

OFFICIAL STATEMENT
Dated September 10, 2021

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

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Notes 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 NOTES ARE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS



\$1,445,000
CITY OF WOLFFORTH, TEXAS
(Lubbock County)
TAX NOTES, SERIES 2021

Dated Date: September 1, 2021;
Interest Accrues from the Date of Initial Delivery

Due: February 15, as shown on page 2

PAYMENT TERMS . . . Interest on the \$1,445,000 City of Wolfforth, Texas Tax Notes, Series 2021 (the "Notes"), will accrue from the date of the initial delivery, will be payable February 15 and August 15 of each year commencing February 15, 2022, until maturity, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Notes will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Notes may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. **No physical delivery of the Notes will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Notes 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 Notes (see "THE NOTES - Book-Entry-Only System" herein). The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas (see "THE NOTES - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Notes are issued pursuant to the Constitution and general laws of the State of Texas, (the "State") including particularly Texas Government Code, Chapter 1431, as amended ("Chapter 1431"), and are direct obligations of the City of Wolfforth, Texas (the "City"), payable from a direct annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the ordinance authorizing the Notes (the "Ordinance"). See "THE NOTES - Authority for Issuance of the Notes" and "THE NOTES – Security and Source of Payment for the Notes".

PURPOSE . . . Proceeds from the sale of the Notes will be used for (i) renovating, improving and equipping existing buildings and facilities; wireless communications, information technology systems, applications, hardware, or software; and acquiring vehicles and equipment for various City departments, including police department, fire department, public works, emergency management, and code enforcement (the "Projects"), and (ii) paying the costs of issuing the Notes.

CUSIP PREFIX: 977810
MATURITY SCHEDULE & 9 DIGIT CUSIP, See Schedule on Page 2

LEGALITY . . . The Notes are offered for delivery when, as and if issued and received by the initial purchaser identified below (the "Underwriter") and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P. Bond Counsel, Dallas, Texas (see APPENDIX C - "Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas.

DELIVERY . . . It is expected that the Notes will be available for delivery through DTC on October 20, 2021.

SAMCO CAPITAL

MATURITY SCHEDULE

Maturity (February 15)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾
2022	\$ 130,000	3.000%	0.140%	KH2
2023	205,000	3.000%	0.230%	KJ8
2024	210,000	3.000%	0.330%	KK5
2025	215,000	3.000%	0.430%	KL3
2026	220,000	3.000%	0.600%	KM1
2027	230,000	3.000%	0.730%	KN9
2028	235,000	3.000%	0.910%	KP4

(Interest Accrues from the date of Initial Delivery)

- (1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the City, the Financial Advisor or the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers shown herein.

NO OPTIONAL REDEMPTION OF NOTES . . . The Notes are not subject to redemption prior to their stated maturity.

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 Financial Advisor. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy Notes 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 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. See “CONTINUING DISCLOSURE OF INFORMATION” for a description of the undertaking of the City to provide certain information on a continuing basis. 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 opinions or that they will be realized.

The cover page contains certain information for general reference only and is not intended as a summary of this offering. Investors should read the entire Official Statement, including all appendices attached hereto, to obtain information essential to making an informed investment decision.

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

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

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 OR ITS BOOK-ENTRY-ONLY SYSTEM.

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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 Notes 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 Wolfforth, Texas is a political subdivision and general law municipal corporation of the State of Texas (the “State”), located in Lubbock County, Texas. The City covers approximately 2.8 square miles (see “INTRODUCTION - Description of the City”).
THE NOTES	The Notes are issued as \$1,445,000 Tax Notes, Series 2021. The Notes are issued as serial notes maturing on February 15 in the years 2022 through 2028. See “THE NOTES – Description of the Notes”.
PAYMENT OF INTEREST	Interest on the Notes accrues from the date of initial delivery and is payable on February 15, 2022, and each August 15 and February 15 thereafter until maturity. See “THE NOTES – Description of the Notes”.
AUTHORITY FOR ISSUANCE	The Notes are issued pursuant to the Constitution and general laws of the State of Texas, (the “State”) including particularly Texas Government Code, Chapter 1431, as amended (“Chapter 1431”), as provided in the ordinance authorizing the Notes (the “Ordinance”).
SECURITY FOR THE NOTES	The Notes constitute direct obligations of the City, payable from a direct annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the Ordinance. See “THE NOTES - Security and Source of Payment for the Notes”.
NO OPTIONAL REDEMPTION OF NOTES	The Notes are not subject to optional redemption prior to their stated maturity (see “THE NOTES – No Optional Redemption of Notes”).
TAX EXEMPTION	In the opinion of Bond Counsel, the interest on the Notes will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under “TAX MATTERS” herein.
USE OF PROCEEDS	Proceeds from the sale of the Notes will be used for (i) renovating, improving and equipping existing buildings and facilities; wireless communications, information technology systems, applications, hardware, or software; and acquiring vehicles and equipment for various City departments, including police department, fire department, public works, emergency management, and code enforcement (the “Projects”), and (ii) paying the costs of issuing the Notes.
RATING	The Notes are rated “AA-” by S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC (“S&P”) without regard to credit enhancement (see “OTHER INFORMATION - Ratings”).
BOOK-ENTRY-ONLY SYSTEM	The definitive Notes 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 Notes may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Notes will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Notes 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 Notes (see “THE NOTES – Book-Entry-Only System”).
PAYMENT RECORD	The City has never defaulted in the payment of its ad valorem tax debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Taxable Assessed Valuation Per Capita	Net G.O. Tax Debt Outstanding at End of Year ⁽³⁾	Ratio of G.O. Tax Debt to Taxable Assessed Valuation	G.O. Tax Debt Per Capita	% of Total Tax Collections
2018	4,622	\$ 309,949,749	\$ 67,060	\$ 13,684,000	4.41%	\$ 2,961	99.65%
2019	4,622	354,743,951	76,751	12,497,000	3.52%	2,704	99.06%
2020	4,622	390,321,196	84,449	17,334,000	4.44%	3,750	100.94%
2021	4,622	434,492,804	94,005	22,664,000	5.22%	4,904	98.85% ⁽⁵⁾
2022	4,622	485,511,559	105,044	22,246,000 ⁽⁴⁾	4.58%	4,813	N/A

(1) Source: the City.

(2) As reported by the Lubbock Central Appraisal District on the City's annual State Property Tax Board Reports; subject to change during the ensuing year.

(3) Includes self-supporting debt.

(4) Includes the Notes.

(5) Unaudited, as of July 31, 2021.

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

<u>City Council</u>	<u>Length of Service</u>	<u>Term Expires</u>	<u>Occupation</u>
Charles Addington, II Mayor	2 months	May, 2022	Physician
Debbie Perkey Councilmember	1 Year	May, 2022	Retired City Secretary
Corey Layman Councilmember	3 Years	May, 2022	Senior Director of Operations
Chelsea Salazar Councilmember	1 month	May, 2023	Director of Marketing for People's Bank
Doug Hutcheson Councilmember	3 months	May, 2023	Retired Director of Public Works
Pamela Sweeten Councilmember	3 months	May, 2023	Sales

SELECTED ADMINISTRATIVE STAFF

<u>Name</u>	<u>Position</u>	<u>Time in Current Position</u>	<u>Years in City Government</u>
Rick Scott	City Manager	2 months	26 years
(1)	City Secretary		

(1) As of June 25, 2021, Mr. Rick Scott was appointed City Manager and also serves as City Secretary.

CONSULTANTS AND ADVISORS

Auditors Carr, Riggs & Ingram LLC
Lubbock, Texas

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

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

For additional information regarding the City, please contact:

Mr. Rick Scott City Manager City of Wolfforth P.O. Box 36 Wolfforth, Texas 79382 Phone: (806) 855-4120	or	Mr. Vince Viaille Managing Director Specialized Public Finance Inc. 4925 Greenville Avenue, Suite 1350 Dallas, Texas 75206 Phone: (214) 373-3911
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**OFFICIAL STATEMENT
RELATING TO

\$1,445,000
CITY OF WOLFFORTH, TEXAS
(Lubbock County)
TAX NOTES, SERIES 2021**

INTRODUCTION

This Official Statement, which includes the Schedule and Appendices hereto, provides certain information regarding the issuance of the \$1,445,000 City of Wolfforth, Texas Tax Notes, Series 2021 (the “Notes”). The Notes (the “Notes”) are authorized for issuance under a note ordinance (the “Ordinance”) approved by the City Council on September 20, 2021. 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 Notes 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., Dallas, Texas, by electronic mail or upon payment of reasonable copying, handling, and delivery charges.

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

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. The City was incorporated in 1950. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and five Councilmembers. The term of office is two years with the terms of the Mayor and two of the Councilmembers’ terms expiring in even-numbered years and the other terms of the three Councilmembers expiring in odd-numbered years. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, water and sanitary sewer utilities, sanitation services, public improvements, planning and zoning, and general administrative services. The 2010 Census population for the City was 3,670. The City covers approximately 2.8 square miles.

THE NOTES

DESCRIPTION OF THE NOTES . . . The Notes are dated September 1. The Notes mature on February 15 in each of the years and in the amounts shown on page 2 hereof. Interest on the Notes will accrue from the date of the initial delivery to the Underwriter (anticipated to be October 20, 2021 and will be computed on the basis of a 360-day year consisting of twelve 30-day months, the Notes will be payable on February 15 and August 15 of each year, commencing February 15, 2022, until maturity. The definitive Notes 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”) pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Notes will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Notes 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 Notes (see “THE NOTES - Book-Entry-Only System” herein).

AUTHORITY FOR ISSUANCE OF THE NOTES . . . The Notes are issued pursuant to the Constitution and general laws of the State, including particularly Texas Government Code, Chapter 1431, as amended (“Chapter 1431”), as provided in the Ordinance.

PURPOSE . . . Proceeds from the sale of the Notes will be used for (i) renovating, improving and equipping existing buildings and facilities; wireless communications, information technology systems, applications, hardware, or software; and acquiring vehicles and equipment for various City departments, including police department, fire department, public works, emergency management, and code enforcement (the “Projects”), and (ii) paying the costs of issuing the Notes.

SECURITY AND SOURCE OF PAYMENT FOR THE NOTES . . . The Notes constitute direct obligations of the City, payable from a direct annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the Ordinance.

TAX RATE LIMITATION . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 4, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$1.50 per \$100 Taxable Assessed Valuation for all City purposes.

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

NO OPTIONAL REDEMPTION OF NOTES . . . The Notes are not subject to optional redemption prior to their stated maturity.

DEFEASANCE . . . The Ordinance provides for the defeasance of the Notes when the payment of the principal of and premium, if any, on the Notes, 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 authorized escrow agent, in trust (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Notes shall have become due and payable, and thereafter the City will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such Defeased Notes, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. The Ordinance provides that "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Notes. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of 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 (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. The City has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Notes. Because the Ordinance does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or that for any other Defeasance Security will be maintained at any particular rating category.

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

Upon making such deposit in the manner described, such defeased Notes shall no longer be deemed outstanding obligations secured by the Ordinance, but will be payable only from the funds and Defeasance Securities deposited in escrow and will not be considered 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.

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

The Ordinance further provides that the holders of the Notes aggregating in principal amount 51% of the outstanding Notes shall have the right from time to time to approve any amendment not described above to the Ordinance if it is deemed necessary or desirable by the City; provided, however, that without the consent of 100% of the holders in original principal amount of the then outstanding Notes, no amendment may be made for the purpose of: (i) making any change in the maturity of any of the outstanding Notes; (ii) reducing the rate of interest borne by any of the outstanding Notes; (iii) reducing the amount of the principal of, or redemption premium, if any, payable on any outstanding Notes; (iv) modifying the terms of payment of principal or of interest or redemption premium on outstanding Notes, or imposing any condition with respect to such payment; or (v) changing the minimum percentage of the principal amount of the Notes necessary for consent to such amendment.

BOOK-ENTRY-ONLY SYSTEM . . . This section describes how ownership of the Notes is to be transferred and how the principal of, premium, if any, and interest on the Notes are to be paid to and credited by The Depository Trust Company ("DTC"), New York,

New York, while the Notes 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 Notes, 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 Notes), 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 Notes. The Notes will be issued as fully-registered Notes 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 Notes, 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 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("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 Notes 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes 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 Notes 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 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes 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 Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Notes documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes 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 Notes 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 Notes 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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

DTC may discontinue providing its services as depository with respect to the Notes 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, certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but neither the City nor the Underwriter take any responsibility for the accuracy thereof.

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT . . . In reading this Official Statement it should be understood that while the Notes 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 Notes, 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 BOKF, NA, Dallas, Texas. Interest on and principal of the Notes will be payable, and transfer functions will be performed, at the office for payment of the Paying Agent/Registrar in Dallas, Texas (the "Designated Payment/Transfer Office"). 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 Notes are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Notes. Upon any change in the Paying Agent/Registrar for the Notes, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Notes 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 Notes 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.

Notes may be assigned by the execution of an assignment form on the respective Notes or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Notes will be delivered by the Paying Agent/Registrar, in lieu of the Notes being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Notes issued in an exchange or transfer of Notes 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 Notes 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 Notes registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Notes surrendered for exchange or transfer. See "Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Notes. Neither the City nor the Paying Agent/Registrar will be required to make any transfer, conversion, or exchange of Notes (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) with respect to any Notes or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

RECORD DATE FOR INTEREST PAYMENT. . . The record date ("Record Date") for the interest payable on the Notes 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 registered owner of an Notes 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.

NOTEHOLDERS' REMEDIES . . . The Ordinance establishes specific events of default with respect to the Notes. If the City defaults in the payment of the principal of or interest on the Notes when due, or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the Ordinance provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Notes or the Ordinance and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Notes 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 Notesholders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W. 3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, Notesholders may not be able to bring such a suit against the City for breach of the Notes or covenants in the Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Notes. 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 Notesholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Notes are qualified with respect to the customary rights of debtors relative to their creditors, by principles of governmental immunity, and by general principles of equity that permit the exercise of judicial discretion.

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

SOURCES OF FUNDS:	<u>The Notes</u>
Par Amount	\$1,445,000.00
Reoffering Premium	<u>119,550.70</u>
Total Sources of Funds	<u><u>\$1,564,550.70</u></u>
USES OF FUNDS:	
Deposit to Project Construction Fund	\$1,491,905.00
Underwriter's Discount	18,057.90
Costs of Issuance/Rounding Amount	<u>54,587.80</u>
Total Uses of Funds	<u><u>\$1,564,550.70</u></u>

AD VALOREM TAX PROCEDURES

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. 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 Lubbock Central Appraisal District (the "Appraisal District"). Except as described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

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

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

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates. See "AD VALOREM PROPERTY TAXATION – 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 "AD VALOREM PROPERTY TAXATION – 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 "AD VALOREM PROPERTY TAXATION – 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 "AD VALOREM PROPERTY TAXATION – City Application of Property Tax Code" herein.

TAX RATE LIMITATIONS . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, 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 4 of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$1.50 per \$100 of Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.00 of the \$1.50 maximum tax rate for all 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 Notes.

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 contained in either the standard edition of the Annual Energy Outlook published by the United States Energy Information Administration 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 1 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 due on February 1 of each year and the final installment due on August 1.

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, penalty remains at 12%, and interest accrues at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid. A delinquent tax continues to accrue interest as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest penalty is to compensate the taxing unit for revenue lost because of the delinquency. In addition, 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. A taxpayer who is 65 years of age or older or is disabled may defer the collection of delinquent property taxes on his or her residence homestead and prevent the filing of a lawsuit to collect delinquent taxes until the 181st day after the taxpayer no longer owns and occupies the property as a residence homestead. However, taxes and interest continue to accrue against the property, and the delinquent taxes incur a penalty of 8% per annum with no additional penalties or interest assessed. The lien securing such taxes and interest remains in existence during the deferral or abatement period. 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 grants an exemption to the market value of the residence homestead of persons 65 years of age or older of \$25,000; the disabled are also granted an exemption.

The City has not granted an additional exemption of 20% of the market value of residence homesteads.

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 Lubbock Central Appraisal District collects taxes for the City.

The City has adopted the tax freeze for citizens who are disabled or are 65 years of age or older, which became a local option and subject to local referendum on January 1, 2004.

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

The City does not tax freeport property.

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

The City has established a formal tax abatement policy.

TABLE 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT ⁽¹⁾

2021/2022 Market Valuation Established by the Lubbock Central Appraisal District (excluding exempt property)	\$ 505,442,251
Less Exemptions/Reductions at 100% Market Value:	<u>\$ 19,930,692</u>
2021/2022 Net Taxable Assessed Valuation	<u>\$ 485,511,559 ⁽¹⁾</u>
City Funded Debt Payable from Ad Valorem Taxes (as of 8/30/21)	
General Obligation Debt	\$ 22,664,000
The Notes	<u>1,445,000</u>
Debt Payable from Ad Valorem Taxes	\$ 24,109,000
Less Self-Supporting Debt:	<u>17,044,000 ⁽²⁾</u>
General Purpose Funded Debt Payable from Ad Valorem Taxes	<u>\$ 7,065,000</u>
General Obligation Interest and Sinking Fund (as of 7/31/21)	\$ 700,151
Ratio General Obligation Debt to Taxable Assessed Valuation	1.46%

2020 Estimated Population - 5,791
Per Capita Taxable Assessed Valuation - \$83,839
Per Capita Net Funded Debt - \$1,220

-
- (1) Valuations shown are certified taxable assessed values reported by the Lubbock Central Appraisal District. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.
- (2) General obligation debt in the amounts shown for which repayment is provided from revenues of the respective revenue systems. The amount of self-supporting debt is based on the percentages of revenue support as shown in Table 10. It is the City's current policy to provide these payments from respective system revenues; this policy is subject to change in the future.

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TABLE 2 – TAXABLE ASSESSED VALUATION

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Taxable Assessed Valuation Per Capita	Net G.O. Tax Debt Outstanding at End of Year ⁽³⁾	Ratio of General Purpose G.O. Tax Debt to Taxable Assessed Valuation	General Purpose G.O. Tax Debt Per Capita
2018	4,622	\$ 309,949,749	\$ 67,060	\$ 13,684,000	4.41%	\$ 2,961
2019	4,622	354,743,951	76,751	12,497,000	3.52%	2,704
2020	4,622	390,321,196	84,449	17,334,000	4.44%	3,750
2021	4,622	434,492,804	94,005	22,664,000	5.22%	4,904
2022	4,622	485,511,559	105,044	22,246,000 ⁽⁴⁾	4.58%	4,813

(1) Source: the City.

(2) As reported by the Lubbock Central Appraisal District on the City's annual State Property Tax Board Reports; subject to change during the ensuing year.

(3) Includes self-supporting debt.

(4) Includes the Notes.

TABLE 3 – TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	Distribution		Tax Levy	% of Current Tax Collections to Tax Levy	% of Total Tax Collections to Tax Levy
		General Fund	Interest and Sinking Fund			
2017	\$ 0.7773	\$ 0.4933	\$ 0.2840	\$ 1,973,536	97.83%	101.30%
2018	0.7618	0.5085	0.2533	2,292,477	99.20%	99.65%
2019	0.7618	0.5233	0.2385	2,610,232	98.78%	99.06%
2020	0.7618	0.5660	0.1958	2,873,787	99.17%	100.94%
2021	0.7618	0.5660	0.1958	3,309,966	99.54% ⁽¹⁾	98.85% ⁽¹⁾

(1) Collections as of July 31, 2021.

TABLE 4 – TEN LARGEST TAXPAYERS

Name of Taxpayer	2020/2021 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation*
Omaha Ranch LLC Fluegel & Co LLC	\$ 6,000,000	1.38%
Presidential Hotel LTD	4,834,958	1.11%
American Tire Distributors Inc.	4,522,554	1.04%
Wolfforth Land CO & Iron Horse LLC	4,471,020	1.03%
Treze Alcove LLC	3,975,040	0.91%
OPG Preston Trails Partners LLC	3,580,536	0.82%
United Supermarkets LLC	3,473,123	0.80%
Wolfforth Land Company LLC	3,001,180	0.69%
American Bank of Commerce	2,497,804	0.57%
Pearson Robert Construction LLC	2,137,881	0.49%
	<u>\$ 38,494,096</u>	<u>8.86%</u>

*Based on 2020/2021 net taxable value of \$434,492,804.

GENERAL OBLIGATION DEBT LIMITATION . . . The City has no legal debt limit established under state law. For a description of limitations on the City’s maximum ad valorem tax rate (see “THE NOTES – Tax Rate Limitation”).

TABLE 5 – TAX ADEQUACY ⁽¹⁾

Maximum Annual Principal and Interest Requirements, 2024	\$	1,136,638
\$0.2465 Tax Rate at 95% Collection Produces	\$	1,136,947

(1) Includes the Notes and excludes self-supporting debt.

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

Taxing Jurisdiction	Total Funded Debt	Estimated %	City's Overlapping Funded Debt
	As of 7/31/21	Applicable	As of 7/31/21
City of Wolfforth	\$ 7,065,000 ⁽¹⁾	100.00%	\$ 7,065,000 ⁽¹⁾
Lubbock County	56,985,000	1.67%	951,650
Frenship ISD	342,581,539	8.13%	<u>27,851,879</u>
Total Direct and Overlapping G.O. Debt			\$ 35,868,529
Ratio of Direct and Overlapping G.O. Debt to Taxable Assessed Valuation			7.39%
Per Capita Overlapping G.O. Debt			\$ 7,760

(1) Includes the Notes and excludes self-supporting debt.

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DEBT INFORMATION

TABLE 7 -GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ended 9/30	Outstanding Debt			The Notes			Total Debt Service Requirements	Less: Self-Supporting Debt	Net Debt Service Requirements
	Principal	Interest	Total	Principal	Interest	Total			
2021	\$ 1,400,000	\$ 644,456	\$ 2,044,456	\$ -	\$ -	\$ -	\$ 2,044,456	\$ 1,087,629	\$ 956,827
2022	1,733,000	632,978	2,365,978	130,000	33,573	163,573	2,529,551	1,399,020	1,130,530
2023	1,716,000	582,574	2,298,574	205,000	36,375	241,375	2,539,949	1,406,662	1,133,288
2024	1,610,000	530,344	2,140,344	210,000	30,150	240,150	2,380,494	1,243,856	1,136,638
2025	1,435,000	480,131	1,915,131	215,000	23,775	238,775	2,153,906	1,236,881	917,025
2026	1,440,000	430,831	1,870,831	220,000	17,250	237,250	2,108,081	1,242,806	865,275
2027	1,490,000	381,006	1,871,006	230,000	10,500	240,500	2,111,506	1,243,331	868,175
2028	1,295,000	335,363	1,630,363	235,000	3,525	238,525	1,868,888	1,243,006	625,881
2029	1,330,000	292,806	1,622,806				1,622,806	1,240,806	382,000
2030	1,380,000	250,106	1,630,106				1,630,106	1,239,231	390,875
2031	1,430,000	207,431	1,637,431				1,637,431	1,243,256	394,175
2032	1,285,000	165,406	1,450,406				1,450,406	1,241,306	209,100
2033	1,105,000	131,556	1,236,556				1,236,556	1,236,556	
2034	705,000	110,531	815,531				815,531	815,531	
2035	720,000	95,406	815,406				815,406	815,406	
2036	740,000	79,906	819,906				819,906	819,906	
2037	755,000	64,031	819,031				819,031	819,031	
2038	675,000	49,256	724,256				724,256	724,256	
2039	690,000	34,491	724,491				724,491	724,491	
2040	705,000	18,284	723,284				723,284	723,284	
2041	425,000	5,047	430,047				430,047	430,047	
	<u>\$ 24,064,000</u>	<u>\$ 5,521,943</u>	<u>\$ 29,585,943</u>	<u>\$ 1,445,000</u>	<u>\$155,148</u>	<u>\$ 1,600,148</u>	<u>\$ 31,186,090</u>	<u>\$ 22,176,302</u>	<u>\$ 9,009,788</u>

TABLE 8 - INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/21		\$ 2,044,456
Interest & Sinking Fund Balance, Fiscal Year Ending 9/30/20	\$ 700,152	
Less: Self-supported debt	1,087,629	
2020 Interest & Sinking Fund Tax Levy @ 95% collections	808,200	<u>\$ 2,595,981</u>
Balance, Fiscal Year Ending 9/30/21		<u>\$ 551,525</u>

TABLE 9 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

The City does not have any authorized but unissued general obligation bonds or other obligations.

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT . . . The City does not anticipate the issuance of additional general obligation debt within the next twelve months at this time. However, the City may incur other financial obligations from time to time throughout the year that are payable from its collection of taxes and other sources of revenue, including refunding bonds, certificates of obligation, tax notes, capital leases, public property finance contractual obligations, and other debt obligations.

OTHER OBLIGATIONS . . . The City does not have any other obligations.

TABLE 10 – COMPUTATION OF SELF-SUPPORTING DEBT

Net System Revenue Available as of 9/30/20	\$ 1,159,696
Less: Requirements for Revenue Bonds	-
Balance Available for Other Purposes	<u>\$ 1,159,696</u>
Requirements for System Tax Bonds for Fiscal Year 2021	\$ 1,087,629
Percentage of System General Obligation Bonds Self-Supporting	100.00%

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.

Employees for the City were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 11.32% and 11.37% in calendar years 2019 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2020, were \$220,691, and were equal to the required contributions.

For more detailed information concerning the retirement plan, see APPENDIX B, “Excerpts from the City’s Annual Financial Report” – Note 9.

OTHER POST-EMPLOYMENT BENEFITS . . . The City provides life insurance benefits for both active employees and retirees through the Supplemental Death Benefits Fund (“SDBF”), a cost sharing multiple-employer defined benefit group-term life insurance plan operated by TMRS. 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); retired employees are insured for \$7,500.

The City's contributions contribution rates for the City were 0.19% and 0.21% in calendar 2019 and 2020, respectively. The City's contributions to SBDF for the year ended September 30, 2019 were \$3,967 and were equal to the required contributions.

For more detailed information concerning the retirement plan, see APPENDIX B, “Excerpts from the City’s Annual Financial Report” – Note 10.

FINANCIAL INFORMATION

TABLE 11 - CHANGE IN NET POSITION

	Fiscal Year Ended September 30,				
	2020	2019	2018	2017	2016
REVENUES					
Program Revenues:					
Charges for Services	\$ 472,257	\$ 171,119	\$ 272,805	\$ 424,709	\$ 469,547
Operating Grants and Contributions	328,485	83,466	106,932	85,465	110,818
Capital Grants and Contributions	-	-	29,211	239,123	33,358
General Revenues:					
Property Taxes	2,890,993	2,620,642	2,219,823	2,041,698	1,993,998
Sales Tax	822,761	694,688	605,246	460,106	427,882
Franchise Fees	267,294	256,543	263,276	247,154	231,950
Interest Income	20,833	29,181	28,250	18,908	19,562
Transfers	-	(287,104)	(281,699)	(354,365)	(105,266)
Donated Assets	-	-	-	-	-
Other	627,867	472,975	183,582	171,718	172,122
Total Revenues	5,430,490	4,041,510	3,427,425	3,334,516	3,353,971
EXPENDITURES					
City Government	\$ 1,618,493	\$ 1,112,913	\$ 38,060	\$ 67,937	\$ 62,483
Municipal Court	-	-	104,322	56,734	57,880
Financial Administration	-	-	425,120	410,196	429,029
Building and Grounds	-	-	323,724	295,350	267,527
Code Enforcement	-	-	7,398	6,981	2,661
Public Safety-Police Department	1,478,307	1,438,437	1,060,804	1,037,753	940,800
Public Safety-Fire Department and EMS	-	-	704,658	698,342	661,405
Miscellaneous Public Service	-	-	1,546	9,541	7,550
Health and Welfare	262,927	826,322	55,681	33,987	48,029
Public Works-Street Department	354,958	285,421	236,955	188,557	135,429
Park	1,055,680	337,173	66,341	57,594	54,566
Library	-	-	190,939	193,043	164,553
Interest and other charges	82,740	74,043	81,996	76,155	80,883
Total Expenditures	\$ 4,853,105	\$ 4,074,309	\$ 3,297,544	\$ 3,132,169	\$ 2,912,794
Increase (Decrease) in Net Assets	\$ 325,393	\$ (32,799)	\$ 129,881	\$ 202,347	\$ 441,177
Net Position, October 1,	\$ 4,283,593	\$ 4,316,392 ⁽¹⁾	\$ 643,524	\$ 441,177	\$ -
Prior period adjustment	-	-	(25,169)	-	-
Net Position, September 30,	\$ 4,608,986	\$ 4,283,593	\$ 748,236	\$ 643,524	\$ 441,177

Source: City's audited financial statements.

(1) Restated.

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TABLE 11A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

REVENUES	Fiscal Year Ended September 30,				
	2020	2019	2018	2017	2016
Property taxes	\$ 2,151,614	\$ 1,785,661	\$ 1,525,050	\$ 1,354,566	\$ 1,351,221
Penalties and interest	-	-	7,671	9,709	25,039
Sales tax	822,761	694,688	605,246	460,106	427,882
Franchise fees	267,294	256,543	263,276	247,154	231,950
Federal operating grants	313,885	-	-	-	-
State grant proceeds	14,600	83,466	29,211	34,123	47,089
Fire department	352,026	302,982	80,380	79,438	66,567
Permits and licenses	235,450	151,523	103,904	140,737	181,856
Municipal court revenue	-	-	103,319	71,844	96,287
EMS revenue	-	-	158,150	193,583	210,874
EMS subsidy	-	-	19,875	85,465	87,825
Library revenue	-	-	11,633	10,923	11,328
Park revenue	-	-	10,050	10,951	10,250
Interest Revenue	11,841	17,544	22,935	14,726	17,037
Miscellaneous revenue	216,677	188,065	81,619	122,313	71,355
Total Revenues	\$ 4,386,148	\$ 3,480,472	\$ 3,022,320	\$ 2,835,638	\$ 2,836,560
EXPENDITURES					
City Government	\$ 1,170,639	\$ 971,597	\$ 38,060	\$ 67,937	\$ 62,483
Municipal Court	-	-	104,322	56,734	57,880
Financial administration	-	-	411,449	393,391	411,419
Building and grounds	-	-	212,987	184,299	157,031
Code enforcement	-	-	7,398	6,981	2,661
Public Safety-Police Department	1,122,447	1,061,241	933,327	901,304	828,801
Public Safety-Fire and EMS	-	-	621,842	590,595	537,003
Miscellaneous public service	-	-	987	9,541	7,550
Emergency management	-	-	40,424	26,083	40,593
Public Works	62,224	105,297	73,024	46,546	13,324
Park	329,080	307,527	66,341	57,594	54,566
Library	-	-	169,503	172,730	146,074
Health and welfare	1,055,680	865,505	-	-	-
Capital Outlay	343,439	1,153,367	905,345	249,273	562,527
Debt Service Principal	103,423	-	-	-	-
Total Expenditures	\$ 4,186,932	\$ 4,464,534	\$ 3,585,009	\$ 2,763,008	\$ 2,881,911
Excess (Deficiency) of Revenues over Expenditures	\$ 199,216	\$ (984,062)	\$ (562,689)	\$ 72,630	\$ (45,351)
OTHER FINANCING SOURCES (USES)					
Proceeds from Sale of Assets	-	\$ 750,000	\$ 7,349	\$ -	\$ -
Non-Current Loan Proceeds	-	-	211,840	-	927,165
Payments on long-term debt	-	-	-	680,762	(541,950)
Other financing sources (uses)	-	1,524	(71,494)	(106,153)	-
Operating Transfers in	-	-	182,798	-	-
Operating Transfers Out	\$ -	\$ -	\$ (45,522)	\$ (67,124)	\$ (159,666)
Total Other Financing Sources (Uses)	\$ -	\$ 751,524	\$ 284,972	\$ 507,486	\$ 225,549
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ 199,216	\$ (232,538)	\$ (277,717)	\$ 580,116	\$ 180,198
Fund Balance at Beginning of Year	\$ 917,024	\$ 1,149,562 ⁽¹⁾	\$ 760,314	\$ 180,198	\$ -
Adjustments	-	-	-	-	-
Fund Balance at End of Year	\$ 1,116,240	\$ 917,024	\$ 482,596	\$ 760,314	\$ 180,198

(1) Restated.

TABLE 12 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, V.T.C.A., 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 Notes. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly.

Fiscal Year Ended 9/30	Total Collected ⁽¹⁾	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2017	\$ 460,106	23.31%	\$ 0.1622	\$ 102
2018	605,246	26.40%	0.1953	131
2019	694,688	26.61%	0.1958	150
2020	822,761	28.63%	0.2108	178
2021	746,334 ⁽²⁾	22.55%	0.1912	161

(1) Excludes additional one-half percent (1/2%) sales and use tax for economic development.

(2) As of July 31, 2021.

FINANCIAL POLICIES

Basis of Accounting . . . The Governmental Fund Types (General, Special Revenue, Debt Service and Capital Projects Funds), use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recorded as fund liabilities when due or when amounts have been accumulated in the Debt Service Fund for payments to be made early in the following year, and accrued vacation and sick leave which is recorded when payable from current available financial resources.

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

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

Budgetary Procedures . . . The City operates on a twelve-month fiscal year that begins on October 1. The City Administrator is the budget officer and submits a budget of estimated revenues and expenditures to the City Council. Upon receipt of the budget estimates the City Council holds a budget workshop and public budget hearing. Prior to October 1, the budget is legally enacted through approval by the City Council. The Council can amend the budget by a majority vote. Budgeted amounts are as originally adopted, or as amended by the City Council. Unused appropriations for all annually budgeted funds lapse at the end of the fiscal year.

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INVESTMENTS

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

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE CITY . . . Under State law, the City is authorized to make investments meeting the requirements of the PFIA, which currently include (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the District selects from a list the governing body or designated investment committee of the District adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the District selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the District's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the District appoints as the District's custodian of the banking deposits issued for the District's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission (the "SEC") and operating under SEC Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of the Public Funds Investment Act (Chapter 2256, Texas Government Code) (the "PFIA") that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for District deposits, or (ii) certificates of deposits where (a) the funds are invested by the District through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the District as required by law, or (B) a depository institution that has its main office or branch office in the State that is selected by the District, (b) the broker or the depository institution selected by the District arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the District, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the District appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the District with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1) above, clause (12) below, require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (13) no-load money market mutual funds registered with and regulated by the United States SEC that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with federal SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and (14) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and either (a) a duration of one year or more and invest exclusively in obligations described in under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the City and deposited with the City or a third party selected and approved by the City.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAAm" or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal

stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than ten (10) years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Political subdivisions such as the City are authorized to implement securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than “A” or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City’s name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

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

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

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

TABLE 13 - CURRENT INVESTMENTS

As of July 31, 2021, the City’s investable funds were invested in the following categories:

Description	Book Value	% of Total
Money Market & Investment Accounts	\$ 1,993,729	99.00%
TexPool	1,578	1.00%
Total	<u>\$ 1,995,307</u>	<u>100.00%</u>

TAX MATTERS

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

In rendering the foregoing opinion, Bond Counsel will rely upon (a) certain information and representations of the City, including information and representations contained in the City’s federal tax certificate, and (b) covenants of the City contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Notes and the property financed or refinanced therewith. Failure by the City to observe the aforementioned representations or covenants could cause the interest on the Notes to become taxable retroactively to the date of issuance.

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

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

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

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

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

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

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

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Notes which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Notes should consult their own tax advisors with respect to the

determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Notes and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Notes.

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

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

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

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

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

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

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

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

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

The Notes have been designated as “qualified tax-exempt obligations” within the meaning of section 265(b) of the Code. In furtherance of that designation, the City has covenanted to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Notes as “qualified tax-exempt obligations.” **Potential purchasers should be aware that if the issue price to the public exceeds \$10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of \$10,000,000 is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the \$10,000,000 limitation and the Notes would not be “qualified tax-exempt obligations.”**

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Notes. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Notes. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events to the Municipal Securities Rulemaking Board (“MSRB”). This information will be available free of charge from the MSRB via the Electronic Municipal Market Access (“EMMA”) system at www.emma.msrb.org.

ANNUAL REPORTS . . . The City will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 5 and 7 through 13 and in APPENDIX B, which is the City’s annual audited financial report. The City will update and provide the information in the numbered tables referred to above within six months after the end of each fiscal year ending in and after 2021. The City will additionally provide audited financial statements within 12 months after the end of each fiscal year ending in or after 2021. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City will file unaudited financial information of the type described in the numbered tables above by the required time and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation.

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

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

NOTICES 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 Notes to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (7) modifications to rights of holders of the Notes, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Notes, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional Paying Agent/Registrar or the change of name of a Paying Agent/Registrar, if material; (15) incurrence of a debt obligation or derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation of the City, or a guarantee of any such debt obligation or derivative instrument, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the City, any of which reflect financial difficulties. In 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. For purposes of the events described in (15) and (16) above, “Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

AVAILABILITY OF INFORMATION FROM MSRB . . . The City has agreed to provide the foregoing information only as described above. The information will be available free of charge via the MSRB’s Electronic Municipal Market Access (“EMMA”) system at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of 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 Notes 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 Notes may seek a writ of mandamus to compel the City to comply with its agreement.

The continuing disclosure agreement may be amended by the City 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, but only if (1) the provisions, as amended, would have permitted an underwriter to purchase or sell Notes in the primary offering of the Notes in compliance with the Rule, taking into account any amendments or interpretation of the Rule since such offering as well as such changed circumstances and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of the Ordinance that authorizes such an amendment) of the Outstanding Notes consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized Bond Counsel) determines that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Notes. The City may also amend or repeal the provisions of the 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 Notes in the primary offering of the Notes. If the City amends its agreement, it must include with the next financial information and operating data provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and data provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the City has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule, except as follows: The City’s 2020 audit was not available by the required March 31, 2021 date. The audit was filed when it became available on June 8, 2021. A late notice was also filed.

OTHER INFORMATION

RATING . . . The Notes are rated “AA-” by S&P without regard to credit enhancement. The City also has various issues outstanding which are rated by various 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 respective view of such organization and the City makes no representation as to the appropriateness of any rating. There is no assurance that such rating will continue for any given period of time or that they will not be revised downward or withdrawn entirely by one or more of 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 Notes. In addition, due to the ongoing uncertainty regarding the economy and debt of the United States of America, including, without limitation, general economic conditions and political developments that may affect the financial condition of the United States government, the United States debt limit, and bond and credit ratings of the United States and its instrumentalities, the ratings of obligations issued by state and local governments, such as the Notes, could be adversely affected.

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

REGISTRATION AND QUALIFICATION OF OBLIGATIONS FOR SALE . . . The sale of the Notes 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 Notes have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Notes been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Notes under the securities laws of any jurisdiction in which the Notes may be sold, assigned, pledged, hypothecated or otherwise

transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Notes 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 Securities Procedures Act (Chapter 1201, Texas Government Code), provides that the Notes constitute negotiable instruments, and are investment securities governed by Chapter 8, Texas Uniform Commercial Code, notwithstanding any provisions of law or court decision to the contrary, and are legal and authorized investments for banks, savings banks, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries, and for the sinking funds of cities, towns, villages, school districts, and other political subdivisions or public agencies of the State. The Notes are eligible to secure deposits of any public funds of the State, its agencies and political subdivision, and are legal security for those deposits to the extent of their market value. For political subdivisions in the State which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Chapter 2256, Texas Government Code), the Notes may have to be assigned a rating of not less than “A” or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. See “OTHER INFORMATION – Rating” herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Notes are legal investments for state banks, savings banks, trust companies with at least \$1 million of capital, and savings and loan associations. The Notes 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.

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

LEGAL OPINIONS . . . The City will furnish to the Underwriter a complete transcript of proceedings had incident to the authorization and issuance of the Notes, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Bond and to the effect that the Notes are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Notes will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under “TAX MATTERS” herein. Though it may represent the Underwriter from time to time in matters unrelated to the issuance of the Notes, Bond Counsel has been engaged by and only represents the City in the issuance of the Notes. Bond Counsel was not requested to participate, and 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 therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under captions “THE NOTES” (exclusive of subcaptions “Book-Entry-Only System” and “Noteholders’ Remedies”), “TAX MATTERS” and “CONTINUING DISCLOSURE OF INFORMATION” (exclusive of the subcaption “Compliance with Prior Undertakings”) and the subcaptions “Legal Opinion” (excluding the last two sentences of the first paragraph thereof), “Registration and Qualification of Obligations for Sale” and “Legal Investments and Eligibility to Secure Public Funds in Texas” under the caption “OTHER INFORMATION” in the Official Statement and such firm is of the opinion that the information relating to the Notes and the legal issues 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 Notes, such information conforms to the Ordinance. The legal opinion will accompany the Notes deposited with DTC or will be printed on the Notes in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas. The legal fees of such firm are contingent upon the sale and delivery of the Notes.

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

FINANCIAL ADVISOR . . . Specialized Public Finance Inc. is employed as Financial Advisor to the City in connection with the issuance of the Notes. The Financial Advisor’s fee for services rendered with respect to the sale of the Notes is contingent upon the issuance and delivery of the Notes. 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 Notes, 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.

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 of this Official Statement, less an underwriting discount of \$18,057.90. 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.

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 responsibility to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

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

Charles Addington, II
Mayor
City of Wolfforth, Texas

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

THE CITY

The City of Wolfforth is located on U.S. Highway 62/82 and shares a boundary with the City of Lubbock. The 2010 U.S. Census population for the City was 3,670. Area of the City is approximately 2.8 square miles.

The 2010 U.S. Census population of Lubbock County was 278,831. The County, located on the South Plains of West Texas, comprises the Lubbock Metropolitan Statistical Area and is traversed by Interstate Highway 27, U.S. Highways 62/82, 84, 87 and 385, State Highway 114 and a well-developed network of farm-to-market roads.

ECONOMY

Lubbock County is a highly mechanized agricultural area with a majority of the crops irrigated, approximately 230,000 acres, with water from underground sources. Principal crops are cotton (leading cotton producing County in Texas), grain sorghum, wheat, sunflowers, soybeans, hay, nursery and vegetables. Additional agricultural income comes from fed beef, cow-calf operations, poultry, eggs and hogs. Lubbock County is among the world's largest cotton seed processing centers. Several major seed companies are headquartered in Lubbock.

Over 200 manufacturing plants in Lubbock produce such products as semiconductors, vegetable oils, irrigation equipment and pipe, plastics products, farm equipment, paperboard boxes, custom millwork/shutters, foodstuffs, prefabricated homes, poultry and livestock feeds, boilers and pressure vessels, automatic sprinkler system heads, and structural steel fabrication.

LABOR FORCE ESTIMATES – LUBBOCK COUNTY

	July	Annual Averages			
	2021	2020	2019	2018	2017
Civilian Labor Force	159,652	156,625	158,134	157,225	156,160
Total Employment	151,741	147,629	153,680	152,414	151,185
Total Unemployment	7,911	8,996	4,454	4,811	4,975
Percent Unemployment	5.0%	5.7%	2.8%	3.1%	3.2%

Source: Texas Labor Market Information.

EDUCATION

Frenship Independent School District serves the City of Wolfforth providing curriculum for grades K-12. Higher education in Lubbock County is offered by Texas Tech University with law and medical schools; Lubbock Christian University, South Plains College; and Wayland Baptist University off-campus center.

APPENDIX B

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

The information contained in this APPENDIX consists of excerpts from the City of Wolfforth, 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.



City of Wolfforth, Texas

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

For the Year Ended September 30, 2020

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Introductory Section

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City of Wolfforth, Texas
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**City of Wolfforth, Texas
Official Roster
September 30, 2020**

<u>City Council</u>	
<u>Name</u>	<u>Title</u>
Mike Wright	Mayor
Randy Gross	Councilmember-Pro-Tem
Debbie Perkey	Councilmember
Corey Layman	Councilmember
Chris Powers	Councilmember
Rod Moore	Councilmember
<u>Administration</u>	
Darrell Newsom	City Manager
Lauren Field	City Secretary

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Financial Section

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
City of Wolfforth
Wolfforth, Texas

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wolfforth, 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 misstatements, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wolfforth, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows 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 on pages 12 through 19, the budgetary comparison for the general fund on page 87, the Governmental Accounting Standards Board (GASB) required pension and Other Post-Employment Benefit (OPEB) schedules on pages 88 through 96, and the notes to the required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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 City's financial statements that collectively comprise the City's basic financial statements. The introductory section is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Lubbock, Texas
May 21, 2021

City of Wolfforth, Texas Management's Discussion and Analysis

As management of the City of Wolfforth (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020. This discussion and analysis is designed to provide an objective and easy to read analysis of the City's financial activities based on currently known facts, decisions or conditions. It is intended to provide a broad overview using a short-term and long-term analysis of the City's activities based on information presented in the financial report and fiscal policies that have been adopted by the Council. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the adopted budget) and identify individual fund issues or concerns. As with other sections of this financial report, the information contained within this Management's Discussion and Analysis (MD&A) should be considered only as a part of the greater whole. The reader of this statement should take time to read and evaluate all sections of this report, including the notes that are provided in addition to this MD&A.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ending September 30, 2020 by \$8,201,824 (net position).
- The City's assets and deferred outflows increased by \$5,713,246 during the year and the liabilities and deferred inflows increased by \$5,374,213.
- The City's net position increased by \$339,033 for the year.
- The City continued to maintain its AA- rating for issuing debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements. The government-wide financial statements are designed to provide a broad overview of the City's finances, in a manner similar to private sector business. The two government-wide statements report the City's net position and how it has changed.

The statement of net position presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the City's financial position is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the year. All changes in net position are reported as soon as the event causing the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods (e.g., accounts receivable).

City of Wolfforth, Texas Management's Discussion and Analysis

The government-wide financial statements consist of the City (known as the primary government) and the Wolfforth Economic Development Corporation (the "EDC") for which the City is accountable. The EDC is reported separately from the financial information presented for the primary government.

In the statement of net position and the statement of activities, the City is divided into two kinds of activities:

- **Governmental activities** – Distinguish functions of the City that are principally supported by taxes and intergovernmental revenues. Most of the City's basic services are reported here, including the general administration, police, fire, streets, library, and parks. Property taxes, sales tax, and franchise fees finance most of these services.
- **Business-type activities** – Report functions of the City that are intended to recover all of a significant portion of their costs through user fees and charges. The City's activities related to the water, sewer, and sanitation systems are reported here.

The government-wide financial statements are presented on pages 22-25 of this report.

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

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

Because the focus of the 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 balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains three 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 balance for the General Fund and the Debt Service Fund, which are considered to be major funds. The City has only one non-major governmental fund, the Capital Projects Fund.

The City adopts an annual appropriations budget for its General Fund. A budgetary comparison statement has been provided for the General Fund on page 87.

The basic governmental financial statements can be found on pages 22-33 of this report.

City of Wolfforth, Texas Management's Discussion and Analysis

Proprietary Funds. The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and sanitation (solid waste disposals) services. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for health insurance. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position, while the net revenue (expenses) of the internal service fund is reported with governmental activities.

The proprietary fund financial statements provide information for the water, sewer, and sanitation (solid waste disposals) service fund as business-type activities. The information provided is the same type as the information in the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 34-39 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the audited financial statements. The notes can be found on pages 40-84 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 85-99 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Wolfforth, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$8,201,824 at September 30, 2020.

The largest portion of the City's net position (75 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding.

The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in 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 capital assets themselves cannot be used to liquidate these liabilities.

\$1,752,431 of the City's net position represents resources that are subject to external restrictions on how they may be used. The \$262,882 balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

City of Wolfforth, Texas Management's Discussion and Analysis

The following is a summary of the City's statement of net position.

September 30,	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 2,829,067	\$ 2,201,572	\$ 5,545,855	\$ 1,769,381	\$ 8,374,922	\$ 3,970,953
Capital assets, net	5,977,245	6,098,368	14,199,180	12,731,887	20,176,425	18,830,255
Total Assets	\$ 8,806,312	\$ 8,299,940	\$ 19,745,035	\$ 14,501,268	\$ 28,551,347	\$ 22,801,208
Deferred outflows of resources						
	\$ 323,505	\$ 327,101	\$ 152,244	\$ 185,541	\$ 475,749	\$ 512,642
Liabilities						
Current liabilities	\$ 700,481	\$ 628,267	\$ 1,453,032	\$ 1,269,894	\$ 2,153,513	\$ 1,898,161
Net pension liability	711,127	839,207	315,882	367,197	1,027,009	1,206,404
Total OPEB liability	39,424	54,935	17,750	23,663	57,174	78,598
Long-term liabilities	2,959,020	2,813,463	14,479,809	9,445,099	17,438,829	12,258,562
Total liabilities	\$ 4,410,052	\$ 4,335,872	\$ 16,266,473	\$ 11,105,853	\$ 20,676,525	\$ 15,441,725
Deferred inflows of resources						
	\$ 110,779	\$ 7,576	\$ 37,968	\$ 1,758	\$ 148,747	\$ 9,334
Net position						
Net investment						
in capital assets	\$ 3,261,760	\$ 3,291,597	\$ 2,924,751	\$ 2,522,466	\$ 6,186,511	\$ 5,814,063
Restricted	1,377,541	989,787	374,890	-	1,752,431	989,787
Unrestricted (deficit)	(30,315)	2,209	293,197	1,056,732	262,882	1,058,941
Total net position	\$ 4,608,986	\$ 4,283,593	\$ 3,592,838	\$ 3,579,198	\$ 8,201,824	\$ 7,862,791

At the end of the fiscal year, the City was able to report positive balances in net position, for the government as a whole, as well as for its separate governmental and business-type activities.

City of Wolfforth, Texas Management's Discussion and Analysis

The following is a summary of the City's statement of activities.

For the year ended September 30,	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues						
Charges for services	472,257	\$ 171,119	\$ 3,217,664	\$ 2,835,200	\$ 3,689,921	\$ 3,006,319
Operating grants and contributions	328,485	83,466	-	-	328,485	83,466
Capital grants and contributions	-	-	8,381	183,309	8,381	183,309
General revenues						
Property taxes	2,890,993	2,620,642	-	-	2,890,993	2,620,642
Sales and use taxes	822,761	694,688	-	-	822,761	694,688
Franchise taxes	267,294	256,543	-	-	267,294	256,543
Investment income	20,833	29,181	18,346	17,879	39,179	47,060
Other	627,867	472,975	118,624	118,984	746,491	591,959
Total revenues	\$ 5,430,490	\$ 4,328,614	\$ 3,363,015	\$ 3,155,372	\$ 8,793,505	\$ 7,483,986
Expenses						
General government	\$ 1,618,493	\$ 1,112,913	\$ -	\$ -	\$ 1,618,493	\$ 1,112,913
Public safety	1,478,307	1,438,437	-	-	1,478,307	1,438,437
Public works	262,927	285,421	-	-	262,927	285,421
Culture and recreation	354,958	337,173	-	-	354,958	337,173
Health and welfare	1,055,680	826,322	-	-	1,055,680	826,322
Interest and other charges	82,740	74,043	-	-	82,740	74,043
Water, sewer, and sanitation	-	-	3,659,590	3,403,629	3,659,590	3,403,629
Total expenses	\$ 4,853,105	\$ 4,074,309	\$ 3,659,590	\$ 3,403,629	\$ 8,512,695	\$ 7,477,938
Change in net position before transfers	\$ 577,385	\$ 254,305	\$ (296,575)	\$ (248,257)	\$ 280,810	\$ 6,048
Transfers in (out)	(251,992)	(287,104)	310,215	345,220	58,223	58,116
Change in net position	325,393	(32,799)	13,640	96,963	339,033	64,164
Net position - beginning, as originally stated	4,283,593	4,131,013	3,579,198	3,498,710	7,862,791	7,629,723
Restatement of net position	-	185,379	-	(16,475)	-	168,904
Net position - beginning, as restated	4,283,593	4,316,392	3,579,198	3,482,235	7,862,791	7,798,627
Net position - ending	\$ 4,608,986	\$ 4,283,593	\$ 3,592,838	\$ 3,579,198	\$ 8,201,824	\$ 7,862,791

City of Wolfforth, Texas Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balances of the General Fund is \$1,116,240. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 26.66 percent of total general fund expenditures.

Other Items. The Debt Service Fund has a total fund balance of \$700,152, all of which is restricted for the payment of debt service. The Capital Projects Fund has a total fund balance of \$681,474, all of which is restricted for spending towards capital projects.

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

Unrestricted net position at the end of the year for the Water, Sewer, and Sanitation Fund was \$293,197.

GENERAL FUND BUDGETARY HIGHLIGHTS

It is the practice of the City to budget very conservatively. Revenues in 2019-20 were \$622,115 more than budgeted with sales and use taxes and fines, fees & permits coming in at \$97,731 and \$82,350 more than budgeted. Additionally, the City received relief CARES Act relief funding (federal operating grant revenue) of \$313,885 that was not budgeted for. Actual expenses were \$322,609 less than budgeted primarily due to Capital Outlay expenditures being lower than anticipated by \$769,293. While the City budgeted \$745,508 of appropriated fund balance the City's actual change in fund balance was an increase of \$199,216.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2020 amounts to \$20,176,425 (net of depreciation). This investment in capital assets includes land, buildings, equipment, streets and water/sewer systems, and improvements other than buildings. Additional information on the City's capital assets can be found in note 6 of this report.

Long-term liabilities. The Debt Service Fund and Capital Projects Fund received a general obligation refunding bond and tax note in the amounts of \$1,095,000 and \$481,066, respectively. The Water and Sewer Fund received a certificate of obligation and tax notes in the amounts of \$4,635,000 and \$953,934, respectively, for the year ended September 30, 2020. Additional information on the City's long-term liabilities can be found in note 7 of this report.

City of Wolfforth, Texas Management's Discussion and Analysis

Long-Term Liabilities (Continued). At the end of the fiscal year, the City had total outstanding long-term debt of \$18,826,035. Included in the City's long-term debt are capital leases in the amount of \$773,568 for a fire truck and ambulance. The remainder of the long-term debt is in the form of certificates of obligation, tax notes, and bonds that were used to acquire and/or rehabilitate facilities to attract and/or retain businesses.

The City's long-term liabilities are summarized below:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Note Payable - Ambulance	\$ 86,199	\$ 126,991	\$ -	\$ -	\$ 86,199	\$ 126,991
Note Payable - Fire Truck	687,369	750,000	-	-	687,369	750,000
Certificate of Obligation Series 2010	-	1,305,000	-	-	-	1,305,000
Certificate of Obligation Series 2013	-	-	4,600,000	4,905,000	4,600,000	4,905,000
Certificate of Obligation Series 2017A	-	-	1,280,000	1,340,000	1,280,000	1,340,000
Certificate of Obligation Series 2020	-	-	4,635,000	-	4,635,000	-
Tax Notes Series 2013	-	38,540	-	8,460	-	47,000
Tax Notes Series 2015	82,356	123,240	76,644	113,760	159,000	237,000
Tax Notes Series 2016	-	-	306,000	404,000	306,000	404,000
Tax Notes Series 2016A	-	-	169,000	224,000	169,000	224,000
Tax Notes Series 2017B	339,200	419,200	190,800	235,800	530,000	655,000
Tax Note Series 2020	-	-	953,934	-	953,934	-
Tax Note Series 2020	481,066	-	-	-	481,066	-
General Obligation Refunding						
Bonds Series 2015	409,658	442,897	2,715,342	2,937,103	3,125,000	3,380,000
General Obligation Refunding						
Bonds Series 2020	1,095,000	-	-	-	1,095,000	-
Unamortized bond premiums	228,329	24,438	490,138	107,462	718,467	131,900
Totals	\$ 3,409,177	\$ 3,230,306	\$ 15,416,858	\$ 10,275,585	\$ 18,826,035	\$ 13,505,891

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Wolfforth is about to go into a growth mode never before experienced. Previously the Census Bureau projected growth to be at over 70%. That number may be conservative based on the number of undeveloped lots in new subdivisions.

The 20/21 budget year has proved to be very challenging. Key positions were turned over during the COVID-19 pandemic. The City Secretary, accounting, and all office positions except the Court Clerk turned over at the end of last FY or the beginning of this year. In the up and coming year, strong replacements in these positions should allow the office staff to be prepared for new challenges. Lauren Field, City Secretary, Cindy Lowery, Accounting, and Margarita Hernandez in utility billing all have experience that will greatly benefit the City. The hiring of Terri Robinette as Director of Planning and Community Development will help the office staff better serve the Development and Builder customers.

Challenges still exist in engineering with the Departure of the City Engineer. A new Project Engineer will be hired before the end of the FY and a new City Engineer will need to be hired in next year's budget.

City of Wolfforth, Texas Management's Discussion and Analysis

The City is facing an explosive growth pattern in terms of residential housing. The new Betenbough subdivision, The Harvest, will bring over 2,500 new residential lots online over the next 5 to 10 years. The Overlook subdivision will have over 400 lots, the Ironhorse at 300, Windsor at 90, Frenship Mesa II at 75 and Patterson Pointe at 50, will bring around 915 new homes over the next several years. These are incredible numbers considering the City currently serves around 2,200 water customers, both residential and commercial.

Additional personnel in Fire/EMS and the Police Department will be a high priority in future budget years to provide the safety and security that Wolfforth is known for and a major reason homeowners consider our City for their new home.

The Wolfforth EDC, armed with all of the information about this new growth will be in a strong position to recruit new business to town. Specific targets will be grocery and restaurants to better serve our new residents.

Infrastructure will be a major concern moving forward. Hydrology studies are underway to determine the best possibilities for additional water supplies. The current EDR water plant will be doubled in size to accommodate 3 million gallons of water per day. Plans are under formulation to build a new mechanical sewer plant to treat the sewer effluent created by all of these new homes.

Requests for Information. This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Darrell Newsom, at the City of Wolfforth, PO Box 36, Wolfforth, Texas.

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Basic Financial Statements

City of Wolfforth, Texas
Statement of Net Position

September 30, 2020	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Wolfforth Economic Development Corporation
Assets				
Current assets				
Cash and cash equivalents	\$ 2,151,946	\$ 4,960,458	\$ 7,112,404	\$ 1,072,052
Investments	50	1,528	1,578	-
Receivables, net				
Property taxes	69,629	-	69,629	-
Other taxes	157,989	-	157,989	76,460
Intergovernmental	247,412	-	247,412	-
Accounts receivable	-	398,361	398,361	-
Notes receivable	-	-	-	160,376
EMS fees	179,488	-	179,488	-
Miscellaneous	8,207	-	8,207	-
Prepaid assets	-	16,655	16,655	-
Internal Balances	13,896	(13,896)	-	-
Total current assets	2,828,617	5,363,106	8,191,723	1,308,888
Noncurrent assets				
Restricted cash and cash equivalents	450	182,749	183,199	-
Capital assets not being depreciated	503,636	2,622,930	3,126,566	-
Capital assets being depreciated	15,589,417	21,756,690	37,346,107	-
Less: accumulated depreciation	(10,115,808)	(10,180,440)	(20,296,248)	-
Total noncurrent assets	5,977,695	14,381,929	20,359,624	-
Total assets	8,806,312	19,745,035	28,551,347	1,308,888
Deferred outflows of resources				
Deferred outflows - refunding bonds	66,222	60,650	126,872	-
Deferred outflows - pension	229,205	80,171	309,376	-
Deferred outflows - OPEB	28,078	11,423	39,501	-
Total deferred outflows of resources	323,505	152,244	475,749	-
Total assets and deferred outflows of resources	\$ 9,129,817	\$ 19,897,279	\$ 29,027,096	\$ 1,308,888

The accompanying notes are an integral part of these financial statements.

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Wolfforth Economic Development Corporation
Liabilities				
Current liabilities				
Accounts payable	\$ 192,437	\$ 274,400	\$ 466,837	\$ -
Accrued payroll	24,736	5,588	30,324	-
Taxes payable	-	4,573	4,573	-
Accrued interest	6,049	36,220	42,269	-
Current portion of notes, bonds, and capital leases payable	459,701	1,120,246	1,579,947	-
Compensated absences	17,558	12,005	29,563	-
Total current liabilities	700,481	1,453,032	2,153,513	-
Noncurrent liabilities				
Claims payable	9,094	448	9,542	-
Customer deposits	450	182,749	183,199	-
Notes, bonds, and capital leases payable, net	2,949,476	14,296,612	17,246,088	-
Net pension liability	711,127	315,882	1,027,009	-
Total OPEB liability	39,424	17,750	57,174	-
Total noncurrent liabilities	3,709,571	14,813,441	18,523,012	-
Total liabilities	4,410,052	16,266,473	20,676,525	-
Deferred inflows of resources				
Deferred inflows - pensions	86,126	28,526	114,652	-
Deferred inflows - OPEB	24,653	9,442	34,095	-
Total deferred inflows of resources	110,779	37,968	148,747	-
Net position				
Net investment in capital assets	3,261,760	2,924,751	6,186,511	-
Restricted for				
Debt service	696,067	374,890	1,070,957	-
Capital projects	681,474	-	681,474	-
Unrestricted (deficit)	(30,315)	293,197	262,882	1,308,888
Total net position	4,608,986	3,592,838	8,201,824	1,308,888
Total liabilities, deferred inflows, and net position	\$ 9,129,817	\$ 19,897,279	\$ 29,027,096	\$ 1,308,888

The accompanying notes are an integral part of these financial statements.

City of Wolfforth, 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	\$ 1,618,493	\$ 430,374	\$ 313,885
Public safety	1,478,307	7,414	14,600
Public works	262,927	1,522	-
Culture and recreation	354,958	32,676	-
Health and welfare	1,055,680	271	-
Interest and other charges	82,740	-	-
Total governmental activities	4,853,105	472,257	328,485
Business-type activities			
Water	1,902,006	2,001,224	-
Sewer	1,164,845	576,029	-
Sanitation	592,739	640,411	-
Total business-type activities	3,659,590	3,217,664	-
Total primary government	\$ 8,512,695	\$ 3,689,921	\$ 328,485
Component unit			
Economic development	\$ 126,241	\$ -	\$ -

General revenues and transfers

Taxes

Property taxes

Sales and use taxes

Franchise taxes

Fines and penalty revenue

Fines, fees and permits

Fire and EMS revenue

Investment income

Other revenue

Donations

Gain on disposal of assets

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position

Program Revenues		Primary Government			Component Unit
Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Wolfforth Economic Development Corporation	
\$ -	\$ (874,234)	\$ -	\$ (874,234)	\$ -	-
-	(1,456,293)	-	(1,456,293)	-	-
-	(261,405)	-	(261,405)	-	-
-	(322,282)	-	(322,282)	-	-
-	(1,055,409)	-	(1,055,409)	-	-
-	(82,740)	-	(82,740)	-	-
-	(4,052,363)	-	(4,052,363)	-	-
8,381	-	107,599	107,599	-	-
-	-	(588,816)	(588,816)	-	-
-	-	47,672	47,672	-	-
8,381	-	(433,545)	(433,545)	-	-
<u>\$ 8,381</u>	<u>(4,052,363)</u>	<u>(433,545)</u>	<u>(4,485,908)</u>		<u>-</u>
<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>(126,241)</u>
	2,890,993	-	2,890,993	-	-
	822,761	-	822,761	411,381	-
	267,294	-	267,294	-	-
	-	64,903	64,903	-	-
	235,450	-	235,450	-	-
	352,026	-	352,026	-	-
	20,833	18,346	39,179	6,696	-
	39,626	21,143	60,769	17,000	-
	765	-	765	-	-
	-	32,578	32,578	-	-
	(251,992)	310,215	58,223	(58,223)	-
	<u>4,377,756</u>	<u>447,185</u>	<u>4,824,941</u>	<u>376,854</u>	-
	325,393	13,640	339,033	250,613	-
	<u>4,283,593</u>	<u>3,579,198</u>	<u>7,862,791</u>	<u>1,058,275</u>	-
	<u>\$ 4,608,986</u>	<u>\$ 3,592,838</u>	<u>\$ 8,201,824</u>	<u>\$ 1,308,888</u>	-

The accompanying notes are an integral part of these financial statements.

**City of Wolfforth, Texas
Balance Sheet
Governmental Funds**

September 30, 2020	General Fund	Debt Service Fund
Assets		
Cash and cash equivalents	\$ 820,779	\$ 604,292
Investments	50	-
Receivables, net		
Property taxes	49,375	20,254
Other taxes	157,989	-
Intergovernmental	247,412	-
EMS fees	179,488	-
Miscellaneous	8,207	-
Due from other funds	-	95,860
Total assets	\$ 1,463,300	\$ 720,406
Liabilities, deferred inflows of resources, and fund balances		
Liabilities		
Accounts payable	\$ 192,437	\$ -
Accrued payroll	24,736	-
Due to other funds	76,700	-
Customer deposits	450	-
Total liabilities	294,323	-
Deferred inflows of resources		
Unavailable revenue - property taxes	52,737	20,254
Total deferred inflows of resources	52,737	20,254
Fund balances		
Restricted		
Debt service	-	700,152
Capital projects	-	-
Unassigned	1,116,240	-
Total fund balances	1,116,240	700,152
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,463,300	\$ 720,406

The accompanying notes are an integral part of these financial statements.

Capital Projects Fund	Total Governmental Funds
\$ 686,738	\$ 2,111,809
-	50
-	69,629
-	157,989
-	247,412
-	179,488
-	8,207
-	95,860
<u>\$ 686,738</u>	<u>\$ 2,870,444</u>

\$ -	\$ 192,437
-	24,736
5,264	81,964
-	450
<u>5,264</u>	<u>299,587</u>

-	72,991
<u>-</u>	<u>72,991</u>

-	700,152
681,474	681,474
-	1,116,240
<u>681,474</u>	<u>2,497,866</u>

<u>\$ 686,738</u>	<u>\$ 2,870,444</u>
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The accompanying notes are an integral part of these financial statements.

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City of Wolfforth, Texas
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position

September 30, 2020

Amounts reported for governmental activities in the statement of net position are different because	
Fund balances - total governmental funds	\$ 2,497,866
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	5,977,245
Certain taxes receivable are not considered "available" revenues and are considered to be unearned revenue in the fund financial statements, but are considered revenue in the statement of activities	
Unavailable revenue - property taxes	72,991
Deferred outflows and inflows of resources are applicable to future periods and therefore, are not reported in funds	
Deferred outflows - refunding bonds	66,222
Deferred outflows - pensions	229,205
Deferred outflows - OPEB	28,078
Deferred inflows - pensions	(86,126)
Deferred inflows - OPEB	(24,653)
Some liabilities, including bonds payable, certificates of obligation, tax notes, accrued compensated absences, net pension liability, total OPEB liability, and accrued interest are not due and payable in the current period and, therefore, are not reported in the funds	
Accrued interest	(6,049)
Compensated absences	(17,558)
Notes, bonds, and capital leases payable	(3,409,177)
Net pension liability	(711,127)
Total OPEB liability	(39,424)
The City uses an internal service fund to charge the costs of insurance to appropriate functions in other funds. The assets and liabilities of the internal service fund attributable to the fund are included in the statement of net position	31,493
Total net position of governmental activities	\$ 4,608,986

The accompanying notes are an integral part of these financial statements.

City of Wolfforth, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Year Ended September 30, 2020	General Fund	Debt Service Fund
Revenues		
Taxes		
Property taxes	\$ 2,151,614	\$ 749,271
Sales and use taxes	822,761	-
Franchise taxes	267,294	-
Federal operating grants	313,885	-
State operating grants	14,600	-
Charges for services	176,286	-
Fines, fees and permits	235,450	-
Fire and EMS revenue	352,026	-
Investment income	11,841	4,040
Other revenue	39,626	-
Donations	765	-
Total revenues	4,386,148	753,311
Expenditures		
Current		
General government	1,170,639	-
Public safety	1,122,447	-
Public works	62,224	-
Culture and recreation	329,080	-
Health and welfare	1,055,680	-
Capital outlay	343,439	-
Debt service		
Principal	103,423	322,663
Interest and other charges	-	125,081
Total expenditures	4,186,932	447,744
Excess (deficiency) of revenues over expenditures	199,216	305,567
Other financing sources (uses)		
Loan proceeds	-	-
Payment to refunded bond Escrow	-	(1,177,823)
Proceeds from debt issuance premiums	-	145,040
Proceeds from refunding bonds	-	1,095,000
Transfers (out)	-	(251,992)
Total other financing sources (uses)	-	(189,775)
Net change in fund balances	199,216	115,792
Fund balances, beginning	917,024	584,360
Fund balances, ending	\$ 1,116,240	\$ 700,152

The accompanying notes are an integral part of these financial statements.

<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ -	\$ 2,900,885
-	822,761
-	267,294
-	313,885
-	14,600
-	176,286
-	235,450
-	352,026
4,625	20,506
-	39,626
-	765
4,625	5,144,084
10,616	1,181,255
-	1,122,447
-	62,224
-	329,080
-	1,055,680
254,929	598,368
-	426,086
20,186	145,267
285,731	4,920,407
(281,106)	223,677
481,066	481,066
-	(1,177,823)
76,087	221,127
-	1,095,000
-	(251,992)
557,153	367,378
276,047	591,055
405,427	1,906,811
\$ 681,474	\$ 2,497,866

The accompanying notes are an integral part of these financial statements.

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City of Wolfforth, 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 change in fund balances - total governmental funds	\$ 591,055
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 expenditures recorded in capital outlay	598,368
Depreciation expense	(715,885)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds	
Property taxes	(9,892)
Governmental funds report pension and other post-employment benefit contributions as expenditures. However, in the statement of activities, the cost of pension and other post-employment benefits earned net of employee contributions is reported as pension or OPEB expense	
Pension related expense	(13,640)
OPEB related expense	(4,114)
The issuance of long-term debt (e.g. bonds, notes, leases) 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.	
Loan proceeds	(481,066)
Payment to refunded bond escrow	1,177,823
Proceeds from debt issuance premiums	(221,127)
Proceeds from refunding bonds	(1,095,000)
Debt service principal payments	426,086
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Accrued compensated absences	6,062
Amortization of debt issuance premiums	17,236
Amortization of deferred amount on refunding	(4,428)
Miscellaneous costs on refunding	52,545
The City uses an internal service fund to charge the costs of insurance to individual funds. The adjustment is needed to reflect the consolidation of the internal service fund in the governmental activities	
	1,370
Change in net position of governmental activities	\$ 325,393

The accompanying notes are an integral part of these financial statements.

City of Wolfforth, Texas
Statement of Net Position
Proprietary Funds

	Business-Type Activities	Governmental Activities
	Water, Sewer and Sanitation Fund	Self-Insurance Fund
September 30, 2020		
Assets		
Current assets		
Cash and cash equivalents	\$ 4,960,458	\$ 40,587
Investments	1,528	-
Accounts receivable, net	398,361	-
Due from other funds	12,214	-
Prepaid assets	16,655	-
Total current assets	5,389,216	40,587
Noncurrent assets		
Restricted cash and cash equivalents	182,749	-
Capital assets not being depreciated	2,622,930	-
Capital assets being depreciated	21,756,690	-
Less: accumulated depreciation	(10,180,440)	-
Total noncurrent assets	14,381,929	-
Total assets	19,771,145	40,587
Deferred outflows of resources		
Deferred outflows - refunding bonds	60,650	-
Deferred outflows - pension	80,171	-
Deferred outflows - OPEB	11,423	-
Total deferred outflows of resources	152,244	-
Total assets and deferred outflows of resources	\$ 19,923,389	\$ 40,587

The accompanying notes are an integral part of these financial statements.

	Business-Type Activities	Governmental Activities
	Water, Sewer and Sanitation Fund	Self-Insurance Fund
Liabilities		
Current liabilities		
Accounts payable	\$ 274,400	\$ -
Accrued payroll	5,588	-
Taxes payable	4,573	-
Accrued interest payable	36,220	-
Due to other funds	26,110	-
Current portion of notes and bonds payable	1,120,246	-
Compensated absences	12,005	-
Total current liabilities	1,479,142	-
Noncurrent liabilities		
Claims payable	448	9,094
Customer deposits	182,749	-
Notes and bonds payable, net	14,296,612	-
Net pension liability	315,882	-
Total OPEB liability	17,750	-
Total noncurrent liabilities	14,813,441	9,094
Total liabilities	16,292,583	9,094
Deferred inflows of resources		
Deferred inflows - pension	28,526	-
Deferred inflows - OPEB	9,442	-
Total deferred inflows of resources	37,968	-
Net position		
Net investment in capital assets	2,924,751	-
Restricted for debt service	374,890	-
Unrestricted	293,197	31,493
Total net position	3,592,838	31,493
Total liabilities, deferred inflows of resources, and net position	\$ 19,923,389	\$ 40,587

The accompanying notes are an integral part of these financial statements.

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City of Wolfforth, Texas
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds

	Business-Type Activities	Governmental Activities
	Water, Sewer and Sanitation Fund	Self-Insurance Fund
For the Year Ended September 30, 2020		
Operating revenues		
Water sales	\$ 1,942,843	\$ -
Sewer	489,014	-
Sanitation	640,411	-
Contributions	-	295,971
Fines and penalty revenue	64,903	-
Water and sewer taps	87,015	-
Rentals	58,381	-
Other Revenue	21,143	-
Total operating revenues	3,303,710	295,971
Operating expenses		
Personnel services	727,675	-
Supplies	240,698	-
Contractual	499,524	-
Depreciation	1,092,205	-
Landfill fees	592,739	-
Claims expense	-	58,491
Premiums	-	236,437
Other operating costs	101,724	-
Total operating expenses	3,254,565	294,928
Operating income (loss)	49,145	1,043
Non-operating revenues (expenses)		
Grant revenue	8,381	-
Gain on disposal of assets	32,578	-
Interest expense	(239,886)	-
Interest income	18,346	327
Debt issuance costs	(165,139)	-
Total non-operating revenues (expenses)	(345,720)	327
Income (loss) before contributions and transfers	(296,575)	1,370
Transfers in	310,215	-
Change in net position	13,640	1,370
Net position, beginning	3,579,198	30,123
Net position, end of year	\$ 3,592,838	\$ 31,493

The accompanying notes are an integral part of these financial statements.

City of Wolfforth, Texas
Statement of Cash Flows
Proprietary Funds

	Business-type Activities	Governmental Activities
For the Year Ended September 30, 2020	Water, Sewer and Sanitation Fund	Self-Insurance Fund
Cash flows from operating activities		
Cash received from customers	\$ 3,264,571	\$ -
Cash received for premiums and claims	-	295,971
Cash payments to suppliers	(1,387,260)	(294,928)
Cash payments to employees	(725,221)	-
Net cash provided by operating activities	1,152,090	1,043
Cash flows from noncapital financing activities		
Transfers and interfund activity	340,118	-
Net cash provided by noncapital financing activities	340,118	-
Cash flows from investing activities		
Interest on investments	18,346	327
Net cash (used) provided by investing activities	18,346	327
Cash flows from capital and related financing activities		
Acquisition of capital assets	(2,587,916)	-
Capital grants	8,381	-
Interest paid	(224,559)	-
Debt issuance cost	(165,139)	-
Proceeds from sale of capital assets	60,996	-
Proceeds from issuance of long-term debt	5,995,760	-
Principal payments on bonds, loans, and notes payable	(854,487)	-
Net cash provided by capital and related financing activities	2,233,036	-
Net increase in cash and cash equivalents	3,743,590	1,370
Cash and cash equivalents - beginning of year	1,399,617	39,217
Cash and cash equivalents - end of year	\$ 5,143,207	\$ 40,587
Cash and cash equivalents		
Cash	\$ 4,960,458	\$ 40,587
Restricted cash	182,749	-
Total cash and cash equivalents	\$ 5,143,207	\$ 40,587

The accompanying notes are an integral part of these financial statements.

**City of Wolfforth, Texas
Statement of Cash Flows
Proprietary Funds**

	Business-type Activities	Governmental Activities
For the Year Ended September 30, 2020	Water, Sewer and Sanitation Fund	Self-Insurance Fund
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ 49,145	\$ 1,043
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	1,092,205	-
Noncash pension and OPEB expense	3,640	-
Changes in assets, liabilities and deferred outflows of resources		
Accounts receivable, net	(55,494)	-
Prepaid assets	1,346	-
Accounts payable	45,631	-
Accrued payroll expenses	(2,391)	-
Taxes payable	1,383	-
Accrued compensated absences	(178)	-
Claims payable	448	-
Customer deposits	16,355	-
Net cash provided (used) by operating activities	\$ 1,152,090	\$ 1,043

The accompanying notes are an integral part of these financial statements.

City of Wolfforth, Texas

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Wolfforth, Texas (the "City") was established in 1916 under the Constitution of the State of Texas and has adopted the Home Rule Charter (Vernon's Ann. Civ. St. art. et. seq.) on July 25, 1966. The City operates under a council-manager form of government and provides the following services authorized by its charter: public safety (police, fire, and ambulance), highways and streets, sanitation, public improvements (water and sewer systems), planning and zoning, and general administrative services.

The City is a municipal corporation governed by an elected mayor and five-member council. The accompanying financial statements present the City and its discretely presented component unit, an entity for which the City is considered to be financially accountable.

This summary of significant accounting policies of the City is presented to assist in the understanding of City's financial statements. The financial statements and notes are the representation of City's management who is responsible for their integrity and objectivity. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

Reporting Entity

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

In evaluating how to define the City for financial reporting purposes management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, and GASB Statement No. 80. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

City of Wolfforth, Texas Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the City has one component unit required to be reported under GASB Statements No. 14, No. 39, No. 61, and No. 80.

Discretely Presented Component Unit

The Wolfforth Economic Development Corporation (the “EDC”) was formed to provide economic growth in the City. The governing board of the EDC is appointed by the City Council. The City has assigned one-third of its sales tax revenues to the EDC for future economic development. The EDC is reported as a discretely presented component unit in the statement of net position and statement of activities.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from its legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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.

City of Wolfforth, Texas Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. 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 of time, reimbursement and contingencies imposed by the provider are met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of account, 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 government 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 the related fund 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, franchise taxes, charges for services, fines, fees and permits, fire and EMS revenue, and investment income 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, subject to the availability criterion. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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. Separate financial statements are provided for governmental funds.

As discussed earlier, the City has one discretely presented component unit. While the EDC is considered to be a major component unit, it is nevertheless shown in separate column in the government-wide financial statements.

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 and other charges between the various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

City of Wolfforth, Texas Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Under the requirements of GASB Statement No. 34, the City is required to present certain governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Debt Service Fund* is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The City reports the following nonmajor governmental fund:

The *Capital Projects Fund* is used to account for funds received which have been restricted for use in acquiring, constructing, and equipping improvements to City facilities; acquiring vehicles and equipment; and other costs associated with such capital purchases.

The City reports the following major proprietary fund:

The *Water, Sewer and Sanitation Fund* accounts for operation of the City water, sewer utility, and trash collection and disposal. Activities of the fund include administration, operation and maintenance of the water and sewer system, solid waste pickup, as well as billing and collection activities. The fund also accounts for the accumulation of resources for, and payment of, long-term debt principal and interest for debt. All costs are financed through charges made to utility customers.

The City reports the following internal service fund:

The *Self-Insurance Fund* accounts for the resources utilized to provide limited self-insurance for the employee's health insurance. The fund receives monies from the general and water, sewer and sanitation funds to pay claims and premiums for the benefit of the employees.

During the course of operations, the City has activity between funds for various purposes. Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds.

City of Wolfforth, Texas

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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 are eliminated so that only the net amount is included as internal balances in the governmental activities column. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." 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.

Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Fund Equity

Deposits and Investments

The City's cash, cash equivalents, and investments are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition, including restricted assets.

Receivables and Payables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, property taxes are recorded as revenue when levied net of estimated refunds and uncollectible amounts. All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Trade accounts receivable in the water, sewer and sanitation fund that are delinquent for more than ninety days at year-end comprise the trade accounts.

Ad valorem property taxes are levied each October 1, in conformity with Subtitle E, Texas Property Tax Code. The taxes are levied from valuations assessed as of the prior January 1. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1. Tax liens are automatic on January 1 each year.

Interfund Activities and Transactions

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses.

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting funds and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

City of Wolfforth, Texas Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Fund Equity (Continued)

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Prepaid Assets

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items are recorded as expenditures/expenses when consumed.

Restricted Assets

Certain assets of the City are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements and in the proprietary funds financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$2,500 and an estimated useful life of one year or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of governmental activities and proprietary funds is included as part of the capitalized value of the assets constructed.

City of Wolfforth, Texas
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Fund Equity (Continued)

Property, plant and equipment of the governmental activities, business-type activities, and enterprise funds are depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	7 - 40 years
Streets and infrastructure	25 years
Office furniture and equipment	3 - 15 years
Water and sewer system	5 - 50 years
Vehicles, equipment, and machinery	5 - 15 years
Library books and equipment	5 - 15 years

Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The City has items that qualify for reporting in this category in both the governmental and business-type activities, which arise due to the requirements of GASB 68 and 75 and relate to the net pension liability and total OPEB liability.

These amounts are reported as deferred outflows and amortized into pension and OPEB expense over the average remaining service life of employees. Deferred outflows related to net pension liability and total OPEB liability are further detailed in notes 9 and 10, respectively. Additionally, the City has one type of item related to the refunding general obligation bond described in note 7.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and fund balance sheets reports separate sections for deferred inflows of resources. This separate financial statement element 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. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The City has one type of deferred inflow which arises under the modified accrual basis of accounting that qualifies for reporting in this category. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The item, unavailable revenue - property taxes is reported only in the governmental funds balance sheet.

City of Wolfforth, Texas
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Fund Equity (Continued)

In addition, the City has items present on the statement of net position for both the governmental and business-type activities, which arise due to the requirements of GASB 68 and 75 and relate to the net pension liability and total OPEB liability. These amounts are reported as deferred inflows and amortized into pension and OPEB expense over the average remaining service life of employees. Deferred inflows related to net pension liability and total OPEB liability are further detailed in notes 9 and 10, respectively.

Accrued Payroll

Accrued payroll is comprised of the payroll expenditures based on amounts earned by the employees through September 30, 2020, along with accruals for applicable fringe benefits.

Liability for Incurred Claims (claims payable)

The liability for incurred claims represents estimated claims incurred but unpaid for the employee's group medical insurance at September 30, 2020. The estimate includes claims reported as well as claims incurred but not reported at year end. The City bases its estimate on prior claims history.

Compensated Absences

It is the City's policy to permit regular full-time employees to accumulate a limited amount of earned but unused vacation benefits. Benefits are accrued as follows:

<u>Length of Service</u>	<u>Annual Vacation Leave Earned</u>
1 year	80 hours
11 – 15 years	120 hours
16 – 20 years	140 hours
21 – 25 years	160 hours
Every 5 years thereafter	20 additional hours

Certified full time police officers shall receive 84 hours of vacation leave annually. Temporary employees and part-time employees do not earn vacation leave.

When an employee leaves the service of the City, he or she may be paid for any unused vacation leave in his or her account at time of separation. The rate of pay is determined by the salary rate in effect at the time of termination. Unused sick leave is canceled upon termination of employment without compensation of the employee.

City of Wolfforth, Texas Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Fund Equity (Continued)

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 statements of net position. For bonds issued after GASB Statement No. 34 was implemented, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year incurred. For fund financial reporting, governmental fund types recognize bond premiums, discounts, as well as issuance costs, 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. Issuances cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Insurance costs, if any, are recorded as prepaid insurance and amortized over the term of the respective bond and certificate of obligation using the straight line method.

Pensions

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

The City also provides its volunteer firefighters a pension which is administered through the Texas Emergency Services Retirement System (TESRS) and is accounted for in a similar manner.

Other Post-Employment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEBs, and net OPEB expense, information about the Texas Municipal Retirement System - Supplemental Death Benefit Plan 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 benefit terms. Investments are reported at fair value.

City of Wolfforth, Texas Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Fund Equity (Continued)

Fund Balance Classification Policies and Procedures

In the fund financial statements, governmental funds report the following classifications of fund balance:

Committed Fund Balance - The City's highest level of decision-making authority is the City Council. The formal action that is required to be taken to establish a fund balance commitment is the City Council action through ordinance or resolution.

Assigned Fund Balance - The City Council or an official or body to which the City Council delegates the authority is authorized to assign amounts to a specific purpose. The City Council has authorized the City Manager as the City Official responsible for the assignment of fund balance. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Nonspendable Fund Balance - Includes amounts that are not in a spendable form or are required to be maintained intact. At September 30, 2020, the City had no nonspendable fund balance categorized in the governmental funds.

Restricted Fund Balance - Includes amounts constrained for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of another government. At September 30, 2020, the City has presented restricted fund balance on the governmental funds balance sheet in the amount of \$1,381,626 for various City programs and operations as restricted by enabling legislation. The details of these fund balance items are located on the governmental funds balance sheet.

Unassigned Fund Balance - All amounts not included in other spendable classifications.

For the classification of fund balances, the City considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the City considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. When expenditures are incurred for purposes for which amounts in any of the spendable fund balance classification could be used, it is the City's policy to use committed amounts first, followed by assigned amounts and then unassigned amounts.

City of Wolfforth, Texas Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Fund Equity (Continued)

Net Position

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

Net Investment in Capital Assets - This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The City had \$627,470 of unspent bond and note proceeds as of September 30, 2020 related to the capital project fund and \$4,081,779 related to the water, sewer, and sanitation fund, which are included as a components of net investment in capital assets.

Restricted Net Position - Net position is reported as restricted when constraints placed on net position use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position - Net position that does not meet the definition of “net investment in capital assets” or “restricted.”

Revenues and Expenditures/Expenses

Program revenues included in the statement of activities are derived directly from the program itself or from parties outside the City’s taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the City’s general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of City facilities, etc., (b) program-specific operating grants, which include revenues received from state and federal sources, to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state and federal sources to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The City reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. The City does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the statement of activities.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred, all other grant requirements have been met and the availability criterion have been met.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

City of Wolfforth, Texas Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the City are management's estimate of depreciation on assets over their estimated useful lives, the current portion of accrued compensated absences, the allowance for doubtful accounts for various types of receivables, the liability for incurred claims, and the allocation of long-term liabilities between the governmental and business-type activities. Actuarial estimates are included in the calculation of net pension liability, total OPEB liability, and related pension and OPEB amounts.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 21, 2021. See Note 13 for relevant disclosure(s). No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

The City has implemented GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* which became effective immediately upon issuance by GASB in May 2020. This Statement provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of Statements No. 84, 89, 90, 91, 92, and 93 by twelve months and Statement No. 87 by eighteen months.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In January 2017, GASB Statement No. 84, *Fiduciary Activities*. This Statement seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 will be effective for the fiscal year beginning after December 15, 2019. (This new effective date reflects the immediate implementation of GASB Statement No. 95.)

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

City of Wolfforth, Texas Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. (This new effective date reflects the immediate implementation of GASB Statement No. 95.)

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. (This new effective date reflects the immediate implementation of GASB Statement No. 95.)

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. (This new effective date reflects the immediate implementation of GASB Statement No. 95.) The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. (This new effective date reflects the immediate implementation of GASB Statement No. 95.)

In January 2020, GASB Statement No. 92, *Omnibus 2020*, was issued. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature.

City of Wolfforth, Texas Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

More comparable reporting will improve the usefulness of information for users of state and local government financial statements. The requirements of this statement are effective periods beginning after June 15, 2021. (This new effective date reflects the immediate implementation of GASB Statement No. 95.) Earlier application is encouraged and is permitted by topic.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The exceptions to the existing provisions for hedge accounting termination and lease modifications in this Statement will reduce the cost of the accounting and financial reporting ramifications of replacing IBORs with other reference rates. The reliability and relevance of reported information will be maintained by requiring that agreements that effectively maintain an existing hedging arrangement continue to be accounted for in the same manner as before the replacement of a reference rate. As a result, this Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. (This new effective date reflects the immediate implementation of GASB Statement No. 95.)

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The requirements of this Statement will provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 14, 2022. Earlier application is encouraged.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, an amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32.

City of Wolfforth, Texas

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

The requirements of this Statement will exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021. Earlier application is encouraged.

The City is evaluating the requirements of the above statements and the impact on reporting.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The City operates on a twelve-month fiscal year which begins on October 1. The City Manager is the budget officer and submits a budget of estimated revenues and expenditures to the City Council. Upon receipt of the budget estimates the City Council holds a budget workshop and a public budget hearing. Prior to October 1, the budget is legally enacted through approval by the City Council. Once approved, the Council may amend the legally adopted budget by a majority vote when unexpected modifications are required in estimated revenues and appropriations. In addition to the legally adopted budget the Council approves payment of expenditures at each monthly Council meeting.

Governmental fund budgets are prepared on the GAAP basis, excluding encumbrances, and secure appropriation of funds for only one year. Proprietary fund budgets are also prepared on the GAAP basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year and include debt principal retirements and capital outlays as expenses.

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. The legal level of control is the total expenditures of the budgeted funds. Expenditures may not exceed appropriations at the total levels. Within these control levels, management may transfer appropriations between line items without Council approval.

The accompanying statement of revenues, expenditures and changes in fund balance – budget (GAAP basis) and actual present comparisons of the legally adopted budget with actual data on the modified accrual basis.

City of Wolfforth, Texas
Notes to Financial Statements

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgetary Information (Continued)

Budget Variance

At fiscal year-end, the City did not exceed its budget in the following funds:

	Final Budget	Actual Expenditures	Under- Expenditure Variance
General Fund	\$ 4,509,541	\$ 4,186,932	\$ 322,609

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

NOTE 3: DEPOSITS AND INVESTMENTS

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of the State of Texas, and its agencies. The market value of pledged collateral must fully cover uninsured deposits. The City's and the component unit's deposits were fully secured at the balance sheet date by FDIC coverage and pledged securities as of September 30, 2020.

Reconciliation of Cash and Cash Equivalents

City of Wolfforth

Cash and cash equivalents	\$ 7,112,404
Restricted cash and cash equivalents	183,199
Total cash and cash equivalents	7,295,603
Plus: outstanding checks	65,399
Less: outstanding deposits	(22,684)
Less: petty cash	(350)
Bank balance of deposits	\$ 7,337,968

Economic Development Corporation:

Cash and cash equivalents	\$ 1,072,052
Total cash and cash equivalents	1,072,052
Plus: outstanding checks	-
Bank balance of deposits	\$ 1,072,052

City of Wolfforth, Texas
Notes to Financial Statements

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments

Custodial Credit Risk – Deposits - Custodial credit risk is the risk that in the event of a bank or financial institution failure, the City’s investments may not be returned to it. The City minimizes this risk by investing in certificates of deposit, which are fully insured or collateralized in the TexPool investment pool, which is rated AAAM by Standards & Poor’s.

TexPool 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. All investments of the TexPool are stated at amortized cost, which approximates the market value of the securities. The objective of TexPool is to maintain a stable \$1.00 net asset value; however, the \$1.00 net asset value is not guaranteed or insured by the State of Texas.

Credit Risk – Investments - The City controls credit risk by limiting its investments to those described above, which are permitted by the Texas Public Funds Investment Act.

Interest Rate Risk – Investments - The City manages interest rate risk by diversifying its portfolio and limiting its investments to the relatively low risk investments described above.

The City’s investments at September 30, 2020 include the following:

Investment	Credit Rating	Average Maturities	Balance at September 30, 2020
City of Wolfforth			
Tex-Pool	AAAM	60 days	\$ 1,578
Total investments			\$ 1,578

Fair Value Measurement

All of the City’s investments are either checking accounts or external investment pools, which are not subject to fair value measurement in accordance with GASB 72.

City of Wolfforth, Texas
Notes to Financial Statements

NOTE 4: RECEIVABLES

Receivables as of September 30, 2020, are as follows:

Governmental Activities

	General Fund	Debt Service Fund	Total
Property taxes	\$ 59,021	\$ 20,254	\$ 79,275
Other taxes			
Sales taxes	157,989	-	157,989
Intergovernmental			
Federal operating grants	247,412	-	247,412
EMS fees	179,488	-	179,488
Miscellaneous	32,750	-	32,750
<hr/>			
Less allowance for doubtful accounts:			
Property taxes	(9,646)	-	(9,646)
Miscellaneous	(24,543)	-	(24,543)
Totals	\$ 642,471	\$ 20,254	\$ 662,725

Business-Type Activities

	Water, Sewer and Sanitation Fund
Water, sewer and sanitation sales	\$ 853,890
Less: Allowance for doubtful accounts	(444,564)
Totals	\$ 409,326

Economic Development Corporation

	Wolfforth Economic Development Corporation
Sales taxes	\$ 76,460
Notes receivable	160,376
Totals	\$ 236,836

City of Wolfforth, Texas
Notes to Financial Statements

NOTE 4: RECEIVABLES (Continued)

The EDC has issued various notes receivable to aid local economic growth. The terms of the notes include provisions for interest at 0-3% per annum with repayment periods of between 10-16 years. Total payments on notes receivable received for the year ended September 30, 2020 were \$7,907.

NOTE 5: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances for the City's individual major funds and nonmajor funds at September 30, 2020, is as follows:

Due from	Due to	Amount
General	Debt Service	\$ 64,486
Water, Sewer and Sanitation	Debt Service	26,110
General	Water, Sewer and Sanitation	12,214
Capital Projects	Debt Service	5,264
	Total	\$ 108,074

The composition of interfund transfers for the City's individual major funds and nonmajor funds at September 30, 2020, is as follows:

Transfer In	Transfer Out	Amount
Water, Sewer and Sanitation	Debt Service	\$ 251,992
Water, Sewer and Sanitation	Economic Development Corp.	58,223
Total		\$ 310,215

City of Wolfforth, Texas
Notes to Financial Statements

NOTE 6: CAPITAL ASSETS

The following is a summary of capital assets and changes occurring during the year ended September 30, 2020. Land and Construction in Progress are not subject to depreciation.

Governmental Activities

	Beginning Balance September 30, 2019	Additions	Deletions	Ending Balance September 30, 2020
Capital assets not being depreciated				
Land	\$ 403,537	\$ 100,099	\$ -	\$ 503,636
Total non-depreciable assets	403,537	100,099	-	503,636
Capital assets being depreciated	-			
Buildings and improvements	4,086,311	9,515	-	4,095,826
Streets and infrastructure	4,982,869	147,598	-	5,130,467
Office furniture and equipment	234,305	8,083	-	242,388
Vehicles, equipment, and machinery	5,468,333	329,031	-	5,797,364
Library books and equipment	336,253	4,042	(16,923)	323,372
Total capital assets being depreciated	15,108,071	498,269	(16,923)	15,589,417
Total capital assets	15,511,608	598,368	(16,923)	16,093,053
Accumulated depreciation				
Buildings and improvements	1,665,333	100,781	-	1,766,114
Streets and infrastructure	3,972,448	183,237	-	4,155,685
Office furniture and equipment	209,797	10,142	-	219,939
Vehicles, equipment, and machinery	3,335,204	397,016	-	3,732,220
Library books and equipment	230,458	24,709	(13,317)	241,850
Total accumulated depreciation	9,413,240	715,885	(13,317)	10,115,808
Governmental activities capital assets, net	\$ 6,098,368	\$ (117,517)	\$ (3,606)	\$ 5,977,245

Depreciation expense for the year ended September 30, 2020 was charged to the functions of the governmental activities as follows:

Governmental activities	
General government	\$ 111,949
Public safety	343,520
Public works	200,703
Health and Welfare	35,004
Culture and recreation	24,709
Total depreciation expense - governmental activities	\$ 715,885

City of Wolfforth, Texas
Notes to Financial Statements

NOTE 6: CAPITAL ASSETS (Continued)

Business-type Activities

	Beginning Balance September 30, 2019	Additions	Deletions	Ending Balance September 30, 2020
Capital assets not being depreciated				
Land	\$ 496,270	\$ 1,690,602	\$ -	\$ 2,186,872
Construction in Progress	21,400	414,658	-	436,058
Total capital assets not being depreciated	517,670	2,105,260	-	2,622,930
Capital assets being depreciated				
Buildings and improvements	257,903	3,702	-	261,605
Water and sewer system	20,058,853	293,754	-	20,352,607
Vehicles, equipment, and machinery	1,042,528	185,200	(85,250)	1,142,478
Total capital assets being depreciated	21,359,284	482,656	(85,250)	21,756,690
Total capital assets	21,876,954	2,587,916	(85,250)	24,379,620
Accumulated depreciation				
Buildings and improvements	212,207	7,137	-	219,344
Improvements other than buildings	8,230,437	992,539	-	9,222,976
Infrastructure	702,423	92,529	(56,832)	738,120
Total accumulated depreciation	9,145,067	1,092,205	(56,832)	10,180,440
Business-type activities capital assets, net	\$ 12,731,887	\$ 1,495,711	\$ (28,418)	\$ 14,199,180

Depreciation expense for business-type activities is reported in the following fund on the statement of revenues, expenses, and changes in net position.

Business-type activities

Water, sewer and sanitation	\$ 1,092,205
Total depreciation expense -business-type activities	\$ 1,092,205

City of Wolfforth, Texas
Notes to Financial Statements

NOTE 7: LONG-TERM LIABILITIES

Governmental Activities

The governmental activities have incurred various forms of debt which were used for the purposes of constructing, expanding, repairing and making improvements to its property, plant and equipment. During the year ended September 30, 2020, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance September 30, 2019			Balance September 30, 2020		Due Within One Year
		Additions	Retirements			
Certificates of obligation	\$ 1,305,000	\$ -	\$ 1,305,000	\$ -	\$ -	-
Refunding bonds	442,897	1,095,000	33,239	1,504,658	155,555	155,555
Bond premiums	24,438	221,127	17,236	228,329	27,700	27,700
Tax notes	580,980	481,066	159,424	902,622	169,033	169,033
Capital leases	876,991	-	103,423	773,568	107,413	107,413
Compensated absences	23,620	47,168	53,230	17,558	17,558	17,558
Total	\$ 3,253,926	\$ 1,844,361	\$ 1,671,552	\$ 3,426,735	\$ 477,259	\$ 477,259

Bond premiums are presented net of amortization of \$28,380.

GO Refunding Bond

At September 30, 2020, the City had two general obligation refunding bond as follows:

Description	Date of Issue	Due Date	Interest Rate	Original Amount of Issue	Remaining Balance September 30, 2020
GO Refunding Bond Series 2015	10/15/15	02/15/31	2.00-3.00%	\$ 4,190,000	\$ 409,658
GO Refunding Bond Series 2020	02/01/20	02/15/32	4.000%	1,095,000	1,095,000
Total					\$ 1,504,658

On February 1, 2020, the City issued \$1,095,000 in GO refunding bonds with an interest rate of 4.00%. The City issued the bonds to advance refund \$1,305,000 of the outstanding series 2010 Tax & Water & Sewer System Revenue Certificates of Obligation with an interest rate of between 2.30% and 4.15%. The net proceeds were deposited in an escrow account to provide for all future debt service on the refunded 2010 series obligation. As a result, that portion of the 2010 series obligation is considered defeased, and the City has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$1,175,000 at September 30, 2020.

The advance refunding reduced total debt service payments over the next 12 years by nearly \$89,582. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$80,000.

City of Wolfforth, Texas
Notes to Financial Statements

NOTE 7: LONG-TERM LIABILITIES (Continued)

Governmental Activities (Continued)

The annual requirements to amortize the general obligation refunding bonds as of September 30, 2020, including interest payments, are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total Debt Service
2021	\$ 155,555	\$ 51,181	\$ 206,736
2022	163,891	45,509	209,400
2023	170,194	39,519	209,713
2024	180,846	33,209	214,055
2025	120,194	27,854	148,048
2026-2030	411,614	95,489	507,103
2031-2032	302,364	14,035	316,399
	<u>\$ 1,504,658</u>	<u>\$ 306,796</u>	<u>\$ 1,811,454</u>

Tax Notes

At September 30, 2020, the City had four tax notes as follows:

Description	Date of Issue	Due Date	Interest Rate	Original Amount of Issue	Remaining Balance September 30, 2020
Tax Note Series 2013	09/15/13	02/15/20	1.69%	\$ 580,000	\$ -
Tax Note Series 2015	09/15/15	02/15/22	1.80%	711,000	82,356
Tax Note Series 2017B	08/01/17	02/15/24	3.00%	1,020,000	339,200
Tax Note Series 2020	03/04/20	02/15/27	5.00%	481,066	481,066
Total					<u>\$ 902,622</u>

City of Wolfforth, Texas
Notes to Financial Statements

NOTE 7: LONG-TERM LIABILITIES (Continued)

Governmental Activities (Continued)

The annual requirements to amortize the tax notes as of September 30, 2020, including interest payments, are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total Debt Service
2021	\$ 169,033	\$ 43,698	\$ 212,731
2022	188,827	26,935	215,762
2023	153,447	20,746	174,193
2024	160,000	14,670	174,670
2025	73,752	9,722	83,474
2026-2027	157,563	7,961	165,524
	\$ 902,622	\$ 123,732	\$ 1,026,354

Capital Leases

At September 30, 2020, the City had two capital leases as follows:

Description	Date of Issue	Due Date	Interest Rate	Original Amount of Issue	Remaining Balance September 30, 2020
Ambulance Lease 62368	04/25/18	04/25/22	3.72%	\$ 211,840	\$ 86,199
Fire Truck Lease WOLTX2018-11PB	11/30/18	11/30/28	2.25%	750,000	687,369
Total					\$ 773,568

The annual requirements to amortize the capital leases as of September 30, 2020, including interest payments, are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total Debt Service
2021	\$ 107,413	\$ 30,320	\$ 137,733
2022	111,555	26,177	137,732
2023	70,337	21,873	92,210
2024	73,111	19,099	92,210
2025	75,995	16,216	92,211
2026-2029	335,157	33,686	368,843
	\$ 773,568	\$ 147,371	\$ 920,939

City of Wolfforth, Texas
Notes to Financial Statements

NOTE 7: LONG-TERM LIABILITIES (Continued)

Business Type Activities

The business-type activities have incurred various forms of debt which were used for the purposes of constructing, expanding, repairing and making improvements to its property, plant and equipment. During the year ended September 30, 2020, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance September 30, 2019			Balance September 30, 2020			Due Within One Year
		Additions	Retirements				
Certificates of obligation	\$ 6,245,000	\$ 4,635,000	\$ 365,000	\$ 10,515,000	\$ 520,000		
Refunding bonds	2,937,103	-	221,761	2,715,342	219,445		
Bond premiums	107,462	406,826	24,150	490,138	44,834		
Tax notes	986,020	953,934	243,576	1,696,378	335,967		
Compensated absences	12,183	21,319	21,497	12,005	12,005		
Total	\$ 10,287,768	\$ 6,017,079	\$ 875,984	\$ 15,428,863	\$ 1,132,251		

Bond premiums are presented net of amortization of \$69,859.

Certificates of Obligation

At September 30, 2020, the City had three certificates of obligation as follows:

Description	Date of Issue	Due Date	Interest Rate	Original Amount of Issue	Remaining Balance September 30, 2020
Certificate of Obligation Series 2013	05/01/13	02/15/33	1.50-3.00%	\$ 6,625,000	\$ 4,600,000
Certificate of Obligation Series 2017A	08/01/17	02/15/37	2.00-3.00%	1,445,000	1,280,000
Certificate of Obligation Series 2020	06/30/20	02/15/40	2.25-4.00%	4,635,000	4,635,000
Total					\$ 10,515,000

City of Wolfforth, Texas
Notes to Financial Statements

NOTE 7: LONG-TERM LIABILITIES (Continued)

Business Type Activities (Continued)

The annual requirements to amortize the certificate of obligation as of September 30, 2020, including interest payments, are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total Debt Service
2021	\$ 520,000	\$ 287,506	\$ 807,506
2022	545,000	263,913	808,913
2023	565,000	250,038	815,038
2024	580,000	234,888	814,888
2025	590,000	218,513	808,513
2026-2030	3,250,000	815,390	4,065,390
2031-2035	2,880,000	330,765	3,210,765
2036-2040	1,585,000	82,383	1,667,383
	<u>\$ 10,515,000</u>	<u>\$ 2,483,396</u>	<u>\$ 12,998,396</u>

General Obligation Refunding Bonds

At September 30, 2020, the City had one general obligation refunding bond as follows:

Description	Date of Issue	Due Date	Interest Rate	Original Amount of Issue	Remaining Balance September 30, 2020
GO Refunding Bond Series 2015	10/15/15	02/15/31	2.00-3.00%	\$ 4,190,000	\$ 2,715,342
Total					<u>\$ 2,715,342</u>

City of Wolfforth, Texas
Notes to Financial Statements

NOTE 7: LONG-TERM LIABILITIES (Continued)

Business Type Activities (Continued)

The annual requirements to amortize the general obligation refunding bond as of September 30, 2020, including interest payments, are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total Debt Service
2021	\$ 219,445	\$ 62,256	\$ 281,701
2022	226,109	60,778	286,887
2023	234,806	56,169	290,975
2024	239,154	51,429	290,583
2025	234,806	46,396	281,202
2026-2030	1,278,386	136,694	1,415,080
2031	282,636	4,240	286,876
	\$ 2,715,342	\$ 417,962	\$ 3,133,304

Tax Notes

At September 30, 2020, the City had five tax notes as follows:

Description	Date of Issue	Due Date	Interest Rate	Original Amount of Issue	Remaining Balance September 30, 2020
Tax Note Series 2015	09/15/15	02/15/22	1.80%	\$ 711,000	\$ 76,644
Tax Note Series 2016	01/15/16	02/15/23	1.90%	680,000	306,000
Tax Note Series 2016A	02/15/16	02/15/23	1.64%	380,000	169,000
Tax Note Series 2017B	08/01/17	02/15/24	3.00%	1,020,000	190,800
Tax Note Series 2020	03/04/20	02/15/27	5.00%	953,934	953,934
Total					\$ 1,696,378

City of Wolfforth, Texas
Notes to Financial Statements

NOTE 7: LONG-TERM LIABILITIES (Continued)

Business Type Activities (Continued)

The annual requirements to amortize the tax notes as of September 30, 2020, including interest payments, are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total Debt Service
2021	\$ 335,967	\$ 79,869	\$ 415,836
2022	369,173	48,074	417,247
2023	342,553	36,934	379,487
2024	190,000	27,180	217,180
2025	146,248	19,278	165,526
2026-2027	312,437	15,789	328,226
	<u>\$ 1,696,378</u>	<u>\$ 227,124</u>	<u>\$ 1,923,502</u>

Water and Sewer Revenue Bonds constitute special obligations of the City solely secured by a lien on and pledge of the net revenues of the water and sewer system. The Revenue Bonds are collateralized by the revenue of the water and sewer system. The bond ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the Revenue Bond funds.

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General Obligation Bonds and Certificates of Obligation require the City to compute, at the time other taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity. Certain General Obligation Certificates of Obligation are to be repaid by revenues of the Enterprise Fund. Enterprise Fund General Obligation Certificates of Obligation are secured both by a pledge of ad valorem taxes levied on all taxable property within the City and by a lien on and pledge of revenues to be generated by the Enterprise Fund.

Accrued Compensated Absences

Employees of the City are able to accrue a limited amount of vacation time during the year. During the fiscal year ended September 30, 2020, compensated absences decreased by \$6,062 and \$178 for the governmental and business-type activities, respectively. Compensated absences are liquidated by the respective funds in which they are accrued.

City of Wolfforth, Texas

Notes to Financial Statements

NOTE 8: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters. The City entered into an agreement with the Texas Municipal League (TML-IRP) for risk management services. These services include a sharing of risk pool, claims administration and loss control services.

All risk is then shared among members of the pool. Members of the pool are not subject to additional assessments in the event losses exceed contributions. There have been no significant reductions in coverage during the fiscal year ended September 30, 2020 and the amount of settlements during the past three years has not exceeded the insurance coverage.

The City participates in the Texas Municipal League Joint Self-Insurance Fund for workers compensation coverage. The Texas Municipal League Joint Self-Insurance Fund assesses its members a contribution or premium based on a funding plan developed by the account for workers' compensation. The plan has a stop loss of \$100,000 per occurrence and overall aggregate stop loss of \$300,000 per year for the City. All risk is shared among members of the pool. Members of the pool are not subject to additional assessments in the event losses exceed contributions. Premiums are expensed by the insurance fund when incurred.

There has been no reduction in coverage and the amount of settlements during the past three years has not exceeded the insurance coverage.

The City has established a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss related to employee health claims. Under this program, the Fund provides coverage up to a maximum of \$50 thousand for each claim. The Fund purchases commercial insurance for claims in excess of this coverage. Settled claims have not exceeded commercial coverage in any of the last three fiscal years.

Liabilities of the fund 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 (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors.

The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

City of Wolfforth, Texas
Notes to Financial Statements

NOTE 8: RISK MANAGEMENT (Continued)

Changes in the balances of claims liabilities during the past two years are as follows:

	September 30, 2020	September 30, 2019
Unpaid claims and claim adjustment expenses, beginning	\$ 9,094	\$ 9,094
Incurring claims and claim adjustment	58,492	81,918
Claims and claim adjustment expenses	(58,044)	(81,918)
Unpaid claims and claim adjustment expenses, ending	\$ 9,542	\$ 9,094

NOTE 9: DEFINED BENEFIT PENSION PLANS

Texas Municipal Retirement System (TMRS)

Plan Description

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

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

Benefits Provided

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

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

City of Wolfforth, Texas
Notes to Financial Statements

NOTE 9: DEFINED BENEFIT PENSION PLANS (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

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	8
Inactive employees entitled to but not yet receiving benefits	17
Active employees	37
Total	62

Contributions

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

Employees for the City were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 11.32% and 11.37% in calendar years 2019 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2020, were \$220,691, and were equal to the required contributions.

Net Pension Liability

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

Actuarial Assumptions

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

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

City of Wolfforth, Texas
Notes to Financial Statements

NOTE 9: DEFINED BENEFIT PENSION PLANS (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas Mortality Tables. These rates are projected on a fully generational basis by scale UMP to account for future mortality improvements. Based on the size of the City, rates are multiplied by an additional factor of 100.0%.

For calculating the actuarial liability and the retirement contribution rates, the mortality tables for healthy retirees is used with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

These actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with this change first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. These assumptions apply to both the Pension Trust and the Supplemental Death Benefits Fund as applicable. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short -term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term expected rate of return (Arithmetic)
Global equities	35.00%	6.35%
Core fixed income	10.00%	1.00%
Non-core fixed income	20.00%	4.15%
Real return	10.00%	4.15%
Real estate	10.00%	4.75%
Absolute return	10.00%	4.00%
Private equity	5.00%	7.75%
Total	100.00%	

City of Wolfforth, Texas
Notes to Financial Statements

NOTE 9: DEFINED BENEFIT PENSION PLANS (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Discount Rate

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

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) - (b)
Balance at 12/31/2018	\$ 4,315,581	\$ 3,159,623	\$ 1,155,958
Changes for the year:			
Service cost	202,328	-	202,328
Interest	293,592	-	293,592
Difference between expected/actual experience	37,247	-	37,247
Changes of assumptions	42,484	-	42,484
Contributions - employer	-	190,005	(190,005)
Contributions - employee	-	85,599	(85,599)
Net investment income	-	488,813	(488,813)
Benefit payments, including refunds of employee contributions	(134,473)	(134,473)	-
Administrative expense	-	(2,760)	2,760
Other changes	-	(83)	83
Net changes	441,178	627,101	(185,923)
Balance at 12/31/2019	\$ 4,756,759	\$ 3,786,724	\$ 970,035

City of Wolfforth, Texas
Notes to Financial Statements

NOTE 9: DEFINED BENEFIT PENSION PLANS (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 1,678,107	\$ 970,035	\$ 392,813

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 of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2020, the City recognized pension expense of \$249,169.

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	\$ 92,162	\$ -
Changes in actuarial assumptions	34,558	1,677
Difference between projected and actual investment earnings	-	112,906
Contributions subsequent to the measurement date	163,367	-
Total TMRS	\$ 290,087	\$ 114,583

City of Wolfforth, Texas
Notes to Financial Statements

NOTE 9: DEFINED BENEFIT PENSION PLANS (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

\$163,367 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the 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:

	TMRS
Year ending September 30:	
2020	\$ 6,205
2021	321
2022	35,001
2023	(34,746)
2024	5,356
Thereafter	-
Total	\$ 12,137

Texas Emergency Services Retirement System (TESRS)

Plan Description

The Texas Emergency Services Retirement System (TESRS) administers a cost-sharing multiple employer pension system (the System) established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

TESRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TESRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained at www.tesrs.org.

Benefits Provided

Senate Bill 411, 6th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 791st Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefits formulas and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

City of Wolfforth, Texas Notes to Financial Statements

NOTE 9: DEFINED BENEFIT PENSION PLANS (Continued)

Texas Emergency Services Retirement System (TESRS) (Continued)

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member's surviving spouse and dependent children.

Funding Policy

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the System, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impacts future retiree annuities. The State is required to contribute an amount necessary to make the System "actuarially sound" each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

The board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the state are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted every two years based on the most recent actuarial valuation. Based on the August 31, 2018 actuarial valuation, the Part Two contributions are not required for an adequate contribution arrangement.

Additional contributions may be made by governing bodies within two years of joining the System, to grant up to ten years of credit for service per member. Prior service purchased must have occurred before the department began participation in the System.

City of Wolfforth, Texas
Notes to Financial Statements

NOTE 9: DEFINED BENEFIT PENSION PLANS (Continued)

Texas Emergency Services Retirement System (TESRS) (Continued)

Contributions Required and Contributions Made

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions are set by board rule, and there is no maximum contribution rate. For the fiscal year ended September 30, 2020, total contributions (dues, prior service, and interest on prior service financing) of \$11,952 were paid into TESRS by the City. This was equal to the required contributions for the period.

The purpose of the biennial actuarial valuation is to determine if the contribution arrangement is adequate to pay the benefits that are promised. Actuarial assumptions are disclosed below.

The most recent completed biennial actuarial valuation as of August 31, 2020 stated that TESRS has an adequate contribution arrangement for the benefit provisions recognized in the valuation based on the expected total contributions, including the expected contributions both from the governing body of each participating department and from the state. The expected contributions from the state are state appropriations equal to (1) the maximum annual contribution (one-third of all contributions to TESRS by governing bodies of participating departments in a year) as needed in accordance with state law governing TESRS and (2) approximately \$675,000 each year to pay for part of the System's administrative expenses.

Net Pension Liability

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

	System 100.00%	City 0.201%
Total pension liability	\$ 143,501,039	\$ 288,437
Plan fiduciary net position	115,155,476	231,463
Net pension liability	\$ 28,345,563	\$ 56,974
<hr/>		
Plan fiduciary net position as a percentage of the total pension liability		80.2%

City of Wolfforth, Texas
Notes to Financial Statements

NOTE 9: DEFINED BENEFIT PENSION PLANS (Continued)

Texas Emergency Services Retirement System (TESRS) (Continued)

Actuarial Assumptions

The total pension liability in the August 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	N/A
Investment rate of return	7.75% net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2024 by scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components 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 (currently 5.01%) and by adding expected inflation (3.00%). In addition, the final 7.75% assumption was selected by "rounding down" and thereby reflects a reduction of 0.26% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target allocation	Long-term expected rate of return (arithmetic)
Equities		
Large cap domestic	32%	5.81%
Small cap domestic	15%	5.92%
Developed international	15%	6.21%
Emerging markets	5%	7.18%
Master limited partnership	5%	7.61%
Real Estate	5%	4.46%
Fixed income	23%	1.61%
Cash	0%	0.00%
Total / Weighted Average	100%	5.01%

City of Wolfforth, Texas
Notes to Financial Statements

NOTE 9: DEFINED BENEFIT PENSION PLANS (Continued)

Texas Emergency Services Retirement System (TESRS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. No projection of cash flows was used to determine the discount rate because the August 31, 2018 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of the current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease in Discount Rate (6.75%)	Discount Rate (7.75%)	1% Increase in Discount Rate (8.75%)
City's proportional share of the net pension liability	\$ 101,263	\$ 56,974	\$ 27,328

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

At August 31, 2018, the City reported a liability of \$56,974 for its proportionate share of the TESRS's net pension liability. The net pension liability was measured as of August 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability (0.201%) was based on the District's contributions to the pension plan relative to the contribution of all employers to the plan for the period September 1, 2018 through August 31, 2019.

For the year ended September 30, 2020, the City recognized pension expense of \$5,528.

City of Wolfforth, Texas
Notes to Financial Statements

NOTE 9: DEFINED BENEFIT PENSION PLANS (Continued)

Texas Emergency Services Retirement System (TESRS) (Continued)

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
experience	\$ -	\$ 69
Net difference between projected and actual investment earnings on pension plan investments	7,337	-
Contributions subsequent to the measurement date	11,952	-
Total TESRS	\$ 19,289	\$ 69

\$11,952 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the 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:

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

	TESRS
Year ending September 30:	
2020	1,547
2021	811
2022	1,803
2023	3,107
Total	7,268

City of Wolfforth, Texas
Notes to Financial Statements

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS

Plan Description and Benefits

The City also participates in a single-employer, defined benefit group-term life insurance known as the Supplemental Death Benefits Fund (SDBF) administered by the Texas Municipal Retirement System (TMRS). This is a voluntary program in which the City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered another postemployment benefit (“OPEB”) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to but not yet receiving benefits	2
Active employees	37
<u>Total</u>	<u>46</u>

Contributions

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

Employees for the City of Wolfforth, TX were required to contribute 0.03% of their annual gross earnings during the fiscal year. The contribution rates for the City were 0.19% and 0.21% in calendar 2019 and 2020, respectively. The City's contributions to SBDF for the year ended September 30, 2019 were \$3,967 and were equal to the required contributions.

City of Wolfforth, Texas
Notes to Financial Statements

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS (Continued)

OPEB Liability

Actuarial Assumptions

Inflation	2.50%
Salary increases	3.5% to 11.5% including inflation
Discount rate*	2.75%
Retirees' share of benefit-related costs	\$ -
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on fully general basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year setforward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

Changes in the Net OPEB Liability

	Total OPEB Liability (a)
Balance at 12/31/2018	\$ 78,598
Changes for the year:	
Service cost	2,881
Interest	2,963
Difference between expected/actual experience	(36,352)
Changes of assumptions	9,423
Benefit payments, including refunds of employee contributions	(339)
Net changes	(21,424)
Balance at 12/31/2019	\$ 57,174

City of Wolfforth, Texas
Notes to Financial Statements

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.75%, as well as what the City's total OPEB liability would have been if it were calculated using a discount rate that is 1 percentage point lower (1.75%) or 1 percentage point higher (3.75%) than the current rate:

	1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
City's total OPEB liability	\$ 69,467	\$ 57,174	\$ 47,610

OPEB Plan Fiduciary Net Position

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

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

For the year ended September 30, 2020 the City recognized OPEB expense of \$5,665.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 31,697
Changes in actuarial assumptions	26,282	-
Contributions subsequent to the measurement date	10,233	2,398
	2,986	-
Total OPEBs	\$ 39,501	\$ 34,095

City of Wolfforth, Texas
Notes to Financial Statements

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS (Continued)

\$2,986 reported as deferred outflows of resources related to OPEBs resulted from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

	OPEB
Year ending September 30:	
2020	\$ 892
2021	892
2022	892
2023	892
2024	892
Thereafter	(2,040)
Total	\$ 2,420

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

The City's contributions to the TMRS SDBF for the year ended 2020 was \$3,967, which equaled the required contributions each year.

NOTE 11: CONTINGENT LIABILITIES

The City is exposed to various claims and lawsuits in the normal course of business. Management are unaware of any material pending or threatened litigation, claims, or assessments against the City, which are not covered by the City's insurance.

In the normal course of operations the City receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Management believes any liability resulting from these audits would be immaterial.

NOTE 12: RESTRICTED COMPONENTS OF NET POSITION

The government-wide statement of net position reports \$1,752,431 of restricted net position, all of which is restricted by enabling legislation or other methods.

City of Wolfforth, Texas
Notes to Financial Statements

NOTE 13: SUBSEQUENT EVENTS

Subsequent events were evaluated through May 21, 2021, which is the date the financial statements were available to be issued.

The City issued a tax and waterworks and sewer system revenue certificates of obligation, series 2021 on January 5, 2021 in the amount of \$6,730,000 with an interest rate of 1.99% and maturity at February 15, 2041.

NOTE 14: COMMITMENTS

The City has an outstanding construction project related to improvements and expansion of its EDR water treatment system. The total remaining cost to complete the project was approximately \$1.4 million as of September 30, 2020.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

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

\$1,445,000
CITY OF WOLFFORTH, TEXAS
TAX NOTES, SERIES 2021

AS BOND COUNSEL FOR THE CITY OF WOLFFORTH, TEXAS (the “Issuer”) in connection with the issuance of the Tax Notes, Series 2021, described above (the “Notes”), we have examined into the legality and validity of the Notes, which bear interest from the dates and mature and are subject to redemption on the dates, in accordance with the terms and conditions stated in the text of the Notes. Terms used herein and not otherwise defined shall have the meaning given in the ordinance of the Issuer authorizing the issuance and sale of the Notes (the “Ordinance”).

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

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

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



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

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Notes, is included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on corporations by section 55 of the Code.

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

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

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

Very truly yours,



SPECIALIZED PUBLIC FINANCE INC.
FINANCIAL ADVISORY SERVICES