020 Combination tax and revenue certificates of obligation due in annual installments through August 15, 2035; interest at 1.200%; designated for GTEC capital improvements to be paid through revenues from 1/2 cent GTEC sales tax.		4,740,000
$655,000, 2020 Combination tax and revenue certificates of obligation due in annual installments through August 15, 2035; interest at 1.200%; dedicated for Stormwater Drainage Improvements to be paid through monthly fees charged to utility customers within City limits.		655,000
Total self-supported general obligation debt		52,018,729
Grand total outstanding general obligation debt as of September 30, 2020	$	222,910,000
This amount is reported in the government-wide statements of activities as:		
Governmental activities	$	210,843,700
Business-type activities		12,066,300
	$	222,910,000

B. Sales Tax Revenue Debt – Georgetown Transportation Enhancement Corporation

A summary of sales tax revenue debt outstanding at September 30, 2020 follows:

$7,755,000, 2015 Senior lien sales tax revenue bonds due in annual installments through August 15, 2027; interest at 2.00% to 4.00%; repaid with 1/2 cent sales tax revenue	$	4,960,000
Total outstanding sales tax revenue debt	$	4,960,000

C. Discretely Presented Component Unit

Georgetown Economic Development Corporation (GEDCO) participated in the City's issuance of $18,690,000 Combination Tax and Revenue Certificates of Obligation, Series 2016 and is obligated to pay the City its portion of the principal and interest for the certificates, through 2036. Additionally, GEDCO has received a loan from the Water Services Fund as part of a tri-party agreement for economic development.

Repayment of GEDCO's outstanding long-term liabilities is as follows at September 30, 2020:

	GEDCO			
Fiscal Years Ending September 30,		Principal		Interest
2021	$	192,830	$	97,911
2022		199,511		95,306
2023		206,559		88,966
2024		214,354		79,271
2025-2029		959,175		272,155
2030-2034		860,000		144,700
2035-2036		385,000		17,400
	$	3,017,429	$	795,709

D. Revenue Debt

A summary of revenue bonds outstanding at September 30, 2020:

$7,715,000, 2012 Utility System Revenue & Refunding bonds due in annual installments through August 15, 2023; interest at 2% to 4%	$	2,230,000
$11,855,000, 2014 Utility System Revenue & Refunding bonds due in annual installments through August 15, 2027; interest at 2% to 4%		6,335,000
$13,000,000, 2014 Utility System Revenue bonds due in annual installments through August 15, 2034; interest at 2% to 4%		10,320,000
$5,350,000, 2014 Utility System Revenue bonds due in annual installments through August 15, 2031; interest at 1% to 4%		3,800,000
$10,920,000, 2015 Utility System Revenue & Refunding bonds due in annual installments through August 15, 2035; interest at 3.00% to 3.75%		8,925,000
$9,620,000, 2016 Utility System Revenue bonds due in annual installments through August 15, 2036; interest at 2.000% to 4.000%.		8,215,000
$6,925,000, 2016 Utility System Revenue bonds due in annual installments through August 15, 2028; interest at 3.000% to 4.000%		4,410,000
$27,915,000, 2017 Utility System Revenue bonds due in annual installments through August 15, 2037; interest at 3.000% to 4.000%		24,590,000
$6,510,000, 2018 Utility System Revenue bonds due in annual installments through August 15, 2038; interest at 2.000% to 4.000%		6,105,000
$14,430,000, 2020 Utility System Revenue bonds due in annual installments through August 15, 2035; interest at 1.950%		14,430,000
$6,225,000,Utility System Revenue bonds due in annual installments through August 15, 2029; interest at 1.350%		6,225,000
Total outstanding revenue debt as of September 30, 2020	$	95,585,000

All net revenues of the electric and water services system are pledged for the payment of debt service for the revenue bonds. Net revenues, as defined by the various bond ordinances, include income and revenues derived from the operation of the system, after deduction of the amount necessary to pay all operating, maintenance, replacement, and betterment charges of the system.

These bond ordinances require that the net revenues, as defined, equal at least 1.35 times the average annual debt service on all revenue bonds. The City complied with this requirement at September 30, 2020.

Note 7. Defined Benefit Pension Plan

A. Plan Description

The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report 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 actuarially equivalent 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.

A summary of plan provisions for the City are as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated Service Credit	100% Repeating
Annuity Increase to retirees	30% of CPU Repeating

C. Employees Covered by Benefit Terms

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

Retirees or beneficiaries currently receiving benefits	211
Inactive employees entitled to but not yet receiving benefits	269
Active employees	697
	1,177

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

Employees for the City of Georgetown were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Georgetown were 12.54%, 12.36%, and 12.26% in calendar years 2018, 2019, and 2020 respectively. The City's contributions to TMRS for the year ended September 30, 2020 were $5,912,566 and were equal to the required contributions.

E. 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 pension plan investment expense, including inflation

Salary increases are 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 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2109 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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2020 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 Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2018	$ 154,718,502	$ 125,955,474	$ 28,763,028
Changes for the year			
Service cost	7,773,892	-	7,773,892
Interest	10,571,618	-	10,571,618
Change of benefit terms	-	-	-
Difference between expected and actual experience	(273,287)	-	(273,287)
Changes of assumptions	529,624	-	529,624
Contributions - employer	-	5,912,566	(5,912,566)
Contributions - employee	-	3,384,157	(3,384,157)
Net investment income	-	19,503,600	(19,503,600)
Benefit payments, including refund of employee contributions	(3,977,775)	(3,977,775)	-
Administrative expense	-	(110,028)	110,028
Other changes	-	(3,307)	3,307
Net changes	14,624,072	24,709,213	(10,085,141)
Balance at December 31, 2019	$ 169,342,574	$ 150,664,687	$ 18,677,887

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	$ 45,178,292	$ 18,677,886	$ (2,976,262)

F. 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.

G. 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 $7,117,547.

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	$ 550,744	$ 590,386
Changes in actuarial assumptions	915,306	-
Difference in projected and actual investment earnings	7,288,748	11,802,815
Contributions subsequent to the measurement date	4,629,366	-
Total	$ 13,384,164	$ 12,393,201

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $4,629,336 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2020 (i.e. recognized in the city's financial statements September 30, 2021). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Years Ended December 31,	
2020	$ (755,828)
2021	(964,063)
2022	283,804
2023	(2,210,500)
2024	(13,706)
Thereafter	21,890
	$ (3,638,403)

Note 8. Other Post-Employment Benefits (OPEB)

A. Post-Employment Healthcare Plan

Plan Description and Benefits Provided
In addition to the pension benefits described in the previous note, the City has established a medical insurance benefit plan for retirees, which is a single-employer defined benefit medical plan (the Retiree Medical Plan). The Retiree Medical Plan does not issue a publicly available financial report. Eligible retirees will be provided medical insurance benefits at a set premium rate annually. Eligible retirees may also cover their eligible dependents. Retirees are responsible for paying the premiums. A retiree is defined as someone who retires from the City and receives benefit payments. The City will stop insurance coverage on the retiree and dependent on the last day of the month when one of the following occurs:

1. The retiree reaches age 65; or
2. The retiree fails to submit the required set premium rate.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The following employees were covered by the benefit terms as of December 31, 2019.

Retirees or beneficiaries	13
Inactive employees, nonretired members	0
Active members	688
	701

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 December 31, 2019.

Actuarial Assumptions and Other Inputs
The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Individual entry-age normal
Discount rate	2.75%
Inflation	2.5% per year
Salary increases	3.5% to 11.5%, 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 improvements rates in the MP tables to account for future mortality improvements.
Health care trend rates	Initial rate of 7% declining to an ultimate rate of 4.15% after 15 years.
Participation rates	25% for retirees with age at least 50 at retirement; 0% for retirees with age less than 50 at retirement; 20% of retirees were assumed to elect two-person coverage.

Changes in the Total OPEB Liability

	Increase (Decrease) Total OPEB Liability
Balance at September 30, 2019	$ 2,237,267
Changes for the year	
Service cost	154,054
Interest	84,088
Change of benefit terms	-
Difference between expected and actual experience	65,680
Changes of assumptions	286,037
Benefit payments	(95,554)
Net changes	494,305
Balance at September 30, 2020	$ 2,731,572

Changes of Assumptions
Changes of assumptions and other inputs reflect the effects of changes in the discount rate for each period. In fiscal year 2020, amounts reflect an increase in the discount rate from the beginning of the year from 3.71% to 2.75%, revised TMRS demographic assumptions, and updates to the healthcare trend assumption.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates
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 1 percentage point lower or 1 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%)
Total OPEB liability	$ 3,015,469	$ 2,731,572	$ 2,472,181

The following presents the total OPEB liability of the City, calculated using the current healthcare cost trend rates as well as what the City's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	1% Decrease in Healthcare Cost Rate	Healthcare Cost Rate	1% Increase in Healthcare Cost Rate
Total OPEB liability	$ 2,369,196	$ 2,731,572	$ 3,167,511

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

OPEB Expense		Year Ended September 30, 2020
Service cost	$	154,054
Interest		84,088
Change of benefit terms		-
Difference between expected and actual experience		65,680
Changes of assumptions		286,037
Benefit payments		(95,554)
Expense	$	494,305

As of September 30, 2020, the deferred inflows and outflows of resources are as follows:

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual economic experience	$	62,999	$	-
Changes in actuarial assumptions		335,652		73,098
Difference in projected and actual investment earnings		-		-
Contributions subsequent to the measurement date		71,666		-
Total	$	470,317	$	73,098

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

Year Ending September 30,		
2021	$	34,824
2022		34,824
2023		34,824
2024		34,824
2025		34,824
Thereafter		151,433
	$	325,553

B. Life Insurance Benefits

Plan Description and Benefits Provided
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 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (Calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). 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).

Inactive employees currently receiving benefits	158
Inactive employees entitled to but not yet receiving benefits	84
Active employees	697
	939

Contributions

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 $4,835, which equaled the required contributions.

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
Administrative expenses	All administrative expenses are paid through the Pension Trust.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year setforward 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 discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

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

		Increase (Decrease) Total OPEB Liability
Balance at December 31, 2018	$	1,087,308
Changes for the year		
Service cost		72,518
Interest		41,595
Change of benefit terms		-
Difference between expected and actual experience		(6,941)
Changes of assumptions		262,118
Benefit payments		(4,835)
Net changes		364,455
Balance at December 31, 2019	$	1,451,763

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 (1.75%) or one percentage-point higher (3.75%) than the current rate:

	1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
Total OPEB liability	$ 1,805,110	$ 1,451,763	$ 1,181,872

OPEB Expense and Related Deferred Outflows of Resources and Deferred Inflows of Resources
For the year ended September 30, 2020, the City recognized OPEB expense of $143,164.

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	$ -	$ 20,715
Changes in actuarial assumptions	217,706	-
Difference in projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	-	-
Total	$ 217,706	$ 20,715

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30,		
2021	$	29,051
2022		29,051
2023		29,051
2024		29,051
2025		29,051
Thereafter		51,736
	$	196,991

Note 9. Risk Management

Health Benefits – On January 1, 2014, the City began a self-funded insurance program for provision of employee health insurance. In fiscal year 2019, the City made contributions to cover 83% of the employees' costs for medical plan premiums. The employees authorized payroll withholdings to pay the remainder contributions for themselves, and their family members, if elected.

In accordance with state statute, the City maintains a catastrophic loss insurance policy (stop-loss policy), which reimburses the City for annual claims totaling over $150,000 per covered individual. For the fiscal year ended 2020, $867,868 in stop-loss payments were received by the City. The City made no significant reductions in insurance coverage and no settlements have exceeded insurance coverage for the 2020 fiscal year. The City's contributions for the self-insurance during the year totaled $7,940,475. Estimates of claims payable and of claims incurred but not reported at September 30, 2020 are reflected as accrued expenses of the fund. The liabilities include an amount for claims that have been incurred but were not reported until after September 30, 2020. Because actual claims liabilities depend on such complex factors such as inflation, changes in legal requirements, and damage awards, the process used in computing claims liability is an estimate that could materially change when the claims are ultimately finalized. Analysis of claims liability for the fiscal year 2020 is as follows:

Unpaid claims, beginning of year	$	580,933
Incurred claims		7,402,649
Claim payments		(7,386,649)
Unpaid claims, end of year	$	596,933

Note 10. Deferred Compensation Plan

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

Note 11. Commitments and Contingencies

A. Wholesale Power Agreements

The City has the following long-term agreements, which represent significant commitments:

- American Electric Power (AEP), through 2028
- Électricité de France Renewable Energy (EDF-RE), through 2035
- Clearway Energy, through 2043
- Mercuria Energy America (MEA) through 2021

B. Brazos River Authority (BRA) Water Contracts

Effective September 1, 2001, the City revised its previous water availability agreements with the BRA to further plan for future water needs and to standardize the pricing to a system-wide rate. The effective system-wide rate for Lake Georgetown Water and Lake Stillhouse Hollow Water fiscal year beginning September 1, 2020 is $79.00 per acre-foot and for Colorado River Basin for fiscal year beginning September 1, 2020 is $181.25 per acre-foot. The City paid a total of $3,625,861 for water during the fiscal year. The City has three separate agreements with the BRA as follows:

<u>Lake Georgetown Water</u> – This agreement, effective September 1, 2001 and expiring August 31, 2050, requires BRA to make available to the City 6,720 acre-feet of water per year at BRA's system wide rate. The City paid $531,728 for water under this agreement in fiscal year 2020.

<u>Lake Stillhouse Hollow Water</u> – This agreement, effective September 1, 2001 and expiring August 31, 2040, requires BRA to make available to the City 38,987 acre-feet of water per year at BRA's system wide rate. The City paid $3,084,895 for water under this agreement in fiscal year 2020.

<u>Colorado River Basin</u> – This agreement, effective July 1, 2020, and expiring August 31, 2030, requires BRA to make available to the City 1,200 acre-feet of water per calendar year based on the Total LCRA Water Rate under the LCRA contract with the BRA. The City paid $9,237 for water under this agreement in fiscal year 2020.

C. Brazos River Authority – Williamson County Regional Raw Water Line Agreement

The City is a party to an agreement dated June 30, 1986, with the Brazos River Authority (BRA), City of Round Rock, Jonah Water Special Utility District, and Chisholm Trail Special Utility District (CTSUD). The Brazos River Authority designed, constructed, owns, and operates a pipeline to transport water from Lake Stillhouse Hollow to Lake Georgetown to benefit the parties in the agreement. Total project construction cost for the raw water line was approximately $40,000,000. In 2007, BRA refunded a portion of the original $89,000,000 in debt, leaving approximately $69,000,000 outstanding debt, including principal and interest. Each participant agreed to pay for the annual cost of debt and operations of the line. The City's obligation is $50,500,000, including principal and interest, to be repaid annually through 2032. The amount for fiscal year 2020 was $2,371,890.

The following schedule reflects the principal portion of the City's obligation:

Years Ending September 30,		
2021	$	2,277,352
2022		2,273,009
2023		2,276,986
2023		2,271,146
2025-2033		15,079,182
	$	24,177,675

As part of the CTSUD acquisition that occurred on September 12, 2014, the City assumed the ownership interest and related obligations of CTSUD's portion of this project.

D. Georgetown Village Public Improvement District

In 1999, the City of Georgetown created the Georgetown Village Public Improvement District No. 1, pursuant to Chapter 372 of the Texas Local Government Code. The City is required to construct and provide operation, repair, and maintenance of parks, recreational facilities, alleyways, lighting, landscaping and related improvements to the district that are above the standards that are met elsewhere in the City. Property owners are assessed an annual maintenance assessment of $0.14 per $100 valuation. Assessment revenue of $458,669 was recognized for 2020. As of September 30, 2020, $780,381 of costs associated with the Georgetown Village Public Improvement District have been reimbursed.

E. Cimarron Hills Public Improvement District

In May 2000, the City and Paloma Cimarron Hills, L.P. entered into a development agreement for a 606 home, 813 acre subdivision within the City's Extraterritorial Jurisdiction (ETJ). As part of this agreement, the City created the Cimarron Hills PID to reimburse the developer for costs of certain infrastructure improvements. Each lot within the development is assessed an annual fee based on its type of usage. The City also collects a per unit transportation fee which will be used to fund necessary roadway improvements and bridge crossings in the area. PID assessment collection began in 2002. In 2020, no PID assessments were received. The developer was reimbursed $1,686 from current year collections and available fund balance. The assessments and related disbursements are recorded in the Agency Funds.

F. Gateway Tax Increment Reinvestment Zone (TIRZ)

This was established in November 2006 to fund improvements needed for redevelopment of the Williams Drive gateway area. A master plan for the area was developed in 2006, with implementation planned for future years. For the year ending September 30, 2020, total revenues were $52,471 with no expenditures.

G. Downtown Tax Increment Reinvestment Zone (TIRZ)

This was established in 2004 to fund improvements in the downtown overlay district to assist in funding the downtown master plan. For the year ending September 30, 2020, total revenues were $307,300 with total expenditures of $50,484.

H. Rivery Park Tax Increment Reinvestment Zone (TIRZ)

This was established in 2008 to fund a convention center/hotel complex, as well as, an expansion to Rivery Park. In January 2014, the City entered into agreements for a 220-room Sheraton hotel and conference center at the 32-acre Rivery site for the development of the Summit at Rivery Park (Rivery) project. This project includes a 16,000 square-foot conference center that can accommodate up to 4,500 people and a public parking garage. Plans for the project include future phases with retail stores, restaurant sites, single-family homes, and multifamily residences for a total project investment of $150,000,000 including $65,000,000 for the hotel, conference center, and parking garage. Private investors funded most of the project costs.

A total of $16,800,000 in future City and County property taxes generated at the site will be used to reimburse the City and the developer for the cost of the hotel and conference center, parking garage, and other public improvements. This includes $12,500,000 of investments by the City and its related entities including GEDCO and GTEC.

In December 2014, the city council extended the construction and completion dates for the various development agreements for the project. Ground breaking occurred in February 2015, while the grand opening occurred on July 28, 2016.

The City and Williamson County agreed to reimburse up to $25,000,000 for the project. The City will contribute 100% and Williamson County will contribute 80% of their respective incremental ad valorem tax valuation generated at the 32-acre site to fund the project. The City will remit half of the 1% City sales tax generated at the site to Williamson County as part of the agreement. For the year ending September 30, 2020, total revenues were $754,131 with total expenditures of $606,083.

I. South Georgetown Tax Increment Reinvestment Zone (TIRZ)

In June 2014, the City created the South Georgetown TIRZ on 595 undeveloped acres along Westinghouse Road near IH-35 to accelerate and ensure quality development and job creation in the area. This project abuts the high-growth corridor in neighboring Round Rock. The City intends to use this TIRZ to proactively build infrastructure, including sewer and road improvements, using future TIRZ revenues to reimburse the City for the costs of these improvements.

The TIRZ is expected to fund up to $50,000,000 of public improvements through December 2044, with an estimated future assessed valuation within the TIRZ in excess of $573,000,000. The City is currently in negotiations with landowners and developers in the area to facilitate and leverage the TIRZ improvements to ensure the success of the project. For the year ending September 30, 2020, total revenues were $542,807 with expenditures of $500,000.

J. Wolf Lakes Tax Increment Reinvestment Zone (TIRZ)

In December 2018, the City created the Wolf Lakes TIRZ on 164 acres located at the northwest corner of Interstate 35 and University Ave (SH29), bounded by Wolf Ranch Parkway to the west and the River Hills subdivision to the north. The purpose of the TIRZ is to provide economic and qualitative benefits by facilitating a program of public improvements.

The City and Williamson County agreed to reimburse up to $130,000,000 for public improvement projects in the TIRZ. The City will contribute 70% of their respective incremental ad valorem tax valuation generated up to $100,000,000 and Williamson County will contribute 50% of their respective incremental ad valorem tax valuation generated up to $30,000,000.

K. Chapter 552 Infrastructure Financing Reimbursement Agreement

In August 2014, the City entered into a Chapter 552 Infrastructure Financing/Reimbursement Agreement for the Hillwood Wolf Ranch Development Project. This agreement is one of several associated with this project which included the City's consent to the creation of an In-City Municipal Utility District (MUD) to finance the costs of various improvements. This Chapter 552 agreement, allowable under Chapter 552 of the Local Government Code, facilitates the reimbursement of up to $25,000,000 to the MUD for construction of specified public improvements within the Hillwood Wolf Ranch development. The annual repayment amount is funded from City ad valorem tax revenues received by the City for property within the MUD at a rate of $0.15/per $100 assessed valuation. The terms of this Chapter 552 Agreement continue until dissolution of the MUD or the date on which the City pays the maximum reimbursement amount of $25,000,000, whichever occurs first. Reimbursements were made in FY2020 totaling $255,414.

L. Chapter 380 Agreement Sales Tax Grant

In 2017, the City entered into a 380 Agreement with Holt Texas Ltd as part of an economic development agreement as an incentive for Holt Texas Ltd to expand its investment in infrastructure, land, and other improvements. As an incentive to expand Holt's investment, the City agreed to provide five (5) sales tax grants equal to 50% of the 1% general fund sales taxes collected by the City from Holt sales tax receipts in a 12 months sales tax reporting period up to a maximum of $2,000,000. Holt Texas Ltd is required to meet a minimum sale of taxable items of $35,000,000 in each sales tax reporting period in order to be eligible for the sales tax grant for that year. Holt Texas Ltd will open the expanded facility in the fourth quarter of 2019 with the first reporting period to be in 2020, fiscal year 2021. The agreement expires after the fifth sales tax grant is issued or the maximum $2,000,000 is met.

M. Garey Park Trust

In June 2014, the City entered into a memorandum of understanding (MOU) whereby Alan Jack Garey donated his 525-acre ranch and home, on the conditions that the property shall be used exclusively as a public park and recreational facility for the benefit of all residents of the City of Georgetown and surrounding areas. The Gareys deeded 321.45 acres of land to the Texas Parks and Recreation Foundation, in trust for the benefit of the City. All of the land is now in the City of Georgetown's name. We have accepted operations and maintenance for the park. Garey Park opened in June 2018.

N. Grants

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

O. Litigation

The City is involved in various legal actions in which claims of varying amounts are being asserted against the City. The City follows the practice of providing for these claims only when they become probable and reasonably determinable in amount. In the opinion of City management, these actions will not result in a significant change in the City's financial position.

P. Construction Contracts

Encumbrances on construction projects in progress as of September 30, 2020 are approximately $10,439,000 for Governmental Funds and approximately $14,437,000 for Enterprise Funds.

Note 12. Financial Hedging

In an effort to mitigate the financial and market risk associated with the purchase of natural gas, energy, and congestion price volatility, the City has established a Risk Management Policy. This policy was authorized by the City Council to enter into forward contracts for natural gas, swaps, and congestion rights for the purpose of reducing exposure to natural gas, energy, and congestion price risk. Use of these types of instruments for the purpose of reducing exposure to price risk is performed as a hedging activity.

At September 30, 2020, the City had multiple outstanding contracts, with wholesale customers to provide power supply and/or qualified scheduling entity services. For the power supply customers, the City charges an energy charge which is based on the quantity of power supplied multiplied by a fixed price, or multiplied by a fixed heat rate and a fuel index price. In order to hedge the City's risk, the City has entered into corresponding power supply agreements with counterparties to hedge against energy price or heat rate fluctuation in the market. These contracts meet the definition of a derivative instrument as defined by GASB Statement No. 53, *Accounting and Reporting for Derivative Instruments* (GASB 53). However, these contracts meet the normal purchases and sales exemption of GASB 53 as the City intends to use the physical commodity in its normal utility operations to supply energy to its customers. Accordingly, these contracts are not within the scope of GASB 53 and are not recorded on the City's Statement of Net Position.

At September 30, 2020, the City maintains a $3,000,000 Letter of Credit at the Electric Reliability Council of Texas (ERCOT) in lieu of maintaining an unsecured deposit with that agency to comply with fiscal surety requirements.

A. Risks

Credit Risk. The City's over-the-counter agreements for natural gas and energy expose the City to credit risk. In the event of default, the City's operations will not be materially affected. However, the City does not expect the counterparties to fail to meet their obligations. The City maintains contracts with contractual provisions under the EEI (Edison Electric Institute) and EPC (Energy Procurement Contract) agreements.

Termination Risk. Termination risk is the risk that a derivative will terminate prior to its scheduled maturity date due to a contractual event. Contractual events include illegality, tax and credit events upon merger and other events. The City's exposure to termination risk for over-the counter agreements is minimal due to the high credit rating of the counterparties, and the contractual provisions under the EEI and EPC agreements applied to these contracts. Termination risk is associated with all of the City's derivatives up to their fair value of the instrument.

Netting Arrangements. The City enters into netting arrangements whenever it has entered into more than one derivative transaction with counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the transaction's fair values so that a single sum will be owed by or owed to the non-defaulting party.

Note 13. Subsequent Events

Due to the major winter storm that hit the State of Texas in February 2021, the price of energy experienced record price increases for an extended period of time. Due to these price increases, the Georgetown Electric Fund owes Shell Energy North America, our Qualified Scheduling Entity for the Texas market, between $45 - $50 million by April 1, 2021. With approval of the City Council, the City of Georgetown is looking to finance this obligation with tax-supported debt for a ten-year period. The City Council has set Electric utility rates sufficient to repay this debt obligation. Due to this additional obligation, Standard & Poor's lowered the rating on the Utility System Revenue Bonds to A+ as of February 2021.

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APPENDIX C

FORM OF BOND COUNSEL'S OPINION

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

**CITY OF GEORGETOWN, TEXAS,
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2021A
IN THE AGGREGATE PRINCIPAL AMOUNT OF $21,015,000**

AS BOND COUNSEL FOR THE CITY OF GEORGETOWN, TEXAS (the "City") in connection with the issuance of the certificates described above (the "Certificates"), we have examined the legality and validity of the Certificates, which bear interest from the dates specified in the text of the Certificates, until maturity or redemption, at the rates and payable on the dates specified in the text of the Certificates and in the ordinance of the City adopted on May 11, 2021 authorizing the issuance of the Certificates (the "Ordinance").

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, certified copies of the pertinent proceedings of the City, and other pertinent documents 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 duly authorized, issued and delivered in accordance with law; that the Certificates, except as the enforceability thereof may be limited by laws relating to governmental immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted related to creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the City; and that ad valorem taxes sufficient to provide for the payment of the interest on and the principal of the Certificates have been levied and pledged for such purpose, within the limits prescribed by law, on taxable property within the City and the Certificates are additionally secured by and payable from a limited pledge of surplus revenues of the City's utility system all as provided in the Ordinance.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Certificates is excludable from the gross income of the owners thereof 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. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation. 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 City as the taxpayer. We observe that the City 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 City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Certificates for federal income tax purposes, and for no other reason or purpose. 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 City, 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 City as to the current outstanding indebtedness of the City and the assessed valuation of taxable property within the City and the sufficiency of the revenues pledged by the City. Our role in connection with the City'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,

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SPECIALIZED PUBLIC FINANCE INC.
FINANCIAL ADVISORY SERVICES