

OFFICIAL STATEMENT

Dated: July 20, 2021

In the opinion of McCall, Parkhurst & Horton, L.L.P., Bond Counsel to the City, interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings, and court decisions existing on the date of the initial delivery of the Bonds, subject to the matters described under "TAX MATTERS" herein.

THE BONDS HAVE BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS"**\$8,435,000****CITY OF SAGINAW, TEXAS****(Tarrant County)****GENERAL OBLIGATION BONDS, SERIES 2021****Dated Date: August 1, 2021****Due: September 1, as shown on page ii**

The City of Saginaw, Texas (the "City") \$8,435,000 General Obligation Bonds, Series 2021 (the "Bonds") by the City of Saginaw, Texas (the "City") pursuant to the Constitution and general laws of the State of Texas, particularly Chapter 1331 Texas Government Code, as amended, an election held in the City on May 1, 2021, and an ordinance (the "Ordinance") adopted by the City Council of the City on the sale date of the Bonds. See "THE BONDS – Authority for Issuance".

The Bonds constitute direct obligations of the City payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the City. See "THE BONDS – Security and Source of Payment" and "THE BONDS – Tax Rate Limitations" herein. Interest on the Bonds will accrue from the Dated Date (defined herein) and will be payable March 1 and September 1 of each year until stated maturity or prior redemption, commencing March 1, 2022, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Bonds will be issued only as fully registered obligations in denominations of \$5,000 or any integral multiple thereof within a stated maturity.

The definitive Bonds will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository (the "Securities Depository"). Book-entry interests in the Bond will be made available for purchase in the principal amount of \$5,000 or any integral multiple thereof within a stated maturity. Purchasers of the Bond ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Bond purchased. So long as DTC or its nominee is the registered owner of the Bond, the principal of and interest on the Bond will be payable by BOKF, NA, Dallas, Texas, as Paying Agent/Registrar, to DTC, which will in turn remit such principal and interest to its Participants, which will in turn remit such principal and interest to the Beneficial Owners of the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Proceeds from the sale of the Bonds will be used to pay all or a portion of the City's contractual obligations incurred in connection with (i) Designing, constructing, reconstructing, improving, extending, expanding, upgrading and developing streets, roads, sidewalks, thoroughfares and related improvements in the City, including pedestrian right of ways, and related drainage, utility relocation, signalization, landscaping, lighting and signage; (ii) designing, constructing and equipping improvements and additions to City parks, including trails, sports recreational facilities, senior center, parking, and related infrastructure, and the acquisition of land and interests in land necessary therefore; (iii) designing, constructing and equipping a municipal library, along with related landscaping, parking and infrastructure, and the acquisition of land and interest in land necessary therefor; and (iv) legal, fiscal and engineering fees in connection with such projects and the Bonds. (See "THE BONDS - Use of Bond Proceeds" herein.)

The City reserves the right to redeem the Bonds maturing on and after February 1, 2031, on February 1, 2030, or any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, at the redemption price of par plus accrued interest as further described herein. (See "THE BOND - Redemption Provisions" herein.)

STATED MATURITY SCHEDULE**(On Page ii)**

The Bonds are offered for delivery when, as and if issued and received by Raymond James & Associates, Inc. (the "Initial Purchaser") and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel (see "APPENDIX C - Form of Legal Opinion of Bond Counsel" herein). It is expected that the Bonds will be available for delivery through the services of DTC on or about August 18, 2021 (the "Delivery Date").

STATED MATURITY SCHEDULE
(Due February 1)
Base CUSIP – 786820^(a)

Stated Maturity September 1	Principal Amount	Interest Rate (%)	Initial Yield (%)	CUSIP Suffix ^(a)
2022	\$ 500,000	4.000	0.200	D56
2023	305,000	4.000	0.250	D64
2024	315,000	4.000	0.350	D72
2025	330,000	4.000	0.450	D80
2026	345,000	4.000	0.600	D98
2027	355,000	4.000	0.700	E22
2028	370,000	4.000	0.850	E30
2029	385,000	4.000	1.000	E48
2030	400,000	4.000	1.050	E55
2031	420,000	3.000	1.150 ^(b)	E63
2032	430,000	2.000	1.250 ^(b)	E71
2033	440,000	2.000	1.350 ^(b)	E89
2034	445,000	2.000	1.400 ^(b)	E97
2035	455,000	2.000	1.450 ^(b)	F21
2036	465,000	2.000	1.500 ^(b)	F39
2037	475,000	2.000	1.550 ^(b)	F47
2038	485,000	2.000	1.650 ^(b)	F54
2039	495,000	2.000	1.750 ^(b)	F62
2040	505,000	2.000	1.850 ^(b)	F70
2041	515,000	2.000	1.900 ^(b)	F88

(Interest to accrue from the Dated Date)

The City reserves the right to redeem the Bonds maturing on and after September 1, 2031, on September 1, 2030, or any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, at the redemption price of par plus accrued interest as further described herein. (See “THE BONDS - Redemption Provisions” herein.)

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

^(b) Yield calculated to first call date, September 1, 2030.

**CITY OF SAGINAW, TEXAS
333 McLeroy Blvd.
Saginaw, Texas 76179
817-232-4640**

ELECTED OFFICIALS

<u>Name</u>	<u>Position</u>	<u>On Council Since</u>	<u>Term Expires May</u>	<u>Occupation</u>
Todd Flippo	Mayor	2008	2024	Scientist – Alcon Labs
Valerie Tankersley-Junkersfield	Mayor Pro-Tem, Place 3	2014	2022	Day Care Owner
Charles Beasley	Council Member, Place 1	2019	2022	IT Software Developer
Nicky Lawson	Council Member, Place 2	2021	2024	Electrical Engineer
Charles Tucker	Council Member, Place 4	2018	2023	Retired
Cindy Bighorse	Council Member, Place 5	2017	2022	Retired
Mary Copeland	Council Member, Place 6	2017	2023	Retired

ADMINISTRATION

<u>Name</u>	<u>Position</u>	<u>Years With The City</u>
Gabe Reaume	City Manager	3 years
Dolph Johnson	Assistant City Manager	24 years
Kim Quin	Finance Director	9 years
Janice England	City Secretary	37 years
Rick Trice	Director of Public Works	4 years
Lee Howell	Police Chief	3 years
Doug Spears	Fire Chief	26 years

CONSULTANTS AND ADVISORS

Bond Counsel	McCall, Parkhurst & Horton L.L.P. Dallas, Texas
Certified Public Accountants	Weaver and Tidwell, L.L.P. Dallas, Texas
Financial Advisor	SAMCO Capital Markets, Inc. San Antonio, Texas

For Additional Information Please Contact:

Ms. Kim Quin
Finance Director
City of Saginaw
333 McLeroy
Saginaw, Texas 76179
(817) 230-0325
kquin@saginawtx.org

Mr. Mark McLiney
Senior Managing Director
SAMCO Capital Markets, Inc.
1020 NE Loop 410, Suite 640
San Antonio, Texas 78209
(210) 832-9760
mmcliney@samcocapital.com

Mr. Andrew Friedman
Managing Director
SAMCO Capital Markets, Inc.
1020 NE Loop 410, Suite 640
San Antonio, Texas 78209
(210) 832-9760
afriedman@samcocapital.com

USE OF INFORMATION IN THE OFFICIAL STATEMENT

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, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information must not be relied upon.

Certain information set forth herein has been provided by sources other than the City that the City believes to be reliable, but the City makes no representation as to the accuracy of such information. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

The Initial Purchaser has provided the following statement for inclusion in this Official Statement. The Initial Purchaser has reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws, but the Initial Purchaser does not guarantee the accuracy or completeness of such information.

NONE OF THE CITY, THE FINANCIAL ADVISOR, OR THE INITIAL PURCHASER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC") OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION HAS BEEN PROVIDED BY DTC.

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

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

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Appendix A
 Appendix B
 Appendix C
 Appendix D

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

SELECTED DATA FROM THE OFFICIAL STATEMENT

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

The City	The City of Saginaw, Texas (the "City"), located in Tarrant County is a political subdivision of the State of Texas (the "State") and operates under a Mayor-Council-Manager form of government with a City Council comprised of seven members including the Mayor. All seven Council members are elected at-large for three year staggered terms. The City's current estimated population is 25,312. (See "Appendix B - General Information Regarding the City of Saginaw and Tarrant County, Texas" herein.)
Paying Agent/Registrar	The initial Paying Agent/Registrar for the Bonds is BOKF, NA, Dallas Texas.
Security	The Bonds constitute direct obligations of the City, payable from the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City. (see "THE BONDS – Security for Payment").
Redemption Provision	The City reserves the right, at its sole option, to redeem Bonds stated to mature on and after February 1, 2032, on February 1, 2031, or any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, at the price of par plus accrued interest to the date fixed for redemption. (See "THE BONDS - Redemption Provisions" herein.)
Tax Matters	In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal tax purposes under statutes, regulations, published rulings and court decisions existing on the date of the initial delivery of the Bonds, subject to the matters described under "TAX MATTERS" herein. (See "TAX MATTERS" for a discussion of the Opinion of Bond Counsel and "APPENDIX C - FORM OF LEGAL OPINION OF BOND COUNSEL" herein.)
Qualified Tax-Exempt Obligations	The City has designated the Bonds as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – Qualified Tax-Exempt Obligation by Financial Institutions" herein.
Use of Bond Proceeds	Proceeds from the sale of the Bonds will be used to pay all or a portion of the City's contractual obligations incurred in connection with (i) Designing, constructing, reconstructing, improving, extending, expanding, upgrading and developing streets, roads, sidewalks, thoroughfares and related improvements in the City, including pedestrian right of ways, and related drainage, utility relocation, signalization, landscaping, lighting and signage; (ii) designing, constructing and equipping improvements and additions to City parks, including trails, sports recreational facilities, senior center, parking, and related infrastructure, and the acquisition of land and interests in land necessary therefore; (iii) designing, constructing and equipping a municipal library, along with related landscaping, parking and infrastructure, and the acquisition of land and interest in land necessary therefor; and (iv) legal, fiscal and engineering fees in connection with such projects and the Bonds. (See "THE BONDS - Use of Bond Proceeds" herein.)
Book-Entry-Only System	The City intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York ("DTC") described herein. No physical delivery of the Bonds will be made to the beneficial owners of the Bonds. Such Book-Entry-Only System may affect the method and timing of payments on the Bonds and the manner the Bonds may be transferred. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)
Rating	S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P") has assigned a rating of "AA" to the Bonds. An explanation of the significance of such rating may be obtained from S&P. (See "OTHER PERTINENT INFORMATION - Rating" herein.)
Issuance of Additional Debt	The City does not anticipate the issuance of additional debt within the next twelve months, except potentially refunding bonds for debt service savings.
Payment Record	The City has never defaulted on the payment of its general obligation or revenue debt.
Delivery	When issued, anticipated on or about August 18, 2021.
Legality	Delivery of the Bonds is subject to the approval by the Attorney General of the State and the rendering of an opinion as to legality by McCall, Parkhurst & Horton L.L.P., Bond Counsel, Dallas, Texas.

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INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by the City of Saginaw, Texas (the "City") of its \$8,435,000 General Obligation Bonds, Series 2021 (the "Bonds") identified on the cover page hereof.

The City is a political subdivision of the State of Texas (the "State") and operates as a home-rule municipality under the statutes and the constitution of the State. The Bonds are being issued pursuant to the Constitution and general laws of the State, an ordinance (the "Ordinance") adopted by the City Council of the City (the "City Council") authorizing the issuance of the Bonds, and the City's Home Rule Charter. (See "THE BONDS - Authority for Issuance" herein.)

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Ordinance. Included in this Official Statement are descriptions of the Bonds and certain information about the City and its finances. **ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT.** Copies of such documents may be obtained from the City or the Financial Advisor noted on page iii hereof.

INFECTIOUS DISEASE OUTBREAK – COVID-19

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

On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State in response to the Pandemic which has been subsequently extended and remains in effect. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a State agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness and mitigation. However, on March 2, 2021 (but effective as of March 10, 2021), the Governor issued Executive Order GA-34, which supersedes most of the executive orders relating to COVID-19 and provides, generally, for the reopening of the State to 100%, ends the COVID-19 mask mandate, and supersedes any conflicting order issued by local officials in response to COVID-19, among other things and subject to certain limitations. Executive Order GA-34 remains in place until amended, rescinded, or superseded by the Governor. On May 18, 2021, the Governor issued Executive Order GA-36, which rescinds certain provisions of GA-34 and provides that no governmental entity, including the City, may require any person to wear a face covering or to mandate that another person wear a face covering. 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 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 collections of certain revenues securing the Bonds.

Convening of the Texas Legislature

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

THE BONDS

General

The Bonds will be dated August 1, 2021 (the "Dated Date"). The Bonds are stated to mature on September 1 in the years and in the principal amounts set forth on page ii hereof. The Bonds shall bear interest from their Dated Date on the unpaid principal amounts, and the amount of interest to be paid with respect to each payment period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Bonds will be payable on March 1, 2022, and on each September 1 or March 1 thereafter until maturity or prior redemption. Principal is payable at the designated offices of the "Paying Agent/Registrar" for the Bonds, initially BOKF, NA, Dallas, Texas. Interest on the Bonds shall be paid to the registered owners whose names appear on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (as hereinafter defined) and shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to be closed, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

Initially, the Bonds will be registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described below. No physical delivery of the Bonds will be made to the Beneficial Owners. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will distribute the amounts received to the appropriate DTC Participants, who shall in turn make payment to the Beneficial Owners of the Bonds. Such Book-Entry-Only System may change the method and timing of payment for the Bonds and the method of transfer. See "BOOK-ENTRY-ONLY SYSTEM" below for a more complete description of such System.

Authority for Issuance

The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapter 1331 Texas Government Code, as amended, an election held in the City on May 1, 2021, and an ordinance (the "Ordinance") adopted by the City Council of the City on the sale date of the Bonds.

Security for Payment

The Bonds constitute direct obligations of the City, payable from the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City. (See "CITY APPLICATION OF THE PROPERTY TAX CODE" herein.)

Tax Rate Limitations

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, annual direct ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limit prescribed by law. Article XI, Section 5, of the Texas Constitution applicable to home-rule cities is applicable to the City, and limits the maximum ad valorem tax rate of the City to \$2.50 per \$100 taxable assessed valuation for all City purposes. The City's Home Rule Charter places a limit on the total ad valorem tax rate which may be levied for both operating and debt purposes of \$1.50 per \$100 taxable assessed valuation.

Administratively, the Attorney General of the State of Texas will permit allocation of \$1.00 of the 1.50 maximum tax rate for all general obligation debt service.

Use of Bond Proceeds

Proceeds from the sale of the Bonds will be used to pay all or a portion of the City's contractual obligations incurred in connection with (i) Designing, constructing, reconstructing, improving, extending, expanding, upgrading and developing streets, roads, sidewalks, thoroughfares and related improvements in the City, including pedestrian right of ways, and related drainage, utility relocation, signalization, landscaping, lighting and signage; (ii) designing, constructing and equipping improvements and additions to City parks, including trails, sports recreational facilities, senior center, parking, and related infrastructure, and the acquisition of land and interests in land necessary therefore; (iii) designing, constructing and equipping a municipal library, along with related

landscaping, parking and infrastructure, and the acquisition of land and interest in land necessary therefor; and (iv) legal, fiscal and engineering fees in connection with such projects and the Bonds.

Redemption Provisions

Optional Redemption: The City reserves the right, at its option, to redeem the Bonds maturing on and after September 1, 2031 on September 1, 2030, or any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and, if within a stated maturity, selected at random and by lot by the Paying Agent/Registrar), at the redemption price of par plus accrued interest to the date fixed for redemption.

Not less than thirty (30) days prior to a redemption date for the Bonds, the City shall cause a notice of such redemption to be sent by United States mail, first-class postage prepaid, to the registered owners of each Bond or a portion thereof to be redeemed at its address as it appeared on the registration books of the Paying Agent/Registrar on the day such notice of redemption is mailed. ANY NOTICE OF REDEMPTION SO MAILED TO THE REGISTERED OWNERS WILL BE DEEMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER ONE OR MORE OF THE REGISTERED OWNERS FAILED TO RECEIVE SUCH NOTICE. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such notice of redemption is given and any other condition to redemption satisfied, all as provided above, the Bonds or portion thereof which are to be redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Ordinance have been met and money sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption will, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption or upon any prerequisite set forth in such notice of redemption. If a 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 Bonds and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

The Paying Agent/Registrar and the City, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Bonds or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the Beneficial Owner, will not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the City will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bonds held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC direct participants and indirect participants may implement a redemption of such Bonds from the Beneficial Owners. Any such selection of Bonds the City has called for redemption 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 Bonds or the providing of notice to DTC direct participants, indirect participants, or Beneficial Owners of the selection of portions of the Bonds for redemption. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Payment Record

The City has never defaulted on the payment of its general obligation or revenue debt.

Legality

The Bonds are offered when, as and if issued, subject to the approvals of legality by the Attorney General of the State and McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel. A form of the legal opinion of Bond Counsel appears in Appendix C attached hereto.

Defeasance

The Ordinance provides for the defeasance of the Bonds when the payment of the principal of and premium, if any, on the Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or otherwise) is provided by irrevocably depositing with the Paying Agent/Registrar or authorized escrow agent, in trust (1) money sufficient to make such payment and/or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times to ensure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds. The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance. The Ordinance provides that "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Bonds. Current State law permits defeasance with the following types of

securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the City authorizes the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that, on the date the City authorizes the defeasance of the Bonds, have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Ordinance does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used for defeasance purposes or that for any other Defeasance Security will be maintained at any particular rating category.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of Bonds have been made as described above, all rights of the City to initiate proceedings to call such Bonds for redemption or take any other action amending the terms of such Bonds are extinguished; provided, however, that the right to call such Bonds for redemption is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call such Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of such Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Amendments

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

The Ordinance further provides that the registered owners of the Bonds aggregating in principal amount a majority of the outstanding Bonds 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 registered owners of the then outstanding Bonds, no amendment may be made for the purpose of: (i) making any change in the maturity of any of the outstanding Bonds; (ii) reducing the rate of interest borne by any of the outstanding Bonds; (iii) reducing the amount of the principal payable on any outstanding Bonds; (iv) modifying the terms of payment of principal of or interest on outstanding Bonds, or imposing any condition with respect to such payment; or (v) changing the minimum percentage of the principal amount of the Bonds necessary for consent to such amendment. Reference is made to the Ordinance for further provisions relating to the amendment thereof.

Default and Remedies

The Ordinance establishes specific events of default with respect to the Bonds. If the City defaults in the payment of the principal of or interest on the Bonds 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 of the Bonds, 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 provides 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 Bonds or the Ordinance and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year.

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

On June 30, 2006 Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W. 3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous language." Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, holders of the Bonds may not be able to bring such a suit against the City for breach of the covenants in the Bonds or in the Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's

property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. In *Tooke*, the Court noted the enactment in 2005 of sections 271.151 through .160, Texas Local Government Code (the "Local Government Immunity Waiver Act"), which, according to the Court, waives "immunity from suit for contract claims against most local governmental entities under certain circumstances." The Local Government Immunity Waiver Act covers cities and relates to contracts entered into by cities for providing goods and services to cities.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("*Wasson I*"), that governmental immunity does not imbue a city with derivative immunity when it performs a proprietary, as opposed to a governmental, function in respect to contracts executed by a city. On October 5, 2018, the Texas Supreme Court issued a second opinion to clarify *Wasson I*, *Wasson Interests LTD. v. City of Jacksonville*, 559 S.W.3d 142 (Tex. 2018) ("*Wasson II*", and together with *Wasson I* "*Wasson*"), ruling that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function at the time it entered into the contract, not at the time of the alleged breach. In *Wasson*, the Court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in regard to municipal contract cases (as opposed to tort claim cases), it is incumbent on the courts to determine whether a function was governmental or proprietary based upon the statutory and common law guidance at the time of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under authority or for the benefit of the State; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the State's immunity since they are not performed under the authority, or for the benefit, of the State as sovereign. Issues related to the applicability of a governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated based on the facts and circumstances surrounding the contract in question.

As noted above, the Ordinance provides that holders of the Bonds 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, holders of the Bonds 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 Bonds are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the duties of DTC with regard to ownership of the Bonds. Initially, the only registered owner of the Bonds will be Cede & Co., as DTC's nominee.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar for the Bonds is BOKF, NA, Dallas, Texas. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the City, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar, selected at the sole discretion of the City, shall be a bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. Upon a change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause written notice thereof to be sent to each registered owner of the Bonds by United States mail, first-class, postage prepaid.

The Bonds will be issued in fully registered form in multiples of \$5,000 for any one stated maturity, and principal and semiannual interest will be paid by the Paying Agent/Registrar. Interest will be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar on the Record Date (as defined below) by check or draft mailed on March 1, 2022, and on each September 1 and March 1 thereafter until maturity or prior redemption of the Bonds, by the Paying Agent/Registrar to the last known address of the registered owner as it appears on the Paying Agent/Registrar's books or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner. Principal of a Bond will be paid to the registered owner at its stated maturity or its prior redemption upon presentation to the Paying Agent/Registrar. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. So long as Cede & Co. is the registered owner of the Bonds, payments of principal of and interest on the Bonds will be made as described in "BOOK-ENTRY-ONLY SYSTEM" herein.

Record Date

The record date ("Record Date") for interest payable to the registered owner of a Bond on any interest payment date means the fifteenth day of the month next preceding such Interest Payment Date.

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

Future Registration

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

Limitation on Transfer or Exchange of Bonds

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

Replacement Bonds

In the Ordinance, provision is made for the replacement of mutilated, destroyed, lost, or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, or the receipt of satisfactory evidence of destruction, loss, or theft, and the receipt by the City and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The City may require payment of taxes, governmental charges, and other expenses in connection with any such replacement.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official

Statement. The City and the Financial Advisor believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

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

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

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

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

All payments on the Bonds 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 Bonds 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 on the Bonds 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 Participants.

DTC may discontinue providing its services as depository with respect to the Bonds 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, Bonds are required to be printed and delivered. The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered.

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 underwriters of the Bonds.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds 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 Bonds, 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.

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE CITY

The City invests funds in instruments authorized by Texas law, specifically the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "PFIA"), in accordance with and investment policies approved by the City Council. The City Council appoints the Finance Director as the "Investment officer" of the City. Both State law and the City's investment policies are subject to change.

Under Texas 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 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 (the "FDIC") or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund (the "NCUSIF") or their respective successors; (8) interest-bearing banking deposits, other than those described in clause (7), that (i) are invested through a broker or institution with a main office or branch office in this state and selected by the City in compliance with the PFIA, (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the City's account, (iii) 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 (iv) the City appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (8)(i) above, a bank, or a broker-dealer; (9) certificates of deposit and share certificates meeting the requirements of the PFIA (i) 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 FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8), above, or secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through a broker or institution that has a main office or branch office in the State and selected by the City in compliance with the PFIA, (b) the broker or institution arranges for the deposit of the funds 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, in compliance with the PFIA, the institution in clause (9)(ii)(a) above, a bank, or broker-dealer 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 by clauses (1) or (12), which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with a stated maturity of 270 days or less, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than 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 365 days or less that is rated at least A-1 or P-1 or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency if the commercial 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 Securities and Exchange Commission and complies with Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and

either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the City is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract; and (16) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations 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, (iv) the terms of a loan made under the program require that the securities being held as collateral 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 designated by the City, (v) 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 (vi) the agreement to lend securities has a term of one year or less.

If specifically authorized in the authorizing document, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

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 Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for City funds, the maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each 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 Texas 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 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 market 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 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) Texas law. No person may invest City funds without express written authority from the City Council.

Under Texas law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the City's designated Investment Officer; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater

than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

Authorized Investments

The City maintains portfolios which utilize specific investment strategy consideration, designed to address the unique characteristics of the following fund groups represented in the investment portfolios:

- Operating Funds and Commingled Pools Containing Operating Funds
- Debt Service Funds
- Debt Service Reserve Funds
- Capital Projects and Special Purpose Funds

All investment instruments must be approved by resolution of the City Council. Assets of funds of the City may be invested in the following instruments:

- US Treasury obligations with stated maturities not to exceed three (3) years and not to exceed 100% of the overall portfolio;
- Obligations of US Government agencies and instrumentalities with stated maturities not to exceed three (3) years and not to exceed 60% of the overall portfolio;
- Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities with stated maturity not to exceed three years;
- Repurchase agreements and reverse repurchase agreements as defined by PFIA and collateralized by US Government Obligations and obligations of US Government Agencies and Instrumentalities, undertaken under an executed Master Repurchase Agreement with primary dealer and not to exceed six (6) months. The portfolio may not contain more than 40% repurchase agreements;
- Certificates of deposit issued by state and national banks domiciled in Texas that are guaranteed or insured by the FDIC or secured by obligation that are described in investment vehicles above and not to exceed 40% of the overall portfolio;
- Constant dollar investment pools as defined by the PFIA rated no lower than AAA or AAA-m or its equivalent by at least one national rating agency and with a weighted average maturity not to exceed sixty (60) days. All investment pools must be approved by resolution from the City Council; and
- No-load money market mutual funds as permitted by the PFIA.

Current Investments

State law does not require the City to periodically mark its investments to market price, and the City does not do so, other than annually upon the conclusion of each fiscal year, for the purpose of compliance with applicable accounting policies concerning the contents of the City's audited financial statements. Given the nature of its investments, the City does not believe that the market value of its investments differs materially from book value.

As of May 31, 2021, all the City's investable funds in the amount of \$54,955,687.13 were invested in TexPool Money Market Accounts.

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

The Texas State Comptroller of Public Accounts exercises oversight responsibility over the Texas Local Government Investment Pool ("TexPool"). Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed both of participants in TexPool and of the other persons who do not have a business relationship with TexPool. The advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAA by S&P. TexPool operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. As such, TexPool uses amortized cost to report net assets and share prices since that amount approximates fair value.

DEFINED BENEFIT PENSION PLAN

Plan Description

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State 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. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by the System. This report may be obtained at www.tmr.com.

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

For more information see the Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2020, Note 8 and Note 9, pages 49 through 56.

AD VALOREM TAX PROCEDURES

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

Valuation of Taxable Property

The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Tarrant Appraisal District (the "Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three 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"). See "Table 1 – Assessed Valuation" for the reduction in taxable valuation attributable to the 10% Homestead Cap.

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. See "Table 1 – Assessed Valuation" for the reduction in taxable valuation attributable to valuation by Productivity Value.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates. See "AD VALOREM TAX PROCEDURES – Issuer 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. See "Table 1 – Assessed Valuation" for the reduction, if any, attributable to state mandated homestead exemptions.

Local Option Homestead Exemptions

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

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. See "Table 1 – Assessed Valuation" for the reduction, if any, attributable to the local option freeze for the elderly and disabled.

Personal Property

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

Freeport and Goods-In-Transit Exemptions

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

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

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

See "Table 1 – Assessed Valuation" for the reduction, if any, attributable to Freeport Property and/or Goods-in-Transit exemptions.

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 THE 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 THE 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 THE 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 Obligations.

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

Issuer 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.

The foregoing sections represents the City's current understanding of the recently adopted Senate Bill 2, however the City cannot represent at this time what impact such legislation may have on the City. The City may revise and update this information as more information about Senate Bill 2 and its specific impact on the City becomes available.

Issuer'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.

Penalties and Interest

Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

<u>Month</u>	<u>Penalty</u>	<u>Interest</u>	<u>Total</u>
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July ^(a)	12	6	18

^(a) After July, the penalty remains at 12% and interest accrues at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid. A delinquent tax continues to accrue interest as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest penalty is to compensate the taxing unit for revenue lost because of the delinquency. In addition the taxing unit may contract with an attorney for the collection of delinquent taxes and the amount of compensation as set forth in such contract may not provide for a fee not to exceed

20% of the amount of delinquent tax, penalty, and interest collected. Under certain circumstances, taxes, which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed.

CITY APPLICATION OF THE PROPERTY TAX CODE

The City grants an exemption of \$50,000 to the market value of the residence homestead of persons 65 years of age or older and exemption of \$30,000 for the disabled. See Appendix A – Table 10, Page A-5 for a listing of the amounts of these exemptions.

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

The City does not tax non-business personal property.

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

Tarrant County does permit split payments, but discounts are not allowed.

The City does grant the Freeport Property exemption.

The City does grant an exemption for "Goods-in-Transit".

The City does not participate in a Tax Increment Reinvestment Zone.

The City has not adopted the tax freeze for citizens who are disabled or are 65 years of age or older, which became a local option and subject to local referendum on January 1, 2004, as described above under "AD VALOREM TAX PROCEDURES – Local Option Freeze for the Elderly and Disabled" herein.

The City has no tax abatement agreements. The City has entered into thirteen 380 agreements of which nine have been satisfied with a total of \$133,470.87 in payments this fiscal year. The estimated total of the four remaining agreements is \$2,045,000 which may be partially paid by the end of the fiscal year. Businesses with which the City has current 380 agreements are: Hofer Builders, Kwik Kar, CTI Beanmaker and AB & JK Development LLC.

ADDITIONAL TAX COLLECTIONS

Municipal Sales Tax Collections

The City has adopted the provisions of Chapter 34 of the Tax Code, as amended, which provides for the maximum levy of a one percent sales tax which may be used by the City for any lawful purpose except that the City may not pledge any of the anticipated sales tax revenue to secure the payment of the Bonds or other indebtedness. Net collections on a fiscal year basis are shown in Table 15 of Appendix A – Financial Information of the City.

Optional Sales Tax

The Tax Code provides certain cities and counties the option of assessing a maximum one-half percent (1/2%) sales 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 tax is approved and levied, the ad valorem property tax levy must be reduced by the amount of the estimated sales tax revenues to be generated in the current year. Further the Tax Code provides certain cities the option of assessing a maximum one-half percent (1/2%) sales tax on retail sales of taxable items for economic development purposes, if approved by a majority of the voters in a local option election.

At an election held on November 2, 1993, registered voters of the City approved the imposition of a one-half percent (1/2%) additional sales tax for property tax reduction. Levy of the ad valorem tax reduction sales tax began in October 1994.

At an election held in November 1997, registered voters of the City approved the creation of a Crime Control and Prevention District ("CCPD") and authorized the imposition of a one-half percent (½%) additional sales tax for crime prevention for five years. This authorization was renewed for an additional five years in May 2002. Levy of the original ½% crime prevention sales tax began in April 1998 and after initial renewal extended until April 2008.

On May 12, 2007, the City had an election in which registered voters approved the imposition of a three-eighths percent (3/8%) additional sales tax for crime prevention for ten years (a reduction from the original ½% authorized) and a one-eighth percent (1/8%) additional sales tax for street maintenance. Levy of these additional sales tax collections began in April 2008 and were extended until April 2028 for CCPD and April 2023 for Street Maintenance. See Table 15, page A-7 for the City's sales tax collections.

The City has not held an election regarding an additional sales tax for economic development purposes in accordance with provisions of Chapters 501, 502, 504 or 505, Texas Local Government Code, as amended.

TAX MATTERS

Opinion

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

In rendering its opinion, Bond Counsel to the City 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 Bonds and certain other matters. Failure of the City to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds 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 Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel to the City is conditioned on compliance by the City with the covenants and the requirements described in the preceding paragraph, and Bond Counsel to the City has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

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. The Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the City with respect to the Bonds or the facilities financed or refinanced with the proceeds of the Bonds. Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the representations of the City that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the Bondholders 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 Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds 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 Bond 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 Bond 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 Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond 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 Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond 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 Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds 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 Bonds 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 Bonds 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 Bonds.

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 Bonds. 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 BONDS.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, 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 Bonds, 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 Bonds 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 Bonds 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 Bonds under Federal or state law and could affect the market price or marketability of the Bonds. 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 Bonds should consult their own tax advisors regarding the foregoing matters.

Qualified Tax-Exempt Obligations

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than \$10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by section 265(b) of the Code, section 291 of the Code provides that the allowable deduction to a "bank," as defined in section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

The City has designated the Bonds as "qualified tax-exempt obligations" and has certified its expectation that the above-described \$10,000,000 ceiling will not be exceeded. In furtherance of that designation, the City will covenant to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Bonds as "qualified tax-exempt obligations." **Potential purchasers should be aware that if the issue price to the public exceeds \$10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of \$10,000,000 is disregarded; however the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the \$10,000,000 limitation and the Bonds would not be "qualified tax-exempt obligations."**

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB").

Annual Reports

The City will provide certain updated financial information and operating data to the MSRB on an annual basis. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1, 2, 3, 11, 12, 13, 14, and 19 of Appendix A. The City will update and provide this information within six (6) months after the end of each fiscal year ending in and after 2020. The City will additionally provide audited financial statements when and if available, and in any event, within twelve (12) months after the end of each fiscal year ending in or after 2021. If the audit of such financial statements is not complete within twelve (12) months after any such fiscal year end, then the City will file unaudited financial statements within such 12 - month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix D or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation.

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

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

Notice of Certain Events

The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties. In addition, the City will provide timely notice of any failure by the City to provide annual financial information or operating data in accordance with their agreement described above under "Annual Reports".

For these purposes, any event described in (12) of the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

For the purposes of the above described event notices (15) and (16), the term "financial obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii); provided however, that a "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

Availability of Information from MSRB

The City has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

Limitations and Amendments

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

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

Compliance with Prior Agreements

During the last five years, the City has complied in all material respects with all continuing disclosure undertakings made by it in accordance with the Rule, except as follows: the City did not timely file defeasance notices in connection with the refunding of the City's Waterworks and Sewer System Revenue Bonds, Series 2006, Combination Tax and Revenue Certificates of Obligation, Series 2007, and Combination Tax and Revenue Certificates of Obligation, Series 2010. The Defeasance notice was filed July 31, 2020 and the Notice of Failure to File Material Event was filed on August 3, 2020.

OTHER PERTINENT INFORMATION

Registration and Qualification of Bonds for Sale

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

Litigation

In the opinion of the City Attorney, the City is party to one pending litigation. The City has a pending litigation matter that, if decided adversely to the City, could result in damages from \$100,000 to \$350,000. A statutory damage amount limitation applied to this case. Texas Municipal League Intergovernmental Risk Pool is providing a defense in this case, per its agreement with the City.

Future Debt Issuance

The City does not anticipate the issuance of additional debt within the next twelve months, except potentially refunding bonds for debt service savings.

Legal Investments and Eligibility to Secure Public Funds in Texas

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

No representation is made that the Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes. The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to any such persons or entities or which might otherwise limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Bonds for such purposes.

Legal Matters

The delivery of the Bonds is subject to the approval of the Attorney General of Texas, who will deliver its opinion, to the effect that the Bonds are valid and legally binding obligations of the City payable from the proceeds of an annual ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the City, and based upon examination of such transcript of proceedings, the approving legal opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel to the City ("Bond Counsel"), to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under section 103(a) of the Internal Revenue Code, subject to the matters described under "TAX MATTERS" herein. The form of Bond Counsel's opinion is attached hereto as APPENDIX C.

Though it may represent the Initial Purchaser from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been engaged by and only represents the City in the issuance of the Bonds. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Notice of Sale, the Official Bid Form or the Preliminary Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Official Statement to verify that such description conforms to the provisions of the Ordinance.

The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System. The legal opinions to be delivered concurrently with the delivery of the Bonds 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.

Rating

S&P Global Ratings (“S&P”) has assigned a rating of “AA” to the Bonds. Currently the City has an underlying rating of “AA” on its general obligation debt from S&P. An explanation of the significance of such rating may be obtained from the rating agency. A rating by a rating agency reflects only the view of such company at the time the rating is given, and the City makes no representations as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by S&P, if, in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

Financial Advisor

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

Initial Purchaser

After requesting competitive bids for the Bonds, the City accepted the bid of Raymond James & Associates, Inc. (the “Initial Purchaser”) to purchase the Bonds at the interest rates shown on page ii of this Official Statement at a price of par, plus a premium of \$755,926.35, and less an underwriter’s discount of \$58,619.74. The City can give no assurance that any trading market will be developed for the Bonds after their sale by the City to the Initial Purchaser. The City has no control over the price at which the Bonds are subsequently sold, and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the responsibility of the Initial Purchaser.

Certification as to Official Statement

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

Links to Websites

The City has provided links to websites in this Official Statement to allow investors independent access to information or expertise that may be of value. INFORMATION ON SUCH WEBSITES IS NOT INCORPORATED INTO THIS OFFICIAL STATEMENT BY REFERENCE OR OTHERWISE. The inclusion of any links does not imply a recommendation or endorsement of the information or views expressed within a website. The City has not participated in the preparation, compilation or selection of information or views in any website referenced in this Official Statement, and assumes no responsibility or liability for the information or views, or accuracy or completeness thereof, in any website referenced herein.

Forward-Looking Statements Disclaimer

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

update any such forward-looking statements. The City's actual results could differ materially from those discussed in such forward-looking statements.

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

Concluding Statement

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

This Official Statement was approved by the City Council for distribution in accordance with the provisions of the Rule.

CITY OF SAGINAW, TEXAS

Todd Flippo

Mayor
City of Saginaw, Texas

ATTEST:

Janice England

City Secretary

City of Saginaw, Texas

APPENDIX A

FINANCIAL INFORMATION OF THE CITY

(This appendix contains quantitative financial information and operating data with respect to the City. The information is only a partial representation and does not purport to be complete. For further and more complete information, reference should be made to the original documents, which can be obtained from various sources, as noted.)

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FINANCIAL INFORMATION OF THE CITY

ASSESSED VALUATION

TABLE 1

2020 Total Appraised Value of Taxable Property (100% of Actual) ^(a)		\$ 2,612,957,825
Less Exemptions / Value Loss:		
Absolute Exemptions	185,837,846	
Abatements	-	
Nominal Value	40,699	
Disabled Vets	23,137,459	
Freeport Inventory	45,520,105	
Over 65/Disabled	70,699,828	
Pollution Control	349,788	
Misc/Other	15,059,617	
Cases before ARB, Imcompletes, In process	<u>73,803,255</u>	<u>414,448,597</u>
2020 Certified Net Taxable Assessed Valuation		\$ <u>2,198,509,228</u>
2021 Preliminary Net Taxable Assessed Valuation ^(b)		\$ <u>2,376,548,527</u>

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

^(b) As of May 12, 2021.

Source: Tarrant Appraisal District and the City.

GENERAL OBLIGATION BONDED DEBT

TABLE 2

General Obligation Debt Principal Outstanding: (As of June 30, 2021)		
General Obligation Refunding and Improvement Bonds, Series 2013		\$ 6,070,000
General Obligation Refunding Bonds, Series 2014		1,050,000
General Obligation Bonds, Series 2015		6,105,000
General Obligation Refunding Bonds, Series 2015		1,075,000
General Obligation Refunding Bonds, Series 2016		3,085,000
General Obligation Bonds, Series 2017		6,965,000
Tax Notes, Series 2019		1,160,000
General Obligation Refunding Bonds, Series 2019		1,470,000
General Obligation Refunding Bonds, Series 2020		1,135,000
Combination Tax & Revenue Certificates of Obligation, Series 2020		<u>17,345,000</u>
Total Gross General Obligation Debt Principal Outstanding:		\$ <u>45,460,000</u>
Current Issue General Obligation Debt Principal:		
General Obligation Bonds, Series 2021 (the "Bonds")		\$ <u>8,435,000</u>
Total Gross General Obligation Debt Principal Outstanding Following the Issuance of the Bonds		\$ <u>53,895,000</u>
Less: Self-Supporting General Obligation Debt Principal		
General Obligation Refunding Bonds, Series 2014 (Approx. 13.81% UF)		\$ 145,000
General Obligation Refunding Bonds, Series 2015 (100% UF)		<u>1,075,000</u>
Total Self-Supporting General Obligation Debt Principal		\$ <u>1,220,000</u>
Total Net General Obligation Debt Outstanding (Following the issuance of the Obligations):		\$ <u>52,675,000</u>
General Obligation Interest and Sinking Fund Balance as of May 31, 2021		\$ 3,992,883
Ratio of General Obligation Debt Principal to 2020 Certified Net Taxable Assessed Valuation		2.45%
2020 Certified Net Taxable Assessed Valuation ^(a)		\$ 2,198,509,228
Population: 1980 - 5,736; 1990 - 8,551; 2000 - 12,374; 2010 - 19,806; Current Estimate		25,312
Per Capita 2020 Certified Net Taxable Assessed Valuation -		\$ 86,856
Per Capita Gross General Obligation Debt Principal -		\$ 2,129
Per Capita Net General Obligation Debt Principal -		\$ 2,081

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

Capital Lease Obligations

The City has no capital lease obligations at September 30, 2020.

NET TAXABLE ASSESSED VALUATION FOR TAX YEARS 2011-2021

TABLE 4

<u>Year</u>	<u>Net Taxable Assessed Valuation</u>	<u>Change From Preceding Year</u>	
		<u>Amount (\$)</u>	<u>Percent</u>
2011-12	1,192,700,025	80,333,589	7.22%
2012-13	1,164,124,528	(28,575,497)	-2.40%
2013-14	1,219,320,151	55,195,623	4.74%
2014-15	1,275,728,662	56,408,511	4.63%
2015-16	1,316,353,549	40,624,887	3.18%
2016-17	1,441,352,872	124,999,323	9.50%
2017-18	1,570,202,200	128,849,328	8.94%
2018-19	1,843,931,670	273,729,470	17.43%
2019-20	2,046,012,112	202,080,442	10.96%
2020-21	2,198,509,228	152,497,116	7.45%
2021-22*	2,376,548,527	178,039,300	8.10%

Source: Tarrant Appraisal District and the City of Saginaw.

* Preliminary Net Taxable Assessed Value as of May 12, 2021.

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

TABLE 5

Fiscal Year	Currently	The Bonds			Combined	Less: Debt	Net General
	Outstanding	Principal	Interest	Total	Debt Service ^(a)	Paid from	Obligation
30-Sep	Debt Service					Utility Fund ^(b)	Debt Service ^(c)
2021	\$ 4,361,489	\$ -	\$ -	\$ -	\$ 4,361,489	\$ 234,171	\$ 4,127,318
2022	4,218,814	500,000	258,917	758,917	5,120,406	240,006	4,880,400
2023	4,132,585	305,000	219,000	524,000	4,742,814	165,642	4,577,172
2024	4,136,654	315,000	206,800	521,800	4,654,385	167,672	4,486,713
2025	4,161,506	330,000	194,200	524,200	4,660,854	169,603	4,491,251
2026	4,045,135	345,000	181,000	526,000	4,687,506	166,435	4,521,071
2027	3,709,618	355,000	167,200	522,200	4,567,335	168,267	4,399,068
2028	3,160,102	370,000	153,000	523,000	4,232,618	-	4,232,618
2029	3,152,170	385,000	138,200	523,200	3,683,302	-	3,683,302
2030	3,147,388	400,000	122,800	522,800	3,674,970	-	3,674,970
2031	3,026,776	420,000	106,800	526,800	3,674,188	-	3,674,188
2032	3,039,274	430,000	94,200	524,200	3,550,976	-	3,550,976
2033	3,030,549	440,000	85,600	525,600	3,564,874	-	3,564,874
2034	2,463,170	445,000	76,800	521,800	3,552,349	-	3,552,349
2035	2,460,750	455,000	67,900	522,900	2,986,070	-	2,986,070
2036	1,959,050	465,000	58,800	523,800	2,984,550	-	2,984,550
2037	1,952,050	475,000	49,500	524,500	2,483,550	-	2,483,550
2038	1,423,000	485,000	40,000	525,000	2,477,050	-	2,477,050
2039	1,427,400	495,000	30,300	525,300	1,948,300	-	1,948,300
2040	1,419,600	505,000	20,400	525,400	1,952,800	-	1,952,800
2041	-	515,000	10,300	525,300	1,944,900	-	1,944,900
	<u>\$ 60,427,081</u>	<u>\$ 8,435,000</u>	<u>\$ 2,281,717</u>	<u>\$ 10,716,717</u>	<u>\$ 75,505,287</u>	<u>\$ 1,311,796</u>	<u>\$ 74,193,491</u>

^(a) Includes general obligation self-supporting debt.

^(b) Includes debt being paid from water and sewer system revenues. See Table 2, page A-1 for more detailed information.

^(c) Excludes debt service paid from water and sewer revenues.

TAX ADEQUACY (Includes Self-Supporting Debt)

TABLE 6

2020 Certified Net Taxable Assessed Valuation	\$ 2,198,509,228
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-22)	\$ 5,120,406
Indicated Maximum Interest and Sinking Fund Tax Rate at 98% Collections	\$ 0.23766

TAX ADEQUACY (Excludes Self-Supporting Debt)

TABLE 7

2020 Certified Net Taxable Assessed Valuation	\$ 2,198,509,228
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-22)	\$ 4,880,400
Indicated Maximum Interest and Sinking Fund Tax Rate at 98% Collections	\$ 0.22652

INTEREST AND SINKING FUND MANAGEMENT INDEX**TABLE 8**

Interest and Sinking Fund Balance, Fiscal Year Ended September 30, 2020	\$ 1,185,401
2020 Interest and Sinking (I&S) Fund Tax Levy of \$0.177341 at 99% Collections Produces ^(a)	<u>3,859,870</u>
Total Available for Debt Service	\$ 5,045,271
Less: Net General Obligation Debt Service Requirements, Fiscal Year Ending 9-30-21	<u>4,127,318</u>
Estimated Surplus at Fiscal Year Ending 9-30-21	<u>\$ 917,952</u>

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

GENERAL OBLIGATION DEBT PRINCIPAL REPAYMENT SCHEDULE**TABLE 9**

<u>Fiscal Year Ending 9-30</u>	<u>Principal Repayment Schedule</u>			<u>Debt Unpaid at End of Year</u>	<u>Percent of Principal Retired (%)</u>
	<u>Outstanding Debt</u>	<u>The Bonds</u>	<u>Total</u>		
2021	\$ 2,525,000	\$ -	\$ 2,525,000	\$ 51,370,000	4.69%
2022	2,880,000	500,000	3,380,000	47,990,000	10.96%
2023	2,855,000	305,000	3,160,000	44,830,000	16.82%
2024	2,920,000	315,000	3,235,000	41,595,000	22.82%
2025	3,010,000	330,000	3,340,000	38,255,000	29.02%
2026	2,960,000	345,000	3,305,000	34,950,000	35.15%
2027	2,700,000	355,000	3,055,000	31,895,000	40.82%
2028	2,225,000	370,000	2,595,000	29,300,000	45.64%
2029	2,285,000	385,000	2,670,000	26,630,000	50.59%
2030	2,360,000	400,000	2,760,000	23,870,000	55.71%
2031	2,325,000	420,000	2,745,000	21,125,000	60.80%
2032	2,425,000	430,000	2,855,000	18,270,000	66.10%
2033	2,505,000	440,000	2,945,000	15,325,000	71.57%
2034	2,030,000	445,000	2,475,000	12,850,000	76.16%
2035	2,100,000	455,000	2,555,000	10,295,000	80.90%
2036	1,675,000	465,000	2,140,000	8,155,000	84.87%
2037	1,730,000	475,000	2,205,000	5,950,000	88.96%
2038	1,265,000	485,000	1,750,000	4,200,000	92.21%
2039	1,320,000	495,000	1,815,000	2,385,000	95.57%
2040	1,365,000	505,000	1,870,000	515,000	99.04%
2041	-	515,000	515,000	-	100.00%
	<u>\$ 45,460,000</u>	<u>\$ 8,435,000</u>	<u>\$ 53,895,000</u>		

TABLE 10

CLASSIFICATION OF ASSESSED VALUATION

Category	2020 ^(a)	% of Total	2019	% of Total	2018	% of Total	2017	% of Total	2016	% of Total
Real Estate Residential	\$ 1,550,340,692	59.33%	\$ 1,430,402,813	57.74%	\$ 1,239,942,980	55.37%	\$ 1,090,500,844	55.19%	\$ 946,863,819	53.73%
Real Estate Commercial	464,616,994	17.78%	427,950,002	17.27%	403,024,081	18.00%	379,797,170	19.22%	280,087,960	15.89%
Real Estate Industrial	116,945,878	4.48%	117,173,523	4.73%	103,321,188	4.61%	72,638,204	3.68%	73,943,013	4.20%
Personal Prop Commercial	347,804,334	13.31%	363,828,827	14.69%	346,372,096	15.47%	293,133,844	14.84%	298,398,435	16.93%
Personal Prop Industrial	132,656,960	5.08%	137,378,032	5.55%	146,195,411	6.53%	139,354,876	7.05%	162,386,659	9.21%
Mineral Lease Property	535,580	0.02%	698,360	0.03%	410,340	0.02%	354,050	0.02%	628,660	0.04%
Agricultural Property	57,387	0.00%	60,297	0.00%	50,681	0.00%	55,591	0.00%	89,255	0.01%
Total Appraised Value	\$ 2,612,957,825	100.00%	\$ 2,477,491,854	100.00%	\$ 2,239,316,777	100.00%	\$ 1,975,834,579	100.00%	\$ 1,762,397,801	100.00%
Less Exemptions/Value Loss:										
Absolute Exemptions	\$ 185,837,846		\$ 119,631,325		\$ 169,752,822		\$ 172,861,126		\$ 96,361,950	
Abatements	-		-		36,229,653		2,134,376		54,748,267	
Nominal Value	40,699		52,087		26,115		21,825		42,144	
Disabled Vets	23,137,459		19,009,247		14,123,011		9,770,666		7,252,037	
Freepport Inventory	45,520,105		51,446,181		52,541,801		48,758,513		41,820,186	
Over 65-Local	67,399,828		63,182,928		58,059,648		51,439,123		51,772,577	
Disabled-Local	3,300,000		4,170,000		3,669,999		3,210,000		3,339,900	
Pollution Control	349,788		350,802		310,218		349,304		436,791	
Misc Personal Property	15,059,617		13,737,003		3,250,105		1,030,901		-	
Incomplete Accounts / Under ARB Review	73,803,255		159,900,169		57,421,735		116,056,545		65,271,077	
Total Exemptions	\$ 414,448,597		\$ 431,479,742		\$ 395,385,107		\$ 405,632,379		\$ 321,044,929	
Certified Net Taxable Valuation	\$ 2,198,509,228		\$ 2,046,012,112		\$ 1,843,931,670		\$ 1,570,202,200		\$ 1,441,352,872	

^(a) July Certified Totals Tarrant Appraisal District.

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

Source: Tarrant Appraisal District (Certified September 1 Totals) and the City.

PRINCIPAL TAXPAYERS 2020

TABLE 11

<u>Name</u>	<u>Type of Business</u>	<u>2020 Taxable Assessed Valuation</u>	<u>% of Total 2020 Assessed Valuation</u>
Ardent Mills LLC	Food Service / Processing	\$ 60,785,239	2.76%
Miller Milling Company LLC	Grain Elevator/Mill	54,115,340	2.46%
Ventura Foods LLC	Food Packaging/Processing	47,717,499	2.17%
CTI Foods Inc./CTI Saginaw I LLC	Food Packaging/Processing	35,092,945	1.60%
Trinity Industries Inc.	Industrial Manufacturing	23,656,651	1.08%
Ergon Asphalt & Emulsions Inc.	Industrial Manufacturing	22,484,930	1.02%
Saginaw DC LLC	Commercial Land	18,433,243	0.84%
BNSF Railway Co.	Railroad	18,418,120	0.84%
Wal-Mart Real Estate Business Trust	Retail Store	17,681,425	0.80%
Oncor Electric Delivery Co. LLC	Electric Utility/Power Plant	16,946,400	0.77%
	Total	\$ 315,331,792	14.34%

Based on a 2020 Certified Net Taxable Assessed Valuation of \$2,198,509,228

Source: Tarrant Appraisal District

PROPERTY TAX RATES AND COLLECTIONS ^(a)

TABLE 12

<u>Tax Year</u>	<u>Net Taxable Assessed Valuation</u>	<u>Tax Rate</u>	<u>Tax Levy</u>	<u>% Collections</u>		<u>Year Ended</u>
				<u>Current</u>	<u>Total</u>	
2010	\$ 1,112,366,436	\$ 0.484000	\$ 5,436,187	99.18%	99.89%	9/30/2011
2011	1,192,700,025	0.480000	5,724,960	99.41%	99.93%	9/30/2012
2012	1,164,124,528	0.490000	5,739,750	99.39%	99.92%	9/30/2013
2013	1,219,320,151	0.510000	6,223,951	99.37%	99.90%	9/30/2014
2014	1,275,728,662	0.510000	6,484,972	99.43%	99.93%	9/30/2015
2015	1,316,353,549	0.544000	7,175,560	99.53%	99.89%	9/30/2016
2016	1,441,352,872	0.513000	7,557,636	99.42%	99.84%	9/30/2017
2017	1,570,202,200	0.495000	8,075,537	99.40%	99.62%	9/30/2018
2018	1,843,931,670	0.471800	8,893,539	99.51%	99.76%	9/30/2019
2019	2,046,012,112	0.459000	9,671,868	99.89%	99.96%	9/30/2020
2020	2,198,509,228	0.461579	10,147,857	97.95%	97.88% ^(b)	9/30/2021

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

^(b) Collections as of May 31, 2021.

Source: Tarrant Appraisal District and the City of Saginaw.

TAX RATE DISTRIBUTION

TABLE 13

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Fund	\$0.284238	\$0.281655	\$0.291129	\$0.284186	\$0.293308
I & S Fund	<u>0.177341</u>	<u>0.177345</u>	<u>0.180671</u>	<u>0.210814</u>	<u>0.219692</u>
TOTAL	<u>\$0.461579</u>	<u>\$0.459000</u>	<u>\$0.471800</u>	<u>\$0.495000</u>	<u>\$0.513000</u>

Source: Tarrant Appraisal District and the City.

FUND BALANCES

TABLE 14

(As of May 31, 2021, unaudited)

General Operating Fund (Undesignated)	\$	8,617,993
General Obligation Debt Service (I&S) Fund		3,992,883
Special Revenue Fund		7,992,152
Capital Projects Fund		18,681,076
Enterprise Fund (Undesignated)		3,107,940
Revenue Bond Reserve		158,577
Revenue Bond Debt Service (I&S) Reserve		118,314
General Fund Emergency Reserve		4,200,000
Enterprise Fund Emergency Reserve		2,250,000
Enterprise Fund (Designated)		2,816,874
General Fund (Designated)		3,903,322
Total	\$	55,839,132

MUNICIPAL SALES TAX

TABLE 15

The table below shows total sales tax collections for the City. At an election held on November 2, 1993, registered voters of the City approved the imposition of a one-half percent (½%) additional sales tax for property tax reduction. Levy of the ad valorem tax reduction sales tax began in October 1994. At an election held in November 1997, registered voters of the City approved the creation of a Crime Control and Prevention District (“CCPD”) and authorized the imposition of a one-half percent (½%) additional sales tax for crime prevention for five years. This authorization was renewed for an additional five years in May 2002. Levy of the original ½% crime prevention sales tax began in April 1998 and after initial renewal extended until April 2008. On May 12, 2007, the City had an election in which registered voters approved the imposition of a three-eighths percent (3/8%) additional sales tax for crime prevention for ten years (a reduction from the original ½% authorized) and a one-eighth percent (1/8%) additional sales tax for street maintenance. Levy of these additional sales tax collections began in April 2008 and was extended until April 2028. The City has not held an election regarding an additional sales tax for economic development purposes in accordance with provisions of Chapters 501, 502, 504 or 505, Texas Local Government Code, as amended. **Municipal sales taxes ARE NOT pledged for the payment of principal and interest on the Bonds.**

Fiscal Year	2.000% Total Collections	1.500% General Fund	0.125% Streets	% of Ad Valorem Tax Levy	(\$) Equivalent of	
					Ad Valorem Tax Rate	0.375% Crime Prevention
2010-11	\$ 4,997,209.24	\$ 3,819,634.05	\$ 318,302.84	76.12%	0.3684	\$ 859,272.35
2011-12	5,351,697.63	4,080,855.68	340,071.31	77.22%	0.3707	930,770.64
2012-13	4,588,471.13	4,255,423.55	354,618.65	80.32%	0.3936	984,838.71
2013-14	4,710,839.55	4,348,467.29	362,372.26	75.69%	0.3860	999,011.44
2014-15	4,758,829.77	4,404,317.83	367,026.50	73.58%	0.3752	1,015,423.50
2015-16	4,764,550.76	4,398,046.86	366,503.90	66.40%	0.3612	1,026,109.51
2016-17	5,091,389.00	3,677,343.63	306,445.30	52.71%	0.2704	1,107,600.07
2017-18	5,224,842.34	3,778,344.25	314,862.02	50.69%	0.2509	1,131,636.07
2018-19	5,582,848.90	4,021,248.19	335,104.02	48.98%	0.2311	1,226,496.69
2019-20	5,957,804.98	4,295,589.40	357,965.78	48.11%	0.2208	1,304,249.80
2020-21*	3,723,746.50	2,662,379.76	221,864.98	28.42%	0.1312	839,501.76

* As of May 2021.

Source: State Comptroller’s Office of the State of Texas and information from the City.

Note: The Comptroller’s website figures list sales tax revenues in the month they are delivered to the City, which is two months after they are generated/collected. The City accrues sales tax revenues to the month in which they are earned.

OVERLAPPING DEBT DATA AND INFORMATION

TABLE 16

(As of April 30, 2021)

Taxing Body	Gross Debt		% Overlapping	Amount Overlapping
	Principal Outstanding	Principal		
Tarrant County	\$ 240,445,000		0.96%	\$ 2,308,272
Tarrant County Hospital District	14,495,000		0.96%	139,152
Eagle Mountain-Saginaw Independent School District	720,683,711		17.18%	123,813,462
Tarrant County College District	264,175,000		0.96%	2,536,080
Total Gross Overlapping Debt				\$ 128,796,966
City of Saginaw	53,895,000 ^(a)		100.00%	53,895,000 ^(a)
Total Gross Direct and Overlapping Debt				\$ 182,691,966 ^(a)
Ratio of Direct and Overlapping Debt Principal to 2020 Certified Net Taxable Assessed Valuation				8.31% ^(a)
Ratio of Direct and Overlapping Debt Principal to 2020 Actual Total Assessed Valuation				6.99% ^(a)
Per Capita Direct and Overlapping Debt				\$ 7,218 ^(a)

^(a) Includes the Bonds.

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

ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ENTITIES

TABLE 17

<u>Governmental Entity</u>	<u>2020 Assessed Valuation</u>	<u>% of Actual</u>	<u>2020 Tax Rate</u>
Tarrant County	\$ 219,908,316,431	100%	\$ 0.234000
Tarrant County Hospital District	220,311,777,399	100%	0.224000
Tarrant County College District	221,750,828,044	100%	0.130000
Eagle Mountain-Saginaw ISD	11,635,980,510	100%	1.496000

Source: Texas Municipals Reports published by the Municipal Advisory Council of Texas

**AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS
OF OVERLAPPING GOVERNMENTAL ENTITIES**

TABLE 18

<u>Taxing Body</u>	<u>Date of Authorization</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Issued To Date</u>	<u>Unissued</u>
Tarrant County	8/8/98	Justice Center	\$ 70,600,000	\$ 63,100,000	\$ 7,500,000
	8/8/98	Healthcare Facility	9,100,000	1,000,000	8,100,000
	5/13/06	County Buildings	62,300,000	47,300,000	15,000,000
			Total \$ 142,000,000	\$ 111,400,000	\$ 30,600,000
Eagle Mountain-Saginaw Independent School District	11/7/2017	School Buildings	\$ 524,755,000	\$ 77,690,000	\$ 447,065,000
Tarrant County College District	11/5/2019	School Buildings	\$ 825,000,000	\$ 300,000,000	\$ 525,000,000
Tarrant County Hospital District	None				
City of Saginaw	5/1/2021	Streets & Roads	\$ 37,550,000	\$ 6,800,000	\$ 30,750,000
		Parks/Senior Center	11,200,000	700,000	10,500,000
		Library	18,700,000	1,500,000	17,200,000
			Total \$ 67,450,000	\$ 9,000,000	\$ 58,450,000

Source: Texas Municipals Reports published by the Municipal Advisory Council of Texas

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

TABLE 19

	Fiscal Year Ended September 30				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenues:					
Taxes	\$13,071,890	\$ 12,454,203	\$ 11,206,947	\$ 10,761,311	\$ 10,124,958
Licenses and Permits	773,813	858,901	951,542	929,188	740,192
Charges for Services	94,815	87,150	84,000	84,000	83,000
Fines and Fees	517,883	509,672	505,110	518,907	635,652
Interest Income	113,140	295,148	191,974	84,195	32,068
Recreation Income	162,412	524,686	520,798	496,969	487,081
Intergovernmental	1,423,032	216,779	135,821	156,018	178,257
Miscellaneous Revenues	182,049	224,606	601,504	122,222	129,032
Total Revenues	\$ 16,339,034	\$ 15,171,145	\$ 14,197,696	\$ 13,152,810	\$ 12,410,240
Expenditures:					
Current:					
General Administrative Offices	\$ 1,798,896	\$ 1,846,648	\$ 1,774,678	\$ 1,647,854	\$ 1,492,131
Municipal Court	187,064	212,743	168,421	187,886	184,973
Fire	3,965,267	3,826,258	3,982,620	3,280,597	3,177,233
Police	5,001,254	5,284,720	4,546,478	4,144,841	4,002,172
Public Works	1,916,939	1,835,898	1,609,303	1,354,767	1,263,892
Parks	538,609	379,478	339,015	352,766	266,949
Community services	811,155	998,499	959,782	990,618	918,907
Library	568,571	601,026	569,005	568,246	537,893
Inspection	625,717	600,849	579,082	849,217	825,017
Animal Services *	389,122	329,854	398,633	-	-
Fleet Maintenance	392,030	434,837	456,219	471,007	399,692
Economic Development	176,840	243,050	567,978	46,520	50,197
Information Technology **	427,319	327,680	-	-	-
Total Expenditures	\$ 16,798,783	\$ 16,921,540	\$ 15,951,214	\$ 13,894,319	\$ 13,119,056
Excess (Deficit) of Revenues Over Expenditures	\$ (459,749)	\$ (1,750,395)	\$ (1,753,518)	\$ (741,509)	\$ (708,816)
Other Financing Sources (Uses):					
Operating Transfers In	1,884,758	1,797,112	1,705,322	1,697,052	1,632,566
Operating Transfers Out	(72,735)	(42,970)	-	-	(24,423)
Total Other Financing Sources (Uses)	\$ 1,812,023	\$ 1,754,142	\$ 1,705,322	\$ 1,697,052	\$ 1,608,143
Excess (Deficit) of Revenues/Other Sources Sources Over Expenditures/Other Uses	1,352,274	3,747	(48,196)	955,543	899,327
Fund Balance - Beginning of Year	11,604,139	11,600,392	11,648,588	10,693,045	9,793,718
Fund Balance - September 30	\$ 12,956,413	\$ 11,604,139	\$ 11,600,392	\$ 11,648,588	\$ 10,693,045

Source: The City's Comprehensive Annual Financial Reports

* Prior to 2018 Animal Services was included in Inspections

** Prior to 2019 Information Technology was included in General Administrative Office

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APPENDIX B

GENERAL INFORMATION REGARDING THE CITY OF SAGINAW AND TARRANT COUNTY, TEXAS

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**GENERAL INFORMATION REGARDING THE CITY OF SAGINAW
AND TARRANT COUNTY, TEXAS**

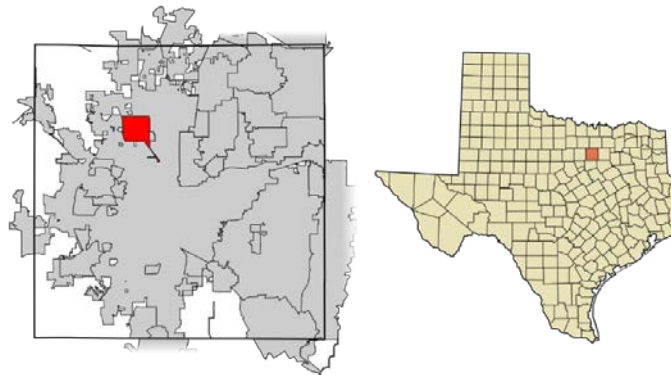
CITY OF SAGINAW, TEXAS

General

The City of Saginaw (the "City") is located in northwest Tarrant County just north of the City of Fort Worth on United States Highway 287. The economy is based on manufacturing and agribusiness. The City has some of the largest grain storage facilities in the United States. Alliance Airport, Meacham Airport, Eagle Mountain Lake, the United States Currency Plant, Texas Motor Speedway, and the Fort Worth Stockyards are all within fourteen miles of Saginaw's city limits. The City's 2010 census was 19,806, an increase of 60.06% over the 2000 census of 12,374. The City's current population estimate is 25,312.

Management

The City was incorporated in 1949 and is operating under a Charter adopted on January 19, 1988. The City has a Council/Manager form of government, with the City Council comprised of seven members including the Mayor. All seven Council Members are elected by place and number and at large for three-year staggered terms. The City Council is responsible for adopting ordinances and regulations governing the City, adopting the budget, determining policies, and appointing the City Manager, City Attorney, City Secretary, and Judge of the Municipal Court, as well as members of boards and commissions. The City Manager is responsible to the Council for appointing and supervising employees of the City (except for those appointed by the Council), and for preparing and administering the annual budget and capital improvement programs.



Population:

<u>Census Report</u>	<u>City of Saginaw</u>	<u>Tarrant County</u>
Current Estimate	25,312	2,144,650
2010	19,806	1,809,034
2000	12,374	1,446,219
1990	8,551	1,170,103
1980	5,736	860,880
1970	2,382	716,317

Sources: United States Bureau of the Census, Texas Municipal Reports, and the North Central Texas Council of Governments

Major Employers within the City for 2020

<u>Employer</u>	<u>Type of Business</u>	<u>Approximate Number of Employees 2020</u>
Eagle Mountain-Saginaw ISD	Public Education	2,734
CTI Beanmaker & Chefco Foods	Food Processing	440
Ventura Foods	Food Processing	398
Wal Mart Supercenter #5316	Retail Sales	393
Trinity N. American Freight Car, Inc.	Rail Car Manufacturing & Repair	370
Anchor Fabrication Corp	Metal Fabrication	320
BANA Incorporated	Pallet and Crate Manufacturing	247
Texas Army National Guard	Military Equipment Maintenance	245
Ranger Fire Inc	Fire Sprinkler Systems	200
Russo Corporation	Food Processing	200

Source: City's 2020 Comprehensive Annual Financial Report

Economic Condition and Outlook

The local economy in Saginaw remains good. Unemployment in the area remains low, job growth remains steady, and economic trends are stable. The real estate market continues to see high demand with a tight inventory. The City continues to see new housing starts which adds to its tax base. Taxable values for 2019/2020 increased 11% and included \$65 million (\$50 million residential, \$7.5 million commercial, \$7.5 million industrial) in added value from new construction. Willow Vista Estates Phase IIIC and Basswood Crossing Phase 3, both residential developments with a total of 287 lots, were completed. The expansion at Miller Milling and construction of the Ryder Truck Maintenance Depot are also completed. Sales tax collections for the current fiscal year to date are tracking 10% higher than last year. See also “INFECTIOUS DISEASE OUTBREAK” in the Official Statement for a discussion of the COVID-19 pandemic and its potential impact on the City.

Source: The City

TARRANT COUNTY, TEXAS

General

Tarrant County (the “County”) was created in 1849 from Navarro County. The County is located in north Texas and is a component of the Dallas-Fort Worth Consolidated Metropolitan Statistical Area (CMSA), the most populous metropolitan area in Texas. The City of Fort Worth is the county seat. The County’s 2010 census population was 1,809,034, an increase of 25.09% over the 2000 census population of 1,446,219. The County’s current population estimate is 2,144,650.

Historically, the County’s economic environment has been characterized by steady, yet modest growth. This has been in part because of the diverse nature of the business sectors making up the local economy, without an overwhelming dominance by any one industry. Similarly, local real estate values have demonstrated steady yet modest increases over the past decade.

Other segments of the local economy include aircraft, automobile and electronic manufacturing, tourism, entertainment, livestock and agri-business, transportation including major railroad services, financial services and tourism. Because of this diversity, the outlook for stable economic conditions seems favorable.

**Source: Tarrant County 2020 CAFR.*

Labor Force Statistics

	Tarrant County		DFW-Fort Worth-Arlington MSA	
	April 2021	April 2020	April 2021	April 2020
Civilian Labor Force	1,087,875	1,029,012	4,018,707	3,780,637
Total Employed	1,023,339	894,262	3,791,458	3,307,140
Total Unemployed	64,536	134,750	227,249	473,497
% Unemployed	5.9%	13.1%	5.7%	12.5%
% Unemployed (Texas)	6.3%	12.7%	6.3%	12.7%
% Unemployed (United States)	5.7%	14.4%	5.7%	14.4%

Source: Texas Workforce Commission, Labor Market Information Department.

APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

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PROPOSED FORM OF OPINION OF BOND COUNSEL

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

**CITY OF SAGINAW, TEXAS
GENERAL OBLIGATION BONDS, SERIES 2021
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$8,435,000**

AS BOND COUNSEL FOR THE CITY OF SAGINAW, TEXAS (the “Issuer”) in connection with the issuance of the bonds described above (the “Bonds”), we have examined into the legality and validity of the Bonds, which bear interest from the dates and mature on the dates, and are subject to redemption, in accordance with the terms and conditions stated in the text of the Bonds. Terms used herein and not otherwise defined shall have the meaning given in the ordinance of the Issuer authorizing the issuance and sale of the Bonds (the “Ordinance”).

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

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been duly authorized, issued, and delivered in accordance with law; and that the Bonds, except as may be limited by laws applicable to the Issuer relating to bankruptcy, reorganization and other similar matters affecting creditors’ rights generally or by general principles of equity and sovereign immunity of political subdivisions which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Bonds have been levied and pledged for such purpose, within the limit prescribed by law, as provided in the Ordinance.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not “specified private activity bonds” and that, accordingly, interest on the Bonds will not be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the “Code”).

IN EXPRESSING THE AFOREMENTIONED OPINIONS, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the Issuer to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds, including the amount, accrual or



receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

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

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

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

Respectfully,

APPENDIX D

CITY'S GENERAL PURPOSE AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED SEPTEMBER 30, 2020

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

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Basic Financial Statements



City of Saginaw

Government-wide Financial Statements



City of Saginaw

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

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Deposits and investments	\$ 21,607,393	\$ 8,847,070	\$ 30,454,463
Receivables:			
Taxes, net of allowance	1,321,947	-	1,321,947
Accounts, net of allowance	90,487	1,378,727	1,469,214
Other	1,014,385	-	1,014,385
Prepaid	137,534	-	137,534
Notes Receivable	1,000	-	1,000
Restricted assets:			
Deposits and investments	23,825,421	884,191	24,709,612
Capital assets:			
Land	18,741,913	16,657	18,758,570
Improvements	2,497,588	-	2,497,588
Buildings	19,784,753	154,587	19,939,340
Equipment	10,452,258	1,591,260	12,043,518
Infrastructure	121,180,527	41,599,558	162,780,085
Construction in progress	6,331,829	173,961	6,505,790
Accumulated depreciation	(76,671,738)	(14,145,033)	(90,816,771)
Total assets	150,315,297	40,500,978	190,816,275
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge for refunding	241,417	27,830	269,247
Related to TMRS pension	1,454,600	155,563	1,610,163
Related to TMRS OPEB	49,275	6,353	55,628
Total deferred outflows of resources	1,745,292	189,746	1,935,038
LIABILITIES			
Accounts payable and accrued liabilities	1,921,885	631,690	2,553,575
Accrued interest payable	119,476	2,014	121,490
Unearned revenue	325,833	-	325,833
Payable from restricted assets:			
Contracts payable	1,413,545	-	1,413,545
Current portion of revenue bonds payable	-	210,000	210,000
Customer deposits	-	698,291	698,291
Noncurrent liabilities:			
Debt due within one year	2,725,000	-	2,725,000
Debt due in more than one year	45,689,136	1,010,000	46,699,136
Net pension liability	10,316,997	1,157,630	11,474,627
Total OPEB liability	350,382	43,427	393,809
Total liabilities	62,862,254	3,753,052	66,615,306
DEFERRED INFLOWS OF RESOURCES			
Related to TMRS pension	1,825,734	231,213	2,056,947
Related to TMRS OPEB	31,747	3,778	35,525
Total deferred inflows of resources	1,857,481	234,991	2,092,472
NET POSITION			
Net investment in capital assets	62,189,307	28,198,820	90,388,127
Restricted for:			
Debt service	1,083,753	185,900	1,269,653
Street maintenance	1,594,442	-	1,594,442
Crime prevention	529,301	-	529,301
Drainage	2,642,077	-	2,642,077
Other special revenue	1,641,765	-	1,641,765
Unrestricted	17,660,209	8,317,961	25,978,170
TOTAL NET POSITION	\$ 87,340,854	\$ 36,702,681	\$ 124,043,535

The Notes to Basic Financial Statements are an integral part of these statements.

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

Program Activities	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General administrative offices	\$ 2,801,551	\$ 42,410	\$ 23,844	\$ -
Municipal court	187,789	348,604	7,337	-
Fire	3,824,006	94,815	519,191	64,035
Police	5,419,054	3,075	702,553	15,623
Public works	5,104,334	815,726	431,927	6,803,877
Parks	356,963	-	650	-
Community services	993,452	443,782	33,959	-
Library	607,455	5,212	2,016	-
Inspection	633,836	923,088	9,599	-
Animal services	374,204	30,307	7,357	-
City garage	434,270	-	-	-
Economic development	176,295	-	-	-
Information technology	374,852	-	22,956	-
Interest on long term debt	892,956	-	-	-
Total governmental activities	22,181,017	2,707,019	1,761,389	6,883,535
Business-type activities:				
Water and wastewater	10,969,259	10,798,406	-	2,706,220
Total business-type activities	10,969,259	10,798,406	-	2,706,220
TOTAL GOVERNMENT	\$ 33,150,276	\$ 13,505,425	\$ 1,761,389	\$ 9,589,755

General revenues
Taxes
Ad valorem
Sales
Franchise taxes
Other taxes
Penalties and interest
Interest income
Miscellaneous revenues
Transfers

Total general revenues and transfers

Change in net position
Net position - beginning of year

Net position - end of year

The Notes to Basic Financial Statements are an integral part of these statements.

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

Governmental Activities	Business- type Activities	Total
\$ (2,735,297)	\$ -	\$ (2,735,297)
168,152	-	168,152
(3,145,965)	-	(3,145,965)
(4,697,803)	-	(4,697,803)
2,947,196	-	2,947,196
(356,313)	-	(356,313)
(515,711)	-	(515,711)
(600,227)	-	(600,227)
298,851	-	298,851
(336,540)	-	(336,540)
(434,270)	-	(434,270)
(176,295)	-	(176,295)
(351,896)	-	(351,896)
(892,956)	-	(892,956)
(10,829,074)	-	(10,829,074)
-	2,535,367	2,535,367
-	2,535,367	2,535,367
\$ (10,829,074)	\$ 2,535,367	\$ (8,293,707)
\$ 9,670,822	\$ -	\$ 9,670,822
7,262,055	-	7,262,055
1,612,023	-	1,612,023
77,679	-	77,679
12,581	83,008	95,589
255,256	97,645	352,901
183,708	56,583	240,291
607,645	(607,645)	-
19,681,769	(370,409)	19,311,360
8,852,695	2,164,958	11,017,653
78,488,159	34,537,723	113,025,882
\$ 87,340,854	\$ 36,702,681	\$ 124,043,535



City of Saginaw

Fund Financial Statements Governmental Funds

City of Saginaw, Texas
 Balance Sheet - Governmental Funds
 September 30, 2020

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Deposits and investments	\$ 13,810,075	\$ 1,185,400	\$ -	\$ 6,611,918	\$ 21,607,393
Receivables:					
Taxes, net of allowance	996,307	17,829	-	307,811	1,321,947
Accounts	90,487	-	-	-	90,487
Other	77,332	-	822,747	114,306	1,014,385
Prepaid items	137,534	-	-	-	137,534
Note receivable	1,000	-	-	-	1,000
Restricted assets					
Deposits and investments	-	-	23,825,421	-	23,825,421
TOTAL ASSETS	\$ 15,112,735	\$ 1,203,229	\$ 24,648,168	\$ 7,034,035	\$ 47,998,167
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued liabilities	\$ 1,833,938	\$ -	\$ -	\$ 87,947	\$ 1,921,885
Payable from restricted assets:					
Contracts payable	-	-	1,413,545	-	1,413,545
Unearned revenue	294,069	-	-	31,764	325,833
Total liabilities	2,128,007	-	1,413,545	119,711	3,661,263
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	28,315	17,828	-	-	46,143
Total deferred inflows of resources	28,315	17,828	-	-	46,143
Fund balances:					
Nonspendable					
Prepays items	137,534	-	-	-	137,534
Restricted:					
Debt service	-	1,185,401	-	-	1,185,401
Capital projects	-	-	23,234,623	-	23,234,623
Street maintenance	-	-	-	1,594,442	1,594,442
Crime prevention	-	-	-	529,301	529,301
Drainage	-	-	-	2,642,077	2,642,077
Other special revenue	-	-	-	1,641,765	1,641,765
Committed:					
Donations	-	-	-	506,739	506,739
Assigned for future capital purchases	2,882,850	-	-	-	2,882,850
Unassigned	9,936,029	-	-	-	9,936,029
Total fund balances	12,956,413	1,185,401	23,234,623	6,914,324	44,290,761
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 15,112,735	\$ 1,203,229	\$ 24,648,168	\$ 7,034,035	\$ 47,998,167

The Notes to Basic Financial Statements are an integral part of these statements.

City of Saginaw, Texas

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

TOTAL FUND BALANCE - GOVERNMENTAL FUND	\$ 44,290,761
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet	102,317,130
Interest payable on long term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.	(119,476)
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.	46,143
Long-term liabilities, including bonds payable and capital leases are not due and payable in the current period and therefore are not reported in the fund financial statements. A deferred charge on an advanced refunding of bonds payable of \$241,417 is reflected as a deferred outflow of resources on the Statement of Net Position.	(48,172,719)
Included in noncurrent liabilities is the recognition of the City's net pension liability required by GASB 68 in the amount of \$10,316,997, a deferred resource outflow related to TMRS of \$1,454,600, and a deferred resource inflow related to TMRS of \$1,825,734. This resulted in a decrease in net position.	(10,688,131)
Included in noncurrent liabilities is the recognition of the City's net OPEB liability required by GASB 75 in the amount of \$350,382, a deferred resource outflow related to TMRS of \$49,275, and a deferred resource inflow related to TMRS of \$31,747. This resulted in a decrease in net position.	(332,854)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ 87,340,854</u>

The Notes to Basic Financial Statements are an integral part of these statements.

City Of Saginaw, Texas
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For The Year Ended September 30, 2020

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 13,071,890	\$ 3,740,364	\$ -	\$ 1,820,221	\$ 18,632,475
Licenses and permits	773,813	-	-	-	773,813
Charges for services	94,815	-	-	815,726	910,541
Fines and fees	517,883	-	-	18,590	536,473
Interest income	113,140	22,227	61,243	58,646	255,256
Recreation income	162,412	-	-	-	162,412
Intergovernmental	1,423,032	-	1,236,154	2,247	2,661,433
Miscellaneous revenues	182,049	-	-	327,800	509,849
Total revenues	16,339,034	3,762,591	1,297,397	3,043,230	24,442,252
EXPENDITURES					
Current:					
General administrative office	1,798,896	-	-	893,484	2,692,380
Municipal court	187,064	-	-	-	187,064
Fire	3,965,267	-	-	-	3,965,267
Police	5,001,254	-	-	71,508	5,072,762
Public works	1,916,939	-	413,407	-	2,330,346
Parks	538,609	-	-	-	538,609
Community services	811,155	-	-	-	811,155
Library	568,571	-	-	-	568,571
Inspection	625,717	-	-	-	625,717
Animal services	389,122	-	-	-	389,122
City garage	392,030	-	-	-	392,030
Economic development	176,840	-	-	-	176,840
Information technology	427,319	-	-	-	427,319
Capital outlay	-	-	5,571,881	892,846	6,464,727
Principal retirement	-	3,015,000	-	-	3,015,000
Interest charges	-	741,720	-	-	741,720
Fiscal agent's fees and debt issuance costs	-	121,028	255,845	-	376,873
Total expenditures	16,798,783	3,877,748	6,241,133	1,857,838	28,775,502
Excess (deficiency) of revenues over expenditures	(459,749)	(115,157)	(4,943,736)	1,185,392	(4,333,250)
OTHER FINANCING SOURCES (users)					
Transfers in	1,884,758	-	-	72,735	1,957,493
Transfers out	(72,735)	-	-	(1,277,113)	(1,349,848)
Proceeds from bond refunding	-	3,015,000	-	-	3,015,000
Issuance of debt	-	-	17,345,000	-	17,345,000
Premium on bond issuance	-	-	3,414,982	-	3,414,982
Payment to escrow agent	-	(2,924,412)	-	-	(2,924,412)
Total other financing sources (uses)	1,812,023	90,588	20,759,982	(1,204,378)	21,458,215
Net change in fund balances	1,352,274	(24,569)	15,816,246	(18,986)	17,124,965
Fund Balance, beginning	11,604,139	1,209,970	7,418,377	6,933,310	27,165,796
FUND BALANCE, ending	\$ 12,956,413	\$ 1,185,401	\$ 23,234,623	\$ 6,914,324	\$ 44,290,761

The Notes to Basic Financial Statements are an integral part of these statements.

City of Saginaw, Texas

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

TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND	\$ 17,124,965
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.	7,428,080
Governmental funds do not recognize assets contributed by developers or donated to the City. However, in the statement of activities the fair market value of those assets are recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense.	5,981,130
Depreciation expense on capital assets is reported in the statement of activities and does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds.	(4,223,596)
The issuance of long term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are capitalized and amortized in the statement of activities. This amount consists of an issuance in the amount of \$17,345,000, premium on issuance of \$3,414,982, net proceeds on refunding issuances of \$90,588, repayments of \$3,015,000 and amortization of \$273,817 for premiums and deferred charges on refundings, which is the net effect of these differences in the treatment of long-term debt and related items.	(17,561,753)
Current year changes in the net pension liability, deferred inflows of resources and the deferred outflows of resources of the pension plan. The net effect of these items increased net position.	176,320
Current year changes in the net OPEB liability and the deferred outflows of resources of the pension plan. The net effect of these items decreased net position.	(26,956)
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.	(48,180)
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	<u>2,685</u>
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	\$ <u><u>8,852,695</u></u>

The Notes to Basic Financial Statements are an integral part of these statements.



City of Saginaw

Fund Financial Statements Proprietary Funds

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

	Enterprise Fund
ASSETS	
Current assets:	
Deposits and investments	\$ 8,847,070
Deposits and investments-restricted	185,900
Receivables:	
Accounts receivable, net of allowance of \$62,357	804,376
Unbilled accounts	574,351
Total current assets	<u>10,411,697</u>
Noncurrent assets:	
Capital assets, at cost:	
Land and land improvements	16,657
Buildings and improvements	154,587
Waterworks and sewer system	41,599,558
Machinery and equipment	1,591,260
Construction in progress	173,961
Accumulated depreciation	<u>(14,145,033)</u>
Total capital assets, net of accumulated depreciation	29,390,990
Deposits and investments-restricted	<u>698,291</u>
Total noncurrent assets	<u>30,089,281</u>
Total assets	40,500,978
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge for refunding	27,830
Related to the TMRS pension	155,563
Related to the TMRS OPEB	<u>6,353</u>
Total deferred outflows of resources	189,746
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	631,690
Accrued interest	2,014
Revenue bonds payable	<u>210,000</u>
Total current liabilities	843,704
Noncurrent liabilities:	
Revenue bonds payable	1,010,000
Customer deposits	698,291
Net pension liability	1,157,630
Total OPEB liability	<u>43,427</u>
Total noncurrent liabilities	<u>2,909,348</u>
Total liabilities	3,753,052
DEFERRED INFLOWS OF RESOURCES	
Related to the TMRS pension	231,213
Related to the TMRS OPEB	<u>3,778</u>
Total deferred inflows of resources	234,991
NET POSITION	
Net investment in capital assets	28,198,820
Restricted for revenue bond retirement	185,900
Unrestricted	<u>8,317,961</u>
TOTAL NET POSITION	<u><u>\$ 36,702,681</u></u>

The Notes to the Basic Financial Statements are an integral part of these statements.

City of Saginaw, Texas

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Fiscal Year Ended September 30, 2020

	Enterprise Fund
OPERATING REVENUES	
Water and sewer sales	\$ 9,100,141
Penalties	83,008
Surcharges	1,698,265
Miscellaneous	56,583
	<hr/>
Total operating revenue	10,937,997
OPERATING EXPENSES	
Cost of sales and services	6,294,884
Administrative	3,730,232
Depreciation	899,217
	<hr/>
Total operating expenses	10,924,333
	<hr/>
Operating income	13,664
NONOPERATING REVENUES (EXPENSES)	
Investment income	97,645
Gain (Loss) on sale of machinery and equipment	2,070
Interest expense and agent fees	(46,996)
	<hr/>
Total nonoperating revenues (expenses)	52,719
	<hr/>
Income before contributions and transfers	66,383
CAPITAL CONTRIBUTIONS AND TRANSFERS	
Capital contributions	2,376,954
Impact and tap fees	329,266
Transfers out	(693,830)
Transfers in	86,185
	<hr/>
Total capital contributions and transfers	2,098,575
	<hr/>
Change in net position	2,164,958
Net position, beginning	34,537,723
	<hr/>
NET POSITION, ending	\$ 36,702,681
	<hr/> <hr/>

The Notes to the Basic Financial Statements are an integral part of these statements.

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

	<u>Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 11,031,487
Cash paid to employees	(1,003,766)
Cash paid to suppliers	(9,279,286)
	<hr/>
Net cash provided by operating activities	748,435
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers out to other funds	(693,830)
Transfers from other funds	86,185
	<hr/>
Net cash used in noncapital financing activities	(607,645)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from sale of machinery and equipment	2,070
Impact and tap fees	329,266
Principal paid on bonds	(250,000)
Purchase of capital assets	(1,799,283)
Interest and fees paid on debt issuance	(31,593)
Fiscal agent fees	750
	<hr/>
Net cash used in capital and related financing activities	(1,748,790)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	97,645
	<hr/>
Net cash provided by investing activities	97,645
	<hr/>
Net change in cash	(1,510,355)
CASH AND CASH EQUIVALENTS, beginning of year	<hr/> 11,241,616
CASH AND CASH EQUIVALENTS, end of year	<hr/> <u>\$ 9,731,261</u>

The Notes to the Basic Financial Statements are an integral part of these statements.

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

	Current Assets	Enterprise Fund Restricted Assets		Statement of Cash Flows Totals
		Current	Noncurrent	
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION				
Cash and cash equivalents - beginning	\$ 10,399,149	\$ 184,466	\$ 658,001	\$ 11,241,616
Net increase (decrease)	<u>(1,552,079)</u>	<u>1,434</u>	<u>40,290</u>	<u>(1,510,355)</u>
Cash and cash equivalents - ending	<u>\$ 8,847,070</u>	<u>\$ 185,900</u>	<u>\$ 698,291</u>	<u>\$ 9,731,261</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income				\$ 13,664
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation				899,217
Decrease in accounts receivable				53,200
Decrease in deferred outflows of resources-pension				152,424
Increase in deferred outflows of resources-OPEB				(5,894)
Decrease in accounts payable and accrued expenses				(239,474)
Increase in customer deposits				40,290
Decrease in net pension liability				(341,963)
Increase in total OPEB liability				6,740
Increase in deferred inflows of resources-pension				<u>170,231</u>
Net cash provided by operating activities				<u>\$ 748,435</u>
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING, CAPITAL AND INVESTING ACTIVITIES				
Capital asset contributions from developers				<u>\$ 2,376,954</u>

The Notes to the Basic Financial Statements are an integral part of these statements.



City of Saginaw

City of Saginaw, Texas

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

A. General Statement

The City of Saginaw (the City) was incorporated in 1949. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: general government, court, police and fire protection, street maintenance, building inspection services, library services, animal services, recreation, parks operation and maintenance, and maintenance and operation of City-owned buildings. The City contracts with the City of Fort Worth for water purchases and wastewater service but owns the waterworks and wastewater systems within the City.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the City are described below.

B. Financial Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements include the primary government and organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either there is ongoing financial benefit or burden or operational responsibility. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has operational responsibility for an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government. Complete financial statements for the individual component units may be obtained at the City's office.

City of Saginaw, Texas

Notes to the Basic Financial Statements

The following entity was found to be a component unit of the City and is included in the combined financial statements:

Blended Component Unit – The Saginaw Crime Control and Prevention District (CCPD) serves all the citizens of the City and is used to account for the accumulation and use of resources to add law enforcement officers and purchase additional equipment for law enforcement purposes. The governing body of the Saginaw CCPD Fund is the same as that of the primary government and the primary government has operational responsibility. The Saginaw CCPD is reported as a governmental activity in the government-wide financial statements and as a Special Revenue Fund in the governmental financial statements.

C. Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City, except for fiduciary funds. The effect of interfund activity, within the governmental and business-type activities columns, have been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program 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) operating or capital 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.

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. Separate statements are presented for governmental and proprietary activities. 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.

Governmental funds are those funds through which most governmental functions typically are financed. The City has presented the following major governmental funds:

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

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

City of Saginaw, Texas

Notes to the Basic Financial Statements

Capital Projects Fund. The capital projects fund is used to account for funds received and expended for the construction and renovation of thoroughfares, arterial streets and drainage improvements in the City and construction, renovation, expansion and major improvement of various City facilities, acquisition of land and other large nonrecurring projects.

Proprietary Funds are those funds for activities supported by user fees and charges. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary fund:

Enterprise Fund. The Enterprise Fund is used to account for the provision of water and wastewater services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and wastewater system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of long-term debt principal and interest for water and wastewater debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

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

D. Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

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 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 total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and wastewater 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. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

City of Saginaw, Texas

Notes to the Basic Financial Statements

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for services, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

E. Budgetary Control

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to October 1, the City administration submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of a resolution.
4. Any revisions that alter the total expenditures of any fund must be approved by the City Council. The City Council amended the budget during the year.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Saginaw CCPD Fund, Enterprise Fund and Debt Service Fund. A budget is legally adopted for the General Fund, Saginaw CCPD Fund, Drainage Utility Fund, Street Maintenance Fund, Donations Funds, General Escrow Fund, and Debt Service Fund.

Budgets for the General Fund, Saginaw CCPD Fund, Drainage Utility Fund, Street Maintenance Fund, Donations Funds, General Escrow Fund, and Debt Service Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

All appropriations lapse on September 30 of the fiscal year.

Budgeted amounts are as originally adopted or as amended by the City Council.

F. Cash and Investments

Cash of all funds, including restricted cash, are pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. An individual fund's pooled cash and investments are available upon demand and are considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities not included in the common pooled accounts that are purchased with a maturity of ninety days or less are also considered "cash equivalents."

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

State statutes authorize the City to invest in obligations of the U.S. Government or its agencies; obligations of the State of Texas or its agencies; and certain other obligations, repurchase agreements, money market mutual funds and certificates of deposits within established criterion.

G. Interfund Receivables and Payables

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

City of Saginaw, Texas

Notes to the Basic Financial Statements

H. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are reported at acquisition value. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	40 Years
Water and Wastewater System	50 Years
Infrastructure	10-50 Years
Equipment	5-25 Years
Improvements	20 Years

I. Accumulated Vacation, Compensatory Time and Sick Leave

City employees earn vacation leave and compensatory time off for holidays worked. All annual vacation leave must be taken within one year after it is earned unless an exception has been granted by the City Manager. All earned vacation leave not taken within one year of its accumulation will be forfeited. Unused sick leave accumulated during the year is carried over into the next year with a maximum accrual of forty working days or twenty shifts. At the time of resignation or retirement, employees with ten or more years of service will be paid for unused sick leave. The compensated absences liability increased \$232,460 over the course of the fiscal year and ended September 30, 2020 with a liability of \$1,191,377.

J. Nature and Purpose of Designations of Fund Balance

The City follows Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) for classification of fund balances. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

Fund balance categories under GASB 54 are Nonspendable and Spendable. Classifications under the Spendable category are Restricted, Committed, Assigned and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

City of Saginaw, Texas

Notes to the Basic Financial Statements

In accordance with GASB 54, the City classifies governmental fund balances in its financial statements, as follows:

1. *Nonspendable Fund Balance*

Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements. Examples include inventories, long-term receivables, endowment principal, and/or prepaid/deferred items.

2. *Spendable Fund Balance*

- a. **Restricted Fund Balance** – Includes amounts that can be spent only for the specific purposes as imposed by law, or imposed by creditors, grantors, contributors, or other governments' laws and regulations. Examples include federal and state grant programs, retirement of long-term debt, and construction.
 - i. The aggregate fund balance of the debt service fund is legally restricted for payment of bonded indebtedness and is not available for other purposes until all bonded indebtedness is liquidated.
 - ii. The fund balance of the capital projects fund reflects an amount restricted for construction and major renovation projects, and it usually represents unexpended proceeds from the sale of bonds, which primarily have restricted use.
 - iii. The proceeds of specific revenue sources that is restricted to expenditures for specified purposes as designated by grantors, contributors, by vote of citizens, or governmental entities over state or local program grants.
- b. **Committed Fund Balance** – Includes amounts that can be used only for the specific purposes as determined by the governing body by use of a resolution, recorded in the minutes of the governing body. Commitments may be changed or lifted only by the governing body taking the same formal action that imposed the constraint originally. Examples include, but not specifically limited to, council action regarding construction, claims, and judgments, retirement of loans/notes payable, and capital expenditures. The City Council must take action to commit funds for a specific purpose prior to the end of the fiscal year, but the amount of the commitment may be determined after the end of the fiscal year.
- c. **Assigned Fund Balance** – Includes amounts intended to be used by the City for specific purposes. Pursuant to GASB 54, this intent can be expressed by an official or body to which the governing body delegates that authority. Through a resolution, the City has delegated the City Manager to determine and define the amounts of those components of fund balance that are classified as Assigned. Examples take on the similar appearance as those enumerated for committed fund balance, including the appropriation of existing fund balance to eliminate a deficit in next year's budget.
- d. **Unassigned Fund Balance** – Includes the residual classification of the General Fund and includes all amounts not contained in other classifications. By accounting for amounts in other funds, the City has implicitly assigned the funds for the purposes of those particular funds.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be extended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly unassigned fund balance.

City of Saginaw, Texas

Notes to the Basic Financial Statements

At the end of each fiscal year, the General Fund should maintain unassigned fund balance that is no less than 25% of the subsequent year's General Fund appropriated operating expenditure budget. This target amount has been established in order to provide a reasonable level of assurance that the City's day-to-day operations will be able to continue even if circumstances occur where revenues are insufficient to cover expenditures.

K. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. In circumstances where an expense is to be made for a purpose for which amounts are available in multiple net position classifications, restricted position will be fully utilized first followed by unrestricted as necessary.

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

Pension liabilities are generally liquidated with resources of the general fund and enterprise fund.

M. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information has been determined based on the City's actuary report. For this purpose, OPEB expense recognized each fiscal year is equal to the change in the total OPEB liability from the beginning of the year to the end of the year, adjusted for deferred recognition of certain changes in the liability. Benefit payments are treated as being equal to the employer's yearly contributions for retirees. Information regarding the City's total OPEB liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

OPEB liabilities are generally liquidated with resources of the general fund and enterprise fund.

City of Saginaw, Texas

Notes to the Basic Financial Statements

N. Management's Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates. The assumptions utilized for purposes of measuring the net pension liability, total OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension/OPEB expense for a year can and does vary from actual results.

Note 2. Cash and Investments

Cash and investments as of September 30, 2020 consist of the following:

Deposits with financial institutions	\$	1,035,065
Investments		<u>54,129,010</u>
	<u>\$</u>	<u>55,164,075</u>

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 30 days thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no specific limitations with respect to this metric.

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

<u>Investment Type</u>	<u>Weighted Average Amount</u>	<u>Maturity</u>
TexPool	\$ 54,129,010	38 days

As of September 30, 2020, the City did not invest in any securities which are highly sensitive to interest rate fluctuations.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Rating as of September 30, 2020</u>
TexPool	\$ 54,129,010	AAA	AAAm

City of Saginaw, Texas
 Notes to the Basic Financial Statements

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. As of September 30, 2020, other than external investment pools, the City did not have 5% or more of its investments with one issuer.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The Public Funds Investment Act and the City’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

At September 30, 2020, the carrying amount of the City’s cash on hand and deposits were \$1,035,065 and the bank balance was \$2,654,541. \$250,000 of the bank balance was covered by depository insurance under the FDIC, with the remaining \$2,404,541 secured with securities held by pledging financial institutions.

Investment in State Investment Pools

The Texpool investment pool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, the investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less and weighted average lives of 120 days or less, investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. Texpool has a redemption notice period of one day and may redeem daily. The investment pool’s authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool’s liquidity. Texpool is subject to regulatory oversight by the State Treasurer, although it is not registered with the Securities and Exchange Commission.

Note 3. Restricted Assets

Restricted assets in the Enterprise Fund are held for the following purposes in accordance with bond ordinances or other legal restrictions:

Debt Service - Interest and Sinking Fund	
Cash and investments	\$ 185,900
Refundable water and wastewater deposits	698,291
	<hr/>
Total	\$ 884,191
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City of Saginaw, Texas
Notes to the Basic Financial Statements

Note 4. Notes Receivable

During the year ended September 30, 2018, the City loaned \$460,000 to a residential developer to construct the Mariposa Apartment Homes at Spring Hollow. The purpose of the Loan was to assist Spring Hollow in meeting the requirements for a federal tax credit. As of September 30, 2020, the outstanding balance was \$1,000. The remaining balance is due over a 15 year term, bearing an interest rate of 3%.

Note 5. Capital Assets

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

	Balance, October 1, 2019	Additions/ Completions	Retirements/ Adjustments	Balance, September 30, 2020
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 15,674,160	\$ 3,067,753	\$ -	\$ 18,741,913
Construction in progress	15,994,458	4,891,848	(14,554,477)	6,331,829
Total capital assets, not being depreciate	31,668,618	7,959,601	(14,554,477)	25,073,742
Capital assets being depreciated:				
Buildings	19,733,581	51,172	-	19,784,753
Improvements	1,943,249	554,339	-	2,497,588
Infrastructure	102,628,780	18,551,747	-	121,180,527
Equipment	9,691,892	846,828	(86,462)	10,452,258
Total capital assets, being depreciated	133,997,502	20,004,086	(86,462)	153,915,126
Less accumulated depreciation for:				
Buildings	7,633,838	506,499	-	8,140,337
Improvements	1,023,837	98,699	-	1,122,536
Infrastructure	58,582,560	2,854,357	-	61,436,917
Equipment	5,294,369	764,041	(86,462)	5,971,948
Total accumulated depreciation	72,534,604	4,223,596	(86,462)	76,671,738
Total capital assets being depreciated, net	61,462,898	15,780,490	-	77,243,388
Governmental activities capital assets, net	\$ 93,131,516	\$ 23,740,091	\$ (14,554,477)	\$ 102,317,130

City of Saginaw, Texas
Notes to the Basic Financial Statements

	Balance, October 1, 2019	Additions/ Completions	Retirements/ Adjustments	Balance, September 30, 2020
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 16,657	\$ -	\$ -	\$ 16,657
Construction in progress	102,808	71,153	-	173,961
Total capital assets, not being depreciate	119,465	71,153	-	190,618
Capital assets, being depreciated:				
Buildings	154,587	-	-	154,587
Water and wastewater system	37,630,137	3,969,421	-	41,599,558
Equipment	1,476,322	135,663	(20,725)	1,591,260
Total capital assets, being depreciated	39,261,046	4,105,084	(20,725)	43,345,405
Less accumulated depreciation				
Buildings	75,438	3,550	-	78,988
Water and wastewater system	12,148,884	791,357	-	12,940,241
Equipment	1,042,219	104,310	(20,725)	1,125,804
Total accumulated depreciation	13,266,541	899,217	(20,725)	14,145,033
Total capital assets being depreciated, net	25,994,505	3,205,867	-	29,200,372
Business-type activities capital assets, net	\$ 26,113,970	\$ 3,277,020	\$ -	\$ 29,390,990

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

Governmental activities:	
General administrative office	\$ 134,879
Municipal court	2,169
Fire	220,011
Police	428,816
Public works	3,040,397
Community services	187,913
Library	44,614
Inspections/code enforcement	14,694
Animal services	10,974
Fleet maintenance	44,736
Parks	89,691
Information technology	4,702
	<u>\$ 4,223,596</u>
Business-type activities:	
Water and wastewater	<u>\$ 899,217</u>

The City has active construction projects as of September 30, 2020. Total accumulated commitments for capital projects are \$11,178,097 for the Capital Projects Fund and \$27,979 for the General Fund.

City of Saginaw, Texas
Notes to the Basic Financial Statements

Note 6. Long-Term Debt

At September 30, 2020, the City's bonds payable consisted of the following:

	<u>Governmental</u>	<u>Business-type</u>
2013 General Obligation Refunding Bonds, dated August 29, 2013, due in annual installments through September 1, 2033, bearing interest rates of 2% to 4.1%	6,070,000	-
2014 General Obligation Refunding Bonds, dated April 8, 2014, due in annual installments through September 1, 2024, bearing an interest rate of 1.99%.	905,000	145,000
2015 General Obligation Bonds, dated September 7, 2015, due in annual installments through September 1, 2035, bearing an interest rate of 1.00% through 3.50%.	6,105,000	-
2015 General Obligation Refunding Bonds, dated December 22, 2015, due in annual installments through September 1, 2027, bearing an interest rate of 1.98%.	-	1,075,000
2016 General Obligation Refunding Bonds, dated June 21, 2016, due in annual installments through September 1, 2027, bearing an interest rate of 1.69%.	3,085,000	-
2017 General Obligation Bonds, dated June 1, 2017, due in annual installments through September 1, 2037, bearing an interest rate of 3.00%.	6,965,000	-
2019 Tax Notes, dated September 17, 2019, due in annual installments through March 1, 2026, bearing an interest rate of 1.40%.	1,570,000	
2019 General Obligation Refunding Bonds, dated November 13, 2019, due in annual installments through September 1, 2025, bearing an interest rate of 1.63%.	1,470,000	-
2020 General Obligation Refunding Bonds, dated June 1, 2020, due in annual installments through September 1, 2030, bearing an interest rate of 1.11%.	1,135,000	-
2020 Certificates of Obligation Bonds, dated August 15, 2020, due in annual installments through September 1, 2040, bearing interest rates of 2% to 4%	17,345,000	-
Premium on bonds	3,764,136	-
Total bonds payable	<u>\$ 48,414,136</u>	<u>\$ 1,220,000</u>

City of Saginaw, Texas

Notes to the Basic Financial Statements

During 2020, The City issued \$1,880,000 in General Obligation Refunding Bonds with an interest rate of 1.63%. \$615,000 was used to advance refund the outstanding Series 2009 Certificates of Obligation Bonds and \$1,215,000 was used to advance refund this outstanding Series 2012 General Obligation Refunding Bonds. The net proceeds of \$1,836,823 (after payment of issuance costs) and City contribution of \$9,075 were used to pay the outstanding balance on the refunded bonds. As a result, the refunded bonds are considered defeased, and the liability for those bonds has been removed from the government-wide statements. There is no remaining principal at September 30, 2020 related to the refunded bonds. The refunding resulted in a decrease in the City's debt service payments of \$52,322, which resulted in an economic gain (difference between the present value of the debt service payments of the old debt and new debt) of \$49,646.

During 2020, The City issued \$1,135,000 in General Obligation Refunding Bonds with an interest rate of 1.11%. \$1,085,000 was used to advance refund a portion of the Series 2010 Certificates of Obligation Bonds. The net proceeds of \$1,087,590 (after payment of issuance costs) and City contribution of \$17,660 were used to pay the outstanding balance on the refunded bonds. As a result, the refunded bonds are considered defeased, and the liability for those bonds has been removed from the government-wide statements. There is no remaining principal at September 30, 2020 related to the refunded bonds. The refunding resulted in a decrease in the City's debt service payments of \$124,184, which resulted in an economic gain (difference between the present value of the debt service payments of the old debt and new debt) of \$119,000.

During 2020, The City issued \$17,345,000 of Series 2020 General Obligation Bonds. The debt was issued to pay the costs of capital projects. The Bonds have an annual interest rate ranging from 2% to 4% and the obligations are payable over the next 20 years.

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

	Balance, October 1, 2019	Increases	Decreases	Balance, September 30, 2020	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 26,435,000	\$ 3,015,000	\$ (3,715,000)	\$ 25,735,000	\$ 2,280,000
Certificates of obligation	1,785,000	17,345,000	(1,785,000)	17,345,000	35,000
Tax notes	2,000,000	-	(430,000)	1,570,000	410,000
Premiums on bonds	615,889	3,414,982	(266,735)	3,764,136	-
Net pension liability	13,083,784	-	(2,766,787)	10,316,997	-
Total OPEB liability	295,845	54,537	-	350,382	-
Total governmental activities	\$ 44,215,518	\$ 23,829,519	\$ (8,963,522)	\$ 59,081,515	\$ 2,725,000
Business-type activities:					
Revenue bonds	\$ 50,000	-	\$ (50,000)	-	-
General obligation bonds	1,420,000	-	(200,000)	1,220,000	210,000
Net pension liability	1,499,593	-	(341,963)	1,157,630	-
Total OPEB liability	36,687	6,740	-	43,427	-
Total business-type activities	\$ 3,006,280	\$ 6,740	\$ (591,963)	\$ 2,421,057	\$ 210,000

The City issues general obligation bonds and certificates of obligation. General obligation bonds and certificates of obligation are direct obligations of the City and pledge the full faith and credit of the City.

City of Saginaw, Texas
Notes to the Basic Financial Statements

The annual requirements to amortize all debts outstanding as of September 30, 2020, are as follows:

<u>General Obligation Bonds</u>			
Due Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 2,280,000	\$ 712,937	\$ 2,992,937
2022	2,335,000	663,444	2,998,444
2023	2,375,000	612,763	2,987,763
2024	2,110,000	561,023	2,671,023
2025	1,815,000	510,698	2,325,698
2026-2030	7,630,000	1,882,932	9,512,932
2031-2035	6,175,000	726,119	6,901,119
2036-2040	1,015,000	45,900	1,060,900
Totals	\$ 25,735,000	\$ 5,715,816	\$ 31,450,816

<u>Certificates of Obligation</u>			
Due Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 35,000	\$ 670,272	\$ 705,272
2022	100,000	640,700	740,700
2023	100,000	637,700	737,700
2024	425,000	634,700	1,059,700
2025	800,000	626,200	1,426,200
2026-2030	4,335,000	2,790,100	7,125,100
2031-2035	5,210,000	1,909,400	7,119,400
2036-2040	6,340,000	780,200	7,120,200
Totals	\$ 17,345,000	\$ 8,689,272	\$ 26,034,272

<u>Tax Notes</u>			
Due Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 410,000	\$ 19,110	\$ 429,110
2022	225,000	14,665	239,665
2023	230,000	11,480	241,480
2024	230,000	8,260	238,260
2025	235,000	5,005	240,005
2026-2030	240,000	1,680	241,680
Totals	\$ 1,570,000	\$ 60,200	\$ 1,630,200

City of Saginaw, Texas
Notes to the Basic Financial Statements

General Obligation Bonds			
Due Fiscal Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2021	\$ 210,000	\$ 24,170	\$ 234,170
2022	220,000	20,004	240,004
2023	150,000	15,642	165,642
2024	155,000	12,672	167,672
2025	160,000	9,603	169,603
2026-2030	325,000	9,702	334,702
Totals	\$ 1,220,000	\$ 91,793	\$ 1,311,793

Note 7. Property Tax

Property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business property located in the City. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the City Council.

Taxes are due on October 1, the levy date, and are delinquent after the following January 31. Tax assessments are automatic on January 1, each year. Penalties and interest are included for any payment received after January 31. Penalties start at 6% of the outstanding balance, respectively and increase to 12% for payments received after July 1. Interest increases 1% for each month the balance is outstanding after January 31.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual have been recognized as revenue. Property taxes are recorded net of the allowance for uncollectible taxes (\$152,087 for the General Fund and \$141,490 for the Debt Service Fund). The allowance is evaluated annually based upon analysis of historical trends, current economic conditions and other pertinent factors. Uncollectible personal property taxes are written off upon expiration of the five year statute of limitations.

Note 8. Pension Plan

Plan Description

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

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

City of Saginaw, Texas

Notes to the Basic Financial Statements

Benefits

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

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Plan provisions for the City are as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2-1
A member is vested after	5 years
Updated service credit	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating

Members can retire at certain ages, based on the years of service with the City. The Service Retirement Eligibilities for the City are 5 years at 60 years of age or 20 years at any age.

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	59
Inactive employees entitled to but not yet receiving benefits	86
Active employees	149
	<hr/>
	294
	<hr/>

Contributions

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

Employees for the City of Saginaw were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Saginaw were 21.33% and 21.67% in calendar years 2019 and 2020, respectively. The city's contributions to TMRS for the year ended September 30, 2020, were \$1,924,856 and were equal to the required contributions.

City of Saginaw, Texas

Notes to the Basic Financial Statements

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, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of 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, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

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

City of Saginaw, Texas

Notes to the Basic Financial Statements

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (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.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2018	\$ 44,040,019	\$ 29,456,642	\$ 14,583,377
Changes for the year:			
Service cost	1,671,277		1,671,277
Interest	2,979,679		2,979,679
Change of benefit terms	-		-
Difference between expected and actual experience	(819,741)		(819,741)
Changes of assumptions	147,074		147,074
Contributions - employer		1,924,856	(1,924,856)
Contributions - employee		631,692	(631,692)
Net investment income		4,556,996	(4,556,996)
Benefit payments, including refunds of employee contributions	(1,464,519)	(1,464,519)	-
Administrative expense		(25,732)	25,732
Other changes		(773)	773
Net changes	2,513,770	5,622,520	(3,108,750)
Balance at December 31, 2019	\$ 46,553,789	\$ 35,079,162	\$ 11,474,627

City of Saginaw, Texas

Notes to the Basic Financial Statements

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 18,511,265	\$ 11,474,627	\$ 5,728,004

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.tmr.com.

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

For the year ended September 30, 2020, the City recognized pension expense of \$1,745,450.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ (1,002,679)
Changes in actuarial assumptions	138,752	-
Difference between projected and actual investment earnings	-	(1,054,268)
Contributions subsequent to the measurement date	1,471,411	-
Totals	\$ 1,610,163	\$ (2,056,947)

City of Saginaw, Texas

Notes to the Basic Financial Statements

\$1,471,411 was reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ending December 30, 2020 (i.e. recognized in the City's financial statements for the year ended September 30, 2021). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	
2020	\$ (579,651)
2021	(521,926)
2022	(118,231)
2023	(649,718)
2024	(48,669)
Totals	\$ (1,918,195)

Note 9. Postemployment Benefits Other Than Pensions

Plan Description

The City participates in a single employer, defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF) administered by the Texas Municipal Retirement System (TMRS). The SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB 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 city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

Benefits

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 other postemployment benefit (OPEB) and is a fixed amount of \$7,500.

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	47
Inactive employees entitled to but not yet receiving benefits	15
Active employees	149
	<u>211</u>

City of Saginaw, Texas

Notes to the Basic Financial Statements

Net OPEB Liability

The City's net OPEB liability of \$393,809 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The net OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Overall payroll growth	3.5% to 11.5%, including inflation
Discount Rate	2.75%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables and due to the size of the City, rates are multiplied by an additional factor of 100%. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the 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% minimum mortality rate is 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. Mortality rates for pre-retirement were based on the PUB(10) mortality tables, with the Public Safety table used for males and General Employee table used for females. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements.

Discount Rate

The discount rate used to measure the net OPEB liability was 2.75%. The discount rate was based on Fidelity Index's "20-Year Municipal GO AA Index" rate as of the measurement date.

	Total OPEB Liability
Balance at December 31, 2018	\$ 332,532
Changes for the year:	
Service cost	17,146
Interest	12,605
Change of benefit terms	-
Difference between expected and actual experience	(29,760)
Changes of assumptions or other inputs	63,993
Benefit payments	(2,707)
Net changes	61,277
Balance at December 31, 2019	\$ 393,809

City of Saginaw, Texas

Notes to the Basic Financial Statements

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

The following presents the net OPEB liability of the City, calculated using the discount rate of 2.75%, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-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%)
	<u> </u>	<u> </u>	<u> </u>
City’s OPEB liability	\$ 477,983	\$ 393,809	\$ 327,894

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$32,987.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual economic experience	\$ -	\$ (35,525)
Changes in actuarial assumptions	53,591	-
Contributions subsequent to the measurement date	2,037	-
	<u> </u>	<u> </u>
Total	<u>\$ 55,628</u>	<u>\$ (35,525)</u>

\$2,037 was reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability for the measurement year ending December 30, 2020 (i.e. recognized in the City’s financial statements for the year ended September 30, 2021). Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31,	
<u> </u>	
2020	\$ 3,236
2021	3,236
2022	3,236
2023	3,236
2024	1,433
Thereafter	<u>3,689</u>
Total	<u>\$ 18,066</u>

City of Saginaw, Texas

Notes to the Basic Financial Statements

Note 10. Commitments

The City renewed a twenty (20) year contract in 2017 with the City of Fort Worth for the treatment and transportation of wastewater. Payments under this contract are on a strength and volume basis per month. Also, there is a twenty-five dollar (\$25) per meter monthly service charge.

The City renewed a twenty (20) year contract in 2010 with the City of Fort Worth for the delivery of treated water. Payments under this contract are on a volume and rate of use basis per month. There is also a twenty-five dollar (\$25) per meter monthly service charge.

The City entered into an agreement in 2019, under Chapter 380 of the Texas Local Government Code, for the reimbursement of \$2,000,000 for the development costs for property development and roadway improvements. As of September 30, 2020, no costs have been incurred or reimbursed.

Note 11. Interfund Balances and Transfers

All interfund transfers between the various funds are approved supplements to the operations of those funds.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Enterprise Fund	\$ 693,830
General Fund	Saginaw CCPD Fund	1,047,305
General Fund	Donations Fund	8,120
General Fund	Escrow Fund	5,728
General Fund	Drainage Utility Fund	129,775
Enterprise Fund	Drainage Utility Fund	86,185
Escrow Fund	General Fund	72,735
		<u>\$ 2,043,678</u>

Transfers are primarily used to move funds from:

- The Enterprise Fund to the General Fund for vehicle maintenance expenses and operating expenses.
- The Saginaw CCPD Fund to the General Fund for salaries and related expenses for ten Police Officers, one Public Services Officer, one Dispatcher, and half (1/2) of one of the School Resource Officers.
- The Donations Fund to the General Fund for two seasonal part-time Library Pages.
- The Escrow Fund to the General Fund for police over-time for bailiff duty.
- The Drainage Utility Fund to the General Fund for salaries and related expenses.
- The Drainage Utility Fund to the Enterprise Fund for half (1/2) of the cost of the Environmental Specialist and Environmental Assistant.
- The General Fund to the Escrow Fund for the annual contribution to the equipment replacement escrow.

City of Saginaw, Texas

Notes to the Basic Financial Statements

Note 12. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City insures its buildings and contents, law enforcement liability, public officials' liability, general liability and auto liability under a renewable one year policy with the Texas Municipal League. The City insures its workers compensation risk by participating in the Texas Municipal League Intergovernmental Risk Pool which is a self-insurance policy mechanism for political subdivisions in Texas. Rates are set by the State Insurance Board. Each participant's contribution to the pool is adjusted based on its workers' compensation history. The City is responsible only to the extent of premiums paid and contributions made to Texas Municipal League and the Intergovernmental Risk Pool. There have been no significant changes in insurance coverage as compared to last year and settlements have not exceeded coverage in each of the past three fiscal years.

Note 13. Tax Abatements and Economic Incentive Agreements

Tax Abatements under Chapter 312 of the Texas Tax Code and economic incentive agreements under Chapter 380 of the Texas Tax Code allow the City to negotiate tax abatement agreements and economic incentive agreements with applicants. These agreements authorize the appraisal districts to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. Property taxes abated under these programs were \$52,455 in fiscal year 2020.

Note 14. New Accounting Pronouncements

The GASB pronouncements effective in fiscal years 2020 and 2021 are listed as follows:

The GASB issued Statement No. 84, Fiduciary Activities, which will be effective for fiscal year 2021. The objective of this Statement is to establish standards of accounting and financial reporting for fiduciary activities. This Statement applies to all state and governmental entities. The City will evaluate the impact of the standard on its financial statements and will the necessary steps to implement it.

The GASB issued Statement No. 90, Majority Equity Interests, An Amendment of GASB Statements No. 14 and 16, which will be effective for fiscal year 2021. The objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement applies to all state and governmental entities. The City will evaluate the impact of the standard on its financial statements and will the necessary steps to implement it.

Note 15. Subsequent Events

The City has evaluated all events and transactions that occurred after September 30, 2020 through January 14, 2021, the date the financial statements were issued.

Required Supplementary Information



City of Saginaw

City of Saginaw, Texas
Schedule of Changes in Net Pension Liability and Related Ratios
Texas Municipal Retirement System

	Year Ended December 31					
	2014	2015	2016	2017	2018	2019
TOTAL PENSION LIABILITY						
Service cost	\$ 1,094,648	\$ 1,192,902	\$ 1,237,546	\$ 1,287,912	\$ 1,567,813	\$ 1,671,277
Interest (on the total pension liability)	2,004,340	2,134,257	2,224,580	2,372,294	2,777,269	2,979,679
Changes of benefit terms	-	-	-	-	3,431,070	-
Difference between expected and actual experience	(494,746)	(194,482)	(306,070)	(93,610)	(144,360)	(819,741)
Change of assumptions	-	89,204	-	-	-	147,074
Benefit payments, including refunds of employee contributions	(793,956)	(800,864)	(752,837)	(1,232,910)	(1,043,059)	(1,464,519)
Net change in total pension liability	1,810,286	2,421,017	2,403,219	2,333,686	6,588,733	2,513,770
Total pension liability, beginning	28,483,078	30,293,364	32,714,381	35,117,600	37,451,286	44,040,019
TOTAL PENSION LIABILITY, ending (a)	\$ 30,293,364	\$ 32,714,381	\$ 35,117,600	\$ 37,451,286	\$ 44,040,019	\$ 46,553,789
PLAN FIDUCIARY NET POSITION						
Contributions - employer	\$ 1,247,471	\$ 1,351,553	\$ 1,404,336	\$ 1,427,850	\$ 1,491,686	\$ 1,924,856
Contributions - employee	433,652	453,288	472,046	488,154	513,196	631,692
Net investment income	1,120,846	31,855	1,527,402	3,497,782	(880,810)	4,556,996
Benefit payments, including refunds of employee contributions	(793,956)	(800,864)	(752,837)	(1,232,910)	(1,043,059)	(1,464,519)
Administrative expense	(11,699)	(19,398)	(17,251)	(18,123)	(17,017)	(25,732)
Other	(962)	(958)	(929)	(920)	(889)	(773)
Net change in plan fiduciary net position	1,995,352	1,015,476	2,632,767	4,161,833	63,107	5,622,520
Plan fiduciary net position, beginning	19,588,107	21,583,459	22,598,935	25,231,702	29,393,535	29,456,642
PLAN FIDUCIARY NET POSITION, ending (b)	\$ 21,583,459	\$ 22,598,935	\$ 25,231,702	\$ 29,393,535	\$ 29,456,642	\$ 35,079,162
NET PENSION LIABILITY/ (ASSET), ending (a) - (b)	\$ 8,709,905	\$ 10,115,446	\$ 9,885,898	\$ 8,057,751	\$ 14,583,377	\$ 11,474,627
Plan fiduciary net position as a percentage of total pension liability	71.25%	69.08%	71.85%	78.48%	66.89%	75.35%
Covered Payroll	\$ 7,227,528	\$ 7,554,795	\$ 7,867,428	\$ 8,135,894	\$ 8,553,265	\$ 9,024,174
Net pension liability as a percentage of covered payroll	120.51%	133.89%	125.66%	99.04%	170.50%	127.15%

Other Information:

Notes

There were no benefit changes during the year.

Only six years of data is presented in accordance with GASB 68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

City of Saginaw, Texas
Schedule of Contributions
Texas Municipal Retirement System

	Year Ended September 30					
	2015	2016	2017	2018	2019	2020
Actuarially Determined Contribution	\$ 1,247,471	\$ 1,351,553	\$ 1,404,336	\$ 1,427,850	\$ 1,491,686	\$ 1,924,856
Contributions in relation to the actuarially determined contribution	1,327,755	1,416,758	1,437,537	1,488,506	1,819,055	1,943,565
Contribution deficiency (excess)	\$ (80,284)	\$ (65,205)	\$ (33,201)	\$ (60,656)	\$ (327,369)	\$ (18,709)
Covered payroll	\$ 7,431,617	\$ 8,101,429	\$ 8,085,355	\$ 8,444,346	\$ 8,911,253	\$ 9,003,652
Contributions as a percentage of covered payroll	17.87%	17.49%	17.78%	17.63%	20.41%	21.59%

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method Level	Level Percentage of Payroll, Closed
Remaining Amortization Period	26 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes There were no benefit changes during the year.
Only six years of data is presented in accordance with GASB 68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

City of Saginaw, Texas

Schedule of Changes in Total OPEB Liability and Related Ratios Texas Municipal Retirement System

	Year Ended December 31		
	2017	2018	2019
TOTAL OPEB LIABILITY			
Service cost	\$ 14,645	\$ 17,962	\$ 17,146
Interest	11,297	11,619	12,605
Change of benefit terms	-	-	-
Difference between expected and actual experience	-	(13,397)	(29,760)
Changes of assumptions or other inputs	27,069	(24,428)	63,993
Benefit payments*	(2,441)	(2,566)	(2,707)
Net change in total OPEB liability	50,570	(10,810)	61,277
Total OPEB liability, beginning	292,772	343,342	332,532
Total OPEB LIABILITY, ending	\$ 343,342	\$ 332,532	\$ 393,809
Covered Payroll	\$ 8,135,894	\$ 8,553,265	\$ 9,024,174
Total OPEB liability as a percentage of covered payroll	4.22%	3.89%	4.36%

Other Information:

Notes: GASB 75, Paragraph 97, requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date of December 31, 2019 - the period from January 30, 2019 - December 31, 2019.

Only three years of data is presented in accordance with GASB 75 paragraph 245. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

City of Saginaw, Texas

Schedule of Revenues, Expenditures and Changes in Fund

Balance – Budget and Actual – General Fund

For the Fiscal Year Ended September 30, 2020

	Budgeted amounts		Actual GAAP Basis	Variance with Final Budget Over / (Under)
	Original	Final		
REVENUES				
Taxes	\$ 12,740,585	\$ 13,093,990	\$ 13,071,890	\$ (22,100)
Licenses and permits	692,000	713,000	773,813	60,813
Charges for services	97,020	97,020	94,815	(2,205)
Fines and fees	472,100	503,300	517,883	14,583
Interest income	100,000	113,000	113,140	140
Recreation income	548,840	165,000	162,412	(2,588)
Intergovernmental	241,840	1,434,410	1,423,032	(11,378)
Miscellaneous revenues	100,000	159,000	182,049	23,049
Total revenues	14,992,385	16,278,720	16,339,034	60,314
EXPENDITURES				
Current:				
General administrative office	1,863,145	1,808,925	1,798,896	(10,029)
Municipal court	218,725	199,725	187,064	(12,661)
Fire	4,064,850	4,174,850	3,965,267	(209,583)
Police	5,332,230	5,125,230	5,001,254	(123,976)
Public works	1,567,725	1,962,980	1,916,939	(46,041)
Parks	329,855	620,630	538,609	(82,021)
Community services	1,151,225	853,970	811,155	(42,815)
Library	631,570	600,300	568,571	(31,729)
Inspections/code enforcement	616,835	639,835	625,717	(14,118)
Animal services	384,195	387,590	389,122	1,532
City garage	515,855	494,855	392,030	(102,825)
Economic development	298,405	221,115	176,840	(44,275)
Information technology	408,005	427,765	427,319	(446)
Total expenditures	17,382,620	17,517,770	16,798,783	(718,987)
EXCESS (DEFICIENCY) OR REVENUES OVER EXPENDITURES	(2,390,235)	(1,239,050)	(459,749)	779,301
OTHER FINANCING SOURCES (USES)				
Transfers in	1,884,030	1,884,030	1,884,758	728
Transfers out	(228,875)	(43,625)	(72,735)	(29,110)
Total other financing sources (uses)	1,655,155	1,840,405	1,812,023	(28,382)
Net change in fund balance	(735,080)	601,355	1,352,274	750,919
FUND BALANCES, beginning of year	11,604,139	11,604,139	11,604,139	-
FUND BALANCES, end of year	\$ 10,869,059	\$ 12,205,494	\$ 12,956,413	\$ 750,919

Combining and Individual Fund Statements and Schedules



City of Saginaw

Non-Major Governmental Funds

City of Saginaw, Texas
 Combining Balance Sheet
 Non-Major Governmental Funds
 September 30, 2020

	<u>Special Revenue</u>						Total Other Governmental Funds
	Police Fund	Saginaw CCPD Fund	Drainage Utility Fund	Street Maintenance Fund	Donations Fund	Escrow Fund	
ASSETS							
Deposits and investments	\$ 11,721	\$ 295,190	\$ 2,579,261	\$ 1,581,675	\$ 508,125	\$ 1,635,946	\$ 6,611,918
Receivables							
Other	-	-	77,644	-	30,843	5,819	114,306
Taxes	-	227,145	-	80,666	-	-	307,811
TOTAL ASSETS AND OTHER DEBITS	\$ 11,721	\$ 522,335	\$ 2,656,905	\$ 1,662,341	\$ 538,968	\$ 1,641,765	\$ 7,034,035
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ 4,755	\$ 14,828	\$ 67,899	\$ 465	\$ -	\$ 87,947
Unearned revenue	-	-	-	-	31,764	-	31,764
Total liabilities	-	4,755	14,828	67,899	32,229	-	119,711
Fund balances:							
Restricted:							
Street maintenance	-	-	-	1,594,442	-	-	1,594,442
Crime prevention	11,721	517,580	-	-	-	-	529,301
Drainage	-	-	2,642,077	-	-	-	2,642,077
Other special revenue	-	-	-	-	-	1,641,765	1,641,765
Committed:							
Donations	-	-	-	-	506,739	-	506,739
Total fund balances	11,721	517,580	2,642,077	1,594,442	506,739	1,641,765	6,914,324
TOTAL LIABILITIES, AND FUND BALANCES	\$ 11,721	\$ 522,335	\$ 2,656,905	\$ 1,662,341	\$ 538,968	\$ 1,641,765	\$ 7,034,035

City of Saginaw, Texas
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Non-Major Governmental Funds
For the Fiscal Year Ended September 30, 2020

	Special Revenue						Total Other Governmental Funds
	Police Fund	Saginaw CCPD Fund	Drainage Utility Fund	Street Maintenance Fund	Donations Fund	Escrow Fund	
REVENUES							
Taxes	\$ -	\$ 1,304,250	\$ -	\$ 458,293	\$ -	\$ 57,678	\$ 1,820,221
Fines and fees	-	-	-	-	-	18,590	18,590
Intergovernmental	-	2,247	-	-	-	-	2,247
Miscellaneous	636	-	-	-	284,754	42,410	327,800
Interest income	106	3,633	23,503	15,548	2,525	13,331	58,646
Charges for services	-	-	815,726	-	-	-	815,726
Total revenues	742	1,310,130	839,229	473,841	287,279	132,009	3,043,230
EXPENDITURES							
Current:							
General operating	-	-	308,109	276,362	161,584	147,429	893,484
Police	-	71,508	-	-	-	-	71,508
Capital outlay	-	151,499	309,168	369,952	40,000	22,227	892,846
Total expenditures	-	223,007	617,277	646,314	201,584	169,656	1,857,838
EXCESS (DEFICIENCY) OR REVENUES OVER EXPENDITURES	742	1,087,123	221,952	(172,473)	85,695	(37,647)	1,185,392
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	72,735	72,735
Transfers out	-	(1,047,305)	(215,960)	-	(8,120)	(5,728)	(1,277,113)
Total other financing sources (uses)	-	(1,047,305)	(215,960)	-	(8,120)	67,007	(1,204,378)
Net change in fund balances	742	39,818	5,992	(172,473)	77,575	29,360	(18,986)
Fund balances, beginning of year	10,979	477,762	2,636,085	1,766,915	429,164	1,612,405	6,933,310
FUND BALANCES, end of year	\$ 11,721	\$ 517,580	\$ 2,642,077	\$ 1,594,442	\$ 506,739	\$ 1,641,765	\$ 6,914,324



City of Saginaw

Special Revenue Funds

The following funds have legally adopted budgets:

Saginaw Crime Control and Prevention District Fund – Used to account for funds to be used to address crime control and prevention.

Drainage Utility Fund – Used to account for fees assessed on properties based on the amount of storm water runoff they produce and the costs of operating the storm drainage system.

Street Maintenance Fund – Used to account for the sales tax revenues restricted for the purpose of street maintenance and repairs.

Donations Fund – Used to account for donations received by the City committed for specific purposes.

Escrow Fund – Used to account for hotel/motel taxes, court technology and security fees, gas production proceeds, and insurance settlements received by the City.

City of Saginaw, Texas
 Comparative Balance Sheets
 Saginaw Crime Control and Prevention District Fund
 September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Deposits and investments	\$ 295,190	\$ 253,342
Receivables		
Taxes, net of allowance	<u>227,145</u>	<u>224,832</u>
TOTAL ASSETS	<u><u>\$ 522,335</u></u>	<u><u>\$ 478,174</u></u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable and accrued liabilities	<u>\$ 4,755</u>	<u>\$ 412</u>
Total liabilities	4,755	412
FUND BLANCES		
Restricted for crime prevention	<u>517,580</u>	<u>477,762</u>
Total fund balances	<u>517,580</u>	<u>477,762</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 522,335</u></u>	<u><u>\$ 478,174</u></u>

City of Saginaw, Texas

Schedule of Revenues, Expenditures and Changes in Fund

Balance – Budget and Actual

Saginaw Crime Control and Prevention District Fund

For the Fiscal Year Ended September 30, 2020 And 2019

	Budgeted amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis 2019
	Original	Final			
REVENUE					
Taxes	\$ 1,209,720	\$ 1,332,285	\$ 1,304,250	\$ (28,035)	\$ 1,226,497
Intergovernmental	3,250	3,250	2,247	(1,003)	2,632
Interest income	4,800	4,800	3,633	(1,167)	7,605
Total revenues	1,217,770	1,340,335	1,310,130	(30,205)	1,236,734
EXPENDITURES					
Uniforms	6,300	6,300	7,319	(1,019)	6,819
Data processing	48,000	48,000	36,495	11,505	46,468
Officer supplies and equipment	2,000	2,000	14,492	(12,492)	1,198
Books	3,960	3,960	4,080	(120)	3,960
Crime prevention supplies	2,000	2,000	910	1,090	1,621
Maintenance and repairs	-	-	-	-	-
Tactical employee training	13,500	1,000	8,212	(7,212)	13,500
Capital outlay	177,500	177,500	151,499	26,001	205,279
Total expenditures	253,260	240,760	223,007	17,753	278,845
EXCESS (DEFICENCY) OR REVENUES OVER EXPENDITURES	964,510	1,099,575	1,087,123	(12,452)	957,889
OTHER FINANCING SOURCES (USES)					
Transfers out	(1,047,305)	(1,047,305)	(1,047,305)	-	(1,005,300)
Total other financing sources (uses)	(1,047,305)	(1,047,305)	(1,047,305)	-	(1,005,300)
NET CHANGE IN FUND BALANCES	(82,795)	52,270	39,818	(12,452)	(47,411)
FUND BALANCES, beginning of year	477,762	477,762	477,762	-	525,173
FUND BALANCES, end of year	\$ 394,967	\$ 530,032	\$ 517,580	\$ (12,452)	\$ 477,762

City of Saginaw, Texas
 Comparative Balance Sheets
 Drainage Utility Fund
 September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Deposits and investments	\$ 2,579,261	\$ 2,576,776
Receivables		
Other	77,644	78,382
TOTAL ASSETS	<u>\$ 2,656,905</u>	<u>\$ 2,655,158</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 14,828	\$ 19,073
Total liabilities	14,828	19,073
FUND BALANCES		
Restricted for drainage	2,642,077	2,636,085
Total fund balances	2,642,077	2,636,085
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,656,905</u>	<u>\$ 2,655,158</u>

City of Saginaw, Texas

Schedule of Revenues, Expenditures and Changes in Fund

Balance – Budget and Actual

Drainage Utility Fund

For the Fiscal Year Ended September 30, 2020 And 2019

	Budgeted amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis 2019
	Original	Final			
REVENUE					
Interest income	\$ 39,000	\$ 23,550	\$ 23,503	\$ (47)	\$ 53,177
Charges for services	810,000	815,000	815,726	726	794,783
Total revenues	849,000	838,550	839,229	679	847,960
EXPENDITURES					
Uniforms	1,200	1,200	846	354	809
Officer supplies and equipment	45,000	35,000	21,686	13,314	38,177
Disposal costs	10,000	10,000	6,000	4,000	6,560
Maintenance and repairs	-	-	271,898	(271,898)	97,876
Tactical employee training	1,000	1,000	799	201	2,573
Other	1,500	1,500	5,390	(3,890)	5,554
Capital outlay	1,567,000	748,855	310,658	438,197	80,452
Total expenditures	1,625,700	797,555	617,277	180,278	232,001
EXCESS (DEFICENCY) OR REVENUES OVER EXPENDITURES	(776,700)	40,995	221,952	180,957	615,959
OTHER FINANCING SOURCES (USES)					
Transfers out	(215,960)	(215,960)	(215,960)	-	(196,915)
Total other financing sources (uses)	(215,960)	(215,960)	(215,960)	-	(196,915)
NET CHANGE IN FUND BALANCES	(992,660)	(174,965)	5,992	180,957	419,044
FUND BALANCES, beginning of year	2,636,085	2,636,085	2,636,085	-	2,217,041
FUND BALANCES, end of year	\$ 1,643,425	\$ 2,461,120	\$ 2,642,077	\$ 180,957	\$ 2,636,085

City of Saginaw, Texas
 Comparative Balance Sheets
 Street Maintenance Fund
 September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Deposits and investments	\$ 1,581,675	\$ 1,839,796
Receivables		
Taxes, net of allowance	80,666	79,997
TOTAL ASSETS	<u>\$ 1,662,341</u>	<u>\$ 1,919,793</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 67,899	\$ 152,878
Total liabilities	67,899	152,878
FUND BLANCES		
Restricted for street maintenance	1,594,442	1,766,915
Total fund balances	<u>1,594,442</u>	<u>1,766,915</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,662,341</u>	<u>\$ 1,919,793</u>

City of Saginaw, Texas

Schedule of Revenues, Expenditures and Changes in Fund

Balance – Budget and Actual

Street Maintenance Fund

For the Fiscal Year Ended September 30, 2020 And 2019

	Budgeted amounts		Actual	Variance with	Actual
	Original	Final	GAAP	Final Budget	GAAP
			Basis	Positive (Negative)	Basis
					2019
REVENUE					
Taxes	\$ 426,965	\$ 467,210	\$ 458,293	\$ (8,917)	\$ 429,450
Interest income	10,000	15,555	15,548	(7)	37,888
Total revenues	436,965	482,765	473,841	(8,924)	467,338
EXPENDITURES					
Maintenance and repairs	350,000	401,000	276,362	124,638	300,198
Capital outlay	434,480	886,050	369,952	516,098	56,000
Total expenditures	784,480	1,287,050	646,314	640,736	356,198
EXCESS (DEFICIENCY) OR REVENUES OVER EXPENDITURES	(347,515)	(804,285)	(172,473)	631,812	111,140
FUND BALANCES, beginning of year	1,766,915	1,766,915	1,766,915	-	1,655,775
FUND BALANCES, end of year	\$ 1,419,400	\$ 962,630	\$ 1,594,442	\$ 631,812	\$ 1,766,915

City of Saginaw, Texas
 Comparative Balance Sheets
 Donations Fund
 September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Deposits and investments	\$ 508,125	\$ 434,736
Receivables		
Other	30,843	31,752
TOTAL ASSETS	<u>\$ 538,968</u>	<u>\$ 466,488</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 465	\$ 4,652
Unearned revenue	31,764	32,672
Total liabilities	32,229	37,324
FUND BLANCES		
Committed	506,739	429,164
Total fund balances	506,739	429,164
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 538,968</u>	<u>\$ 466,488</u>

City of Saginaw, Texas

Schedule of Revenues, Expenditures and Changes in Fund

Balance – Budget and Actual

Donations Fund

For the Fiscal Year Ended September 30, 2020 and 2019

	Budgeted amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis 2019
	Original	Final			
REVENUE					
Miscellaneous	\$ 275,840	\$ 290,330	\$ 284,754	\$ (5,576)	\$ 287,593
Interest income	6,000	2,530	2,525	(5)	6,399
Total revenues	281,840	292,860	287,279	(5,581)	293,992
EXPENDITURES					
Contract services	47,000	39,250	35,754	3,496	60,396
Data processing	12,000	12,000	7,951	4,049	7,456
Animal services	6,500	11,900	11,901	(1)	1,348
Supplies and equipment	69,500	66,250	83,012	(16,762)	87,029
Special programs	-	26,455	20,455	6,000	11,700
Maintenance and repairs	4,500	4,500	-	4,500	2,673
Other	2,600	2,600	2,511	89	750
Capital outlay	35,000	60,300	40,000	20,300	10,000
Total expenditures	177,100	223,255	201,584	21,671	181,352
EXCESS (DEFICENCY) OR REVENUES OVER EXPENDITURES	104,740	69,605	85,695	16,090	112,640
OTHER FINANCING SOURCES (USES)					
Transfers out	(8,120)	(8,120)	(8,120)	-	(8,120)
Total other financing sources (uses)	(8,120)	(8,120)	(8,120)	-	(8,120)
NET CHANGE IN FUND BALANCES	96,620	61,485	77,575	16,090	104,520
FUND BALANCES, beginning of year	429,164	429,164	429,164	-	324,644
FUND BALANCES, end of year	\$ 525,784	\$ 490,649	\$ 506,739	\$ 16,090	\$ 429,164

City of Saginaw, Texas
 Comparative Balance Sheets
 Escrow Fund
 September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Deposits and investments	\$ 1,635,946	\$ 1,601,900
Receivables		
Other	5,819	17,510
TOTAL ASSETS	<u>\$ 1,641,765</u>	<u>\$ 1,619,410</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable and accrued liabilities	\$ -	\$ 7,005
Total liabilities	-	7,005
FUND BLANCES		
Restricted	1,641,765	1,612,405
Total fund balances	<u>1,641,765</u>	<u>1,612,405</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,641,765</u>	<u>\$ 1,619,410</u>

City of Saginaw, Texas

Schedule of Revenues, Expenditures and Changes in Fund

Balance – Budget and Actual

Escrow Fund

For the Fiscal Year Ended September 30, 2020 and 2019

	Budgeted amounts		Actual	Variance with	Actual
	Original	Final	GAAP	Final Budget	GAAP
			Basis	Positive (Negative)	Basis
					2019
REVENUE					
Taxes	\$ 83,865	\$ 69,365	\$ 57,678	\$ (11,687)	\$ 80,263
Fines and fees	18,700	18,700	18,590	(110)	20,098
Miscellaneous revenues	40,000	40,000	42,410	2,410	43,455
Interest income	18,190	23,790	13,331	(10,459)	32,523
Total revenues	160,755	151,855	132,009	(19,846)	176,339
EXPENDITURES					
Data processing	1,000	1,000	735	265	-
Entertainment	10,000	10,000	8,850	1,150	8,250
Insurance	5,000	5,000	-	5,000	3,550
Supplies and equipment	-	-	80,690	(80,690)	23,512
Maintenance and repairs	35,100	57,330	35,904	21,426	26,301
Other	-	22,500	21,250	1,250	5,000
Capital outlay	17,000	81,310	22,227	59,083	20,035
Total expenditures	68,100	177,140	169,656	7,484	86,648
EXCESS (DEFICIENCY) OR REVENUES					
OVER EXPENDITURES	92,655	(25,285)	(37,647)	(12,362)	89,691
OTHER FINANCING SOURCES (USES)					
Transfers in	43,265	70,755	72,735	(1,980)	42,970
Transfers out	(5,000)	(5,000)	(5,728)	728	(7,707)
Total other financing sources (uses)	38,265	65,755	67,007	(1,252)	35,263
NET CHANGE IN FUND BALANCES	130,920	40,470	29,360	11,110	124,954
FUND BALANCES, beginning of year	1,612,405	1,612,405	1,612,405	-	1,487,451
FUND BALANCES, end of year	\$ 1,743,325	\$ 1,652,875	\$ 1,641,765	\$ 11,110	\$ 1,612,405



City of Saginaw

Debt Service Fund

Used to account for the accumulation of resources for, and the payment of, general obligation long-term debt principal and interest.

City of Saginaw, Texas
 Comparative Balance Sheets
 Debt Service Fund
 September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Deposits and investments	\$ 1,185,400	\$ 1,209,653
Receivables		
Taxes, net of allowance	<u>17,829</u>	<u>16,959</u>
TOTAL ASSETS	<u><u>\$ 1,203,229</u></u>	<u><u>\$ 1,226,612</u></u>
DEFERRED INFLOWS AND FUND BALANCES		
LIABILITIES		
Accounts payable and accrued liabilities	<u>-</u>	<u>-</u>
Total liabilities	-	-
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	<u>\$ 17,828</u>	<u>\$ 16,642</u>
Total deferred inflows of resources	17,828	16,642
FUND BALANCE		
Restricted for debt service	<u>1,185,401</u>	<u>1,209,970</u>
Total fund balances	<u>1,185,401</u>	<u>1,209,970</u>
TOTAL DEFERRED INFLOWS AND FUND BALANCES	<u><u>\$ 1,203,229</u></u>	<u><u>\$ 1,226,612</u></u>

City Of Saginaw, Texas

Schedule of Revenues, Expenditures and Changes in Fund

Balance – Budget and Actual

Debt Service Fund

For the Fiscal Year Ended September 30, 2020 and 2019

	Budgeted amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis 2019
	Original	Final			
REVENUES					
Current and delinquent general property tax - debt service portion	\$ 3,790,280	\$ 3,733,360	\$ 3,736,300	\$ 2,940	\$ 3,411,888
Penalties, interest and fees on delinquent taxes	7,000	3,900	4,064	164	8,327
Interest income	50,000	22,500	22,227	(273)	66,191
Total revenues	3,847,280	3,759,760	3,762,591	2,831	3,486,406
EXPENDITURES					
Bond principal payments	2,985,000	3,015,000	3,015,000	-	2,495,000
Total principal payments	2,985,000	3,015,000	3,015,000	-	2,495,000
Bond interest	853,795	853,795	741,720	112,075	886,610
Fiscal charges and debt issuance costs	12,000	120,085	121,028	(943)	10,300
Total interest payments	865,795	973,880	862,748	111,132	896,910
Total expenditures	3,850,795	3,988,880	3,877,748	111,132	3,391,910
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,515)	(229,120)	(115,157)	113,963	94,496
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	-	-
Proceeds from bond refunding	-	3,015,000	3,015,000	-	-
Premium on bond issuance	-	-	-	-	-
Payment on bond refunding	-	(2,924,415)	(2,924,412)	3	-
Total other financing sources (uses)	-	90,585	90,588	3	-
Net change in fund balances	(3,515)	(138,535)	(24,569)	113,966	94,496
Fund balances, beginning of year	1,209,970	1,209,970	1,209,970	-	1,115,474
FUND BALANCES, end of year	\$ 1,206,455	\$ 1,071,435	\$ 1,185,401	\$ 113,966	\$ 1,209,970



City of Saginaw

Enterprise Fund

Used to account for operations of the City's water and wastewater activities that are financed and operated in a manner similar to those of private business enterprises. Services of this fund are intended to be self-supporting through user charges.

City of Saginaw, Texas
Comparative Statement of Net Position
Enterprise Fund
September 30, 2020 and 2019

ASSETS	2020	2019
CURRENT ASSETS		
Deposits and investments	\$ 8,847,070	\$ 10,399,149
Deposits and investments-restricted	185,900	184,466
Receivables:		
Accounts receivable, net of allowance of \$81,020 in 2020 and \$62,357 in 2019	804,376	793,169
Unbilled accounts	574,351	638,758
Total current assets	<u>10,411,697</u>	<u>12,015,542</u>
NONCURRENT ASSETS		
Capital assets, at cost:		
Land and land improvements	16,657	16,657
Buildings and improvements	154,587	154,587
Waterworks and wastewater system	41,599,558	37,630,137
Machinery and equipment	1,591,260	1,476,322
Construction in progress	173,961	102,808
Accumulated depreciation	(14,145,033)	(13,266,541)
Total capital assets, net of accumulated depreciation	<u>29,390,990</u>	<u>26,113,970</u>
Deposits and investments-restricted	698,291	658,001
Total noncurrent assets	<u>30,089,281</u>	<u>26,771,971</u>
Total assets	<u>40,500,978</u>	<u>38,787,513</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge for refunding	27,830	44,439
Related to the TMRS pension	155,563	307,987
Related to the TMRS OPEB	6,353	459
Total deferred outflows of resources	<u>189,746</u>	<u>352,885</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	631,690	871,164
Accrued interest	2,014	2,470
Revenue bonds payable	210,000	250,000
Total current liabilities	<u>843,704</u>	<u>1,123,634</u>
NONCURRENT LIABILITIES		
Revenue bonds payable	1,010,000	1,220,000
Customer deposits	698,291	658,001
Net pension liability	1,157,630	1,499,593
Total OPEB liability	43,427	36,687
Total noncurrent liabilities	<u>2,909,348</u>	<u>3,414,281</u>
Total liabilities	<u>3,753,052</u>	<u>4,537,915</u>
DEFERRED INFLOWS OF RESOURCES		
Related to the TMRS pension	231,213	63,467
Related to the TMRS OPEB	3,778	1,293
Total deferred inflows of resources	<u>234,991</u>	<u>64,760</u>
NET POSITION		
Net investment in capital assets	28,198,820	24,688,409
Restricted for		
Revenue bond retirement	185,900	184,466
Unrestricted	8,317,961	9,664,848
Total net position	<u>\$ 36,702,681</u>	<u>\$ 34,537,723</u>

City of Saginaw, Texas

Comparative Statement of Revenues, Expenses and Changes in Net Position

Enterprise Fund

For the Fiscal Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUE		
Water and sewer sales	\$ 9,100,141	\$ 8,605,437
Penalties	83,008	106,370
Surcharges	1,698,265	1,722,029
Miscellaneous	56,583	77,814
	<hr/>	<hr/>
Total operating revenue	10,937,997	10,511,650
OPERATING EXPENSES		
Cost of sales and services	6,294,884	6,330,349
Administrative	3,730,232	2,572,955
Depreciation	899,217	791,175
	<hr/>	<hr/>
Total operating expenses	10,924,333	9,694,479
Operating income	13,664	817,171
NONOPERATING REVENUES (EXPENSES)		
Investment income	97,645	236,213
Gain (Loss) on sale of machinery and equipment	2,070	19,400
Interest expense and agent fees	(46,996)	(52,841)
	<hr/>	<hr/>
Total nonoperating revenues (expenses)	52,719	202,772
Income before contributions and transfers	66,383	1,019,943
CAPITAL CONTRIBUTIONS AND TRANSFERS		
Capital contributions	2,376,954	1,775,242
Impact and tap fees	329,266	457,921
Transfers out	(693,830)	(653,025)
Transfers in	86,185	73,955
	<hr/>	<hr/>
Total capital contributions and transfers	2,098,575	1,654,093
Changes in net position	2,164,958	2,674,036
NET POSITION, beginning of year	<hr/> <hr/> 34,537,723	<hr/> <hr/> 31,863,687
NET POSITION, end of year	<hr/> <hr/> \$ 36,702,681	<hr/> <hr/> \$ 34,537,723

City of Saginaw, Texas
 Comparative Statement of Cash Flows
 Enterprise Fund
 For the Fiscal Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 11,031,487	\$ 10,393,145
Cash paid to employees	(1,003,766)	(529,688)
Cash paid to suppliers	(9,279,286)	(8,567,653)
	<hr/>	<hr/>
Net cash provided by operating activities	748,435	1,295,804
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers out to other funds	(693,830)	(653,025)
Transfer from other funds	86,185	73,955
	<hr/>	<hr/>
Net cash used in noncapital financing activities	(607,645)	(579,070)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of machinery and equipment	2,070	19,400
Impact and tap fees	329,266	457,921
Principal paid on bonds	(250,000)	(245,000)
Purchase of capital assets	(1,799,283)	(202,528)
Interest	(31,593)	(36,952)
Fiscal agent fees	750	750
	<hr/>	<hr/>
Net cash used in capital and related financing activities	(1,748,790)	(6,409)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	97,645	236,213
	<hr/>	<hr/>
Net cash provided by investing activities	97,645	236,213
Net change in cash	(1,510,355)	946,538
CASH AND CASH EQUIVALENTS, beginning of year	<hr/> 11,241,616	<hr/> 10,295,078
CASH AND CASH EQUIVALENTS, end of year	<hr/> <hr/> \$ 9,731,261	<hr/> <hr/> \$ 11,241,616

City of Saginaw, Texas

Comparative Statement of Cash Flows – Continued

Enterprise Fund

For the Fiscal Years Ended September 30, 2020 and 2019

	<u>Current Assets</u>	<u>Restricted Assets</u>	<u>2020 Statement of Cash Flows Totals</u>	<u>2019 Statement of Cash Flows Totals</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE BALANCE SHEET				
Cash and cash equivalents, beginning of year	\$ 10,399,149	\$ 842,467	\$ 11,241,616	\$ 10,295,078
Net increase	(1,552,079)	41,724	(1,510,355)	946,538
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 8,847,070</u></u>	<u><u>\$ 884,191</u></u>	<u><u>\$ 9,731,261</u></u>	<u><u>\$ 11,241,616</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income			\$ 13,664	\$ 817,171
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation			899,217	791,175
(Increase) Decrease in accounts receivable			53,200	(146,583)
(Increase) Decrease in prepaids			-	190
(Increase) Decrease in deferred outflows of resources-pension			152,424	(181,362)
(Increase) Decrease in deferred outflows of resources-OPEB			(5,894)	2,335
(Decrease) in accounts payable and accrued expenses			(239,474)	(583,191)
Increase in customer deposits			40,290	28,078
Increase (Decrease) in net pension liability			(341,963)	652,563
Increase (Decrease) in total OPEB liability			6,740	(1,081)
Increase (Decrease) in deferred inflows of resources-pension			170,231	(83,491)
Net cash provided by operating activities			<u><u>\$ 748,435</u></u>	<u><u>\$ 1,295,804</u></u>
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING, CAPITAL AND INVESTING ACTIVITIES				
Capital asset contributions from developers			<u><u>\$ 2,376,954</u></u>	<u><u>\$ 1,775,242</u></u>



City of Saginaw

**Statistical Section
(Unaudited)**



City of Saginaw

City of Saginaw, Texas
Statistical Section (Unaudited)

This part of the City of Saginaw's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents:

Financial Trends96-105

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity106-109

These schedules contain information to help the reader assess one of the government's most significant local source revenues, property taxes.

Debt Capacity110-114

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information115-116

This schedule offers demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information117-119

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial reports relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Saginaw, Texas
Net Position by Component
Last Ten Fiscal Years

	<u>2011</u>	<u>2012</u>	<u>2013*</u>	<u>2014</u>
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 44,362,424	\$ 45,854,628	\$ 48,872,324	\$ 52,280,544
Restricted	1,348,022	1,384,617	1,828,513	1,596,119
Unrestricted	13,807,108	14,302,944	11,624,828	13,139,145
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	<u>59,517,554</u>	<u>61,542,189</u>	<u>62,325,665</u>	<u>67,015,808</u>
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	16,165,325	16,699,361	17,623,648	19,067,165
Restricted	436,461	437,166	420,735	420,905
Unrestricted	6,504,546	7,008,669	6,628,613	7,726,467
TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	<u>23,106,332</u>	<u>24,145,196</u>	<u>24,672,996</u>	<u>27,214,537</u>
PRIMARY GOVERNMENT				
Net investment in capital assets	60,527,749	62,553,989	66,495,972	71,347,709
Restricted	1,784,483	1,821,783	2,249,248	2,017,024
Unrestricted	20,311,654	21,311,613	18,253,441	20,865,612
TOTAL PRIMARY GOVERNMENT NET POSITION	<u>\$ 82,623,886</u>	<u>\$ 85,687,385</u>	<u>\$ 86,998,661</u>	<u>\$ 94,230,345</u>

*2013 restated for GASB 65

**2017 restated for GASB 75

Table 1

	2015	2016	2017**	2018	2019	2020
\$	55,375,158	\$ 56,038,750	\$ 62,510,664	\$ 65,704,199	\$ 70,565,446	62,189,307
	1,416,987	1,267,190	1,120,206	6,958,205	7,659,462	7,491,338
	5,701,871	7,709,276	8,126,849	3,446,846	263,251	17,660,209
	62,494,016	65,015,216	71,757,719	76,109,250	78,488,159	87,340,854
	20,210,164	21,614,590	22,315,277	23,273,899	24,688,409	28,198,820
	421,162	444,944	175,662	179,178	184,466	185,900
	8,015,115	7,603,698	8,123,007	8,410,610	9,664,848	8,317,961
	28,646,441	29,663,232	30,613,946	31,863,687	34,537,723	36,702,681
	75,585,322	77,653,340	84,825,941	88,978,098	95,253,855	90,388,127
	1,838,149	1,712,134	1,295,868	7,137,383	7,843,928	7,677,238
	13,716,986	15,312,974	16,249,856	11,857,456	9,928,099	25,978,170
\$	91,140,457	\$ 94,678,448	\$ 102,371,665	\$ 107,972,937	\$ 113,025,882	\$ 124,043,535

Table 2
(Page 1 of 2)

	2011	2012	2013*	2014
EXPENSES				
Governmental activities:				
General administrative office	\$ 2,401,322	\$ 2,214,653	\$ 2,385,797	\$ 2,343,593
Municipal court	200,323	193,082	185,237	200,512
Fire	2,713,654	2,864,618	2,858,957	2,955,138
Police	3,698,868	3,848,768	3,860,896	4,038,792
Public works	3,301,972	3,177,703	3,465,002	2,895,713
Parks *	-	-	195,900	208,076
Community services	1,168,490	1,078,909	969,556	985,348
Library	558,945	524,847	540,261	548,383
Inspections	589,130	565,326	583,930	603,213
Janitorial	-	-	-	-
Fleet maintenance	538,987	566,689	546,241	573,011
Economic development	142	14,504	64,779	35,860
Information technology	-	-	-	-
Interest on long term debt	1,015,329	866,299	1,162,182	916,082
Total governmental activities	16,187,162	15,915,398	16,818,738	16,303,721
Business-type activities:				
Water and wastewater	6,464,532	6,972,839	7,241,735	7,068,008
Total business-type activities	6,464,532	6,972,839	7,241,735	7,068,008
Total primary government expenses	22,651,694	22,888,237	24,060,473	23,371,729
PROGRAM REVENUES				
Governmental activities:				
Fines, fees and charges for services:				
General administrative office	-	-	-	-
Municipal court	408,017	476,100	459,209	543,001
Fire	79,250	80,000	80,226	80,000
Police	3,889	4,814	3,850	3,880
Public works	430,697	431,564	563,194	577,267
Community services	659,004	669,578	680,961	652,176
Library	19,379	17,730	18,668	20,499
Inspections	311,149	296,414	377,646	433,586
Animal services **	-	-	-	-
Operating grants and contributions:				
General administrative office	-	-	-	-
Municipal court	-	-	-	-
Fire	151,412	76,328	57,337	77,426
Police	76,223	156,535	75,477	97,557
Public works	-	84,999	-	-
Parks	-	-	-	-
Community services	-	-	-	-
Library	-	-	-	-
Inspection	-	-	-	-
Animal services	-	-	-	-
Information technology	-	-	-	-
Capital grants and contributions:				
Fire	-	-	-	-
Police	-	-	-	-
Public works	3,080,767	1,959,028	1,271,666	3,854,521
TOTAL GOVERNMENTAL ACTIVITIES AND PROGRAM REVENUES	\$ 5,219,787	\$ 4,253,090	\$ 3,588,234	\$ 6,339,913

* Prior to 2013 Parks was included in Community services

** Prior to 2018 Animal Services was included in Inspections

Table 2
(Page 1 of 2)

	2015	2016	2017	2018	2019	2020
\$	2,126,569	\$ 2,060,595	\$ 1,924,614	\$ 2,306,824	\$ 2,887,428	\$ 2,801,551
	184,794	186,864	190,521	167,338	237,810	187,789
	3,284,144	3,242,317	3,446,465	3,410,291	4,547,729	3,824,006
	4,230,644	4,434,955	4,616,528	4,732,436	6,404,221	5,419,054
	3,422,440	3,435,053	3,705,943	3,717,371	4,127,755	5,104,334
	226,152	294,992	348,531	345,716	393,026	356,963
	1,076,881	1,076,293	1,130,034	1,141,716	1,309,456	993,452
	564,913	591,580	624,921	610,243	787,531	607,455
	716,049	824,509	861,619	563,502	751,460	633,836
	-	-	-	322,993	415,695	374,204
	531,903	439,379	513,948	499,089	535,473	434,270
	19,363	50,197	46,520	567,431	285,028	176,295
	-	-	-	-	384,523	374,852
	942,168	994,113	883,962	1,017,739	915,915	892,956
	17,326,020	17,630,847	18,293,606	19,402,689	23,983,050	22,181,017
	7,469,979	8,355,662	9,167,424	10,295,498	9,727,920	10,969,259
	7,469,979	8,355,662	9,167,424	10,295,498	9,727,920	10,969,259
	24,795,999	25,986,509	27,461,030	29,698,187	33,710,970	33,150,276
	40,118	63,426	32,724	77,113	43,455	42,410
	561,382	441,298	493,172	416,477	387,843	348,604
	80,000	83,000	84,000	84,000	87,150	94,815
	4,248	4,314	3,822	4,439	6,574	3,075
	583,358	592,078	754,462	776,501	794,783	815,726
	670,826	646,004	665,004	692,897	811,469	443,782
	18,982	16,260	16,944	15,309	8,978	5,212
	740,778	939,380	961,945	1,025,588	959,843	923,088
	-	-	-	20,044	25,433	30,307
	-	-	-	-	-	23,844
	-	-	-	-	-	7,337
	24,992	29,134	54,529	30,833	53,987	519,191
	209,835	150,845	179,592	128,595	165,424	702,553
	-	-	-	-	-	431,927
	-	-	-	-	-	650
	-	-	-	-	-	33,959
	-	-	-	-	-	2,016
	-	-	-	-	-	9,599
	-	-	-	-	-	7,357
	-	-	-	-	-	22,956
	-	-	-	-	-	64,035
	-	-	-	-	-	15,623
	1,457,517	1,549,780	5,835,552	2,544,847	3,930,917	6,803,877
\$	4,392,036	\$ 4,515,519	\$ 9,081,746	\$ 5,816,643	\$ 7,275,856	\$ 11,351,943

City of Saginaw, Texas
Changes in Net Position
Last Ten Fiscal Years

	<u>2011</u>	<u>2012</u>	<u>2013*</u>	<u>2014</u>
BUSINESS-TYPE ACTIVITIES				
Charges for services:				
Water and wastewater	\$ 7,973,010	\$ 8,374,910	\$ 8,419,089	\$ 8,910,914
Capital grants and contributions	76,931	389,921	88,737	1,461,468
	<u>8,049,941</u>	<u>8,764,831</u>	<u>8,507,826</u>	<u>10,372,382</u>
Total business-type activities program revenues				
	<u>8,049,941</u>	<u>8,764,831</u>	<u>8,507,826</u>	<u>10,372,382</u>
Total primary government program revenues	13,269,728	13,017,921	12,096,060	16,712,295
NET (EXPENSES) REVENUE				
Governmental activities	(10,967,375)	(11,662,308)	(13,230,504)	(9,963,808)
Business-type activities	1,585,409	1,791,992	1,266,091	3,304,374
	<u>(9,381,966)</u>	<u>(9,870,316)</u>	<u>(11,964,413)</u>	<u>(6,659,434)</u>
Total primary governmental net expenses				
	<u>(9,381,966)</u>	<u>(9,870,316)</u>	<u>(11,964,413)</u>	<u>(6,659,434)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS				
Governmental activities:				
Taxes:				
Ad valorem	5,436,698	5,758,607	5,750,493	6,277,304
Sales	4,986,291	5,365,461	5,528,937	5,709,850
Franchise taxes	1,332,768	1,552,095	1,503,183	1,420,451
Other taxes	11,791	14,968	82,634	18,682
Penalties and interest	19,516	8,350	21,585	21,965
Interest income	23,208	20,389	16,172	7,587
Gain (Loss) on sale of assets	23,609	-	-	26,704
Miscellaneous revenues	200,262	120,803	201,147	206,735
Transfers	1,029,825	846,270	909,829	964,673
	<u>13,063,968</u>	<u>13,686,943</u>	<u>14,013,980</u>	<u>14,653,951</u>
Total governmental activities				
	<u>13,063,968</u>	<u>13,686,943</u>	<u>14,013,980</u>	<u>14,653,951</u>
Business-type activities:				
Interest income	8,544	5,892	7,146	2,508
Gain on sale of assets	2,356	2,835	12,000	9,365
Miscellaneous revenues	89,469	84,415	152,392	189,967
Transfers	(1,029,825)	(846,270)	(909,829)	(964,673)
	<u>(929,456)</u>	<u>(753,128)</u>	<u>(738,291)</u>	<u>(762,833)</u>
Total business-type activities				
	<u>(929,456)</u>	<u>(753,128)</u>	<u>(738,291)</u>	<u>(762,833)</u>
Total primary government	12,134,512	12,933,815	13,275,689	13,891,118
CHANGES IN NET POSITION				
Governmental activities	2,096,593	2,024,635	783,476	4,690,143
Business-type activities	655,953	1,038,864	527,800	2,541,541
	<u>2,752,546</u>	<u>3,063,499</u>	<u>1,311,276</u>	<u>7,231,684</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 2,752,546</u>	<u>\$ 3,063,499</u>	<u>\$ 1,311,276</u>	<u>\$ 7,231,684</u>

Source: Comprehensive Annual Financial Reports

* 2013 restated for GASB 65

** 2017 restated for GASB 75

Table 2
(Page 2 of 2)

2015	2016	2017	2018	2019	2020
\$ 8,965,645	\$ 8,733,275	\$ 9,088,796	\$ 10,434,663	\$ 10,327,466	\$ 10,798,406
1,040,496	967,271	1,447,523	1,360,420	2,233,163	2,706,220
10,006,141	9,700,546	10,536,319	11,795,083	12,560,629	13,504,626
14,398,177	14,216,065	19,618,065	17,611,726	19,836,485	24,856,569
(12,933,984)	(13,115,328)	(9,211,860)	(13,586,046)	(16,707,194)	(10,829,074)
2,536,162	1,344,884	1,368,895	1,499,585	2,832,709	2,535,367
(10,397,822)	(11,770,444)	(7,842,965)	(12,086,461)	(13,874,485)	(8,293,707)
6,506,284	7,201,098	7,608,668	8,172,372	8,911,747	9,670,822
5,786,769	5,790,661	6,198,989	6,356,478	6,809,346	7,262,055
1,851,551	1,839,384	1,693,095	1,660,835	1,764,936	1,612,023
32,116	28,626	32,666	79,388	105,233	77,679
13,367	15,202	17,148	22,706	14,604	12,581
11,883	84,200	214,428	475,921	657,032	255,256
-	-	-	-	-	-
110,595	125,952	116,691	590,747	244,135	183,708
564,120	551,405	590,530	579,130	579,070	607,645
14,876,685	15,636,528	16,472,215	17,937,577	19,086,103	19,681,769
4,529	26,998	63,794	145,445	236,213	97,645
-	-	-	-	-	-
213,116	196,314	172,559	183,841	184,184	139,591
(564,120)	(551,405)	(590,530)	(579,130)	(579,070)	(607,645)
(346,475)	(328,093)	(354,177)	(249,844)	(158,673)	(370,409)
14,530,210	15,308,435	16,118,038	17,687,733	18,927,430	19,311,360
1,942,701	2,521,200	7,260,355	4,351,531	2,378,909	8,852,695
2,189,687	1,016,791	1,014,718	1,249,741	2,674,036	2,164,958
\$ 4,132,388	\$ 3,537,991	\$ 8,275,073	\$ 5,601,272	\$ 5,052,945	\$ 11,017,653

City of Saginaw, Texas
Fund Balances, Governmental Funds
Last Ten Fiscal Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
GENERAL FUND				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted:				
Capital projects	403,681	403,681	403,681	403,681
Municipal court	177,709	178,379	142,419	146,224
Hotel/motel tax	22,280	24,814	17,385	18,723
Assigned for future capital purchases	1,512,180	2,222,595	383,370	509,935
Unassigned	9,169,052	8,477,945	8,637,536	8,598,487
TOTAL GENERAL FUND	<u>\$ 11,284,902</u>	<u>\$ 11,307,414</u>	<u>\$ 9,584,391</u>	<u>\$ 9,677,050</u>
ALL OTHER GOVERNMENTAL FUNDS				
Restricted:				
Debt service	\$ 1,184,312	\$ 1,350,299	\$ 1,495,776	\$ 1,650,611
Capital projects	1,795,653	1,802,072	8,138,595	7,077,353
Street maintenance	482,269	666,275	721,837	900,917
Crime prevention	948,234	838,641	836,825	853,451
Drainage	928,878	924,869	1,139,878	1,234,069
Other special revenue	-	-	-	-
Committed:				
Donations	319,242	357,682	323,967	336,101
TOTAL ALL OTHER GOVERNMENTAL FUNDS	<u>\$ 5,658,588</u>	<u>\$ 5,939,838</u>	<u>\$ 12,656,878</u>	<u>\$ 12,052,502</u>

Note: The City adopted the provisions of GASB 54 in 2011. Therefore, the fund balances for 2011 were updated to conform with GASB 54.

Table 3

2015	2016	2017	2018	2019	2020
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137,534
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
294,445	537,510	1,167,595	885,540	729,080	2,882,850
9,499,273	10,155,535	10,480,993	10,714,852	10,875,059	9,936,029
<u>\$ 9,793,718</u>	<u>\$ 10,693,045</u>	<u>\$ 11,648,588</u>	<u>\$ 11,600,392</u>	<u>\$ 11,604,139</u>	<u>\$ 12,956,413</u>
\$ 1,473,531	\$ 1,306,703	\$ 1,153,415	\$ 1,115,474	\$ 1,209,970	\$ 1,185,401
12,799,557	10,566,997	12,597,897	7,208,691	7,418,377	23,234,623
1,137,598	1,283,877	1,452,255	1,655,775	1,766,915	1,594,442
712,061	591,654	524,886	535,811	488,741	529,301
826,712	1,142,095	1,701,294	2,217,041	2,636,085	2,642,077
513,363	1,160,365	1,162,875	1,487,451	1,612,405	1,641,765
274,621	293,437	272,446	324,644	429,164	506,739
<u>\$ 17,737,443</u>	<u>\$ 16,345,128</u>	<u>\$ 18,865,068</u>	<u>\$ 14,544,887</u>	<u>\$ 15,561,657</u>	<u>\$ 31,334,348</u>

City of Saginaw, Texas
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
REVENUES				
Taxes	\$ 11,796,561	\$12,695,493	\$ 12,899,890	\$ 13,444,020
Licenses and permits	208,259	263,964	248,764	329,948
Charges for services	509,947	511,564	643,420	657,267
Fines and fees	530,286	526,280	606,759	667,138
Interest income	23,208	20,389	16,172	7,587
Recreation income	526,158	530,051	519,857	494,346
Intergovernmental	-	-	-	568,262
Miscellaneous revenues	3,669,006	1,133,483	1,770,581	376,048
	<u>17,263,425</u>	<u>15,681,224</u>	<u>16,705,443</u>	<u>16,544,616</u>
Total revenues				
EXPENDITURES				
Current:				
General administrative office	2,412,083	2,648,603	2,343,521	2,301,845
Municipal court	196,849	191,515	184,091	199,451
Fire	2,419,816	2,615,170	2,671,135	3,694,807
Police	3,417,127	3,563,149	3,571,926	3,753,226
Public works	973,762	1,353,299	1,497,039	884,006
Parks *	-	-	200,943	227,791
Community services	927,060	848,830	737,735	753,421
Library	501,277	470,013	488,445	496,461
Inspections	572,152	554,909	602,180	587,047
Animal services **	-	-	-	-
City garage	522,760	525,903	508,511	533,557
Economic development	142	14,504	64,779	35,860
Information technology***	-	-	-	-
Capital outlay	5,582,508	979,538	5,343,768	2,327,457
Debt service:				
Principal retirement	1,524,223	1,610,000	1,700,000	2,214,750
Interest charges	977,169	836,587	679,214	910,722
Debt issuance costs	5,946	104,626	183,823	44,188
	<u>20,032,874</u>	<u>16,316,646</u>	<u>20,777,110</u>	<u>18,964,589</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	(2,769,449)	(635,422)	(4,071,667)	(2,419,973)
Other financing sources (uses):				
Capital lease proceeds	-	-	-	944,294
Proceeds from issuance of debt	-	-	7,895,000	-
Proceeds on refunding bonds	-	92,914	1,180,000	2,130,000
Premium on bond issuance	-	-	302,597	-
Payments to refunded bond escrow agent	-	-	(1,221,742)	(2,130,711)
Transfers in	1,980,360	1,813,360	4,011,199	2,827,420
Transfers out	(950,535)	(967,090)	(3,101,370)	(1,862,747)
	<u>1,029,825</u>	<u>939,184</u>	<u>9,065,684</u>	<u>963,962</u>
Total other financing sources (uses)				
Net change in fund balances	<u>\$ (1,739,624)</u>	<u>\$ 303,762</u>	<u>\$ 4,994,017</u>	<u>\$ (1,456,011)</u>
Debt service as a percentage of noncapital expenditures	17.49%	16.56%	15.50%	20.02%

* Prior to 2013 Parks was included in Community services

** Prior to 2018 Animal services was included in Inspections

*** Prior to 2019 Information technology was included in General administrative office

Table 4

2015	2016	2017	2018	2019	2020
\$14,192,838	\$14,877,738	\$ 15,540,413	\$ 16,287,689	\$ 17,610,628	\$ 18,632,475
627,876	740,192	929,188	951,542	858,901	773,813
663,358	674,978	838,362	860,401	881,933	910,541
693,266	656,746	542,873	525,876	529,770	536,473
11,883	84,200	214,428	475,921	657,032	255,256
512,677	487,081	496,969	520,798	524,686	162,412
234,827	179,979	234,122	159,428	219,411	2,661,433
321,110	1,010,725	326,507	1,091,494	555,747	509,849
17,257,835	18,711,639	19,122,862	20,873,149	21,838,108	24,442,252
2,191,774	1,963,039	2,075,890	2,217,124	2,536,360	2,692,380
185,158	184,973	187,886	168,421	212,743	187,064
2,932,965	3,177,233	3,280,597	3,982,620	3,826,258	3,965,267
3,967,015	4,075,546	4,273,272	4,638,904	5,358,286	5,072,762
1,268,270	1,263,892	1,354,767	1,609,303	1,835,898	2,330,346
240,528	266,949	352,766	339,015	379,478	538,609
861,581	918,907	990,618	959,782	998,499	811,155
520,281	537,893	568,246	569,005	601,026	568,571
705,189	825,017	849,217	579,082	600,849	625,717
-	-	-	398,633	329,854	389,122
493,996	399,692	471,007	456,219	434,837	392,030
19,363	50,197	46,520	567,978	243,050	176,840
-	-	-	-	327,680	427,319
3,750,868	2,570,956	6,349,590	5,761,665	2,276,933	6,464,727
2,056,785	2,539,654	2,667,570	2,555,536	2,495,000	3,015,000
824,995	854,529	763,613	1,012,169	886,610	741,720
132,294	203,483	144,905	5,200	53,300	376,873
20,151,062	19,831,960	24,376,464	25,820,656	23,396,661	28,775,502
(2,893,227)	(1,120,321)	(5,253,602)	(4,947,507)	(1,558,553)	(4,333,250)
-	-	-	-	-	-
8,000,000	-	7,830,000	-	2,000,000	17,345,000
-	5,910,000	-	-	-	3,015,000
130,716	-	308,555	-	-	3,414,982
-	(5,834,072)	-	-	-	(2,924,412)
3,713,702	1,726,230	1,697,052	1,705,322	1,840,082	1,957,493
(3,149,582)	(1,174,825)	(1,106,522)	(1,126,192)	(1,261,012)	(1,349,848)
8,694,836	627,333	8,729,085	579,130	2,579,070	21,458,215
\$ 5,801,609	\$ (492,988)	\$ 3,475,483	\$ (4,368,377)	\$ 1,020,517	\$ 17,124,965
17.86%	20.02%	19.37%	19.07%	17.29%	17.60%

City Of Saginaw, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years

Table 5

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>% of Current Tax Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>% of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>% of Delinquent Taxes to Tax Levy</u>
2010/11	5,436,187	5,391,855	99.2%	38,274	5,430,129	99.9%	6,058	0.1%
2011/12	5,724,960	5,691,320	99.4%	30,088	5,721,408	99.9%	3,552	0.1%
2012/13	5,739,750	5,704,489	99.4%	30,985	5,735,474	99.9%	4,276	0.1%
2013/14	6,223,951	6,184,458	99.4%	33,211	6,217,669	99.9%	6,282	0.1%
2014/15	6,484,972	6,448,230	99.4%	32,598	6,480,828	99.9%	4,144	0.1%
2015/16	7,175,560	7,141,585	99.5%	28,771	7,170,356	99.9%	5,204	0.1%
2016/17	7,557,636	7,513,508	99.4%	35,546	7,549,054	99.9%	8,582	0.1%
2017/18	8,075,537	8,027,316	99.4%	24,851	8,052,167	99.7%	23,369	0.3%
2018/19	8,893,539	8,850,081	99.5%	23,966	8,874,047	99.8%	19,492	0.2%
2019/20	9,671,868	9,625,725	99.5%	-	9,625,725	99.5%	46,143	0.5%

City of Saginaw, Texas

Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Table 6

Fiscal Year	Real Property		Personal Property		Total		Property Tax Rate Per \$100
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2010/11	867,157,651	867,157,651	245,208,785	245,208,785	1,112,366,436	1,112,366,436	0.4840
2011/12	889,390,320	889,390,320	303,309,705	303,309,705	1,192,700,025	1,192,700,025	0.4800
2012/13	863,406,401	863,406,401	300,718,127	300,718,127	1,164,124,528	1,164,124,528	0.4900
2013/14	896,517,649	896,517,649	322,802,502	322,802,502	1,219,320,151	1,219,320,151	0.5100
2014/15	956,608,601	956,608,601	319,120,061	319,120,061	1,275,728,662	1,275,728,662	0.5100
2015/16*	962,111,241	962,111,241	354,242,308	354,242,308	1,316,353,549	1,316,353,549	0.5440
2016/17	1,061,912,257	1,061,912,257	379,440,615	379,440,615	1,441,352,872	1,441,352,872	0.5130
2017/18	1,205,160,927	1,205,160,927	365,041,273	365,041,273	1,570,202,200	1,570,202,200	0.4950
2018/19	1,453,373,020	1,453,373,020	390,558,650	390,558,650	1,843,931,670	1,843,931,670	0.4718
2019/20	1,628,809,088	1,628,809,088	417,203,024	417,203,024	2,046,012,112	2,046,012,112	0.4590

Note: Assessed values are established by a central appraisal district on the basis of 100% of its appraised value. 9/1 Certified Net Taxable Value

* For 2015/2016 used February tax roll total. The September certified values did not include \$98,175,368 in pending value due to delays caused by a software change at the appraisal district. All other years are September certified values.

City of Saginaw, Texas

Property Tax Rates – All Direct and Overlapping Governments
 Per \$100 Assessed Value
 Last Ten Fiscal Years

Table 7

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>School</u>	<u>County (1)</u>	<u>State</u>	<u>Total</u>
2010/11	0.285615	0.198385	0.484000	1.495800	0.629537	0.000000	2.609337
2011/12	0.287098	0.192902	0.480000	1.530000	0.640867	0.000000	2.650867
2012/13	0.300075	0.189925	0.490000	1.540000	0.640867	0.000000	2.670867
2013/14	0.289024	0.220976	0.510000	1.540000	0.641397	0.000000	2.691397
2014/15	0.298511	0.211489	0.510000	1.540000	0.641397	0.000000	2.691397
2015/16	0.291937	0.252063	0.544000	1.540000	0.641397	0.000000	2.725397
2016/17	0.293308	0.219692	0.513000	1.540000	0.626627	0.000000	2.679627
2017/18	0.284186	0.210814	0.495000	1.540000	0.608489	0.000000	2.643489
2018/19	0.291129	0.180671	0.471800	1.540000	0.594499	0.000000	2.606299
2019/20	0.281655	0.177345	0.459000	1.518000	0.588599	0.000000	2.565599

Note(1) Column includes Tarrant County, Tarrant County College District and Tarrant County Hospital District

City of Saginaw, Texas
 Principal Taxpayers
 Current Year and Ten Years Ago

Table 8

2020			2011		
Taxpayer	Assessed Valuation	% of Total Assessed Valuation	Taxpayer	Assessed Valuation	% of Total Assessed Valuation
Miller Milling Company LLC	\$ 55,498,955	2.71	Walmart	\$ 22,741,271	2.02
Ardent Mills LLC	46,768,610	2.29	Conagra Foods	22,202,969	1.97
Ergon Asphalt & Emulsions Inc	37,208,316	1.82	Horizon Milling LLC	20,214,554	1.79
Ventura Foods	36,689,821	1.79	Ventura Foods	12,127,403	1.08
CTI Holdings	32,621,811	1.59	Nustar Marketing LLC	11,146,576	0.99
Walmart	19,542,039	0.96	Norton Metal Products	10,101,565	0.90
UFP Saginaw LLC	18,445,402	0.90	CTI Holdings	10,003,329	0.89
BNSF Railway Company	16,842,252	0.82	Oncor Electric Delivery LLC	9,468,840	0.84
DOS Projects LP	15,140,680	0.74	DOS Projects LP	9,449,345	0.84
Trinity Industries Inc	14,938,249	0.73	BNSF Railway Company	8,712,574	0.77
		<u>14.35</u>			<u>12.09</u>

Source: Information obtained from Tarrant Appraisal District

City of Saginaw, Texas
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Table 9

Fiscal Year	Governmental Activities					Business-Type Activities				Primary Government	% of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation Bonds	Capital Leases	Tax Notes	Premiums/ Loss on Refundings	Water and Sewer Bonds	Gen. Oblig. Refunding Bonds	Capital Leases	Premiums/ Loss on Refundings	Total All Debt	(a)	(b)
2010/11	10,920,000	10,310,000	-	-	(158,771)	4,990,000	-	682,544	(117,038)	26,626,735	5.01%	1,345
2011/12	10,925,000	8,665,000	-	-	(241,686)	4,455,000	-	463,036	(103,788)	24,162,562	4.50%	1,208
2012/13	18,570,000	7,200,000	-	-	217,131	3,895,000	-	235,490	(62,869)	30,054,752	5.56%	1,492
2013/14	17,010,000	6,830,000	704,544	-	429,375	2,915,000	520,000	-	22,482	28,431,401	5.20%	1,396
2014/15	23,515,000	6,440,000	532,760	-	518,798	2,490,000	465,000	-	17,294	33,978,852	5.85%	1,659
2015/16	25,310,000	2,440,000	358,106	-	477,503	380,000	2,000,000	-	12,106	30,977,715	5.44%	1,494
2016/17	30,980,000	2,110,000	180,535	-	729,335	150,000	1,810,000	-	6,918	35,966,788	6.10%	1,687
2017/18	28,765,000	1,950,000	-	-	672,612	100,000	1,615,000	-	1,730	33,104,342	4.79%	1,523
2018/19	26,435,000	1,785,000	-	2,000,000	615,889	50,000	1,420,000	-	-	32,305,889	4.77%	1,444
2019/20	25,735,000	17,345,000	-	1,570,000	3,764,136	-	1,220,000	-	-	49,634,136	7.10%	2,150

(a) See Schedule of Demographic Statistics on Table 14 for personal income data.
(b) See Schedule of Demographic Statistics on Table 14 for population data.

City of Saginaw, Texas

Table 10

Ratio of General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita Last Ten Fiscal Years

Fiscal Year	Estimated Population	Assessed Value	Total General Bonded Debt	Less Amounts Available for Debt Service	Net General Bonded Debt	Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2010/11	19,801	1,112,366,436	21,071,229	1,348,022	19,723,207	1.89%	996
2011/12	19,995	1,192,700,025	19,348,314	1,384,617	17,963,697	1.62%	898
2012/13	20,140	1,164,124,528	25,987,131	1,828,513	24,158,618	2.23%	1,200
2013/14	20,370	1,219,320,151	24,269,375	1,596,119	22,673,256	1.99%	1,113
2014/15	20,480	1,275,728,662	30,473,798	1,416,987	29,056,811	2.39%	1,419
2015/16	20,740	1,316,353,549	28,227,503	1,267,190	26,960,313	2.14%	1,300
2016/17	21,320	1,441,352,872	33,819,335	1,120,206	32,699,129	2.35%	1,534
2017/18	21,730	1,570,202,200	31,387,612	1,062,127	30,325,485	2.00%	1,396
2018/19	22,380	1,843,931,670	30,835,889	1,155,633	29,680,256	1.67%	1,326
2019/20	23,090	2,046,012,112	48,414,136	1,028,491	47,385,645	2.37%	2,052

General Bonded Debt total includes Premiums and Deferred Loss on Refunding Bonds.

City of Saginaw, Texas

Computation of Direct and Overlapping Bonded Debt
September 30, 2020

Table 11

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Saginaw	Amount Applicable to City of Saginaw
City of Saginaw	\$ 48,414,136	100.00%	<u>\$ 48,414,136</u>
Subtotal: City of Saginaw direct debt			48,414,136
Eagle Mountain-Saginaw Independent School District	807,019,252	19.19%	154,857,902
Tarrant County	250,717,000	1.00%	2,514,861
Tarrant County Hospital District	30,035,000	1.00%	301,271
Tarrant County College District	300,240,418	1.00%	<u>3,011,614</u>
Subtotal: overlapping debt			<u>160,685,648</u>
Total direct and overlapping debt			<u><u>\$ 209,099,784</u></u>
Ratio of direct and overlapping funded debt to taxable assessed valuation			<u>10.22%</u>
Per capita direct and overlapping bonded debt			<u><u>\$ 9,056</u></u>

Source: Individual taxing entities and Tarrant Appraisal District

Note: Percentage of overlap based on net taxable value

City of Saginaw, Texas
 Schedule of Revenue Bond Coverage
 Last Ten Fiscal Years

Table 12

Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Principal	Interest and Fiscal Charges	Total	Coverage Ratio
2010/11	8,150,310	5,603,937	2,546,373	520,000	216,832	736,832	3.46
2011/12	8,590,876	6,096,024	2,494,852	535,000	209,429	744,429	3.35
2012/13	8,679,364	6,294,404	2,384,960	560,000	195,146	755,146	3.16
2013/14	9,344,552	6,253,171	3,091,381	980,000	143,113	1,123,113	2.75
2014/15	9,637,603	6,617,157	3,020,446	480,000	128,904	608,904	4.96
2015/16	9,538,475	7,420,919	2,117,556	510,000	106,371	616,371	3.44
2016/17	9,961,902	8,383,924	1,577,978	420,000	70,984	490,984	3.21
2017/18	11,342,975	9,477,554	1,865,421	245,000	55,563	300,563	6.21
2018/19	11,225,184	8,903,304	2,321,880	245,000	52,841	297,841	7.80
2019/20	11,366,978	10,025,116	1,341,862	250,000	46,996	296,996	4.52

- Notes:
1. Operating revenues and nonoperating revenues of Enterprise Fund excluding contributed assets.
 2. Total operating expenses of Enterprise Fund exclusive of depreciation.

City of Saginaw, Texas
Computation of Legal Debt Margin
Year Ended September 30, 2020

Table 13

Article XI, Section 5 of the State of Texas Constitution states in part:

“... no tax for any purpose shall ever be lawful for any one year, which shall exceed two and one-half percent of the taxable property of such city.”

As a home rule city, the City of Saginaw, Texas is not limited on the amount of debt it may issue. The City's Charter provides that general property taxes are limited to \$1.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation bonds.

The rate for fiscal year 2020 was established at \$.459 per \$100 of assessed valuation based on 100% of appraised value.

City of Saginaw, Texas
 Demographic Statistics
 Last Ten Fiscal Years

Table 14

Fiscal Year	Population	Personal Income	Per Capita Income (1)	School Enrollment (2)	Unemployment Rate (3)
2010/11	19,801	531,538,044	26,844	17,180	8.30%
2011/12	19,995	536,745,780	26,844	17,600	7.80%
2012/13	20,140	540,638,160	26,844	18,132	6.00%
2013/14	20,370	546,812,280	26,844	18,580	5.00%
2014/15	20,480	580,587,520	28,349	19,198	4.00%
2015/16	20,740	569,416,700	27,455	19,582	4.10%
2016/17	21,320	589,839,120	27,666	19,293	3.40%
2017/18	21,730	691,818,010	31,837	20,050	3.20%
2018/19	22,380	677,285,940	30,263	21,027	3.20%
2019/20	23,090	698,772,670	30,263	21,378	6.30%

Sources:

1. US Census American Community Survey
2. Eagle Mountain-Saginaw Independent School District
 Enrollment is for the district. Enrollment for schools within the City of Saginaw is 5,735.
3. Bureau of Labor Statistics

City of Saginaw, Texas
 Principal Employers
 Current Year and Ten Years Ago

Table 15

<u>2020</u>			<u>2011</u>		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>	<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Eagle Mountain-Saginaw ISD	2,734	33%	Eagle Mountain-Saginaw ISD	2,005	27%
CTI Beanmaker&Chefco Foods	440	5%	Wal Mart	483	7%
Ventura Foods	398	5%	Universal Forest Products	225	3%
Walmart Supercenter #5316	393	5%	Durham Transportation	217	3%
Trinity North Amer. Freight Car	370	4%	Ranger Fire Protection	200	3%
Anchor Fabrication Corp.	320	4%	Ventura Foods	172	2%
BANA Incorporated	247	3%	TX-RSMS Maintenance	170	2%
Texas Army National Guard	245	3%	Anchor Fabrication	160	2%
Ranger Fire Inc	200	2%	Bana Box Incorporated	160	2%
Russo Corporation	200	2%	City of Saginaw	136	2%

Source: City Economic Development Department.
 EMS ISD is for the district. Employment for schools within the City of Saginaw is 953.

City of Saginaw, Texas
 Full-Time Equivalent City Government
 Employees by Function/Program
 Last Ten Fiscal Years

Table 16

Function/Program	Full-time Equivalent Employees as of October 1									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General government:										
Administration	9.0	8.0	8.0	8.0	8.0	8.0	7.0	7.0	7.0	7.0
Municipal court	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0
Information Technology (c)	2.0	2.0	-	-	-	-	-	-	-	-
Public Safety:										
Fire	30.0	28.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0
Police	53.0	50.0	46.5	46.5	45.5	44.5	44.5	44.5	44.5	43.5
Public Works:										
Streets	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	11.0
Parks maintenance (a)	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	-
Building inspections	5.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0	4.0
Code enforcement (b)	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	-
Animal services	4.5	4.5	4.5	4.5	4.5	3.5	3.0	3.0	3.0	4.0
City garage	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Economic development	-	1.0	-	-	-	-	-	-	-	-
Community services	7.5	7.5	7.5	7.0	7.0	6.0	6.0	6.0	6.0	6.0
Library	8.0	8.0	8.0	8.0	8.0	8.0	8.0	9.0	9.0	9.0
Water/wastewater	18.0	18.0	17.0	17.0	16.0	16.0	16.0	16.0	16.0	16.5
Drainage	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5
Total	156.0	150.0	141.5	141.0	139.0	136.0	133.5	134.5	134.5	135.5

Source: City Budgets/Human Resources

(a) Previously reported in Streets

(b) Previously reported in Bldg Inspections

(c) Previously reported in Administration

City of Saginaw, Texas
 Operating Indicators by Function/Program
 Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Police:				
Stations	1	1	1	1
Licensed Officers	41	41	40	39
Patrol units on duty at any one time	4	4	4	4
Fire:				
Stations	2	2	2	2
Firefighter/paramedics	26	26	25	24
Library :				
Number of libraries	1	1	1	1
Volumes in collection	60,990	59,893	59,220	59,029
Average monthly circulation	5,541	7,438	7,599	7,358
Average monthly visitors	3,419	5,977	6,250	6,653
Public works:				
Streets (miles)	92.9	89.4	86.6	85.4
Streetlights*	1,321	1,223	1,198	1,187
Parks and recreation:				
Acreage	103.69	101	101	101
Parks	7	7	7	7
Recreation Centers	1	1	1	1
Senior/community Centers	2	2	2	2
Water:				
Number of water customers	8,347	8,052	7,841	7,606
Annual water consumption (1,000 gallons)	1,175,194	1,077,595	1,106,653	1,020,550
Daily consumption (1,000 gallons)	3,220	2,952	3,032	2,796
Water mains (miles)	122.3	119.0	116.4	114.9
Fire hydrants**	1,171	1,139	835	823
Storage capacity (thousands of gallons)	4,250	4,250	4,250	4,250
Wastewater:				
Number of wastewater customers	8,164	7,878	7,700	7,477
Wastewater treated annually (1,000 gallons)	940,582	1,027,571	838,637	804,134
Sanitary sewers (miles)	90.1	87.3	85.0	83.9
Storm sewers (miles)	20.3	18.5	17.9	17.1

Sources: Various city departments.

Note: No capital asset indicators are available for the general government.

* Number of Streetlights restated in 2015 based on street light audit

** Number of fire hydrants restated as a result of mapping update

Table 17

Fiscal Year					
2016	2015	2014	2013	2012	2011
1	1	1	1	1	1
38	38	38	38	38	38
4	4	4	4	4	4
2	2	2	2	2	2
24	24	24	24	24	24
1	1	1	1	1	1
58,302	58,138	59,816	56,420	55,838	54,830
7,522	8,280	10,895	11,590	9,877	12,200
6,690	5,934	11,338	15,485	13,749	12,967
83.4	82.8	81.7	79.2	79.2	78.5
1,135	1,131	1,120	1,084	1,084	1,074
101	100	100	100	100	100
7	7	7	7	7	7
1	1	1	1	1	1
2	2	2	2	2	2
7,427	7,227	7,133	7,042	6,964	6,935
967,332	1,008,306	1,083,712	1,032,241	1,109,997	1,174,505
2,643	2,763	2,969	2,828	3,041	3,218
113.7	113.3	112.2	109.5	109.5	108.6
809	803	795	766	766	751
4,250	4,250	4,250	4,250	4,250	4,250
7,307	7,107	7,013	6,930	6,859	6,830
915,347	825,789	739,594	750,644	858,778	785,139
83.1	82.8	81.8	79.8	79.8	79.5
17.0	16.8	16.7	15.9	15.9	15.0

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