OFFICIAL STATEMENT

Dated June 30, 2021

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

NEW ISSUE – Book-Entry-Only

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

THE BONDS **HAVE BEEN** TREATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

$5,505,000
CITY OF ROBINSON, TEXAS
(A political subdivision of the State of Texas located in McLennan County)
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021

Dated Date: July 29, 2021 **Due: August 15, as shown on the inside cover page**
Interest Accrues from the Date of Initial Delivery (as defined below)

PAYMENT TERMS . . . Interest on the $5,505,000 City of Robinson, Texas, General Obligation Refunding Bonds, Series 2021 (the "Bonds") will accrue from the Date of Initial Delivery (defined below), will be payable on February 15 and August 15 of each year commencing February 15, 2022, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC"), New York, New York, pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS – Book-Entry-Only System"). The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "THE BONDS – Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas including particularly Chapter 1207, Texas Government Code, as amended, an ordinance authorizing the issuance of the Bonds adopted by the City Council of the City (the "Bond Ordinance") and a pricing certificate (the "Pricing Certificate") executed by the pricing officer as designated in the Bond Ordinance on the date of sale of the Bonds (the Bond Ordinance and Pricing Certificate are referred to herein, collectively, as the "Ordinance"). The Bonds constitute direct obligations of the City, payable from the levy and collection of a continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law (see "THE BONDS – Authority for Issuance" and "THE BONDS – Security and Source of Payment").

PURPOSE . . . Proceeds from the sale of the Bonds will be used for the purpose of refunding certain maturities of the City's outstanding obligations to achieve debt service savings (see "SCHEDULE I") and paying the costs of issuing the Bonds.

CUSIP PREFIX: 770825
MATURITY SCHEDULE
See Inside Front Cover Page

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

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the Underwriter and subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Bond Counsel, Dallas, Texas (see "APPENDIX C – Form of Bond Counsel's Opinion"). Certain matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas.

DELIVERY . . . It is expected that the Bonds will be available for initial delivery through DTC on July 29, 2021 (the "Date of Initial Delivery").

SAMCO CAPITAL

MATURITY SCHEDULE

8/15 Maturity	Principal Amount	Interest Rate	Initial Yield		CUSIP Numbers[1]
2022	$ 465,000	3.000%	0.220%		770825LA3
2023	480,000	3.000%	0.320%		770825LB1
2024	495,000	3.000%	0.460%		770825LC9
2025	495,000	3.000%	0.590%		770825LD7
2026	495,000	3.000%	0.750%		770825LE5
2027	475,000	3.000%	0.900%		770825LF2
2028	490,000	3.000%	1.000%		770825LG0
2029	505,000	3.000%	1.140%		770825LH8
2030	520,000	3.000%	1.270%		770825LJ4
2031	535,000	3.000%	1.350%	(2)	770825LK1
2032	550,000	3.000%	1.410%	(2)	770825LL9

(Interest accrues from the Date of Initial Delivery)

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(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are included herein solely for the convenience of the owners of the Bonds. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds. None of the City, the Financial Advisor or the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers shown herein.

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

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

The information set forth or included in this Official Statement, including SCHEDULE I and the Appendices, has been provided by the City or obtained from other sources believed by the City to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the City described herein since the date hereof. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinion or that they will be realized. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

NONE OF THE CITY, ITS FINANCIAL ADVISOR, OR THE UNDERWRITER 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.

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

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

TABLE OF CONTENTS

OFFICIAL STATEMENT SUMMARY **4**

CITY OFFICIALS, STAFF AND CONSULTANTS **6**
- ELECTED OFFICIALS 6
- CITY OFFICIALS 6
- CONSULTANTS AND ADVISORS 6

INTRODUCTION **7**

PLAN OF FINANCING **8**

THE BONDS **9**

TAX INFORMATION **13**
- TABLE 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT 18
- TABLE 2 – VALUATION AND GENERAL OBLIGATION DEBT HISTORY 18
- TABLE 3 – TAX RATE, LEVY AND COLLECTION HISTORY 19
- TABLE 4 – TEN LARGEST TAXPAYERS 19
- TABLE 5 – TAX ADEQUACY 19
- TABLE 6 – ESTIMATED OVERLAPPING DEBT 20

DEBT INFORMATION **21**
- TABLE 7 – DEBT SERVICE REQUIREMENTS 21
- TABLE 8 – INTEREST AND SINKING FUND BUDGET PROJECTION 22

FINANCIAL INFORMATION **22**
- TABLE 9 – GENERAL FUND REVENUES AND EXPENDITURE HISTORY 22
- TABLE 10 – MUNICIPAL SALES TAX HISTORY 23

INVESTMENTS **24**
- TABLE 11 – CURRENT INVESTMENTS 24

TAX MATTERS **25**

CONTINUING DISCLOSURE OF INFORMATION **27**

LEGAL MATTERS **28**

OTHER INFORMATION **29**

SCHEDULE I – SCHEDULE OF REFUNDED OBLIGATIONS **31**

APPENDICES

GENERAL INFORMATION REGARDING THE CITY .... A
EXCERPTS FROM THE CITY'S ANNUAL FINANCIAL REPORT .... B
FORM OF BOND COUNSEL'S OPINION C

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

OFFICIAL STATEMENT SUMMARY

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

THE CITY	The City of Robinson, Texas (the "City") is a political subdivision located in McLennan County and is a political subdivision of the State of Texas (the "State"). It is a home-rule city, and as such it operates under a City Council/Manager form of government in which the Mayor and six Councilmembers are elected for staggered two-year terms. The City Council formulates operating policy for the City while the City Manager is the chief administrative officer. The City is approximately 40 square miles in area (see "INTRODUCTION – Description of the City").
THE BONDS	The $5,505,000 General Obligation Refunding Bonds, Series 2021 (the "Bonds") are issued as serial Bonds maturing on August 15 in each of the years 2022 through and including 2032 (see "THE BONDS – Description of the Bonds").
PAYMENT OF INTEREST	Interest on the Bonds accrues from the Date of Initial Delivery, and is payable on February 15, 2022, and each August 15 and February 15 thereafter until maturity or prior redemption (see "THE BONDS – Description of the Bonds" and "THE BONDS – Optional Redemption").
AUTHORITY FOR ISSUANCE	The Bonds are being issued pursuant to the Constitution and general laws of the State including particularly Chapter 1207, Texas Government Code, as amended, an ordinance authorizing the issuance of the Bonds adopted by the City Council of the City (the "Bond Ordinance") and a pricing certificate (the "Pricing Certificate") executed by the pricing officer on the date of sale of the Bonds as designated in the Bond Ordinance (the Bond Ordinance and the Pricing Certificate are collectively referred to herein as the "Ordinance") (see "THE BONDS – Authority for Issuance").
SECURITY	The Bonds constitute direct obligations of the City, payable from the levy and collection of a continuing direct annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law (see "THE BONDS – Security and Source of Payment").
OPTIONAL REDEMPTION	The City reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 2031, in whole or in part, from time to time, in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS – Optional Redemption").
TAX EXEMPTION	In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein.
QUALIFIED TAX-EXEMPT OBLIGATIONS	The Bonds have been designated as "Qualified Tax-Exempt Obligations" for financial institutions (see "TAX MATTERS – Qualified Tax-Exempt Obligations for Financial Institutions").
USE OF PROCEEDS	Proceeds from the sale of the Bonds will be used for the purpose of refunding certain maturities of the City's outstanding obligations to achieve debt service savings (the "Refunded Obligations") (see "SCHEDULE I") and paying the costs of issuing the Bonds (see "PLAN OF FINANCING – Purpose").
RATING	The Bonds and the outstanding debt of the City have been rated "AA-" by S&P Global Ratings, a division of S&P Global Inc. ("S&P") without regard to credit enhancement. The City also has various issues outstanding which are rated by virtue of insurance issued by commercial insurance companies (see "OTHER INFORMATION – Rating").
BOOK-ENTRY-ONLY SYSTEM	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial

ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS – Book-Entry-Only System").

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

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated City Population[1]	Taxable Assessed Valuation	Per Capita Taxable Assessed Valuation	Funded Debt Oustanding at End of Year[2]	Funded Debt Oustanding at End of Year Per Capita	Ratio Funded Debt to Taxable Assessed Valuation	% of Total Tax Collections
2017	11,627	$ 734,885,292	$ 63,205	$ 11,335,000	$ 975	1.54%	99.45%
2018	11,784	776,437,616	65,889	10,755,000	913	1.39%	100.97%
2019	11,784	859,828,902	72,966	10,775,000	914	1.25%	98.58%
2020	11,784	926,799,001	78,649	17,315,000	1,469	1.87%	99.20%
2021	11,784	1,002,374,751	85,062	16,325,000 [3]	1,385 [3]	1.63% [3]	95.81% [4]

(1) Source: The City.
(2) Excludes self-supporting debt. Self-supporting debt is debt that is secured by the City's ad valorem tax but whose debt service payments are paid from the City's Water and Sewer Utility Revenues and includes all of outstanding amounts of the General Obligation Refunding Bonds, Series 2005, the Combination Tax and Revenue Certificates of Obligation, Series 2012 and the Bonds and a portion of each of the General Obligation Refunding Bonds, Series 2010, the Combination Tax and Revenue Certificates of Obligation, Series 2013, the Combination Tax and Revenue Certificates of Obligation, Series 2015, Combination Tax and Revenue Certificates of Obligation, Series 2016, the General Obligation Refunding Bonds, Series 2017, the Combination Tax and Revenue Certificates of Obligation, Series 2019 for an aggregate total outstanding self-supporting debt of $22,780,000. The remaining portions of the debt service on the series listed in the previous sentence that are not paid by the City's Water and Sewer Utility Revenues are paid from the levy and collection of the City's ad valorem tax.
(3) Projected; includes the Bonds and excludes the Refunded Obligations.
(4) Partial collections as of April 30, 2021.

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CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Term Expires	Occupation
Bert Echterling Mayor	2022	Builder
Jeremy Stivener Mayor Pro-Tem	2022	Business Manager
Matthew Birkes Councilmember	2022	Sales Manager
Steve Janics Councilmember	2021	Peace Officer
Jeremy Holland Councilmember	2021	Technology Support Specialist
Jimmy Rogers Councilmember	2021	General Manager, Tejun
Vacant Councilmember		

CITY OFFICIALS

Name	Position
Craig Lemin	City Manager
Karen Sanchez	Finance Director
Misty Cryer	City Secretary

CONSULTANTS AND ADVISORS

Auditors .... Belt Harris Pechacek, LLLP
Houston, Texas

Bond Counsel .... Norton Rose Fulbright US LLP
Dallas, Texas

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

For additional information regarding the City, please contact:

Craig Lemin City Manager City of Robinson 111 West Lyndale Robinson, Texas 76706 (254) 662-1415 (254) 662-1035 Fax	or	Jennifer Ritter Managing Director Specialized Public Finance Inc. 248 Addie Roy Road, Suite B-103 Austin, Texas 78746 (512) 275-7300 (512) 275-7305 Fax

OFFICIAL STATEMENT
RELATING TO

$5,505,000
CITY OF ROBINSON, TEXAS
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021

INTRODUCTION

This Official Statement, which includes SCHEDULE I and the Appendices hereto, provides certain information regarding the issuance of the $5,505,000 City of Robinson, Texas, General Obligation Refunding Bonds, Series 2021 (the "Bonds"). The Bonds are being issued pursuant to an ordinance approved by the City Council of the City (the "Bond Ordinance") and a pricing certificate (the "Pricing Certificate") executed by the pricing officer as designated in the Bond Ordinance on the date of sale of the Bonds (the Bond Ordinance and the Pricing Certificate are collectively referred to herein as the "Ordinance"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Ordinance, except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Bonds and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, Specialized Public Finance Inc., Austin, Texas, by electronic mail or upon payment of reasonable copying, handling, and delivery charges.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the final Official Statement pertaining to the Bonds will be deposited with the Municipal Securities Rulemaking Board, 1900 Duke Street, Suite 600, Alexandria, Virginia 22314. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

DESCRIPTION OF THE CITY . . . The City is a political subdivision and municipal corporation of the State of Texas (the "State"), duly organized and existing under the laws of the State, including the City's home-rule charter (the "Charter") initially adopted by the voters in 1999. The City operates under a City Council/Manager form of government, with a Mayor and six Councilmembers. The City Council formulates operating policy for the City, while an appointed City Manager is the chief administrative officer. It is the duty of the City Manager to implement the policies and directives of the City Council. Some of the services that the City provides are: public safety (police and volunteer fire protection), highways and streets, water and sanitary sewer utilities, public improvements, planning and zoning, and general administrative services. The estimated 2021 population is 11,784. The City covers approximately 40 square miles.

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 Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

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

Recent executive orders created the phased reopening of businesses in Texas, subject to further restrictions in the Governor's discretion. On March 2, 2021, Governor Abbott issued Executive Order GA-34 and took effect on March 10, 2021; GA-34 provides, generally, for the re-opening 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. On April 5, 2021, the Governor issued Executive Order GA-35 related to COVID-19 vaccinations and the protection of health information. On May 18, 2021, the Governor issued executive order GA-36 which prohibits any Texas governmental entity, including the City, Williamson County and local school districts from requiring individuals to wear a face covering or to mandate that an individual wear a face covering. On May 18, 2021, governmental entities except school districts became subject to this prohibition; public schools may continue to follow policies regarding the wearing of face coverings to the extent reflected in current guidance by the Texas Education Agency, until June 4, 2021. GA-36 supersedes portions of GA-34 but does not otherwise supersede prior executive orders GA-10, GA-13, GA34, or GA-35. Each executive order remains in effect unless it is modified, amended, rescinded, or superseded by the Governor. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

The 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 Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values and/or the collection of sales tax revenues and ad valorem tax revenues within the City, which could negatively affect the City's operations and maintenance. See "FINANCIAL INFORMATION." Additionally, the City collects a sales and use tax on all taxable transactions within the City's boundaries. A reduction in the collection of sales tax revenues may negatively impact the City's operating budget and overall financial condition.

PLAN OF FINANCING

PURPOSE . . . Proceeds from the sale of the Bonds will be used for the purpose of refunding certain maturities of the City's outstanding obligations to achieve debt service savings (the "Refunded Obligations") (see "SCHEDULE I") and paying the costs of issuing the Bonds.

REFUNDED OBLIGATIONS . . . The principal of and interest due on the Refunded Obligations are to be paid on the scheduled redemption date of such Refunded Obligations from funds to be deposited pursuant to a certain Escrow Deposit Agreement (the "Escrow Agreement") between the City and The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Escrow Agent"). The Ordinance provides that from the proceeds of the sale of the Bonds received from the Underwriter, together with other funds of the City the City will deposit with the Escrow Agent the cash necessary and sufficient to accomplish the discharge and final payment of the Refunded Obligations on their redemption date.

Specialized Public Finance Inc., in its capacity as Financial Advisor to the City, will certify as to the sufficiency (such certification, the "Sufficiency Certificate") of the amount initially deposited to the Escrow Fund, without regard to investment (if any), to pay the principal and interest on the Refunded Obligations, when due, at their date of redemption. Such funds will be held by the Escrow Agent in a special escrow account (the "Escrow Fund"). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations. In certain instances, such cash may be invested in direct obligations of the United States which mature on or before the redemption date. Cash and investments, if any, held in the Escrow Fund shall not be available to pay debt service requirements on the Bonds.

By the deposit of cash with the Escrow Agent pursuant to the Escrow Agreement, the City will have effected the defeasance of the Refunded Obligations in accordance with applicable law and thereafter the City will have no further responsibility with respect to the payment of such Refunded Obligations including any subsequent insufficiency in the Escrow Fund. It is the opinion of Bond Counsel in reliance upon the Sufficiency Certificate that, as a result of such defeasance, the Refunded Obligations will no longer be payable from ad valorem taxes but will be payable solely from the cash held for such purpose by the Escrow Agent and that the Refunded Obligations will be defeased and are not to be included in or considered to be indebtedness of the City.

SOURCES AND USES OF PROCEEDS . . . The proceeds from the sale of the Bonds, along with other lawfully available funds of the City, will be applied approximately as follows:

SOURCES:		
Par Amount of Bonds	$	5,505,000.00
Transfer from Prior Issue Debt Service Fund		90,000.00
Reoffering Premium		602,869.75
Total Sources	$	6,197,869.75
USES:		
Deposit to Escrow Fund	$	6,049,400.00
Deposit to Debt Service Fund		1,624.99
Underwriter's Discount		39,581.63
Costs of Issuance		107,263.13
Total Uses	$	6,197,869.75

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated July 29, 2021 (the "Dated Date") and mature on August 15 in each of the years and in the amounts shown on page 2 hereof. Interest on the Bonds will accrue from the date of delivery of the bonds to the initial purchasers, anticipated to be July 29, 2021 (the "Date of Initial Delivery"), will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15 and August 15 of each year, commencing February 15, 2022 until maturity or prior redemption. The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC"), New York, New York, pursuant to the book-entry-only system described herein. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar (identified below) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry-Only System" herein.

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

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

SECURITY AND SOURCE OF PAYMENT . . . The Bonds are payable from the proceeds of a continuing, direct annual ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City.

TAX RATE LIMITATION . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution limits the maximum ad valorem tax rate for home-rule cities to $2.50 per $100 taxable assessed valuation for all purposes. The Charter of the City adopts the constitutionally authorized maximum tax rate of $2.50 per $100 taxable assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of $1.50 of the $2.50 maximum tax rate for all general obligation debt service calculated at the time of issuance based on 90% tax collections.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem the Bonds having stated maturities on and after August 15, 2031, in whole or in part, from time to time, in principal amounts of $5,000 or any integral multiple thereof within a maturity, on August 15, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given (as described below), such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Bonds, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH PORTION THEREOF SHALL CEASE TO ACCRUE.

The Paying Agent/Registrar and the City, so long as a book-entry-only system is used for the Bonds will send any notice of redemption, notice of proposed amendment to the Ordinance 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, shall not affect the validity of the redemption of the Bonds called for redemption or any other action premised or any such notice.

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 have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is 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 such Bonds have not been redeemed.

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 participants and indirect participants may implement a redemption of such Bonds from the beneficial owners. Any such selection of Bonds to be redeemed will not be governed by the Ordinance and will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Bonds or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Bonds for redemption. See "THE BONDS – Book-Entry-Only System" herein.

DEFEASANCE . . . The Ordinance provides for the defeasance of Bonds when the payment of the principal of and premium, if any, on such Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with the Paying Agent/Registrar or an authorized escrow agent, in trust (1) money sufficient to make such payment or (2) Government Securities, certified by an independent public accounting firm or other qualified third-party to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds. The Ordinance provides that "Government Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (d) any other then authorized securities or obligations that may be used to defease obligations such as the Bonds under applicable laws of the State of Texas. The City has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities for the Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

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 may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for United States Treasury securities used as Government Securities or that for any other Government 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 and will cease to be outstanding obligations secured by the Ordinance or treated as debt of the City for purposes of taxation or applying any limitation on the City's ability to issue debt or for any other purpose.

Furthermore, all rights of the City to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the 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 the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the 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.

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 The Depository Trust Company ("DTC"), New York, New York, while the Bonds are registered in its nominee's name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.*

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the 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 Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the 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 certificate 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"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 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 Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 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 Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 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 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 City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 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. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect 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-only transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered to DTC.

Use of Certain Terms in Other Sections of this Official Statement . . . In reading this Official Statement it should be understood that while the 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.

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 Underwriter.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a commercial bank, trust company, financial institution or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Bonds will be printed and delivered to the registered owners thereof and thereafter the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer.

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

RECORD DATE FOR INTEREST PAYMENT . . . The record date (“Record Date”) for the interest payable on the Bonds on any interest payment date means the close of business on the last business day of the preceding month. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (“Special Payment Date,” which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a Bond 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.

BONDHOLDERS’ REMEDIES . . . The Ordinance does not establish 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 registered owners may 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 Bondholders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. 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”) that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. The Texas Supreme Court reviewed Wasson again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. If sovereign immunity is determined by a court to exist, then the Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by the 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, Bondholders may not be able to bring such a suit against the City for breach of the Bonds or Ordinance covenants. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce creditors' rights 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.

AMENDMENTS TO THE ORDINANCE . . . The City may amend the Ordinance without the consent of or notice to any registered owners of the Bonds in any manner not detrimental to the interests of such registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the City may, with the written consent of the holders of a majority in aggregate principal amount of the Bonds then Outstanding, amend, add to, or rescind any of the provisions of the Ordinance; except that, without the consent of the registered owners of all of the Bonds then Outstanding no such amendment, addition, or rescission may (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds or reduce the principal amount thereof, the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of the Bonds required to be held by the holders of such Bonds for consent to any such amendment, addition, or rescission as provided in the Ordinance.

REPLACEMENT BONDS . . . If any Bond is mutilated, destroyed, stolen or lost, a new Bond in the same principal amount as the Bond so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Bond, such new Bond will be delivered only upon surrender and cancellation of such mutilated Bond. In the case of any Bond issued in lieu of and substitution for a Bond which has been destroyed, lost, or stolen, such new Bond will be delivered only upon approval by the City and after (a) the filing with the Paying Agent/Registrar of evidence satisfactory to the Paying Agent/Registrar that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and (b) upon furnishing the Paying Agent/Registrar with indemnity satisfactory to hold the City and the Paying Agent/Registrar harmless. The person requesting the authentication and delivery of a replacement Bond must pay such expenses as the Paying Agent/ Registrar may incur in connection therewith.

TAX INFORMATION

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

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

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property.

State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property (the "10% Homestead Cap"). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised.

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

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates. See "TAX INFORMATION – 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.

LOCAL OPTION HOMESTEAD EXEMPTIONS . . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the market value of all homesteads (but not less than $5,000) and (2) an additional exemption of the market value of the homesteads of persons 65 years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable.

LOCAL OPTION FREEZE FOR THE ELDERLY AND DISABLED . . . The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

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

FREEPORT EXEMPTIONS . . . Certain goods detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1,1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue to tax Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal. Certain goods, principally inventory, that are stored for the purposes of assembling, storing, manufacturing, processing or fabricating the goods in a location that is not owned by the owner of the goods and are transferred from that location to another location within 175 days ("Goods-in-Transit"), are exempt from ad valorem taxation unless a taxing unit takes official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax Goods-in-Transit beginning the following tax year. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include special inventories such as motor vehicles or boats in a dealer's retail inventory. A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

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

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

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

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

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER . . . The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% damaged by a disaster and located within an area declared to be a disaster area by the governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the City, adopting its tax rate for the tax year. A taxing unit, such as the City, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established by the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised. There is currently no judicial precedent for how the statute will be applied but Texas Attorney General Opinion KP-0299, issued on April 13, 2020, concluded a court would likely find the Texas Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster.

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

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 Bonds.

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.

PROPERTY ASSESSMENT AND TAX PAYMENT . . . Property within the City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of a valuation process which uses pricing information in either the standard edition of the Annual Energy Outlook or, if the most recently published edition of the Annual Energy Outlook was published before December 1 of the preceding calendar year, the Short-Term Energy Outlook report, published in January of the current calendar year. Taxes become due October 1 of the same year, and become delinquent on February 15 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first installment due before February 15 of each year and the final installment due before August 15.

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

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, the penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, an attorney's collection fee of up to 20% may be added to the total tax penalty and interest charge. 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. In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

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

CITY APPLICATION OF TAX CODE . . . The City does grant an exemption to the market value of the residence homestead of persons 65 years of age or older of $10,000. The City also does grant an exemption of $10,000 for disabled persons.

The City has not granted an additional exemption of 20% of the market value of residence homesteads; minimum exemption of $5,000.

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

The City does not tax nonbusiness personal property; and the McLennan County Tax Collector/Assessors' Office collects taxes for the City.

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

The City has not adopted the tax freeze for citizens who are disabled or 65 years of age or older.

The City has taken action to tax freeport property.

The City does collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The City is a participant in a tax increment financing zone.

The City has adopted a tax abatement policy.

TABLE 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2020/21 Market Valuation Established by McLennan County Appraisal District (excluding totally exempt property)		$ 1,116,184,504
Less Exemptions/Reductions at 100% Market Value:		113,809,753
2020/21 Taxable Assessed Valuation		$ 1,002,374,751
City Funded Debt Payable from Ad Valorem Taxes (as of 5/1/2021)	$ 34,590,000 (1)	
The Bonds	5,505,000	
Total Debt Payable from Ad Valorem Taxes		$ 40,095,000
Less: Self-Supporting Debt		(22,780,000) (2)
Net Debt Payable from Ad Valorem Taxes		$ 17,315,000
Interest and Sinking Fund (as of 5/1/2021)		$ 1,411,059
Ratio Tax Supported Debt to Taxable Assessed Valuation		1.73%

2021 Estimated Population - 11,784
Per Capita Taxable Assessed Valuation - $85,062
Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - $1,469

(1) Excludes the Refunded Obligations.
(2) Excludes self-supporting debt. Self-supporting debt is debt that is secured by the City's ad valorem tax but whose debt service payments are paid from the City's Water and Sewer Utility Revenues and includes all of outstanding amounts of the General Obligation Refunding Bonds, Series 2005, the Combination Tax and Revenue Certificates of Obligation, Series 2012 and the Bonds and a portion of each of the General Obligation Refunding Bonds, Series 2010, the Combination Tax and Revenue Certificates of Obligation, Series 2013, the Combination Tax and Revenue Certificates of Obligation, Series 2015, Combination Tax and Revenue Certificates of Obligation, Series 2016, the General Obligation Refunding Bonds, Series 2017, the Combination Tax and Revenue Certificates of Obligation, Series 2019 for an aggregate total outstanding self-supporting debt of $22,780,000. The remaining portions of the debt service on the series listed in the previous sentence that are not paid by the City's Water and Sewer Utility Revenues are paid from the levy and collection of the City's ad valorem tax.

TABLE 2 – VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population[(1)]	Taxable Assessed Valuation	Per Capita Taxable Assessed Valuation	Funded Debt Outstanding at End of Year[(2)]	Ratio Funded Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2017	11,627	$ 734,885,292	$ 63,205	$ 11,335,000	1.54%	$ 975
2018	11,784	776,437,616	65,889	10,755,000	1.39%	913
2019	11,784	859,828,902	72,966	10,775,000	1.25%	914
2020	11,784	926,799,001	78,649	17,315,000	1.87%	1,469
2021	11,784	1,002,374,751	85,062	16,325,000 (3)	1.63% (3)	1,385 (3)

(1) Source: The City.
(2) Excludes self-supporting debt. Self-supporting debt is debt that is secured by the City's ad valorem tax but whose debt service payments are paid from the City's Water and Sewer Utility Revenues and includes all of outstanding amounts of the General Obligation Refunding Bonds, Series 2005, the Combination Tax and Revenue Certificates of Obligation, Series 2012 and the Bonds and a portion of each of the General Obligation Refunding Bonds, Series 2010, the Combination Tax and Revenue Certificates of Obligation, Series 2013, the Combination Tax and Revenue Certificates of Obligation, Series 2015, Combination Tax and Revenue Certificates of Obligation, Series 2016, the General Obligation Refunding Bonds, Series 2017, the Combination Tax and Revenue Certificates of Obligation, Series 2019 for an aggregate total outstanding self-supporting debt of $22,780,000. The remaining portions of the debt service on the series listed in the previous sentence that are not paid by the City's Water and Sewer Utility Revenues are paid from the levy and collection of the City's ad valorem tax.
(3) Projected; includes the Bonds and excludes the Refunded Obligations.

TABLE 3 – TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	Distribution General Fund	Distribution Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2017	$ 0.4995	$ 0.3746	$ 0.1249	$ 3,674,920	98.15%	99.45%
2018	0.4945	0.3734	0.1211	3,840,903	99.87%	100.97%
2019	0.4845	0.3736	0.1109	4,185,733	99.58%	98.58%
2020	0.4945	0.3803	0.1142	4,587,533	98.42%	99.20%
2021	0.5337	0.3718	0.1619	5,349,674	95.81%(1)	95.81%(1)

(1) Partial collections as of April 30, 2021.

TABLE 4 – TEN LARGEST TAXPAYERS

Name of Taxpayer	2020/21 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Matus Construction Group LLC	$ 23,177,409	2.31%
Oncor Electric Delivery Co. LLC	10,989,040	1.10%
Beauford-Breton Investments LLC	7,431,420	0.74%
Setzer Properties WCO LLC	6,724,520	0.67%
Pilot Travel Centers LLC #432	6,319,240	0.63%
Griffin Solar LLC	5,485,490	0.55%
F.M. Young 1989 Trust	4,374,010	0.44%
Southeastern Freight Lines Inc.	3,452,580	0.34%
MDM4 Holdings LLC	3,348,010	0.33%
TGBTG Property LLC	3,168,930	0.32%
	$ 74,470,649	7.43%

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

TABLE 5 – TAX ADEQUACY(1)

2021 Principal and Interest Requirements	$ 1,627,218
$0.1657 Tax Rate at 98% Collection Produces	$ 1,627,716
Average Annual Principal and Interest Requirements, 2021-2039	$ 1,221,777
$0.1244 Tax Rate at 98% Collection Produces	$ 1,222,015
Maximum Annual Principal and Interest Requirements, 2021	$ 1,627,218
$0.1657 Tax Rate at 98% Collection Produces	$ 1,627,716

(1) Includes the Bonds and excludes the Refunded Obligations and self-supporting debt. Self-supporting debt is debt that is secured by the City's ad valorem tax but whose debt service payments are paid from the City's Water and Sewer Utility Revenues and includes all of outstanding amounts of the General Obligation Refunding Bonds, Series 2005, the Combination Tax and Revenue Certificates of Obligation, Series 2012 and the Bonds and a portion of each of the General Obligation Refunding Bonds, Series 2010, the Combination Tax and Revenue Certificates of Obligation, Series 2013, the Combination Tax and Revenue Certificates of Obligation, Series 2015, Combination Tax and Revenue Certificates of Obligation, Series 2016, the General Obligation Refunding Bonds, Series 2017, the Combination Tax and Revenue Certificates of Obligation, Series 2019 for an aggregate total outstanding self-supporting debt of $22,780,000. The remaining portions of the debt service on the series listed in the previous sentence that are not paid by the City's Water and Sewer Utility Revenues are paid from the levy and collection of the City's ad valorem tax.

TABLE 6 – ESTIMATED OVERLAPPING DEBT

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

Taxing Jurisdiction	Total Tax Debt	Estimated % Applicable	City's Overlapping Tax Debt As of 4/30/2021
McLennan County	$ 52,410,000	4.05%	$ 2,122,605
Robinson Independent School District	26,394,992	100.00%	26,394,992
City of Robinson	17,315,000 (1)	100.00%	17,315,000 (1)
Total Direct and Overlapping Net Funded Debt			$ 45,832,597
Ratio of Direct and Overlapping Net Funded Debt to Taxable Assessed Valuation			4.57%
Per Capita Direct and Overlapping Net Funded Debt			$ 3,889

Source: The Texas Municipal Advisory Council of Texas.

(1) Includes the Bonds and excludes the Refunded Obligations and self-supporting debt. Self-supporting debt is debt that is secured by the City's ad valorem tax but whose debt service payments are paid from the City's Water and Sewer Utility Revenues and includes all of outstanding amounts of the General Obligation Refunding Bonds, Series 2005, the Combination Tax and Revenue Certificates of Obligation, Series 2012 and the Bonds and a portion of each of the General Obligation Refunding Bonds, Series 2010, the Combination Tax and Revenue Certificates of Obligation, Series 2013, the Combination Tax and Revenue Certificates of Obligation, Series 2015, Combination Tax and Revenue Certificates of Obligation, Series 2016, the General Obligation Refunding Bonds, Series 2017, the Combination Tax and Revenue Certificates of Obligation, Series 2019 for an aggregate total outstanding self-supporting debt of $22,780,000. The remaining portions of the debt service on the series listed in the previous sentence that are not paid by the City's Water and Sewer Utility Revenues are paid from the levy and collection of the City's ad valorem tax.

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DEBT INFORMATION

TABLE 7 – DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding Debt[1]			The Bonds[2]			Total Debt Service Requirements	Less: Self-Supporting Debt	Total Tax Supported Debt Service Requirements
	Principal	Interest	Total	Principal	Interest	Total			
2021	$ 2,715,000	$ 1,348,248	$ 4,063,248	$ -	$ -	$ -	$ 4,063,248	$ 2,436,031	$ 1,627,218
2022	2,135,000	1,174,373	3,309,373	465,000	172,490	637,490	3,946,863	2,326,466	1,620,398
2023	1,965,000	1,107,490	3,072,490	480,000	151,200	631,200	3,703,690	2,076,513	1,627,178
2024	2,040,000	1,046,047	3,086,047	495,000	136,800	631,800	3,717,847	2,095,213	1,622,634
2025	2,095,000	979,730	3,074,730	495,000	121,950	616,950	3,691,680	2,065,638	1,626,042
2026	2,065,000	908,913	2,973,913	495,000	107,100	602,100	3,576,013	2,062,913	1,513,100
2027	2,150,000	838,613	2,988,613	475,000	92,250	567,250	3,555,863	2,038,663	1,517,200
2028	1,950,000	757,913	2,707,913	490,000	78,000	568,000	3,275,913	1,764,563	1,511,350
2029	2,035,000	684,000	2,719,000	505,000	63,300	568,300	3,287,300	1,773,850	1,513,450
2030	2,115,000	605,400	2,720,400	520,000	48,150	568,150	3,288,550	2,035,450	1,253,100
2031	2,200,000	523,700	2,723,700	535,000	32,550	567,550	3,291,250	2,039,850	1,251,400
2032	2,285,000	438,700	2,723,700	550,000	16,500	566,500	3,290,200	2,036,850	1,253,350
2033	2,380,000	350,400	2,730,400	-	-	-	2,730,400	1,476,650	1,253,750
2034	1,805,000	258,400	2,063,400	-	-	-	2,063,400	1,155,800	907,600
2035	1,880,000	186,200	2,066,200	-	-	-	2,066,200	1,154,200	912,000
2036	970,000	111,000	1,081,000	-	-	-	1,081,000	531,000	550,000
2037	580,000	72,200	652,200	-	-	-	652,200	101,000	551,200
2038	600,000	49,000	649,000	-	-	-	649,000	97,400	551,600
2039	625,000	25,000	650,000	-	-	-	650,000	98,800	551,200
	$ 34,590,000	$ 11,465,325	$ 46,055,325	$ 5,505,000	$ 1,020,290	$ 6,525,290	$ 52,580,615	$ 29,366,846	$23,213,769

(1) Excludes the Refunded Obligations.
(2) Interest calculated at the rates shown on the inside cover page hereof.

TABLE 8 – INTEREST AND SINKING FUND BUDGET PROJECTION

Estimated General Obligation Debt Service Requirements, Fiscal Year Ending 9-30-2021[1]		$ 4,063,248
2021 Interest and Sinking Fund Tax Levy	$ 1,573,819	
Fiscal Year 2020 Interest and Sinking Fund Balance	43,427	
Self-Supporting Debt	2,436,031	4,053,277
Estimated Balance, 9-30-2021		$ (9,971) [2]

(1) Includes the Bonds and excludes the Refunded Obligations.
(2) Any shortage will be covered by a transfer from the General Fund.

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS . . . None.

ANTICIPATED ISSUANCE OF ADDITIONAL GENERAL OBLIGATION DEBT . . . The City anticipates issuing approximately $8-$10 million of certificates of obligation within the next 12 months for water and sewer utility system improvements.

OTHER OBLIGATIONS . . . The City currently has lease agreements totaling $4,451,540.50 for police vehicles and street equipment, a vacuum truck and street projects. See "Notes to the Financial Statements" in APPENDIX B.

PENSION FUND . . . The City provides pension benefits for all of its full-time employees through the Texas Municipal Retirement System ("TMRS"), a State-wide administered pension plan. The City makes annual contributions to the plan equal to the amounts accrued for pension expense. (For more detailed information concerning the retirement plan, see "APPENDIX B – Excerpts from the City's Annual Financial Report.")

FINANCIAL INFORMATION

TABLE 9 – GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ending September 30,				
	2020	2019	2018	2017	2016
Revenues:					
Taxes	$ 5,283,339	$ 4,832,412	$ 5,025,033	$ 4,723,448	$ 4,438,838
Licenses, Permits and Fines	862,119	916,599	357,867	282,369	339,748
Intergovernmental	656,626	143,738	1,959	1,977	17,013
Charges for Services	20,661	987,611	788,005	685,850	711,769
Miscellaneous	73,968	98,465	63,203	41,514	16,033
Total Revenues	$ 6,896,713	$ 6,978,825	$ 6,236,067	$ 5,735,158	$ 5,523,401
Expenditures:					
General Government	$ 1,422,712	$ 1,457,195	$ 1,295,373	$ 1,273,605	$ 2,558,208
Community Development	370,779	393,450	143,580	123,892	96,346
Parks and Recreation	8,521	20,477	22,751	52,453	9,200
Public Safety	2,926,539	3,075,765	2,755,726	2,944,929	2,360,612
Public Works	1,225,503	2,009,783	1,613,231	1,479,618	514,804
Miscellaneous	380,678	396,369	418,409	262,965	83,512
Total Expenses	$ 6,334,732	$ 7,353,039	$ 6,249,070	$ 6,137,462	$ 5,622,682
Excess (Deficiency) of Revenues over Expenditures	$ 561,981	$ (374,214)	$ (13,003)	$ (402,304)	$ (99,281)
Budgeted Transfers In	$ 442,452	$ 446,014	$ 400,200	$ 378,382	$ 334,730
Other Financing Sources	-	399,668	-	316,035	-
Budgeted Transfers Out	-	(500,000)	-	-	-
Net Increase (Decrease)	$ 1,004,433	$ (28,532)	$ 387,197	$ 292,113	$ 235,449
Fund Equity at Beginning of Year	3,511,701 [1]	3,639,429	3,252,232	2,960,119 [1]	2,536,638
Adjustments to Fund Balance	-	-	-	-	2
Fund Equity at End of Year	4,516,134	3,610,897	3,639,429	3,252,232	2,772,089

Source: City's audited financial statements.
(1) Restated.

TABLE 10 – MUNICIPAL SALES TAX HISTORY

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

Fiscal Year Ended 9/30	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2017	$ 1,429,480	38.90%	$ 0.1945	$ 123
2018	1,527,148	39.76%	0.1967	130
2019	1,572,230	37.56%	0.1829	133
2020	1,754,671	38.25%	0.1893	149
2021(1)	1,220,823	22.82%	0.1218	104

(1) Partial collections as of May 14, 2021.

FINANCIAL POLICIES

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

Proprietary Fund revenues and expenses are recognized on the full accrual basis. Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized in the accounting period in which they are incurred.

Fund Balances . . . Fund balances will be maintained in an amount adequate to assure that any legal requirements are met and that adequate funds are available to meet cash flow requirements. It is the City's intention to maintain in the General Fund and Water and Sewer Fund 15% of the next year's budgeted expenditures. Sixty days' of operating expenditures are to be maintained in the Debt Service Fund. Cash balances are to be monitored yearly during budgeting preparation.

Enterprise Fund Transfers to the General Fund . . . The City has adopted a financial policy whereby an annual transfer is made from the enterprise funds (generally, the water and sewer departments) to the General Fund. The transfer is considered a payment in lieu of taxes and is equal to 5% of the gross revenues of the enterprise fund (prior to 1996, the transfer was 4% of gross revenues).

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

Budgetary Procedures . . . The City Charter establishes the fiscal year as the twelve-month period beginning each October 1. Each year by the middle of June the departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year. After review by the Finance Department and the City Manager, a budget of estimated revenues and expenditures is submitted to the City Council. Subsequently, the City Council will hold work sessions to discuss and amend the budget to coincide with their direction of the City. Various public hearings may be held to comply with state statutes. The City Council will adopt a budget prior to October 1. If the Council fails to adopt a budget then the budget proposed by the City Manager is deemed to have been adopted.

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

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INVESTMENTS

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

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

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

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

INVESTMENT POLICIES . . . Under State law, the City is required to adopt and annually review written investment policies and must invest its funds in accordance with its policies. The policies must identify eligible investments and address investment diversification, yield, maturity, and the quality and capability of investment management. For investments whose eligibility is rating dependent, the policies must adopt procedures to monitor ratings and liquidate investments if and when required. The policies must require that all investment transactions settle on a delivery versus payment basis. The City adopts a written investment strategy for each fund group to achieve investment objectives in the following order of priority: (1) suitability, (2) preservation and safety of principal, (3) liquidity, (4) marketability, (5) diversification, and (6) yield.

State law requires the City's investments be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." The City is required to perform an annual audit of the management controls on investments and compliance with its investment policies and provide regular training for its investment officers.

TABLE 11 – CURRENT INVESTMENTS

As of April 30, 2021, the City's investable funds were invested in the following categories:

Description	Book Value	Percentage
Demand Deposit Accounts	$ 13,120,505	43.54%
Certificates of Deposit	10,785,123	35.78%
Investment Pool	6,234,220	20.68%
	$ 30,139,848	100.00%

As of such date, the market value of the investment portfolio was approximately 100.00% of its purchase price.

TAX MATTERS

TAX EXEMPTION . . . The delivery of the Bonds is subject to the opinion of Bond Counsel to the effect that interest on the Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. A form of Bond Counsel's opinion is reproduced as APPENDIX C. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinion, Bond Counsel will rely upon representations and certifications of the City made in a certificate dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance by the City with the provisions of the Ordinance subsequent to the issuance of the Bonds. The Ordinance contains covenants by the City with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the City as the "taxpayer," and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the City may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust ("FASIT"), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

TAX ACCOUNTING TREATMENT OF DISCOUNT AND PREMIUM ON CERTAIN BONDS . . . The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bonds (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bonds. A portion of such original issue discount allocable to the holding period of such Discount Bonds by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

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

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The purchase price of certain Bonds (the "Premium Bonds") paid by an owner may be greater than the amount payable on such Bonds at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Bond over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Bond in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity (or, in some cases with respect to a callable Bond, the yield based on a call date that results in the lowest yield on the Bond).

Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

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

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

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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 ("MSRB"), who will make such information available to the general public, without charge, through its Electronic Municipal Markets Access (EMMA) system at www.emma.msrb.org.

ANNUAL REPORTS . . . The City will provide certain updated financial information and operating data annually to the MSRB. The information to be updated includes financial information and operating data with respect to the City of the general type included in this Official Statement in Tables 1 through 5 and 7 through 11 (the "Annual Financial Information"). The City will additionally provide financial statements of the City (the "Financial Statements"), that will be (i) prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation and shall be in substantially the form included in APPENDIX B and (ii) audited, if the City commissions an audit of such Financial Statements and the audit is completed within the period during which they must be provided. The City will update and provide the Annual Financial Information within six months after the end of each fiscal year and the Financial Statements within 12 months of the end of each fiscal year, in each case beginning with the fiscal year ending in and after 2021. The City may provide the Financial Statements earlier, including at the time it provides its Annual Financial Information, but if the audit of such Financial Statements is not complete within 12 months after any such fiscal year end, then the City shall 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 Financial Statements becomes available.

The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule").

The City's current fiscal year end is September 30th, the Annual Financial Information must be provided by the last day of March in each year, and the Financial Statements must be provided by September 30th of each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

NOTICE OF CERTAIN EVENTS . . . The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten (10) 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; (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 (as defined by the Rule, which includes certain debt, debt-like, and debt-related obligations), if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of 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 in accordance with their agreement described above under "Annual Reports."

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

AVAILABILITY OF INFORMATION. . . In connection with its continuing disclosure agreement entered into with respect to the Bonds, the City will file all required information and documentation with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB at www.emma.msrb.org.

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

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell 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 (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . The City failed to file its required disclosure tables by the required deadline for fiscal years 2017 and 2018. The failure to file was due to an oversight when a new audit firm was hired by the City. The City had always included the required information in their financial statements in prior years. To prevent future issues, the City has engaged their financial advisor to prepare the report annually. All reports have since been filed.

LEGAL MATTERS

LEGAL OPINION . . . Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and 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 within the City. Issuance of the Bonds is also subject to the legal opinion of Norton Rose Fulbright US LLP ("Bond Counsel"), based upon examination of a transcript of the proceedings incident to authorization and issuance of the Bonds, to the effect that the Bonds are valid and binding obligations of the City payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel's legal opinion will also address the matters described under "TAX MATTERS – Tax Exemption." Such opinion will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds.

The various 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 the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

A form of Bond Counsel's opinion is attached hereto as APPENDIX C. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. The legal opinion of Bond Counsel will accompany the Bonds deposited with DTC or will be printed on the definitive Bonds in the event of the discontinuance of the use of the Book-Entry-Only System. Certain matters will be passed on for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas. The fee as Counsel to the Underwriter is contingent upon the sale and delivery of the Bonds.

Bond Counsel was engaged by, and only represents, the City. Except as noted below, Bond Counsel did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein except that in its capacity as Bond Counsel, such firm has reviewed the information appearing under the captions "PLAN OF FINANCING – Refunded Obligations," "THE BONDS" (except under the subcaptions "Book-Entry-Only System," "Bondholders' Remedies," "Sources and Uses of Proceeds," the last sentence under "Tax Rate Limitation" and the last paragraph under "Notice of Redemption"), "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION" (except under the subcaption "Compliance with Prior Undertakings"), and the subcaptions "OTHER INFORMATION – Registration and Qualification of Bonds for Sale," "OTHER INFORMATION – Legal Investments and Eligibility to Secure Public Funds in Texas" and "LEGAL MATTERS – Legal Opinion" (except for the last two sentences of the third paragraph thereof) and such firm is of the opinion that the information relating to the Bonds and legal matters contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Ordinance.

OTHER INFORMATION

RATING . . . The Bonds and the outstanding debt of the City have been rated "AA-" by S&P Global Ratings, a division of S&P Global Inc. ("S&P") without regard to credit enhancement. The City also has various issues outstanding which are rated by virtue of insurance issued by commercial insurance companies. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the view of such organization and the City makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of any of such rating may have an adverse effect on the market price of the Bonds.

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.

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, investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "OTHER 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 subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

UNDERWRITING . . . The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the City, at a price equal to the initial offering prices to the public, as shown on page 2 hereof, less an underwriting discount of $39,581.63. The Underwriter will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriter and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriter.

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

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

FORWARD-LOOKING STATEMENTS . . . The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future.

Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements.

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

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

Reference is made to original documents in all respects. In the Bond Ordinance, the City Council of the City authorized (i) the Pricing Officer to approve, for and on behalf of the City, the form and content of this Official Statement, and any addenda, supplemental, or amendment thereto, and (ii) the Underwriter's use of this Official Statement in connection with the public offering and sale of the Bonds.

CRAIG LEMIN
Pricing Officer
City of Robinson, Texas

SCHEDULE I

SCHEDULE OF REFUNDED OBLIGATIONS

Combination Tax and Revenue
Certificates of Obligation, Series 2012

Amount	Maturity	Coupon
$ 465,000	8/15/2022	3.000%
480,000	8/15/2023	3.000%
495,000	8/15/2024	3.000%
510,000	8/15/2025	3.000%
525,000	8/15/2026	3.000%
540,000	8/15/2027	3.000%
555,000	8/15/2028	3.000%
570,000	8/15/2029	3.000%
590,000	8/15/2030	3.000%
605,000	8/15/2031	3.000%
625,000	8/15/2032	3.000%
$ 5,960,000		

Redemption Date: 8/15/2021
Redemption Price: 100%

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APPENDIX A

General Information Regarding the City

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THE CITY

The City of Robinson is a residential suburb of the City of Waco and is located southeast of IH 35 and bisected by State Highway 77. The 1990 U.S. Census population of 7,111 represented a 17% increase over the 1980 census figure. Air transportation is provided by commuter airline via the nearby Waco airport.

THE COUNTY

McLennan County is a manufacturing center. Recent figures estimate total retail sales for McLennan County at $3.4 billion and total wages at $3.7 billion. Examples of items produced in McLennan County include rocket motors, glass products, health care products, batteries and lumber.

McLennan County has several institutions of higher learning. Baylor University had a 2019 enrollment of approximately 18,033. Also in McLennan County are Texas State Technical College and McLennan County Community College.

LABOR MARKET PROFILE

McLennan County

	April 2021	April 2020
Total Civilian Labor Force	122,580	112,911
Total Unemployment	6,377	11,522
Percent Unemployed	5.2%	10.2%
Total Employment	116,203	101,389

State of Texas

	April 2021	April 2020
Total Civilian Labor Force	14,043,919	13,326,311
Total Unemployment	881,310	1,698,726
Percent Unemployed	6.3%	12.7%
Total Employment	13,162,609	11,627,585

Source: Texas Workforce Commission.

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APPENDIX B

Excerpts from the
City of Robinson, Texas
Annual Financial Report
For the Year Ended September 30, 2020

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

The information contained in this Report is provided as of the respective dates and for the periods specified herein and is subject to change without notice, and the filing of this Report does not, under any circumstances, imply that there has been no change in the affairs of the City since the specified date as of which such information is provided. In particular, the dates as of and periods for which some of such information is provided occurred before the impact of the worldwide COVID-19 pandemic and the economic impact of measures instituted to slow it could be fully realized. Accordingly, the historical information set forth in this Report is not necessarily indicative of future results or performance due to these and other factors, including those discussed in the Official Statement.

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BELT HARRIS PECHACEK
CERTIFIED PUBLIC ACCOUNTANTS
www.texasauditors.com

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
City Council Members of the
City of Robinson, Texas:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Houston · Austin · Bellville · Woodville
3210 Bingle Rd., Ste. 300, Houston, TX 77055 // P: 713.263.1123 // info@txauditors.com // www.texasauditors.com

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedules of changes in net pension and total other postemployment benefits liability and related ratios, and schedule of contributions, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements and schedules are presented for purposes of additional analysis and are not required parts of the basic financial statements.

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

Belt Harris Pechacek, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 1, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

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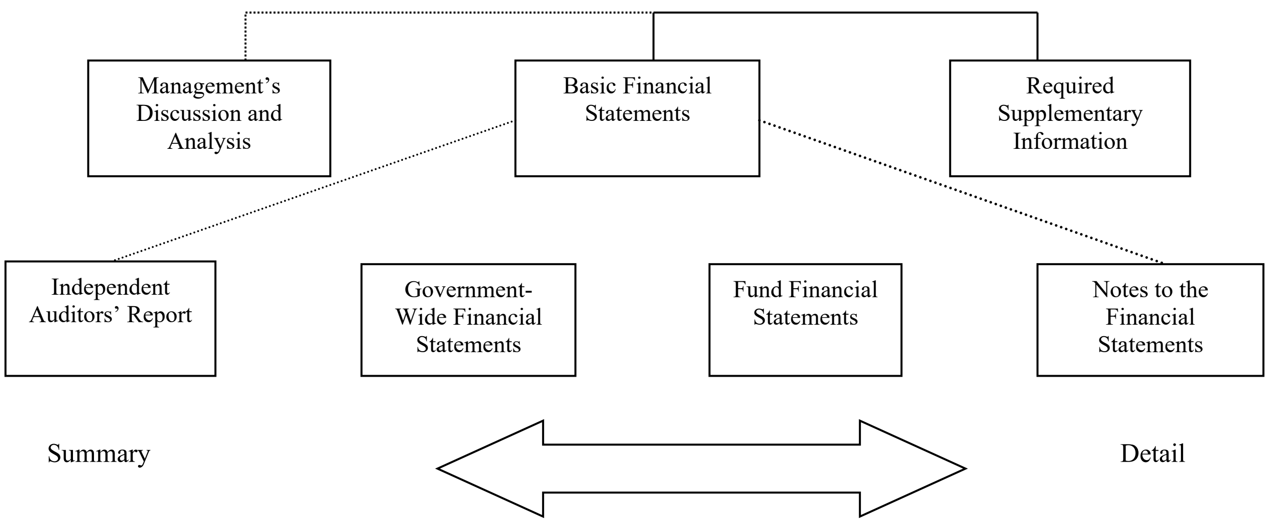
The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Robinson, Texas (the "City") for the year ended September 30, 2020. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT

Components of the Financial Section



The City's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

<u>Government-Wide Statements</u>

The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information on the City's activities that enable the reader to understand the financial condition of the City. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting method used by most private-sector companies. All of the current year revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other nonfinancial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The Statement of Activities presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities divide the City's financials into two classes of activities:

1. *Governmental Activities* – Most of the City's basic services are reported here including general government, public safety, public works, parks and recreation, and community development. Interest payments on the City's debt are also reported here. Sales tax, property tax, franchise fees, municipal court fines, and permit fees finance most of these activities.

2. *Business-Type Activities* – Services involving a fee for those services are reported here. These services include the City's water distribution, wastewater collection/treatment, and sanitation collection.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the City. They are usually segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The two categories of City funds are governmental and proprietary.

<u>Governmental Funds</u>

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the City's near-term financing requirements.

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

The City maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, and the capital projects fund, which are considered to be major funds for reporting purposes.

The City adopts an annual appropriated budget for its general fund, the debt service fund, and certain special revenue funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

Proprietary Funds

The City maintains one type of proprietary fund, enterprise funds. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water distribution, wastewater collection/treatment, and sanitation collection services. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

Notes to Financial Statements

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

Other Information

In addition to basic financial statements, this MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). RSI includes a budgetary comparison schedule for the general fund and schedules of changes in net pension and total other postemployment benefits liability and related ratios and the schedule of contributions for the Texas Municipal Retirement System. RSI can be found after the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve, over time, as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows by $32,239,217 as of year end. The largest portion of the City's net position (72%) reflects its investments in capital assets (e.g., land, City hall, fleet equipment, streets, and drainage systems, as well as the public works facilities) less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	September 30, 2020			September 30, 2019		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Current and other assets	$ 13,674,736	$ 20,298,455	$ 33,973,191	$ 7,167,552	$ 20,874,410	$ 28,041,962
Capital assets, net	15,986,363	31,229,886	47,216,249	14,372,563	29,552,842	43,925,405
Total Assets	29,661,099	51,528,341	81,189,440	21,540,115	50,427,252	71,967,367
Deferred charge on refunding	43,563	70,542	114,105	48,403	78,380	126,783
Deferred outflows - pensions	333,281	83,488	416,769	794,875	159,927	954,802
Deferred outflows - OPEB	26,931	-	26,931	7,305	-	7,305
Total Deferred Outflows of Resources	403,775	154,030	557,805	850,583	238,307	1,088,890
Long-term liabilities	21,316,958	25,703,654	47,020,612	14,855,122	26,198,359	41,053,481
Other liabilities	559,568	1,438,363	1,997,931	599,800	1,381,142	1,980,942
Total Liabilities	21,876,526	27,142,017	49,018,543	15,454,922	27,579,501	43,034,423
Deferred inflows - pensions	333,377	140,047	473,424	57,789	16,032	73,821
Deferred inflows - OPEB	16,061	-	16,061	12,262	-	12,262
Total Deferred Inflows of Resources	349,438	140,047	489,485	70,051	16,032	86,083
Net Position:						
Net investment in capital assets	5,052,590	18,015,005	23,067,595	4,805,572	16,895,619	21,701,191
Restricted	438,845	-	438,845	452,344	-	452,344
Unrestricted	2,347,475	6,385,302	8,732,777	1,607,809	6,174,407	7,782,216
Total Net Position	$ 7,838,910	$ 24,400,307	$ 32,239,217	$ 6,865,725	$ 23,070,026	$ 29,935,751

A portion of the primary government's net position, $438,845, represents resources that are subject to external restriction on how they may be used.

Total assets are $81,189,440, an increase of $9,222,073 compared to prior year. Current assets increased compared to the prior year due to an increase in proceeds related to a current year debt issuance and an increase in accounts receivable for the Coronavirus Relief Funds grant. Total liabilities are $49,018,543, an increase of $5,984,120, compared to prior year. The increase is mainly due to the issuance of certificates of obligation, series 2019. Total deferred outflows of resources are $557,805, a decrease of $531,085 compared to the prior year. Total deferred inflows of resources are $489,485, an increase of $403,402 compared to the prior year. The decrease in deferred outflows and related increase in deferred inflows of resources was due to the net differences between projected and actual investment earnings on pension plan assets.

Statement of Activities

The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2020			For the Year Ended September 30, 2019		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	$ 317,017	$ 8,235,773	$ 8,552,790	$ 1,354,013	$ 7,095,443	$ 8,449,456
Operating grants and contributions	658,671	-	658,671	4,644	-	4,644
Capital grants and contributions	-	-	-	139,094	-	139,094
General revenues:						
Property taxes	4,620,754	-	4,620,754	4,207,087	-	4,207,087
Sales taxes	1,754,671	-	1,754,671	1,610,704	-	1,610,704
Hotel taxes	16,869	-	16,869	55,788	-	55,788
Franchise fees	589,273	-	589,273	578,420	-	578,420
Investment income	124,285	253,145	377,430	168,036	500,272	668,308
Gain on sale of assets	-	-	-	19,471	-	19,471
Other revenue	26,239	119,248	145,487	24,885	77,787	102,672
Total Revenues	8,107,779	8,608,166	16,715,945	8,162,142	7,673,502	15,835,644
Expenses						
General government	1,640,998	-	1,640,998	1,592,930	-	1,592,930
Public safety	3,228,577	-	3,228,577	3,041,867	-	3,041,867
Public works	1,637,660	-	1,637,660	2,348,628	-	2,348,628
Parks and recreation	21,280	-	21,280	34,263	-	34,263
Community development	378,059	-	378,059	415,789	-	415,789
Interest and fees on long-term debt	670,472	739,971	1,410,443	411,863	735,977	1,147,840
Utility	-	6,095,462	6,095,462	-	4,377,739	4,377,739
Total Expenses	7,577,046	6,835,433	14,412,479	7,845,340	5,113,716	12,959,056
Increase in Net Position Before Transfers	530,733	1,772,733	2,303,466	316,802	2,559,786	2,876,588
Transfers in (out)	442,452	(442,452)	-	435,774	(435,774)	-
Change in Net Position	973,185	1,330,281	2,303,466	752,576	2,124,012	2,876,588
Beginning net position	6,865,725	23,070,026	29,935,751	6,113,149	20,946,014	27,059,163
Ending Net Position	$ 7,838,910	$ 24,400,307	$ 32,239,217	$ 6,865,725	$ 23,070,026	$ 29,935,751

For the year, revenues from governmental activities totaled $8,107,779, a decrease of 0.7% compared to the prior year. This decrease is largely due to garbage collection revenue being recognized in the utility fund in the current year, rather than the general fund as in years past. This decrease was largely offset by an increase in property tax revenues from an increase in the assessed values of properties within the City and an increase in the tax rate, an increase in sales tax funds received from the State, and grant revenues from the Coronavirus Relief Fund grant. Expenses from governmental activities totaled $7,577,046, a decrease of 3.5% compared to the prior year. This decrease was mainly due to a decrease in the net pension liability, personnel costs, and current year recognition of garbage collection expenses in the utility fund.

Revenues from business-type activities totaled $8,608,166, an increase of 10.9% compared to the prior year. This increase was largely related to an increase in charges for services due to garbage collection revenue being recognized in the utility fund in the current year, rather than the general fund as in years past. Expenses from business-type activities totaled $6,835,433, an increase of 25.2% compared to the prior year. The increase in expenses was largely a result of contract sanitation services and non-capital repair and maintenance projects.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

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

The City's governmental funds reflect a combined fund balance of $13,002,238, of which $43,427 is restricted for debt service, $8,080,429 is restricted for the construction, and $395,418 is restricted for enabling legislation. $4,482,964 is reported as unassigned fund balance.

There was an increase in the combined fund balance of $6,548,912 from the prior year, primarily due to proceeds from a new debt issuance.

The general fund is the chief operating fund of the City. At the end of the current year, the general fund reported a net increase in fund balance of $1,004,433. The general fund's revenue decreased by $82,112 from the prior year mainly due to a decrease in charges for services from a decrease in garbage collection revenue, a decrease in fines and court costs revenue, and a decrease in investment earnings. These decreases were largely offset by an increase in property tax revenues from an increase in the assessed values of properties within the City and an increase in the tax rate, an increase in sales tax funds received from the State, and grant revenues from the Coronavirus Relief Fund grant. The general fund expenditures decreased by $1,018,307 from the prior year mainly due to a decrease in contract sanitation services, a decrease in prior year computer system and motor vehicle purchases, and a decrease in salaries and wages.

The debt service fund reported a net decrease in fund balance of $83,540 due to debt service costs in excess of property tax collections and interest earnings.

The capital projects fund reported a net increase in fund balance of $5,591,148 related to a new debt issuance.

Proprietary Funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

The budgeted general fund revenues were less than the actual revenues by $824,126 during the year. This positive variance is mainly due to more revenues from intergovernmental and sales tax. General fund expenditures were less than the amended budget by $558,308. This was mainly due to positive variances for the police, administration, and court departments.

CAPITAL ASSETS

At the end of the year, the City's governmental and business-type activities had invested $47,216,249 in a variety of capital assets (net of accumulated depreciation). This represents a net increase of $3,290,844. New major capital asset events during the current year include the following:

- Completion of S Pond Force Main Reroute project which totaled $1,808,981
- Completion of Eskew Est Wastewater Line Upsize project which totaled $150,103
- Completion of Lux Force Main Reroute project which totaled $148,781
- Completion of Hoffmeyer Well #8 Rehabilitation project which totaled $218,154
- Current year Sewer Line Replacement – Street Project costs of $854,540
- Current year Water Line Replacement – Street Project costs of $969,294
- Current year 2018 Streets Program Project costs of $2,339,483
- Current year 2020 Streets Program Project costs of $137,831

More detailed information on the City's capital assets can be found in note III.C. to the financial statements.

LONG-TERM DEBT

At the end of the current year, the City had total long-term debt of $47,020,612. Included within total long-term debt were certificates of obligation of $35,250,000, general obligation refunding bonds of $4,315,000, capital leases of $132,821, and notes payable of $136,299.

More detailed information about the City's long-term liabilities is presented in note III.D. to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City adopted a budget for fiscal year ending September 30, 2021 that included general fund expenditures of $6,889,873 and combined expenditures/expenses for all funds of $16,661,667. The property tax rate for fiscal year ended September 30, 2021 was approved at $0.5337 per $100 assessed property value. This tax rate is $0.0392 more than the prior year tax rate.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to the City of Robinson finance department at 111 W. Lyndale, Robinson, Texas 76706. This information can also be accessed on the City's website at www.robinsontexas.org.

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BASIC FINANCIAL STATEMENTS

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City of Robinson, Texas

STATEMENT OF NET POSITION

September 30, 2020

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
Assets			
Cash and cash equivalents	$ 2,443,939	$ 3,954,425	$ 6,398,364
Investments	1,779,792	329,331	2,109,123
Internal balances	(47,541)	47,541	-
Receivables (net of allowance for uncollectible)	1,084,051	1,213,584	2,297,635
Inventory	-	35,272	35,272
Restricted assets:			
Cash and cash equivalents	8,414,495	14,718,302	23,132,797
Capital assets:			
Nondepreciable	3,663,088	7,089,942	10,753,030
Net depreciable capital assets	12,323,275	24,139,944	36,463,219
Total Assets	29,661,099	51,528,341	81,189,440
Deferred Outflows of Resources			
Deferred charge on refunding	43,563	70,542	114,105
Deferred outflows - pensions	333,281	83,488	416,769
Deferred outflows - OPEB	26,931	-	26,931
Total Deferred Outflows of Resources	403,775	154,030	557,805
Liabilities			
Accounts payable	388,104	828,189	1,216,293
Accrued liabilities	87,346	22,220	109,566
Due to other governments	2,941	981	3,922
Customer deposits payable	1,525	470,656	472,181
Accrued interest	79,652	116,317	195,969
Noncurrent liabilities:			
Long-term liabilities due within one year	1,231,549	1,771,859	3,003,408
Long-term liabilities due in more than one year	17,939,127	23,328,466	41,267,593
Net pension liability	1,993,951	603,329	2,597,280
Total OPEB liability	152,331	-	152,331
Total Liabilities	21,876,526	27,142,017	49,018,543
Deferred Inflows of Resources			
Deferred inflows - pensions	333,377	140,047	473,424
Deferred inflows - OPEB	16,061	-	16,061
Total Deferred Inflows of Resources	349,438	140,047	489,485
Net Position			
Net investment in capital assets	5,052,590	18,015,005	23,067,595
Restricted for:			
Enabling legislation	395,418	-	395,418
Debt service	43,427	-	43,427
Unrestricted	2,347,475	6,385,302	8,732,777
Total Net Position	$ 7,838,910	$ 24,400,307	$ 32,239,217

See Notes to Financial Statements.

CITY OF ROBINSON, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

		Program Revenues	
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**
Primary Government			
Governmental Activities			
General government	$ 1,640,998	$ -	$ -
Public safety	3,228,577	199,165	658,671
Public works	1,637,660	117,852	-
Parks and recreation	21,280	-	-
Community development	378,059	-	-
Interest and fees on long-term debt	670,472	-	-
Total Governmental Activities	7,577,046	317,017	658,671
Business-Type Activities			
Utility	6,095,462	8,235,773	-
Interest and fees on long-term debt	739,971	-	-
Total Business-Type Activities	6,835,433	8,235,773	-
Total Primary Government	$ 14,412,479	$ 8,552,790	$ 658,671

General Revenues:

Property taxes

Sales taxes

Hotel taxes

Franchise fees

Investment income

Other revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net Revenue (Expense) and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (1,640,998)	$ -	$ (1,640,998)
(2,370,741)	-	(2,370,741)
(1,519,808)	-	(1,519,808)
(21,280)	-	(21,280)
(378,059)	-	(378,059)
(670,472)	-	(670,472)
(6,601,358)	-	(6,601,358)
-	2,140,311	2,140,311
-	(739,971)	(739,971)
-	1,400,340	1,400,340
(6,601,358)	1,400,340	(5,201,018)
4,620,754	-	4,620,754
1,754,671	-	1,754,671
16,869	-	16,869
589,273	-	589,273
124,285	253,145	377,430
26,239	119,248	145,487
442,452	(442,452)	-
7,574,543	(70,059)	7,504,484
973,185	1,330,281	2,303,466
6,865,725	23,070,026	29,935,751
$ 7,838,910	$ 24,400,307	$ 32,239,217

City of Robinson, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2020

	General	Debt Service	Capital Projects	Nonmajor Governmental
Assets				
Cash and cash equivalents	$ 1,991,384	$ 90,968	$ -	$ 361,587
Investments	1,779,792	-	-	-
Receivables, net	1,033,873	47,643	-	2,535
Restricted:				
Cash and cash equivalents	65,140	-	8,349,355	-
Total Assets	$ 4,870,189	$ 138,611	$ 8,349,355	$ 364,122
Liabilities				
Accounts payable	$ 117,445	$ -	$ 268,926	$ 1,733
Accrued liabilities	87,205	-	-	141
Due to other funds	-	47,541	-	-
Due to other governments	2,941	-	-	-
Deposits payable	1,525	-	-	-
Total Liabilities	209,116	47,541	268,926	1,874
Deferred Inflows of Resources				
Unavailable revenue - property taxes	144,939	47,643	-	-
Fund Balances				
Restricted for:				
Debt service	-	43,427	-	-
Construction	-	-	8,080,429	-
Enabling legislation	33,170	-	-	362,248
Unassigned	4,482,964	-	-	-
Total Fund Balances	4,516,134	43,427	8,080,429	362,248
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 4,870,189	$ 138,611	$ 8,349,355	$ 364,122

See Notes to Financial Statements

Total Governmental Funds
$ 2,443,939
1,779,792
1,084,051
8,414,495
$ 13,722,277
$ 388,104
87,346
47,541
2,941
1,525
527,457
192,582
43,427
8,080,429
395,418
4,482,964
13,002,238
$ 13,722,277

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City of Robinson, Texas

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

September 30, 2020

Total fund balances – total governmental funds	$	13,002,238
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, not reported in the governmental funds.		
Capital assets – nondepreciable		3,663,088
Capital assets – net depreciable		12,323,275
Changes in pension/other postemployment benefits (OPEB) activity do not affect the fund balance on the statement of revenues, expenditures, and changes in fund balance for the governmental funds. These changes in pension/OPEB activity that affect the City's net position are as follows:		
Net pension liability		(1,993,951)
Deferred outflows - pensions		333,281
Deferred inflows - pensions		(333,377)
Total OPEB liability		(152,331)
Deferred outflows - OPEB		26,931
Deferred inflows - OPEB		(16,061)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavavailable revenue in the governmental funds.		192,582
Some liabilities, including bonds payable and compensated absences, are not reported as liabilities in the governmental funds.		
Long-term liabilities due in one year		(1,231,549)
Long-term liabilities due in more than one year		(17,939,127)
Deferred charge on refunding		43,563
Accrued interest payable		(79,652)
Net Position of Governmental Activities	$	7,838,910

See Notes to Financial Statements.

City of Robinson, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2020

	General	Debt Service	Capital Projects	Nonmajor Governmental
Revenues				
Property taxes	$ 3,528,668	$ 1,059,935	$ -	$ -
Sales taxes	1,754,671	-	-	-
Hotel occupancy taxes	-	-	-	16,869
Franchise fees	589,273	-	-	-
Fines and court costs	175,655	-	-	23,510
Licenses and permits	97,191	-	-	-
Charges for services	20,661	-	-	-
Intergovernmental revenue	656,626	-	-	2,045
Interest earnings	47,729	6,113	67,694	2,749
Miscellaneous	26,239	-	-	-
Total Revenues	6,896,713	1,066,048	67,694	45,173
Expenditures				
General government:				
Mayor and city council	168,962	-	-	-
Administration	873,761	-	-	-
Finance	202,189	-	-	-
Court	177,800	-	-	6,569
Public safety:				
Police	2,926,539	-	-	-
Public works:				
Physical plant	159,258	-	-	-
Highways and streets	1,066,245	-	-	-
Parks and recreation	8,521	-	-	-
Community development:				
Planning	351,776	-	-	-
Tourism	-	-	-	1,733
Community media	19,003	-	-	-
Debt service:				
Principal	339,166	610,000	-	-
Interest	38,420	536,088	139,152	-
Issuance costs and fiscal agent fees	-	3,500	-	-
Capital outlay	3,092	-	2,480,479	-
Total Expenditures	6,334,732	1,149,588	2,619,631	8,302
Excess (Deficiency) of Revenues Over (Under) Expenditures	561,981	(83,540)	(2,551,937)	36,871
Other Financing Sources (Uses)				
Transfers in	442,452	-	-	-
Proceeds from issuance of debt	-	-	7,245,000	-
Bond premium	-	-	898,085	-
Total Other Financing Sources	442,452	-	8,143,085	-
Net Change in Fund Balances	1,004,433	(83,540)	5,591,148	36,871
Beginning fund balances	3,511,701	126,967	2,489,281	325,377
Ending Fund Balances	$ 4,516,134	$ 43,427	$ 8,080,429	$ 362,248

See Notes to Financial Statements.

Total Governmental Funds
$ 4,588,603
1,754,671
16,869
589,273
199,165
97,191
20,661
658,671
124,285
26,239
8,075,628
168,962
873,761
202,189
184,369
2,926,539
159,258
1,066,245
8,521
351,776
1,733
19,003
949,166
713,660
3,500
2,483,571
10,112,253
(2,036,625)
442,452
7,245,000
898,085
8,585,537
6,548,912
6,453,326
$ 13,002,238

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City of Robinson, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

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

Net changes in fund balances - total governmental funds	$	6,548,912
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.		
Capital outlay		2,364,895
Depreciation		(751,095)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Deferred revenue		32,151
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) 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 issuance costs, premiums, discounts, and similar items when it is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities. In addition, pension and other postemployment benefits (OPEB) expenses and the amortization of deferred items are accounted for in the Statement of Activities.		
Principal payment on debt		949,166
Bond issuance proceeds		(7,245,000)
Amortization of premiums		92,562
Amortization of deferred charges		(4,840)
Deferred outflows - pensions		(705,873)
Deferred inflows - pensions		(31,309)
Net pension liability		679,214
Deferred outflows - OPEB		19,626
Deferred inflows - OPEB		(3,799)
Total OPEB liability		(32,306)
Change in compensated absences		(7,387)
Accrued interest		(33,647)
Change in Net Position of Gvernmental Activities	$	973,185

See Notes to Financial Statements.

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CITY OF ROBINSON, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

September 30, 2020

	Business-Type Activities Utility
Assets	
Current Assets	
Cash and cash equivalents	$ 3,954,425
Investments	329,331
Receivables, net	1,213,584
Due from other funds	47,541
Inventory	35,272
Restricted assets:	
Cash and cash equivalents	14,718,302
Total Current Assets	20,298,455
Noncurrent Assets	
Capital assets:	
Nondepreciable	7,089,942
Depreciable capital assets	45,020,667
Less: accumulated depreciation	(20,880,723)
Total Capital Assets, Net of Accumulated Depreciation	31,229,886
Total Noncurrent Assets	31,229,886
Total Assets	51,528,341
Deferred Outflows of Resources	
Deferred charge on refunding	70,542
Deferred outflows - pensions	83,488
Total Deferred Outflows of Resources	154,030
Liabilities	
Current Liabilities	
Accounts payable	828,189
Accrued liabilities	22,220
Accrued interest payable	116,317
Customer deposits	470,656
Due to other governments	981
Bonds payable - current	1,725,000
Compensated absences - current	46,859
Total Current Liabilities	3,210,222
Noncurrent liabilities	
Bonds payable	23,323,260
Compensated absences	5,206
Net pension liability	603,329
Total Noncurrent Liabilities	23,931,795
Total Liabilities	27,142,017
Deferred Inflows of Resources	
Deferred inflows - pensions	140,047
Total Deferred Inflows of Resources	140,047
Net Position	
Net investment in capital assets	18,015,005
Unrestricted	6,385,302
Total Net Position	$ 24,400,307

See Notes to Financial Statements.

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City of Robinson, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

For the Year Ended September 30, 2020

	Business-Type Activities Utility
Operating Revenues	
Charges for services	$ 8,168,800
Penalties and interest	66,973
Other revenue	119,248
Total Operating Revenues	8,355,021
Operating Expenses	
Payroll costs	1,257,371
Professional services	1,677,690
Maintenance	703,973
Supplies and materials	237,540
Depreciation expense	1,149,415
Miscellaneous expense	1,069,473
Total Operating Expenses	6,095,462
Operating Income	2,259,559
Nonoperating Revenues (Expenses)	
Investment income	253,145
Interest and fiscal agent fees	(739,971)
Total Nonoperating (Expenses)	(486,826)
Income Before Transfers	1,772,733
Transfers (out)	(442,452)
Change in Net Position	1,330,281
Beginning net position	23,070,026
Ending Net Position	$ 24,400,307

See Notes to Financial Statements.

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City of Robinson, Texas

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended September 30, 2020

	Business-Type Activities Utility
Cash Flows from Operating Activities	
Cash received for services	$ 8,557,980
Cash paid for salaries and wages	(2,919,389)
Cash paid to suppliers	(1,951,163)
Net Cash Provided by Operating Activities	3,687,428
Cash Flows from Noncapital Financing Activities	
Transfer to other funds	(442,452)
Net Cash (Used) by Noncapital Financing Activities	(442,452)
Cash Flows from Capital and Related Financing Activities	
Acquistion and construction of capital assets	(2,826,459)
Proceeds from bond issuance	1,430,911
Principal paid on bonds and notes	(1,630,000)
Interest paid on bonds and fiscal agent fees	(845,568)
Net Cash (Used) by Capital and Related Financing Activities	(3,871,116)
Cash Flows from Investing Activities	
Interest on investments	253,145
Purchase of investments	(5,815)
Net Cash Provided by Investing Activities	247,330
Net (Decrease) in Cash and Cash Equivalents	(378,810)
Beginning cash and cash equivalents	19,051,537
Ending Cash and Cash Equivalents	$ 18,672,727
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	$ 2,259,559
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	1,149,415
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in Current Assets:	
Accounts receivable	202,959
Deferred outflows - deferred charge on refunding	7,838
Deferred outflows - pensions	76,439
Increase (Decrease) in Current Liabilities:	
Accounts payable	41,021
Accrued liabilities	5,236
Customer deposits	10,964
Compensated absences	6,565
Net pension liability	(196,583)
Deferred inflows - pensions	124,015
Net Cash Provided by Operating Activities	$ 3,687,428

See Notes to Financial Statements.

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Robinson, Texas (the "City") was incorporated under the laws of the State of Texas (the "State") on March 28, 1955 as a general law City. By approval of the voters, a new home rule charter was adopted on May 1, 1999 and the City has operated under the Mayor-Council form of government.

The City provides the following services: general administration, public safety (police), public works (includes sanitation), parks and recreation, community development, and water and wastewater services.

The City is an independent political subdivision of the State governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with the prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to 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.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise fund. Separate financial statements are provided for governmental and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the

City's water and wastewater functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following governmental funds:

The *general fund* is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales taxes, franchise fees, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, parks and recreation, and community services. The general fund is always considered a major fund for reporting purposes.

The *debt service fund* is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

The *capital projects fund* is used to accounts for the expenditures of resources accumulated from the sale of bonds and related interest earnings for capital improvement projects. The capital projects fund is considered a major fund for reporting purposes.

The *special revenue funds* are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue funds include the hotel/motel occupancy tax fund, the municipal court technology fund, the municipal court building security fund, the child safety fund, the juvenile case manager fund, the local municipal jury fund, and the time payment reimbursement fee fund. The special revenue funds are considered nonmajor funds for reporting purposes.

The City reports the following enterprise fund:

The *enterprise fund* is used to account for the operations that provide water and wastewater collection, wastewater treatment operations, and sanitation collection services. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The utility fund is considered a major fund for reporting purposes.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, balances in statewide investment pools, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

2. Investments

Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposit, are reported at cost.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the City is authorized to invest in the following:

Direct obligations of the U.S. Government or U.S. Government agencies
Fully collateralized certificates of deposit
Money market mutual funds that meet certain criteria
Bankers' acceptances
Statewide investment pools

3. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method). Certain payments to vendors reflect costs applicable to the future accounting period (prepaid expenditures) are recognized as expenditures when utilized.

4. Restricted Assets

Certain bond proceeds, as well as other resources set aside for specific purposes, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements. Restricted assets of the governmental and enterprise funds are restricted by bond covenants for repayment of debt and to finance construction projects.

5. Capital Assets

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Infrastructure is not held to the $5,000 limit. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with the construction of the enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful years:

Asset Description	Estimated Useful Life
Furniture and equipment	3 to 10 years
Vehicles	5 to 10 years
Infrastructure	20 to 50 years
Utility system	5 to 50 years
Buildings and improvements	5 to 50 years

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.
- A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

7. Compensated Employee Absences

It is the City's policy to permit employees to accumulate earned but unused vacation time and compensatory time. Vacation amounts accumulated, up to certain amounts, may be paid to employees upon termination of employment. The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

8. Long-Term Obligations

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

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

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund.

Assets acquired under the terms of a capital lease are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the applicable fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

9. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

10. Fund Balance Flow Assumptions

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

11. Fund Balance Policies

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

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

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

12. 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, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

13. Pensions

For the 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.

14. Other Postemployment Benefits

The City participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. Benefit payments are treated as being equal to the employer's yearly contributions for retirees.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied during October of each year and are due upon receipt of the City's tax bill. Taxes become delinquent, with an enforceable lien on property, on February 1 of the following year.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. The original budget is adopted by the City Council prior to the beginning of the year. The appropriated budget is prepared by fund, department, and function. Department managers may transfer unencumbered appropriations within a department. City manager approval is necessary for transfers of unencumbered appropriations between departments. The legal level of control is the fund level. Appropriations lapse at the end of the year. Supplemental budget appropriations were made for the year. Encumbrance accounting is not utilized.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Investment Type	Fair Value	Weighted Average Maturity (Years)
TexPool	$ 4,983,648	0.00
TexSTAR	3,458,212	0.00
Certificates of deposit	12,519,172	0.60
Total Investments	$ 20,961,032	
Portfolio Weighted Average Maturity		0.36

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

Credit risk. The City's investment policy limits investments in public fund investment pools rated as to investment quality not less than 'AAA' or 'AAA-m', or at an equivalent rating by at least one nationally recognized rating service. As of September 30, 2020, the City's investments in investment pools were rated 'AAAm' by Standard & Poor's.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of year end, fair market values of pledged securities and FDIC coverage exceeded bank balances.

TexPool

TexPool was established as a trust company with the Treasurer of the State as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over 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 of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rates TexPool 'AAAm'. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, TexPool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool 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 five percent 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. TexPool'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 TexPool's liquidity.

TexSTAR

The Texas Short-Term Asset Reserve Fund (TexSTAR) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexSTAR was created in April 2002 by contract among its participating governmental units and is governed by a board of directors. JPMorgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. act as co-administrators, providing investment management services, participant services, and marketing. JPMorgan Chase Bank and/or its subsidiary, J.P. Morgan Investor Services, Inc., provide custodial, transfer agency, fund accounting, and depository services.

TexSTAR is measured at amortized cost. TexSTAR's strategy is to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. The City has no unfunded commitments related to TexSTAR. TexSTAR has a redemption notice period of one day and may redeem daily. TexSTAR's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national or state emergency that affects TexSTAR's liquidity.

B. Receivables

The following comprises receivable balances at year end:

	General	Debt Service	Nonmajor Governmental	Utility
Property taxes	$ 152,567	$ 50,150	$ -	$ -
Sales taxes	322,296	-	-	-
Franchise fees	36,439	-	-	-
Hotel taxes	-	-	2,535	-
Other	530,199	-	-	16,821
Utilities	-	-	-	1,520,472
Allowance	(7,628)	(2,507)	-	(323,709)
	$ 1,033,873	$ 47,643	$ 2,535	$ 1,213,584

C. Capital Assets

A summary of changes in capital assets for governmental activities at year end is as follows:

Governmental Activities:	**Beginning Balance**	**Increases**	**(Decreases)**	**Ending Balance**
Capital assets not being depreciated:				
Land	$ 254,092	$ -	$ -	$ 254,092
Construction in progress	1,044,101	2,364,895	-	3,408,996
Total capital assets not being depreciated	1,298,193	2,364,895	-	3,663,088
Other capital assets:				
Building and improvements	3,054,097	-	-	3,054,097
Infrastructure	11,514,933	-	-	11,514,933
Vehicles, machinery, and equipment	4,470,320	-	(94,872)	4,375,448
Total other capital assets	19,039,350	-	(94,872)	18,944,478
Less accumulated depreciation for:				
Building and improvements	(608,378)	(64,700)	-	(673,078)
Infrastructure	(2,387,774)	(417,512)	-	(2,805,286)
Vehicles, machinery, and equipment	(2,968,828)	(268,883)	94,872	(3,142,839)
Total accumulated depreciation	(5,964,980)	(751,095)	94,872	(6,621,203)
Other capital assets, net	13,074,370	(751,095)	-	12,323,275
Governmental Activities Capital Assets, Net	$ 14,372,563	$ 1,613,800	$ -	15,986,363
			Less associated debt	(19,057,765)
			Plus unspent bond proceeds	8,080,429
			Plus deferred charge on refunding	43,563
			Net Investment in Capital Assets	$ 5,052,590

Depreciation was charged to governmental functions as follows:

General government	$ 79,039
Public safety	256,345
Public works	402,952
Parks and recreation	12,759
Total Governmental-Type Activities Depreciation Expense	$ 751,095

The following is a summary of changes in capital assets for business-type activities for the year:

Business-Type Activities:	**Beginning Balance**	**Increases**	**(Decreases)**	**Ending Balance**
Capital assets not being depreciated:				
Land	$ 672,714	$ -	$ -	$ 672,714
Construction in progress	6,152,275	2,716,069	(2,451,116)	6,417,228
Total capital assets not being depreciated	6,824,989	2,716,069	(2,451,116)	7,089,942
Other capital assets:				
Infrastructure, buildings and improvements	40,626,085	2,451,116	-	43,077,201
Vehicles, machinery, and equipment	1,833,076	110,390	-	1,943,466
Total other capital assets	42,459,161	2,561,506	-	45,020,667
Less accumulated depreciation for:				
Infrastructure, buildings and improvements	(18,354,466)	(1,032,342)	-	(19,386,808)
Vehicles, machinery, and equipment	(1,376,842)	(117,073)	-	(1,493,915)
Total accumulated depreciation	(19,731,308)	(1,149,415)	-	(20,880,723)
Other capital assets, net	22,727,853	1,412,091	-	24,139,944
Business-Type Activities Capital Assets, Net	$ 29,552,842	$ 4,128,160	$ (2,451,116)	31,229,886
			Less associated debt	(25,048,260)
			Plus unspent bond proceeds	11,762,837
			Plus deferred charge on refunding	70,542
			Net Investment in Capital Assets	$ 18,015,005

Depreciation was charged to business-type functions as follows:

Utility	$ 1,149,415

D. Long-Term Debt

The following is a summary of changes in the City's total long-term liabilities for the year. In general, the City uses the general and debt service funds to liquidate governmental long-term liabilities.

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. The governmental activities compensated absences, net pension liability, and total OPEB liability are generally liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Certificates of obligation	$ 7,990,000	$ 7,245,000	$ (420,000)	$ 14,815,000	$ 695,000
General obligation refunding bonds	2,165,000	-	(190,000)	1,975,000	195,000
Limited tax notes	620,000	-	(95,000)	525,000	100,000
Mortgage note from direct borrowing/placement	143,116	-	(6,817)	136,299	7,108
Capital leases	370,170	-	(237,349)	132,821	132,821
Plus deferred amounts:					
For premiums	668,122	898,085	(92,562)	1,473,645	-
	11,956,408	8,143,085	(1,041,728)	19,057,765 *	1,129,929
Other liabilities:					
Compensated absences	105,524	29,331	(21,944)	112,911	101,620
Net pension liability	2,673,165	-	(679,214)	1,993,951	-
Total OPEB liability	120,025	32,306	-	152,331	-
Total Governmental Activities	$ 14,855,122	$ 8,204,722	$ (1,742,886)	$ 21,316,958	$ 1,231,549
	Long-term Liabilities Due In More Than One Year			$ 20,085,409	
	* Debt associated with governmental capital assets			$ 19,057,765	

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-Type Activities:					
Certificates of obligation	$ 20,110,000	$ 1,295,000	$ (970,000)	$ 20,435,000	$ 1,045,000
General obligation refunding bonds	2,780,000	-	(440,000)	2,340,000	455,000
General obligation refunding bonds from direct borrowing/placement	680,000	-	(220,000)	460,000	225,000
Plus deferred amounts:					
For premiums	1,782,947	160,989	(130,676)	1,813,260	-
	25,352,947	1,455,989	(1,760,676)	25,048,260 *	1,725,000
Other liabilities:					
Compensated absences	45,500	11,731	(5,166)	52,065	46,859
Net pension liability	799,912	-	(196,583)	603,329	-
Total Business-Type Activities	$ 26,198,359	$ 1,467,720	$ (1,962,425)	$ 25,703,654	$ 1,771,859
	Long-term Liabilities Due In More Than One Year			$ 23,931,795	
	* Debt associated with business-type capital assets			$ 25,048,260	

The City's long-term debt includes all outstanding bonded debt secured by the full faith and credit of the City. The bonds are certificates of obligation and general obligation bonds that are secured by the full faith and credit of the City and are paid through the debt service fund from tax revenues. The City's utility fund has some certificates of obligation and general obligation bond issuances recorded that are secured by the full faith and credit of the City. Although the debt payments are made from the utility fund, the utilities revenue is not pledged to secure the bond payments.

The mortgage note includes a clause that if the City defaults in payment or performance of any obligation in any instrument securing or collateral to the note, the lender may declare the unpaid principal balance, earned interest, and any other amounts owed on the note immediately due.

During the fiscal year, the City issued Certificates of Obligation, Series 2019 (the "Certificates") in the amount of $8,540,000 for construction, reconstruction, renovating, and improving streets and sewer systems. The Certificates have an interest rate of four percent and mature on August 15, 2039. The Certificates will be repaid from levying annual ad valorem taxes.

Long-term debt at year end was comprised of the following debt issues:

Description	Interest Rates	Balance
Governmental Activities		
Certificates of Obligation		
Series 2013	3.00-3.50%	$ 3,580,000
Series 2015	3.00-4.00%	3,990,000
Series 2019	4.00%	7,245,000
General Obligation Refunding Bonds		
Series 2010	4.00%	75,000
Series 2017	2.00-4.00%	1,900,000
Limited Tax Notes		
Series 2018	2.97%	525,000
Capital Leases		
Vehicles and equipment	3.99%	132,821
Notes Payable		
Mortgage note	3.91%	136,299
Total Governmental Activities Long-Term Debt		$ 17,584,120
Business-Type Activities		
Certificates of Obligation		
Series 2012	3.00%	$ 6,410,000
Series 2013	3.00-3.50%	3,355,000
Series 2015	3.00-4.00%	4,330,000
Series 2016	3.00-4.00%	5,045,000
Series 2019	4.00%	1,295,000
General Obligation Refunding Bonds		
Series 2005	3.58%	460,000
Series 2010	4.00%	185,000
Series 2017	2.00-4.00%	2,155,000
Total Business-Type Activities Long-Term Debt		$ 23,235,000

The City is not obligated in any manner for special assessment debt. Capital assets acquired under current capital lease obligations totaled $815,703 less accumulated depreciation of $497,925, net $317,778.

The annual requirements to amortize governmental activities debt issues outstanding at year end were as follows:

Fiscal Year Ended Sept. 30	Governmental Activities Long-Term Debt					
	Certificates of Obligation			General Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2021	$ 695,000	$ 558,600	$ 1,253,600	$ 195,000	$ 63,025	$ 258,025
2022	715,000	535,150	1,250,150	200,000	57,625	257,625
2023	745,000	508,900	1,253,900	205,000	53,625	258,625
2024	770,000	482,600	1,252,600	205,000	48,500	253,500
2025	795,000	455,425	1,250,425	220,000	42,350	262,350
2026-2030	4,440,000	1,823,850	6,263,850	950,000	94,350	1,044,350
2031-2035	4,655,000	923,100	5,578,100	-	-	-
2036-2039	2,000,000	204,000	2,204,000	-	-	-
Total	$ 14,815,000	$ 5,491,625	$ 20,306,625	$ 1,975,000	$ 359,475	$ 2,334,475

Fiscal Year Ended Sept. 30	Governmental Activities Long-Term Debt					
	Mortgage Note From Direct Borrowing/Placement			Capital Leases		
	Principal	Interest	Total	Principal	Interest	Total
2021	$ 7,108	$ 5,298	$ 12,406	$ 132,821	$ 5,820	$ 138,641
2022	7,393	5,012	12,405	-	-	-
2023	7,691	4,714	12,405	-	-	-
2024	7,988	4,417	12,405	-	-	-
2025	8,322	4,083	12,405	-	-	-
2026-2030	46,901	15,125	62,026	-	-	-
2031-2035	50,896	4,927	55,823	-	-	-
Total	$ 136,299	$ 43,576	$ 179,875	$ 132,821	$ 5,820	$ 138,641

Fiscal Year Ended Sept. 30	Governmental Activities Long-Term Debt		
	Limited Tax Notes		
	Principal	Interest	Total
2021	$ 100,000	$ 15,593	$ 115,593
2022	100,000	12,623	112,623
2023	105,000	9,653	114,653
2024	110,000	6,534	116,534
2025	110,000	3,267	113,267
Total	$ 525,000	$ 47,669	$ 572,669

The annual requirements to amortize business-type activities debt issues outstanding at year end were as follows:

Fiscal Year Ended Sept. 30	Business-Type Activities Long-Term Debt					
	Certificates of Obligation			General Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2021	$ 1,045,000	$ 714,563	$ 1,759,563	$ 455,000	$ 69,400	$ 524,400
2022	1,075,000	682,763	1,757,763	275,000	56,600	331,600
2023	1,110,000	649,063	1,759,063	280,000	51,100	331,100
2024	1,150,000	614,763	1,764,763	300,000	44,100	344,100
2025	1,180,000	579,188	1,759,188	300,000	35,100	335,100
2026-2030	6,975,000	2,267,238	9,242,238	730,000	48,900	778,900
2031-2035	7,125,000	889,950	8,014,950	-	-	-
2036-2039	775,000	53,200	828,200	-	-	-
Total	$ 20,435,000	$ 6,450,725	$ 26,885,725	$ 2,340,000	$ 305,200	$ 2,645,200

Fiscal Year Ended Sept. 30	Business-Type Activities Long-Term Debt		
	General Obligation From Direct Borrowing/Placement		
	Principal	Interest	Total
2020	$ 225,000	$ 16,468	$ 241,468
2021	235,000	8,413	243,413
Total	$ 460,000	$ 24,881	$ 484,881

Federal Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or are not performed correctly, it could result in a substantial liability to the City. The City periodically engages an arbitrage consultant to perform the calculations in accordance with the rules and regulations of the IRS.

E. Interfund Transactions

The composition of interfund balances as of year end was as follows:

Due From	Due To	Amounts
Debt service fund	Utility fund	$ 47,541

Amounts recorded as due to/from are considered to be temporary loans and will generally be repaid in more than one year.

Transfers between the primary government funds during the year were as follows:

Transfer Out	Transfer In	Amounts
Utility fund	General fund	$ 442,452

Amounts transferred from the utility fund to the general fund are related to various governmental expenditures.

F. Fund Equity

As of September 30, 2020, $395,418 of the City's total fund balance is restricted by enabling legislation.

G. Restatement of Net Position

Beginning net position for the utility fund (business-type activities) was restated for the dissolution of the WMARSS joint venture. Beginning net position for the utility fund (business-type activities), the general fund, and governmental activities was restated for the reclassification of sanitation activities from the general fund to the utility fund.

	Utility Fund	General Fund	Governmental Activities
Prior year ending net position/fund balance as reported	$ 26,404,671	$ 3,610,897	$ 6,964,921
WMARSS dissolution	(3,433,841)	-	-
Reclassing sanitation activities	99,196	(99,196)	(99,196)
Restated beginning net position/fund balance	$ 23,070,026	$ 3,511,701	$ 6,865,725

IV. OTHER INFORMATION

A. 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; and natural disasters for which the City participates along with 2,617 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at a group rate for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past three years.

B. Contingent Liabilities

The City is a defendant in several lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's management that resolution of these matters will not have a material adverse effect of the financial condition of the City.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

The continued spread of the COVID-19 pandemic has given a rise in uncertainties that may have a significant negative impact on the operating activities and results of the City. The occurrence and extent of such impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) the effects on the financial markets, and (iv) the effects on the economy overall, all of which are uncertain.

C. Pension Plan

Texas Municipal Retirement System

Plan Description

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by 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. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees (the "Board"). 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 that can be obtained at www.tmrs.com.

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

Benefits Provided

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

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

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

	2020	2019
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility		
(expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	30% of CPI	30% of CPI

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	23
Inactive employees entitled to, but not yet receiving, benefits	36
Active employees	71
Total	130

Contributions

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

Employees for the City were required to contribute seven percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.85 percent and 13.59 percent in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2020 were $513,473, which were equal to the required contributions.

Net Pension Liability

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

Actuarial Assumptions

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

Inflation	2.50% 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 were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-Distinct 2019 Municipal Retirees of Texas mortality tables. The rates for active members, 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 are used with a four-year set-forward for males and a three-year set-forward for females. In addition, a 3.5 percent and 3.0 percent 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 the annuity purchase rates 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, the actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
Total	100.00%	

Discount Rate

The discount rate used to measure the TPL was 6.75 percent. 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 TPL.

Changes in the NPL

	Increase (Decrease)		
	Total Pension Liability (A)	**Plan Fiduciary Net Position (B)**	**Net Pension Liability (A) - (B)**
Changes for the year:			
Service cost	$ 555,340	$ -	$ 555,340
Interest	913,848	-	913,848
Change in current period benefits	-	-	-
Difference between expected and actual experience	(78,668)	-	(78,668)
Changes of assumptions	35,371	-	35,371
Contributions - employer	-	494,628	(494,628)
Contributions - employee	-	249,992	(249,992)
Net investment income	-	1,566,165	(1,566,165)
Benefit payments, including refunds of employee contributions	(646,732)	(646,732)	-
Administrative expense	-	(8,833)	8,833
Other changes	-	(264)	264
Net Changes	779,159	1,654,956	(875,797)
Balance at December 31, 2018	13,584,189	10,111,112	3,473,077
Balance at December 31, 2019	$ 14,363,348	$ 11,766,068	$ 2,597,280

Sensitivity of the NPL to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (5.75%)	**Discount Rate (6.75%)**	**1% Increase in Discount Rate (7.75%)**
City's Net Pension Liability	$ 4,773,390	$ 2,597,280	$ 816,157

Pension Plan Fiduciary Net Position

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

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

For the fiscal year ended September 30, 2020, the City recognized pension expense of $575,312.

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	$ 4,252	$ 114,193
Changes in actuarial assumptions	40,570	-
Net difference between projected and actual investment earnings	-	359,231
Contributions subsequent to the measurement date	371,947	-
Total	$ 416,769	$ 473,424

$371,947 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 NPL for the fiscal year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30	Pension Expense
2021	$ (115,693)
2022	(127,421)
2023	(1,241)
2024	(184,247)
Total	$ (428,602)

D. Other Postemployment Benefits

TMRS – Supplemental Death Benefit

Plan Description

The City participates in an OPEB plan administered by TMRS. TMRS administers the defined benefit group-term life insurance plan known as the SDBF. This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers 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 member city contributes to the SDBF at a contractually required rate (based on the covered payroll of employee members) 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). As such, the SDBF is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The TMRS Act requires the PTF to allocate a five percent interest credit from investment income to the SDBF on an annual basis each December 31 based on the mean balance in the SDBF during the year.

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 OPEB and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated). Participation in the SDBF as of December 31, 2019 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	18
Inactive employees entitled to, but not yet receiving, benefits	5
Active employees	71
Total	94

Total OPEB Liability

The City's total OPEB liability of $152,331 was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

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

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate	2.75%*
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.
Mortality rates-service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates-disabled retirees	2019 Municipal of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied ro 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

* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Changes for the year:	
Service cost	$ 11,071
Interest	4,638
Difference between expected and actual experience	(6,980)
Changes of assumptions	24,648
Benefit payments	(1,071)
Net Changes	32,306
Beginning balance	120,025
Ending Balance	$ 152,331

The discount rate decreased from 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019. There were no other changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

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

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

	1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
City's Total OPEB Liability	$ 183,359	$ 152,331	$ 127,718

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

For the year ended September 30, 2020, the City recognized OPEB expense of $17,607.

The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 9,993
Changes in actuarial assumptions	26,110	6,068
Contributions subsequent to the measurement date	821	-
Total	$ 26,931	$ 16,061

$821 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2021.

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

Fiscal Year Ended September 30	OPEB Expense
2021	$ 1,898
2022	1,898
2023	1,898
2024	1,553
2025	1,051
Thereafter	1,751
Total	$ 10,049

E. Chapter 380 Agreement

In accordance with Chapter 380 of the Local Government Code, the City entered into a "Infrastructure Incentive" agreement (the "Agreement) with Waco Infinity Properties, Ltd (the "Company") on January 8, 2020. The Company has agreed to a required level of capital investments of $15,000,000 and a required level of 62 jobs. The Company as agreed to complete the construction of the facility no later than January 15, 2022. The City has agreed to extend City water and wastewater service sufficient to serve the facility. If the Company fails to locate the business on the project premise by January 15, 2022 then it shall repay the City the City's entire cost of providing the Infrastructure Incentives no later than February 15, 2022. The Agreement includes pro-rata pay-back and extensions of time based upon certain criteria noted within the Agreement.

E. Tax Abatement

Griffin Solar, LLC

In accordance with Chapter 312 of the Texas Property Tax Code (the "Tax Code"), the City entered into a tax abatement agreement with Griffin Solar, LLC (the "Company") on February 5, 2019. On January 7, 2019, the City established Reinvestment Zone No. 001 (the "Reinvestment Zone") in accordance with Section 312.204 of the Tax Code. The Company owns land within the Reinvestment Zone. The Company has agreed to the construction/installation of facilities, equipment, fixtures, and personal property to create a renewable energy project using solar panels (solar farm) for the generation of electricity. The total capital investment of the Company will be $5,500,000.

The City has agreed to a limited tax abatement over a period of five years. The tax abatement (the "Project") provided is only for City property taxes and is only for increases in taxable value created by the improvements and additions made by the Project. Any increases to the taxable value of the real property by virtue of natural appreciation or due to change in use are not eligible for abatement. The percentage abated will be as follows:

Year 1	55%
Year 2	50%
Year 3	50%
Year 4	45%
Year 5	40%

Encompass Health Texas Real Estate, LLC

The City also entered into a tax abatement agreement with Encompass Health Texas Real Estate, LLC (the “Company″) on February 18, 2020 in accordance with Chapter 312 of the Texas Property Tax Code (the “Tax Code”). The City established Tax Increment Reinvestment Zone No. 1 (the “Reinvestment Zone”) in accordance with Section 312.001 and Chapter 311 of the Tax Code. Encompass Rehabilitation plans to lease the land and real estate improvements from Encompass Real Estate for the operation of a rehabilitation hospital and will make taxable personal property additions to the land for use in those operations.

The City has agreed to a limited tax abatement over a period of seven years. The tax abatement provided is only for the increase in the value of the property created by the project and includes the increased market value of the land itself. The Company has agreed to have the erection, construction, installation and addition of the real property improvements and personal property additions to the land completed no later than September 30, 2021. The Company agreed to start hospital operations no later than 150 days after completion. The Company also agreed to create 85 new full-time jobs no later than 12 months after the start of operations. The percentage abated will be as follows:

Year 1	70%
Year 2	70%
Year 3	65%
Year 4	65%
Year 5	60%
Year 6	60%
Year 7	55%

REQUIRED SUPPLEMENTARY INFORMATION

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City of Robinson, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	$ 3,560,017	$ 3,534,817	$ 3,528,668	$ (6,149)
Sales taxes	1,555,522	1,555,522	1,754,671	199,149
Franchise fees	594,612	594,612	589,273	(5,339)
Fines and court costs	215,636	184,260	175,655	(8,605)
Licenses and permits	112,500	107,100	97,191	(9,909)
Charges for services	-	-	20,661	20,661
Intergovernmental	17,000	16,906	656,626	639,720
Interest earnings	64,000	51,000	47,729	(3,271)
Miscellaneous	57,750	28,370	26,239	(2,131)
Total Revenues	6,177,037	6,072,587	6,896,713	824,126
Expenditures				
General government:				
Mayor and city council	166,422	176,154	168,962	7,192
Administration	926,490	935,793	873,761	62,032
Finance	330,202	205,936	202,189	3,747
Court	233,209	233,101	177,800	55,301
Public safety:				
Police	3,255,063	3,267,069	2,926,539	340,530
Public works:				
Physical plant	185,085	176,504	159,258	17,246
Highways and streets	1,039,280	1,106,641	1,066,245	40,396
Parks and recreation	24,500	17,500	8,521	8,979
Community development:				
Planning	370,081	358,203	351,776	6,427
Community media	71,810	35,461	19,003	16,458
Debt service:				
Principal	-	339,166	339,166	-
Interest	-	38,420	38,420	-
Capital outlay	-	3,092	3,092	-
Total Expenditures	6,602,142	6,893,040	6,334,732	558,308
Excess (Deficiency) of Revenue Over (Under) Expenditures	(425,105)	(820,453)	561,981	1,382,434
Other Financing Sources (Uses)				
Transfers in	442,452	442,452	442,452	-
Total Other Financing Sources	442,452	442,452	442,452	-
Net Change in Fund Balance	$ 17,347	$ (378,001)	1,004,433	$ 1,382,434
Beginning fund balance			3,511,701	
Ending Fund Balance			$ 4,516,134	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF ROBINSON, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2020

	Measurement Year*			
	2019	**2018**	**2017**	**2016**
Total Pension Liability				
Service cost	$ 555,340	$ 546,405	$ 507,769	$ 534,386
Interest (on the total pension liability)	913,848	859,870	796,743	731,986
Changes of benefit terms	-	-	-	165,185
Difference between expected and actual experience	(78,668)	(72,773)	(9,746)	(25,250)
Change in assumptions	35,371	-	-	-
Benefit payments, including refunds of employee contributions	(646,732)	(429,859)	(327,885)	(209,012)
Net Change in Total Pension Liability	779,159	903,643	966,881	1,197,295
Beginning total pension liability	13,584,189	12,680,546	11,713,665	10,516,370
Ending Total Pension Liability	$ 14,363,348	$ 13,584,189	$ 12,680,546	$ 11,713,665
Plan Fiduciary Net Position				
Contributions - employer	$ 494,628	$ 503,695	$ 503,273	$ 417,221
Contributions - employee	249,992	246,763	224,819	221,869
Net investment income	1,566,165	(302,991)	1,182,593	513,170
Benefit payments, including refunds of employee contributions	(646,732)	(429,859)	(327,885)	(209,012)
Administrative expense	(8,833)	(5,847)	(6,122)	(5,790)
Other	(264)	(304)	(311)	(312)
Net Change in Plan Fiduciary Net Position	1,654,956	11,457	1,576,367	937,146
Beginning plan fiduciary net position	10,111,112	10,099,655	8,523,288	7,586,142
Ending Plan Fiduciary Net Position	$ 11,766,068	$ 10,111,112	$ 10,099,655	$ 8,523,288
Net Pension Liability	$ 2,597,280	$ 3,473,077	$ 2,580,891	$ 3,190,377
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	81.92%	74.43%	79.65%	72.76%
Covered Payroll	$ 3,571,321	$ 3,525,192	$ 3,211,696	$ 3,169,550
Net Pension Liability as a Percentage of Covered Payroll	72.73%	98.52%	80.36%	100.66%

*Only six years of information is currently available. The City will build this schedule over the next four-year period.

Measurement Year*	
2015	**2014**
$ 507,643	$ 427,127
658,597	596,739
-	-
80,188	47,109
235,840	-
(241,202)	(213,910)
1,241,066	857,065
9,275,304	8,418,239
$ 10,516,370	$ 9,275,304
$ 424,489	$ 375,799
225,906	213,870
10,587	368,153
(241,202)	(213,910)
(6,447)	(3,842)
(319)	(316)
413,014	739,754
7,173,128	6,433,374
$ 7,586,142	$ 7,173,128
$ 2,930,228	$ 2,102,176
72.14%	77.34%
$ 3,227,227	$ 3,055,286
90.80%	68.80%

CITY OF ROBINSON, TEXAS

SCHEDULE OF CONTRIBUTIONS

TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2020

	Fiscal Year*			
	2020	**2019**	**2018**	**2017**
Actuarially determined contribution	$ 513,473	$ 483,135	$ 497,313	$ 475,662
Contributions in relation to the actuarially determined contribution	513,473	483,135	497,313	475,662
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 3,758,763	$ 3,459,428	$ 3,403,468	$ 3,151,770
Contributions as a percentage of covered payroll	13.66%	13.97%	14.61%	15.09%

*Only six years of information is currently available. The City will build this schedule over the next four-year period.

Notes to Required Supplementary Information:

1. Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and effective in January, 13 months

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 years
Asset valuation method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% 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 December 31, 2014 - December 31,
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.

3. Other Information:

There were no benefit changes during the year.

Fiscal Year*	
2016	2015
$ 507,643	$ 427,127
424,381	375,799
$ 83,262	$ 51,328
$ 3,169,550	$ 3,227,227
13.39%	11.64%

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City of Robinson, Texas

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2020

	Measurement Year*		
	2019	**2018**	**2017**
Total OPEB Liability			
Service cost	$ 11,071	$ 13,043	$ 10,599
Interest (on the total OPEB liability)	4,638	4,115	3,796
Differences between expected and actual experience	(6,980)	(5,771)	-
Change in assumptions	24,648	(8,623)	9,294
Benefit payments, including refunds of employee contributions **	(1,071)	(1,058)	(964)
Net Change in Total OPEB Liability	32,306	1,706	22,725
Beginning total OPEB liability	120,025	118,319	95,594
Ending Total OPEB Liability	$ 152,331	$ 120,025	$ 118,319
Covered Payroll	$ 3,571,321	$ 3,525,192	$ 3,211,696
Total OPEB Liability as a Percentage of Covered Payroll	4.27%	3.40%	3.68%

*Only three years of information is currently available. The City will build this schedule over the next seven-year period.

**Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Notes to Required Supplementary Information:

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate	2.75%
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.
Mortality - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Other Information:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

Change in assumptions is the annual change in the municipal bond index rate.

There were no benefit changes during the year.

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APPENDIX C

Form of Bond Counsel's Opinion

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July 29, 2021

IN REGARD to the authorization and issuance of the "City of Robinson, Texas, General Obligation Refunding Bonds, Series 2021," dated July 29, 2021, in the principal amount of $5,505,000 (the "Bonds"), we have examined into their issuance by the City of Robinson, Texas (the "City"), solely to express legal opinions as to the validity of the Bonds, the defeasance and discharge of the City's outstanding obligations being refunded by the Bonds and the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds.

THE BONDS are issued in fully registered form only and in denominations of $5,000 or any integral multiple thereof (within a maturity). The Bonds mature on August 15 in each of the years specified in a pricing certificate executed pursuant to an ordinance adopted by the City Council of the City authorizing the issuance of the Bonds (jointly, the "Ordinance"), unless redeemed prior to maturity in accordance with the terms stated on the Bonds. The Bonds accrue interest from the date, at the rates, and in the manner and interest is payable on the dates, all as provided in the Ordinance.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Bonds, including the Ordinance, an Escrow Agreement (the "Escrow Agreement") between the City and The Bank of New York Mellon Trust Company, N.A. (the "Escrow Agent"), a sufficiency certificate of Specialized Public Finance Inc., in its capacity as financial advisor to the City (the "Sufficiency Certificate"), and an examination of the initial Bond executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the City and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Bonds, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Bonds have been duly authorized by the City and, when issued in compliance with the provisions of the Ordinance, are valid, legally binding and enforceable obligations of the City payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with the general principles of equity.

2. The Escrow Agreement has been duly authorized, executed and delivered and is a binding and enforceable agreement in accordance with its terms and the outstanding obligations

refunded, discharged, paid and retired with the proceeds of the Bonds have been defeased and are regarded as being outstanding only for the purpose of receiving payment from the funds held in a fund with the Escrow Agent, pursuant to the Escrow Agreement and in accordance with the provisions of Texas Government Code, Chapter 1207, as amended. In rendering this opinion, we have relied upon the Sufficiency Certificate as to the sufficiency of cash deposited with the Escrow Agent pursuant to the Escrow Agreement for the purposes of paying the outstanding obligations refunded and to be retired with the proceeds of the Bonds and the interest thereon.

3. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the “Code”), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance relating to sections 141 through 150 of the Code, interest on the Bonds for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

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

Specialized Public Finance Inc.
FINANCIAL ADVISORY SERVICES