OFFICIAL NOTICE OF SALE, OFFICIAL BID FORM
AND
PRELIMINARY OFFICIAL STATEMENT

CITY OF PLEASANTON, TEXAS
(A Political Subdivision of the State of Texas
Located in Atascosa County, Texas)

$2,795,000*
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021
(THE "BONDS")

Will NOT be Designated by the City as **"QUALIFIED TAX-EXEMPT OBLIGATIONS"**

Bids due
Thursday, October 21, 2021
at
12:00 P.M. (Noon)Central Time

*Preliminary, subject to change. See "THE BONDS – Adjustment of Principal Amount and Maturity Schedule for the Bonds" in the Official Notice of Sale.

This Official Notice of Sale does not alone constitute an invitation for bids but is merely notice of sale of the Bonds defined and described herein. The invitation for bids on the Bonds is being made by means of this Official Notice of Sale, the Official Bid Form and the Preliminary Official Statement.

The Issuer will NOT designate the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions.

OFFICIAL NOTICE OF SALE

$2,795,000*
CITY OF PLEASANTON, TEXAS
(A political subdivision of the State of Texas located in Atascosa County, Texas)
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021

BONDS OFFERED FOR SALE AT COMPETITIVE BID: The City Council (the "City Council") of the City of Pleasanton, Texas (the "City" or the "Issuer") is offering for sale at competitive bid it's $2,795,000* General Obligation Refunding Bonds, Series 2021 (the "Bonds").

BIDS BY INTERNET: Interested bidders may, at their option and risk, submit their bid by electronic media, as described below, by 12:00 P.M., (noon) Central Time, on October 21, 2021. Bidders submitting a bid by internet shall not be required to submit signed Official Bid Forms prior to the award. Any prospective bidder that intends to submit an electronic bid must submit its electronic bid via the facilities of the i-Deal, LLC Parity System ("PARITY") and should, as a courtesy, register with PARITY by 9:00 A.M., Central Time, on October 21, 2021 indicating their intent to submit a bid by internet.

In the event of a malfunction in the electronic bidding process, bidders may submit their bids by email to mmcliney@samcocapital.com. If there is a malfunction of the electronic bidding process and a bidder submits a bid via email, please call 210-832-9760 to notify the Financial Advisor (defined below) of the incoming bid. Any bid received after the scheduled time for their receipt will not be accepted.

The official time for the receipt of bids shall be the time maintained by PARITY. All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale, Official Bid Form and the Preliminary Official Statement. To the extent that any instructions or directions set forth in PARITY conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about the PARITY System, potential bidders may contact PARITY, c/o Ipreo Holdings LLC, 1359 Broadway, New York, New York 10018, 212-849-5021.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Official Notice of Sale, and shall be binding upon the bidder as if made by a signed sealed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of PARITY, the use of such facilities being at the sole risk of the prospective bidder.

OPENING OF BIDS: Bids will be opened and publicly read at 12:00 P.M. (Noon)Central Time, on Thursday, October 21, 2021, following which the bids will be evaluated by SAMCO Capital Markets, Inc. (the "Financial Advisor") and the City Council shall provide final approval of the award at a City Council meeting later that evening. The Mayor of the City or his representative shall award the Bonds as described in the section entitled "AWARD AND SALE OF THE BONDS" below.

AWARD AND SALE OF THE BONDS: By 1:00 P.M. Central Time, on the date set for receipt of bids, the Mayor of the City or his representative shall award the Bonds to the **low qualified bidder (the "Winning Bidder"), as described in the section entitled "CONDITIONS OF SALE – Basis of Award" herein subject to final approval of the City Council which will take action to adopt an ordinance (the "Ordinance")** authorizing the issuance and awarding sale of the Bonds or will reject all bids promptly at a scheduled meeting to commence at 6:00 P.M. Central Time on Thursday, October 21, 2021. The City reserves the right to reject any or all bids and to waive any irregularities, except time of filing.

*Preliminary, subject to change based on bid structures. See "THE BONDS – Adjustment of Principal Amount and Maturity Schedule for the Bonds" herein.

THE BONDS

DESCRIPTION OF CERTAIN TERMS OF THE BONDS: The Bonds will be dated October 15, 2021 (the "Dated Date") with interest to accrue from the Dated Date and be payable initially on August 1, 2022, and semiannually on each February 1 and August 1 thereafter until the earlier of stated maturity or prior redemption. The Bonds will be issued as fully registered Bonds in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository (the "Securities Depository"). Book-entry interests in the Bonds will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof. Purchasers of the Bonds ("Beneficial Owners") will not receive physical delivery of Bonds representing their interest in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, the principal of and interest on the Bonds will be payable by UMB Bank, N.A., Austin, Texas, as Paying Agent/Registrar, to the Securities Depository, which will in turn remit such principal and interest to its Participants, which will in turn remit such principal and interest to the Beneficial Owners of the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM" in the Official Statement.) The Bonds will be stated to mature on February 1 in each of the following years in the following amounts:

MATURITY SCHEDULE
(Due February 1)

Stated Maturity	Principal Amount*	Stated Maturity	Principal Amount*
2023	$385,000	2029	$220,000
2024	395,000	2030	230,000
2025	205,000	2031	235,000
2026	210,000	2032	235,000
2027	215,000	2033	245,000
2028	220,000		

ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE BONDS: The City reserves the right to increase or decrease the principal (maturity) amount of any maturity of the Bonds, including the elimination of a maturity or maturities; provided, however, that the aggregate principal (denominational) amount of the Bonds shall not exceed $2,795,000*. Notice of any such changes shall be given to the successful bidder as soon as practicable following the notification of award, as described below, and this Notice of Sale may be amended at the sole discretion of the City to reflect such increase or decrease. The City will attempt to maintain total per bond underwriting spread when adjusting maturities. No such adjustment will have the effect of altering the basis upon which the best bid is determined. The successful bidder may not withdraw its bids or change the rates bid or any initial reoffering prices as a result of any changes made to the principal (denominational) amounts.

MANDATORY SINKING FUND REDEMPTION: If the Winning Bidder designates principal amounts to be combined into one or more Term Bonds, each such Term Bond will be subject to mandatory sinking fund redemption commencing on February 1 of the first year which has been combined to form such Term Bond and continuing on February 1 in each year thereafter until the stated maturity date of that Term Bond. The amount redeemed in any year will be equal to the principal amount for such year set forth in the table above under the caption "MATURITY SCHEDULE". Bonds to be redeemed in any year by mandatory sinking fund redemption will be redeemed at par and will be selected by lot from among the Bonds then subject to redemption. The City, at its option, may credit against any mandatory sinking fund redemption requirement Term Bonds of the maturity then subject to redemption which have been purchased and canceled by the City or have been optionally redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption requirement.

OPTIONAL REDEMPTION: The City reserves the right, at its option, to redeem the Bonds maturing on or after February 1, 2031, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on February 1, 2030, or any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption as further described in the Official Statement.

SECURITY FOR PAYMENT: The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including Chapter 1207 as amended, Texas Government Code, the City's Home Rule Charter, and an ordinance (the "Ordinance") to be adopted by the City Council on October 21, 2021, the date of sale of the Bonds, and are payable from an annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City. (See "THE BONDS - Security for Payment of the Bonds" in the Preliminary Official Statement.)

OTHER TERMS AND COVENANTS: Other terms of the Ordinance and the various covenants of the City contained in the Ordinance are described in the Official Statement, to which reference is made for all purposes.

SUCCESSOR PAYING AGENT/REGISTRAR: The initial Paying Agent/Registrar is UMB Bank, N.A., Austin, Texas. In the Ordinance, the City covenants to provide a Paying Agent/Registrar at all times while the Bonds are outstanding, and any Paying Agent/Registrar selected by the City shall be a commercial bank or trust company organized under the laws of the United States and any state and duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Bonds. The Paying Agent/Registrar will maintain the Security Register containing the names and addresses of the registered owners of the Bonds.

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*Preliminary, subject to change

In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the City, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar, selected at the sole discretion of the City, shall be qualified as described in the Preliminary Official Statement. Upon a change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause written notice thereof to be sent to each registered owner of the Bonds by United States mail, first-class, postage prepaid.

CONDITIONS OF SALE

TYPES OF BIDS AND INTEREST RATES: The Bonds will be sold in one block on an "All or None" basis, and at a price of not less than their par value, plus accrued interest on the Bonds from the Dated Date of the Bonds to the date of Initial Delivery (defined herein) of the Bonds. **No bid producing a cash premium on the Bonds that results in a dollar price of less than 105% will be considered; provided, however, that any bid is subject to adjustment as described under the caption "THE BONDS – Adjustment of Initial Principal Amounts".** Bidders are invited to name the rate(s) of interest to be borne by the Bonds, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/20 of 1% and the net effective interest for the Bonds (calculated in the manner required by Chapter 1204, as amended, Texas Government Code) must not exceed 15%. **The highest rate bid may not exceed the lowest rate bid by more than 300 basis points (or 3% in rate). No limitation is imposed upon bidders as to the number of rates or changes which may be used.** All Bonds of one stated maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered.

BASIS OF AWARD: The sale of the Bonds will be awarded to the bidder making a bid that conforms to the specifications herein (the "Winning Bidder" or "Purchaser") and which produces the lowest True Interest Cost (defined herein) rate to the City. The "True Interest Cost" rate is that rate which, when used to compute the total present value as of the Dated Date of all debt service payments on the Bonds on the basis of semi-annual compounding, produces an amount equal to the sum of the par value of the Bonds plus the premium bid, (but not interest accrued from the Dated Date to the date of their initial delivery to the Purchaser). In the event of a bidder's error in interest cost rate calculations, the interest rates, and premium, set forth in the Official Bid Form will be considered as the intended bid.

In order to provide the City with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds (the "Code"), relating to the excludability of interest on the Bonds from the gross income of their owners, the Purchaser will be required to complete, execute, and deliver to the City (on or before the date of initial delivery of the Bonds) a certification as to their initial offering prices of the Bonds (the "Issue Price Certificate") substantially in the form and to the effect attached hereto or accompanying this Official Notice of Sale. (See "CONDITIONS OF SALE - ESTABLISHMENT OF ISSUE PRICE" herein.)

ESTABLISHING THE ISSUE PRICE OF THE BONDS

General: In order to provide the City with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), relating to the excludability of interest on the Bonds from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the City or to the Financial Advisor at least five business days before the delivery date of the Bonds, a certification as to the Bonds' "issue price" (the "Issue Price Certificate") substantially in one of the forms and to the effect attached hereto or accompanying this Notice of Sale. In the event the winning bidder will not reoffer any maturity of the Bonds for sale to the Public (as defined herein) by the delivery date of the Bonds, the Issue Price Certificate may be modified in a manner approved by the City and Bond Counsel (identified in the Preliminary Official Statement). Each bidder, by submitting its bid, agrees to complete, execute, and timely deliver the appropriate Issue Price Certificate, if its bid is accepted by the City. It will be the responsibility of the winning bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain such facts as are necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel (identified in the Preliminary Official Statement).

Defined Terms: For purposes of this section of this Notice of Sale:

(i) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

(ii) "Underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(iii) "Related Party" means any two or more persons who are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(iv) "Sale Date" means the date that the Bonds are awarded by the City to the winning bidder.

All actions to be taken by the City under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by the Financial Advisor, and any notice or report to be provided to the City may be provided to the Financial Advisor.

The City will consider any bid submitted pursuant to this Notice of Sale to be a firm offer for the purchase of the Bonds, as specified in the bid.

Three Bid Requirement: The City intends to rely on Treasury Regulation section 1.148-1(f)(3)(i) for purposes of establishing the issue price of municipal bonds, which requires, among other things, that the City receives bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the "Three Bid Requirement"). In the event that the Three Bid Requirement is not satisfied, the Treasury Regulations permit the issue price for any maturity of the Bonds to be determined based upon either (i) the first price at which 10% of such maturity is sold to the Public (the "10% Test") or (ii) if the requirements of the "Hold-the-Offering-Price Rule" described below are met, the initial offering price to the Public as of the Sale Date. For purposes hereof, if different interest rates apply within a maturity, each separate CUSIP number will be treated separately.

In the event that the Three Bid Requirement is satisfied, the sale of the Bonds will be awarded to the bidder making a bid that conforms to the specifications herein. In the event that the Three Bid Requirement is not satisfied, the City will notify the prospective winning bidder to that effect, and the prospective winning bidder will advise the City of any maturity of the Bonds that satisfies the 10% Test. For any maturity of the Bonds that does not meet the 10% Test, it is the City's intention to apply the "Hold-the-Offering-Price Rule" to any such maturity, as described below.

Hold-the-Offering-Price Rule: If the "Hold-the-Offering-Price Rule" is applied to any maturity of the Bonds (each, a "Held Maturity"), the winning bidder agrees, on behalf of each Underwriter participating in the purchase of the Bonds, that each Underwriter will neither offer nor sell any Held Maturity to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of the following:

(1) the close of the fifth business day after the Sale Date; or

(2) the date on which the Underwriters have satisfied the 10% Test with respect to that Held Maturity at a price that is no higher than the initial offering price to the Public.

The winning bidder shall promptly advise the City when the Underwriters have satisfied the 10% Test with respect to each Held Maturity at a price that is no higher than the initial offering price to the Public, if that occurs prior to the close of the fifth business day after the Sale Date. On or after the sixth business day after the Sale Date, if requested by the City, the winning bidder will confirm that the Underwriters have complied with the Hold-the-Offering-Price-Rule. If at any time the winning bidder becomes aware of any noncompliance by an Underwriter with respect to the Hold-the-Offering Price Rule, the winning bidder will promptly report such noncompliance to the City.

Additional Requirements: By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS: See "THE BONDS – Adjustment of Principal Amounts and Maturity Schedule for the Bonds" for a description of the City's reservation of the right to increase or decrease the principal (maturity) amount of any maturity of the Bonds, including the elimination of a maturity or maturities.

GOOD FAITH DEPOSIT: A bank cashier's check payable to the order of "City of Pleasanton, Texas" in the amount of $55,900, which is 2% of the par value of the Bonds (the "Good Faith Deposit"), is required. The Good Faith Deposit will be retained uncashed by the City until the Bonds are delivered, and at that time it will be returned to the Purchaser uncashed on the date of delivery of the Bonds; however, should the Purchaser fail or refuse to take up and pay for the Bonds, said Good Faith Deposit is to be cashed by the City and the proceeds accepted as full and complete liquidated damages. The above mentioned Good Faith Deposit may accompany the bid, or it may be submitted separately; however, if submitted separately, it shall be made available to the City prior to the opening of the bids and shall be accompanied by instructions from the bank on which it is drawn which will authorize its use as a Good Faith Deposit by the Purchaser who shall be named in such instructions. No interest will be paid or allowed on any Good Faith Deposit. The checks accompanying all other bids will be returned immediately after the bids are opened and the award of the sale of the Bonds has been made.

ADDITIONAL CONDITION OF AWARD — DISCLOSURE OF INTERESTED PARTY FORM:

It is the obligation of the City to receive information from Winning Bidder if bidder is not a publicly traded business entity (a "Privately Held Bidder"). Pursuant to Texas Government Code Section 2252.908 (the "Interested Party Disclosure Act"), the City may not award the Bonds to a Winning Bidder which is a Privately Held Bidder unless such party submits a Certificate of Interested Parties Form 1295 (the "Disclosure Form") to the City as prescribed by the Texas Ethics Commission ("TEC"). In the event that a Privately Held Bidder's bid for the Bonds is the best bid received, the City, acting through its financial advisor, will promptly notify the winning Privately Held Bidder. That notification will serve as the City's conditional verbal acceptance of the bid, and will obligate the winning Privately Held Bidder to establish (unless such winning Privately Held Bidder has previously so established) an account with the TEC, and promptly file a completed Disclosure Form, as described below, in order to allow the City to complete the award.

Process for completing the Disclosure Form. For purposes of illustration, the Disclosure Form is attached hereto, and reference should be made to such form for the following information needed to complete it: (a) item 2 - name of the governmental entity (City of Pleasanton, Texas) and (b) item 3 - the identification number assigned to this contract by the City (Pleasanton GOR2021 – Bid Form) and description of the goods or services (Purchase of the City of Pleasanton, Texas General Obligation Refunding Bonds, Series 2021). The Interested Party Disclosure Act and the rules adopted by the TEC with respect thereto (the "Disclosure Rules") require a non-publicly traded business entity contracting with the City to complete the Disclosure Form electronically at https://www.ethics.state.tx.us/filinginfo/1295, print, sign, and deliver, in physical form, the certified Disclosure Form that is generated by the TEC's "electronic portal" to the City. The executed Disclosure Form must be sent by email to the City's financial advisor at mmccliney@samcocapital.com, as soon as possible following the notification of conditional verbal acceptance and prior to the final written award. Upon receipt of the final written award, the Disclosure Form with original signatures must be submitted by mail to adam.harden@lockelord.com.

Preparations for completion, and the significance of, the reported information. In accordance with the Interested Party Disclosure Act, the information reported by the winning Privately Held Bidder must be declared by an authorized agent of the Privately Held Winning Bidder. No exceptions may be made to that requirement. The Interested Party Disclosure Act and the Disclosure Form provides that such acknowledgment is made "under penalty of perjury." Consequently, a winning Privately Held Bidder should take appropriate steps prior to completion of the Disclosure Form to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the Disclosure Form. Time will be of the essence in submitting the form to the City, and no final award will be made by the City regarding the sale of the Bonds until a completed Disclosure Form is received. If applicable, the City reserves the right to reject any bid that does not satisfy the requirement of a completed

Disclosure Form, as described herein. Neither the City nor its consultants have the ability to verify the information included in a Disclosure Form, and neither party has an obligation nor undertakes responsibility for advising any bidder with respect to (1) the bidder's obligation to submit the Disclosure Form or (2) the proper completion of the Disclosure Form. Consequently, an entity intending to bid on the Bonds should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form, if required, promptly upon notification from the City that its bid is the conditional winning bid. Instructional videos on logging in and creating a certificate are provided on the TEC's website at https://www.ethics.state.tx.us/filinginfo/1295.

ADDITIONAL CONDITION OF AWARD - COMPLIANCE WITH TEXAS LAW RELATED TO CONTRACTS:

Compliance with Law Prohibiting Contracts with Companies that Boycott Israel and Certain Companies Engaged in Business with Iran, Sudan or Foreign Terrorist Organizations. Pursuant to Chapter 2271, Texas Government Code, the City will not award the Bonds to a bidder unless the bidder verifies that, at the time of execution and delivery of its bid and, except to the extent otherwise required by applicable federal law, to the date of the delivery of the Bonds, neither the bidder nor any syndicate member listed on the Official Bid Form, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same, boycotts or will boycott Israel. The terms "boycotts Israel" and "boycott Israel" as used in this paragraph have the meanings assigned to the term "boycott Israel" in Section 808.001 of the Texas Government Code, as amended. Such verification is included in the Official Bid Form attached to this Notice of Sale. Further, pursuant to Chapter 2252, Texas Government Code, the City will not award the Bonds to a bidder unless the bidder certifies that it is not a company that contracts with or provides supplies or services to a foreign terrorist organization, as defined by Section 2252.151(2), Texas Government Code, and has not been identified as a company on a list prepared and maintained under Sections 2270.0201 or 2252.153, Texas Government Code. By submitting a bid, the potential purchaser makes and certifies to the representations necessary and convenient for the compliance with the aforementioned laws.

Verification Regarding Energy Company Boycotts. To the extent that a bidder's offer to purchase the Bonds constitutes a contract for goods or services for which a written verification statement is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislative Session), Texas Government Code, as amended, the bidder hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, will not boycott energy companies to the date of the delivery of the Bonds. The foregoing verification is made solely such to enable the City to comply with such Section, to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification, "boycott energy companies" shall mean, without an ordinary business purposes, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above. Each bidder understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 133(f), 17C.F.R. & 230.133(f).

In submitting its bid, the bidder acknowledges that it may be required to provide, and if chosen as the best bidder that it will provide, additional information as requested to support the verifications relating to Section 2274.002 of the Texas Government Code the bidder makes at the time the bid is submitted or bids are submitted in order for the City to receive the approving opinion from the Attorney General of the State of Texas, a condition for the delivery of the opinion of bond counsel approving the issuance of the Bonds. See "DELIVERY AND ACCOMPANYING DOCUMENTS - LEGAL OPINIONS" in this Official Notice of Sale.

Verification Regarding Discrimination Against Firearm Entity or Trade Association. To the extent that a bidder's offer to purchase the Bonds constitutes a contract for goods or service for which a written verification statement is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislative Session), Texas Government Code, as amended, the bidder hereby verifies that it and its parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any,

(1) do not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association; and

(2) will not discriminate to the date of the delivery of the Bonds against a firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association.

The foregoing verification is made solely to enable the City to comply with such Section, to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" (A) means with respect to the entity or association, to (i) refuse to engage in the trade of an goods or services with the entity or association based solely on its status as a firearm entity or firearm trade association; (ii) refrain from continuing an existing business relationship with the entity or trade association based solely on its status as a firearm entity or firearm trade association; or (iii) terminate an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association; and (B) does not include: (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories; and (ii) a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship: (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency; or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association. Each bidder understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 133(f), 17 C.F.R. & 230.133(f).

In submitting its bid, the bidder acknowledges that it may be required to provide, and if chosen as the best bidder that it will provide, additional information as requested to support the verifications relating to Section 2274.002 of the Texas Government Code the bidder makes at the time the bid is submitted or bids are submitted in order for the City to receive the approving opinion from the Attorney General of the State of Texas, a condition for the delivery of the opinion of bond counsel approving the issuance of the Bonds. See "DELIVERY AND ACCOMPANYING DOCUMENTS - LEGAL OPINIONS" in this Official Notice of Sale.

Standing Letter or Comfort Letter. To evidence compliance with the representations of "Compliance with Law Prohibiting Contracts with Companies that Boycott Israel and Certain Companies Engaged in Business with Iran, Sudan or Foreign Terrorist Organizations", "Verification Regarding Energy Company Boycotts", and "Verification Regarding Discrimination Against Firearm Entity or Trade Association" provided above, the Winning Bidder will be required to have either (1) filed a standing letter in the form required by the Texas Attorney General or a comfort letter from a qualifying officer of the Winning Bidder confirming that the written verifications contained in the executed Official Bid Form are true and correct.

IMPACT OF BIDDING SYNDICATE ON AWARD: For purposes of contracting for the sale of the Bonds, the entity signing the bid form as Purchaser shall be solely responsible for the payment of the purchase price of the Bonds. The Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the City is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

OFFICIAL STATEMENT

To assist the Purchaser in complying with Rule 15c2-12, as amended (the "Rule"), of the United States Securities and Exchange Commission ("SEC"), the City and the Purchaser contract and agree, by the submission and acceptance of the winning bid, as follows:

COMPLIANCE WITH RULE: The City has approved and authorized distribution of the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Bonds, but does not presently intend to prepare any other document or version thereof for such purpose, except as described below. Accordingly, the City deems the accompanying Preliminary Official Statement to be final as of its date, within the meaning of the Rule, except for information relating to the offering prices, interest rates, final debt service schedule, selling compensation, identity of the Purchaser and other similar information, terms and provisions to be specified in the competitive bidding process. The Purchaser shall be responsible for promptly informing the City of the initial offering yields of the Bonds.

The City agrees to provide, or cause to be provided, to the Purchaser, the Preliminary Official Statement and the Official Statement and any amendments or supplements thereto in a "designated electronic format" (or printed format with respect to the final Official Statement) as may be required for the Purchaser to comply with the Rule or the rules of the Municipal Securities Rulemaking Board ("MSRB"). The City consents to the distribution of such documents in a "designated electronic format." Upon receipt, the Purchaser shall promptly file the Official Statement with the MSRB in accordance with the applicable MSRB rules.

The City will complete and authorize distribution of the Official Statement identifying the Purchaser and containing information omitted from the Preliminary Official Statement. The City does not intend to amend or supplement the Official Statement otherwise, except to take into account certain subsequent events, if any, as described below. By delivering the final Official Statement or any amendment or supplement thereto in the requested quantity to the Purchaser on or after the sale date, the City intends the same to be final as of such date, within the meaning of Section 15c2-12(b)(3) of the Rule. Notwithstanding the foregoing, the City makes no representation concerning the absence of material misstatements or omissions from the Official Statement, except only as and to the extent under "CERTIFICATION OF THE OFFICIAL STATEMENT" as described below. To the best knowledge and belief of the City, the Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Bonds.

FINAL OFFICIAL STATEMENT: In addition to delivering the Official Statement in a "designated electronic format", the City will furnish to the Purchaser, within seven (7) days after the sale date, an aggregate maximum of fifty (50) copies of the Official Statement, together with information regarding interest rates and other terms relating to the reoffering of the Bonds, in accordance with Section 15c2-12(b)(3) of the Rule. The Purchaser may arrange, at its own expense, to have the Official Statement reproduced and printed if it requires more than 50 copies and may also arrange, at its own expense and responsibility, for completion and perfection of the first or cover page of the Official Statement so as to reflect interest rates and other terms and information related to the reoffering of the Bonds. The Purchaser will be responsible for providing information concerning the City and the Bonds to subsequent purchasers of the Bonds, and the City will undertake no responsibility for providing such information other than to make the Official Statement available to the Purchaser as provided herein. The City agrees to provide, or cause to be provided, to the Purchaser the Preliminary Official Statement and the Official Statement and any amendments or supplements thereto in a "designated electronic format" (or printed format with respect to the final Official Statement) as may be required for the Purchaser to comply with the Rule or the rules of the MSRB. The City consents to the distribution of such documents in a "designated electronic format". Upon receipt, the Purchaser shall promptly file the Official Statement with the MSRB in accordance with the MSRB Rule G-32.The City's obligation to supplement the Official Statement to correct key representations determined to be materially misleading, after the date of the Official Statement, shall terminate upon initial delivery of the Bonds to the Purchaser, unless the Purchaser notifies, in writing, the City that less than all of the Bonds have been sold to ultimate customers on or before such date, in which case the obligation will extend for an additional period of time (but not more than 90 days after the sale date) until all of the Bonds have been sold to ultimate customers.

CHANGES TO OFFICIAL STATEMENT: If, subsequent to the date of the Official Statement, the City learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Purchaser of any adverse event which causes the Official Statement to be materially misleading, and unless the Purchaser elects to terminate its obligation to purchase the Bonds, as described below under "DELIVERY AND ACCOMPANYING DOCUMENTS - Conditions to Delivery", the City will promptly prepare and supply to the Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Purchaser and in a "designated electronic format"; provided, however, that the obligation of the City to do so will terminate when the City delivers the Bonds to the Purchaser, unless the Purchaser notifies the City on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the City's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the City delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

CERTIFICATION OF THE OFFICIAL STATEMENT: At the time of payment for and delivery of the herein after defined Initial Bonds (the "Delivery Date"), the Purchaser will be furnished a certificate, executed by proper officials of the City, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in its Official Statement, and any addenda, supplement or amendment thereto, for the Bonds, on the date of such Official Statement, on the date of sale of said Bonds and the acceptance of the best bid therefor, and on the date of the initial delivery thereof, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements including financial data, of or pertaining to entities, other than the City, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City since the date of the last financial statements of the City appearing in the Official Statement. The Official Statement and Official Notice of Sale will be approved as to form and content and the use thereof in the offering of the Bonds will be authorized, ratified and approved by the City Council of the City on the date of sale, and the Purchaser will be furnished, upon request, at the time of payment for and the delivery of the Bonds, a certified copy of such approval, duly executed by the proper officials of the City.

CONTINUING DISCLOSURE AGREEMENT: The City will agree in the Ordinance to provide certain periodic information and notices of certain events in accordance with the Rule, as described in the Official Statement under "Continuing Disclosure of Information". The Purchaser's obligation to accept and pay for the Bonds is conditioned upon delivery to the Purchaser or its agent of a certified copy of the Ordinance containing the agreement described under such heading.

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

DELIVERY AND ACCOMPANYING DOCUMENTS

INITIAL DELIVERY OF INITIAL BOND: The initial delivery of the Bonds to the Purchasers on the "Delivery Date" (identified below), will be accomplished by the issuance of either (i) a single fully registered Bond in the total principal amount of $2,795,000 (preliminary, subject to change) payable in stated installments to the Purchaser and numbered T-1, or (ii) as one (1) fully registered Bond for each year of stated maturity in the applicable principal amount and denomination, to be numbered consecutively from R-1 and upward (in either case, the "Initial Bond(s)"), signed by manual or facsimile signature of the Mayor and the City Secretary approved by the Attorney General of Texas, and registered and manually signed by an authorized representative of the Comptroller of Public Accounts of the State of Texas. Initial Delivery (defined below) of the Bonds will be at the corporate trust office of the Paying Agent/Registrar. Upon delivery of the Initial Bond(s), they shall be immediately canceled and one Bond for each stated maturity will be registered in the name of Cede & Co. and deposited with DTC in connection with DTC's Book-Entry-Only System. Payment for the Initial Bond(s) must be made in immediately available funds for unconditional credit to the City, or as otherwise directed by the City. The Purchaser will be given six (6) business days' notice of the time fixed for delivery of the Bonds. It is anticipated that Initial Delivery of the Initial Bonds can be made on or about November 23, 2021, but if for any reason the City is unable to make delivery by November 23, 2021, then the City shall immediately contact the Purchaser and offer to allow the Purchaser to extend for an additional thirty (30) days its obligation to take up and pay for the Bonds. If the Purchaser does not so elect within six (6) business days thereafter, then the Good Faith Deposit will be returned, and both the City and the Purchaser shall be relieved of further obligation. In no event shall the City be liable for any damages by reason of its failure to deliver the Bonds, provided such failure is due to circumstances beyond the City's reasonable control.

EXCHANGE OF INITIAL BONDS FOR DEFINITIVE BONDS: Upon payment for the Initial Bond(s) at the time of such delivery, the Initial Bond(s) are to be canceled by the Paying Agent/Registrar and registered definitive Bonds delivered in lieu thereof, in multiples of $5,000 for each stated maturity, in accordance with written instructions received from the Purchaser and/or members of the Purchaser's syndicate. Such Bonds shall be registered by the Paying Agent/Registrar. It shall be the duty of the Purchaser and/or members of the Purchaser's syndicate to furnish to the Paying Agent/Registrar, at least five days prior to the delivery of the Initial Bond(s), final written instructions identifying the names and addresses of the registered owners, the stated maturities, interest rates, and denominations. The Paying Agent/Registrar will not be required to accept changes in such written instructions after the five day period, and if such written instructions are not received by the Paying Agent/Registrar five days prior to the delivery, the cancellation of the Initial Bond(s) and delivery of registered definitive Bonds may be delayed until the fifth day next following the receipt of such written instructions by the Paying Agent/Registrar.

CUSIP NUMBERS: It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of the Official Bid Form and this Official Notice of Sale. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid by the City; however, the CUSIP Service Bureau's charge for the assignment of the numbers shall be paid by the Purchaser.

CONDITIONS TO DELIVERY: The obligation to take up and pay for the Bonds is subject to the following conditions: the issuance of an approving opinion of the Attorney General of Texas, the Purchaser's acknowledgment of the receipt of the Initial Bond, the Purchaser's receipt of the legal opinions of Bond Counsel and the no-litigation certificate, and the non-occurrence of the events described below under the caption "No Material Adverse Change", all as described below. In addition, if the City fails to comply with its obligations described under "OFFICIAL STATEMENT" above, the Purchaser may terminate its contract to purchase the Bonds by delivering written notice to the City within five (5) days thereafter.

NO MATERIAL ADVERSE CHANGE: The obligation of the Purchaser to take up and pay for the Bonds, and of the City to deliver the Initial Bond(s), are subject to the condition that, up to the time of delivery of and receipt of payment for the Initial Bond(s), there shall have been no material adverse change in the affairs of the City subsequent to the date of sale from that set forth in the Preliminary Official Statement, as it may have been finalized, supplemented or amended through the date of delivery.

LEGAL OPINIONS: The Bonds are offered when, as and if issued, subject to the approval of certain legal matters by the Attorney General of the State of Texas and Bond Counsel (see discussion "LEGAL MATTERS - Legal Opinions and No-Litigation Certificate" in the Preliminary Official Statement).

CHANGE IN TAX-EXEMPT STATUS: At any time before the Bonds are tendered for initial delivery to the Purchaser, the Purchaser may withdraw its bid if the interest on obligations such as the Bonds shall be declared to be includable in the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes, either by U.S. Treasury regulations, by ruling or administrative guidance of the Internal Revenue Service, by a decision of any federal court, or by the terms of any federal income tax legislation enacted subsequent to the date of this Official Notice of Sale.

GENERAL CONSIDERATIONS

FUTURE REGISTRATION: The Bonds may be transferred, registered, and assigned on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar in lieu of the Bonds being transferred or exchanged at the corporate trust office of the Paying Agent/Registrar, or sent by United States registered mail to the new registered owner at the registered owner's request, risk, and expense. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three (3) business days after the receipt of the Bonds to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the registered owner or its duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in denominations of $5,000 for any one stated maturity or any integral multiple thereof and for a like aggregate principal amount and interest rate as the Bonds surrendered for exchange or transfer.

RECORD DATE: The record date ("Record Date") for determining the party to whom the semiannual interest on the Bonds is payable on any interest payment date is the fifteenth day of the month next preceding such interest payment date.

RATING: A municipal bond rating application has been made to S&P Global Ratings ("S&P"). The outcome of the results will be made available to the Purchasers as soon as possible. (See "OTHER PERTINENT INFORMATION - Rating" in the Preliminary Official Statement). An explanation of the significance of such a rating may be obtained from S&P. The rating of the Bonds by S&P reflects only the view of S&P at the time the rating is given, and the City makes no representations as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by S&P, if, in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE: No registration statement relating to the Bonds has been filed with the SEC under the Securities Act of 1933, as amended (the "Act"), in reliance upon exemptions provided in such Act. The Bonds have not been approved or disapproved by the SEC, nor has the SEC passed upon the accuracy or adequacy of the Official Statement. Any representation to the contrary is a criminal offense. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon exemptions contained therein, nor have the Bonds been registered or qualified under the securities acts of any other jurisdiction. The City assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

It is the obligation of the Purchaser to register or qualify the sale of the Bonds under the securities laws of any jurisdiction which so requires. The City agrees to cooperate, at the Purchaser's written request and expense and within reasonable limits, in registering or qualifying the Bonds, or in obtaining an exemption from registration or qualification in any state where such action is necessary, but will in no instance execute a general consent to service of process in any state that the Bonds are offered for sale.

ADDITIONAL COPIES: Subject to the limitations described herein, an electronic copy of this Official Notice of Sale, the Official Bid Form, and the Official Statement may be obtained from www.samcocapital.com.

The City Council of the City in the Ordinance will approve the form and content of the Official Notice of Sale, the Official Bid Form, and the Official Statement and authorized the use thereof in its initial offering of the Bonds. On the date of the sale, the Bonds will, in the Ordinance authorizing the issuance of the Bonds, reconfirm its approval of the form and content of the Official Statement, and any addenda, supplement, or amendment thereto, and authorize its further use in the reoffering of the Bonds by the Purchaser.

/s/ Clinton J. Powell

Mayor,
City of Pleasanton, Texas

ATTEST:

/s/ Andres Aguirre

City Secretary,
City of Pleasanton, Texas

October 14, 2021

OFFICIAL BID FORM

Honorable Mayor and City Council
City of Pleasanton
1400 Pleasanton Parkway
Pleasanton, Texas 78154

October 21, 2021

Dear Ladies and Gentlemen:

Subject to the terms of your Official Notice of Sale and Preliminary Official Statement dated October 14, 2021, which terms are incorporated by reference to this proposal, we hereby submit the following bid for $2,795,000*CITY OF PLEASANTON, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021, dated October 15, 2021 (the "Bonds").

For said legally issued Bonds, we will pay you $___________ (being a price of no less than 105% par value) plus accrued interest from their date to the date of delivery to us for Bonds maturing on February 1, in each of the following years, and bearing interest per annum as follows:

Year of Stated Maturity	Principal Amount at Stated Maturity*	Coupon %	Year of Stated Maturity	Principal Amount at Stated Maturity*	Coupon %
2023	$385,000		2029	$220,000	
2024	395,000		2030	230,000	
2025	205,000		2031	235,000	
2026	210,000		2032	235,000	
2027	215,000		2033	245,000	
2028	220,000				

Our calculation (which is not part of this bid) of the True Interest Cost from the above is: __________________%

ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS: As a condition to our submittal of this bid for the Bonds, we acknowledge the following: The City reserves the right to increase or decrease the principal (maturity) amount of any maturity of the Bonds, including the elimination of a maturity or maturities; provided, however, that the aggregate principal (denominational) amount of the Bonds shall not exceed $2,795,000*. Notice of any such changes shall be given to the successful bidder as soon as practicable following the notification of award, as described below, and this Official Notice of Sale may be amended at the sole discretion of the City to reflect such increase or decrease. The City will attempt to maintain total per bond underwriter spread when adjusting maturities. No such adjustment will have the effect of altering the basis upon which the best bid is determined. The successful bidder may not withdraw its bids or change the rates bid or any initial reoffering prices as a result of any changes made to the principal (denominational) amounts.

Of the principal maturities set forth in the table above, we have created term bonds (the “Term Bonds”) as indicated in the following table (which may include no more than three Term Bonds. For those years which have been combined into a Term Bond, the principal amount shown in the table shown on page ii of the Official Notice of Sale will be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the Term Bond maturity date will mature in such year. The Term Bonds created are as follows:

Term Bond Maturity Date February 1	Year of First Mandatory Redemption	Principal Amount of Term Bond	Interest Rate

*Preliminary, subject to change.

The Initial Bond(s) shall be registered in the name of ________________________________, which will, upon payment for the Bonds, be cancelled by the Paying Agent/Registrar. The Bonds will then be registered in the name of Cede & Co. (DTC's partnership nominee), under the Book-Entry-Only System.

Cashier's Check of the ___________ Bank, __________, Texas, in the amount of $55,900, which represents our Good Faith Deposit (is attached hereto) or (has been made available to you prior to the opening of this Bid), and is submitted in accordance with the terms as set forth in the Official Notice of Sale, said check is to be returned to the Purchaser.

We agree to accept delivery of the Bonds utilizing the Book-Entry-Only System through DTC and make payment for the Initial Certificate(s) in immediately available funds at the Corporate Trust Division, UMB Bank, N.A., Austin, Texas, not later than 10:00 A.M., Central Time, on Tuesday, November 23, 2021, or thereafter on the date the Bonds are tendered for delivery, pursuant to the terms set forth in the Official Notice of Sale. It will be the obligation of the purchaser of the Bonds to complete and file the DTC Eligibility Questionnaire.

We further make, certify and verify the representations set forth in the Notice of Sale and Bidding Instructions under "CONDITIONS OF SALE - ADDITIONAL CONDITION OF AWARD - COMPLIANCE WITH TEXAS LAW RELATED TO CONTRACTS – Compliance with Law Prohibiting Contracts with Companies that Boycott Israel and Certain Companies Engaged in Business with Iran, Sudan or Foreign Terrorist Organizations", "CONDITIONS OF SALE - ADDITIONAL CONDITION OF AWARD - COMPLIANCE WITH TEXAS LAW RELATED TO CONTRACTS – Verification Regarding Energy Company Boycotts" and "CONDITIONS OF SALE - ADDITIONAL CONDITION OF AWARD - COMPLIANCE WITH TEXAS LAW RELATED TO CONTRACTS – Verification Regarding Discrimination Against Firearm Entity or Trade Association."

The undersigned agrees to complete, execute, and deliver to the City, by the Delivery Date, a certificate relating to the "issue price" of the Bonds in the form and to the effect attached to or accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to Bond Counsel for the City. It will be the obligation of the Purchaser of the Bonds to complete and file the DTC Eligibility Questionnaire.

Bidder: ______________________________

By: ______________________________
Authorized Representative

____
Telephone Number

____
E-mail Address

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by the City of Pleasanton, Texas, subject to and in accordance with the Official Notice of Sale and Official Bid Form, this 21st day of October 2021.

/s/ ______________________________
Mayor,
City of Pleasanton, Texas

ATTEST:

/s/______________________________
City Secretary,
City of Pleasanton, Texas

ISSUE PRICE CERTIFICATE

[THREE BID REQUIREMENT SATISFIED]

I, the undersigned officer of ___________________ (the "Purchaser"), acting on behalf of itself and any underwriting syndicate, make this certification in connection with the Combination Tax and Limited Pledge Revenue Bonds of Obligation, Series 2021 (the "Bonds") issued by the City of Pleasanton, Texas (the "City").

1. I hereby certify as follows in good faith as of the date hereof:

(a) I am the duly chosen, qualified and acting officer of the Purchaser for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Purchaser and any underwriting syndicate. I am the officer of the Purchaser charged, along with other officers of the Purchaser and any underwriting syndicate, with responsibility for the Bonds.

(b) The reasonably expected initial offering prices of the Bonds to the Public by the Purchaser as of the Sale Date are the prices set forth on the inside cover of the Official Statement prepared in connection with the Bonds (the "Initial Offering Prices"). The Initial Offering Prices are the applicable prices for the Bonds used by the Purchaser in formulating its bid to purchase the Bonds. Attached hereto as Attachment I is a true and correct copy of the bid provided by the Purchaser to purchase the Bonds.

(c) The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

(d) The bid submitted by the Purchaser constituted a firm offer to purchase the Bonds.

(e) The aggregate of the Initial Offering Prices of all maturities of the Bonds is $___________. The Bonds were sold with pre-issuance accrued interest in the amount of $__________. The sum of these two amounts is $_____________.

(f) Please choose the appropriate statement:

(___) The Purchaser will not purchase bond insurance for the Bonds.

(___) The Purchaser will purchase bond insurance from ____________ (the "Insurer") for a fee/premium of $__________________ (the "Fee"). The Fee is a reasonable amount payable solely for the transfer of credit risk for the payment of debt service on the Bonds and does not include any amount payable for a cost other than such guarantee, e.g., a credit rating or legal fees. The Purchaser represents that the present value of the Fee for each obligation constituting the Bonds to which such Fee is properly allocated and which are insured thereby is less than the present value of the interest reasonably expected to be saved as a result of the insurance on each obligation constituting the Bonds. The Fee has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Bonds. In determining present value for this purpose, the yield of the Bonds (determined with regard to the payment of the guarantee fee) has been used as the discount rate. No portion of the Fee is refundable upon redemption of any of the Bonds in an amount which would exceed the portion of such Fee that has not been earned. The Purchaser will also be responsible for payment of any rating fees on the Bonds, if and as required by the Insurer to be obtained in connection with the purchase of insurance.

2. For purposes of this Issue Price Certificate, the following definitions apply:

(a) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

(b) "Related Party" means any two or more persons who are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interest or profits interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(c) "Sale Date" means the first day on which there is a binding contract in writing for the sale or exchange of the Bonds. The Sale Date of the Bonds is ___________, 2021.

(d) "Underwriter" means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the City from time to time relating to the Bonds.

EXECUTED as of this _______ day of _____________, 2021.

[NAME OF PURCHASER OR MANAGER OF PURCHASING SYNDICATE]

By:____

Name:____

Title:____

ISSUE PRICE CERTIFICATE

[THREE BID REQUIREMENT NOT SATISFIED – HOLD-THE-OFFERING-PRICE RULE]

I, the undersigned officer of ___________________ (the "Purchaser"), acting on behalf of itself and any underwriting syndicate, make this certification in connection with the Combination Tax and Limited Pledge Revenue Bonds of Obligation, Series 2021 (the "Bonds") issued by the City of Pleasanton, Texas (the "City").

1. I hereby certify as follows in good faith as of the date hereof:

(a) I am the duly chosen, qualified and acting officer of the Purchaser for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Purchaser and any underwriting syndicate. I am the officer of the Purchaser charged, along with other officers of the Purchaser and any underwriting syndicate, with responsibility for the Bonds.

(b) For the Bonds maturing in _____________________________, the first price at which at least 10% of each maturity was sold to the Public is the price for each such maturity set forth on the inside cover of the Official Statement prepared in connection with the Bonds (each, an "Actual Sales Price").

(c) For the Bonds maturing in _____________________________ (each, a "Held Maturity"), the Purchaser on or before the Sale Date offered for purchase each such maturity to the Public at the applicable initial offering price set forth on the inside cover of the Official Statement prepared in connection with the Bonds (each, an "Initial Offering Price"). A copy of the pricing wire evidencing the Initial Offering Prices is attached hereto as Attachment I. In connection with the offering of the Bonds, the Purchaser and each member of any underwriting syndicate agreed in writing that (i) during the Hold Period, it would neither offer nor sell any Held Maturity to any person at a price higher than the applicable Initial Offering Price (the "Hold-the-Offering-Price Rule") and (ii) any selling group agreement would contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement would contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, that, during the Hold Period, such party would comply with the Hold-the-Offering-Price Rule. In accordance with such agreements, no Underwriter offered or sold any of the Held Maturities at a price higher than the applicable Initial Offering Price for such Held Maturity during the Hold Period.

(d) The aggregate of the Actual Sales Prices and the Initial Offering Prices is $________________. The Bonds were sold with pre-issuance accrued interest in the amount of $________________. The sum of these two amounts is $________________.

(e) Please choose the appropriate statement:

(___) The Purchaser will not purchase bond insurance for the Bonds.

(___) The Purchaser will purchase bond insurance from ____________ (the "Insurer") for a fee/premium of $__________________ (the "Fee"). The Fee is a reasonable amount payable solely for the transfer of credit risk for the payment of debt service on the Bonds and does not include any amount payable for a cost other than such guarantee, e.g., a credit rating or legal fees. The Purchaser represents that the present value of the Fee for each obligation constituting the Bonds to which such Fee is properly allocated and which are insured thereby is less than the present value of the interest reasonably expected to be saved as a result of the insurance on each obligation constituting the Bonds. The Fee has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Bonds. In determining present value for this purpose, the yield of the Bonds (determined with regard to the payment of the guarantee fee) has been used as the discount rate. No portion of the Fee is refundable upon redemption of any of the Bonds in an amount which would exceed the portion of such Fee that has not been earned. The Purchaser will also be responsible for payment of any rating fees on the Bonds, if and as required by the Insurer to be obtained in connection with the purchase of insurance.

2. For purposes of this Issue Price Certificate, the following definitions apply:

(a) "Hold Period" means, with respect to a Held Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the Underwriters have sold at least 10% of such Held Maturity to the Public at a price no higher than the applicable Initial Offering Price.

(b) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

(c) “Related Party” means any two or more persons who are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interest or profits interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(d) “Sale Date” means the first day on which there is a binding contract in writing for the sale or exchange of the Bonds. The Sale Date of the Bonds is ___________, 2021.

(e) “Underwriter” means (i) any person that agrees pursuant to a written contract with the City (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser’s interpretation of any laws, including specifically sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the City from time to time relating to the Bonds.

EXECUTED as of this _______ day of _____________, 2021.

[NAME OF PURCHASER OR MANAGER OF PURCHASING SYNDICATE]

By:

Name:

Title:

ATTACHMENT I TO ISSUE PRICE CERTIFICATE

FINAL PRICING WIRE

[See Attached]

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NEW ISSUE BOOK-ENTRY-ONLY

Rating: S&P "Applied for"
(See "OTHER PERTINENT INFORMATION – Rating" herein)

PRELIMINARY OFFICIAL STATEMENT
Dated: October 14, 2021

In the opinion of Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and is not a specific preference item for purposes of the alternative minimum tax. See "TAX MATTERS" for a discussion of the opinion of Bond Counsel.

The City will NOT designate the Bonds as "Qualified Tax Exempt Obligations" for financial institutions.

$2,795,000*
CITY OF PLEASANTON, TEXAS
(A political subdivision of the State of Texas located in Atascosa County)
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021

Dated Date: October 15, 2021 **Due: February 1, as shown on page 2**

The $2,795,000* City of Pleasanton, Texas General Obligation Refunding Bonds, Series 2021 (the "Bonds") are being issued by the City of Pleasanton, Texas (the "Issuer" or the "City") in accordance with the Constitution and laws of the State of Texas (the "State"), particularly Chapter 1207, as amended, Texas Government Code, and an ordinance (the "Ordinance") to be adopted by the City Council on October 21, 2021. (See "THE BONDS - Authority for Issuance" herein.)

The Bonds are direct obligations of the Issuer payable from an annual ad valorem tax levied against all taxable property in the City, within the limits prescribed by law. (See "THE BONDS - Security for Payment" and "AD VALOREM PROPERTY TAXATION" herein.)

Interest on the Bonds will accrue from October 15, 2021 (the "Dated Date") and will be payable on February 1 and August 1 of each year, commencing August 1, 2022 until stated maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Bonds will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository (the "Securities Depository"). Book-entry interests in the Bonds will be made available for purchase in principal amounts of $5,000 or any integral multiple thereof within a maturity. Purchasers of the Bonds ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, the principal of and interest on the Bonds will be payable by UMB Bank, N.A., Austin, Texas, as initial Paying Agent/Registrar, to the Securities Depository, which will in turn remit such principal and interest to its Participants, which will in turn remit such principal and interest to the Beneficial Owners of the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Proceeds from the sale of the Bonds will be used (1) to refund certain of the City's currently outstanding obligations, as identified in Schedule I attached hereto (the "Refunded Obligations"), for debt service savings, and (2) to pay costs of issuance and expenses relating to the Bonds. (See "THE BONDS – Purpose of Bonds" herein.)

SEE FOLLOWING PAGE FOR STATED MATURITIES, PRINCIPAL AMOUNTS,
INTEREST RATES, INITIAL YIELDS, CUSIP NUMBERS, AND REDEMPTION PROVISIONS FOR THE BONDS

The Bonds are offered for delivery, when, as and if issued and received by the initial purchasers thereof at a competitive sale (the "Purchasers") and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by Locke Lord LLP, Austin, Texas, Bond Counsel. (See "LEGAL MATTERS – Legal Opinions and No-Litigation Certificate" and "APPENDIX C - Form of Legal Opinion of Bond Counsel" herein.) It is expected that the Bonds will be available for delivery through DTC on or about November 23, 2021.

BIDS DUE THURSDAY, OCTOBER 21, 2021, 12:00 P.M. (NOON) CENTRAL TIME

*Preliminary, subject to change.

$2,795,000*
CITY OF PLEASANTON, TEXAS
(A political subdivision of the State of Texas located in Atascosa County)
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021

STATED MATURITY SCHEDULE*

CUSIP No. Prefix 728857[1]

Stated Maturity 2/1	Principal Amount*	Interest Rate	Initial Yield	CUSIP No. Suffix [1]	Stated Maturity 2/1	Principal Amount*	Interest Rate	Initial Yield	CUSIP No. Suffix [1]
2023	$ 385,000				2029	220,000			
2024	395,000				2030	230,000			
2025	205,000				2031	235,000			
2026	210,000				2032	235,000			
2027	215,000				2033	245,000			
2028	220,000								

(Interest to accrue from the Dated Date)

The Bonds maturing on or after February 1, 2031 are subject to optional redemption prior to their scheduled maturities at the option of the Issuer, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on February 1, 2030 or any date thereafter, at the redemption price of par plus accrued interest to the date of redemption as further described herein. Additionally, the Purchasers may select certain maturities of the Bonds to be grouped together as a "term bond" and such term bonds would be subject to mandatory sinking fund redemption. (See "THE BONDS - Redemption Provisions " herein.)

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* *Preliminary, subject to change.*

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

ELECTED OFFICIALS

Name	Years Served	Term Expires (November)	Occupation
Clinton J. Powell Mayor	13	2023	Pilot
Robert Leonhardt Mayor Pro Tem, District 1	4	2022	School Principal
Kenneth Hernandez Councilmember, District 2	5	2022	Realtor
Diana Prasifka Councilmember, District 3	7	2022	Retired
JR Gallegos Councilmember, District 4	3	2024	Barber/Stylist
Lillian Cashmer Councilmember, District 5	5 months	2024	Self-Employed
Jeanne B. Israel Councilmember, District 6	5 months	2024	Retired

ADMINISTRATION

Name	Position	Length of Service (Years)
Johnny Huizar	City Manager	31
Kristi Bandy	Director of Finance	20
Andres Aguirre	City Secretary	8

CONSULTANTS AND ADVISORS

Bond Counsel .... Locke Lord LLP
Austin, Texas

Certified Public Accountants .... Beyer & Co.
Pleasanton, Texas

Financial Advisor .... SAMCO Capital Markets, Inc.
San Antonio, Texas

For Additional Information Please Contact:

Mr. Johnny Huizar
City Manager
Kristi Bandy
Director of Finance
City of Pleasanton
108 Second Street
Pleasanton, Texas 78064
Telephone: (830) 569-3867
jhuizar@pleasantontx.gov
kbandy@pleasantontx.gov

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

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

USE OF INFORMATION IN THE OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the "Rule"), and in effect on the date of this Preliminary Official Statement, this document constitutes an "official statement" of the Issuer with respect to the Bonds that has been "deemed final" by the Issuer as of its date except for the omission of no more than the information permitted by the Rule.

No dealer, broker, salesman, or other person has been authorized to give any information, or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer. This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. Any information or expression of opinion herein contained is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Issuer or other matters described herein since the date hereof.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will under any circumstances create any implication that there has been no change in the information or opinions set forth herein after the date of this Official Statement. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the Issuer's undertaking to provide certain information on a continuing basis.

The Financial Advisor has provided the following sentence for inclusion of this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with its responsibilities to the Issuer 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.

The Purchasers have provided the following statement for inclusion in this Official Statement. The Purchasers have reviewed the information in this Official Statement in accordance with, and a part of, their responsibilities to investors under the federal securities laws applied to the facts and circumstances of this transaction, but the Purchasers do not guarantee the accuracy or completeness of such information.

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

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

None of the City, the Financial Advisors or the Purchasers makes any representation or warranty with respect to the information contained in this Official Statement regarding The Depository Trust Company ("DTC") or its Book-Entry-Only System as such information is provided by DTC and the insurer (if any) respectively.

The agreements of the City and others related to the Bonds are contained solely in the contracts described herein. Neither this Official Statement or any other statement made in connection with the offer or sale of the Bonds is to be construed as constituting an agreement with the purchasers of the Bonds. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE SCHEDULE AND ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

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SELECTED DATA FROM THE OFFICIAL STATEMENT

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

The Issuer	The City of Pleasanton, Texas (the "City" or "Issuer") was originally incorporated on November 25, 1916. The Cities of Pleasanton and North Pleasanton were consolidated on January 2, 1962. The City operates under a Council/Manager form of government with a Mayor and six Councilmembers. The City is a home rule municipality operating under its own Charter, amended as of August 1, 2008. The City of Pleasanton is the largest city and principal commercial center of Atascosa County, Texas. It is located on U.S. Highway 281, 25 miles south of the San Antonio metropolitan area. (See APPENDIX B - "General Information Regarding the City of Pleasanton and Atascosa County, Texas" herein.)
The Bonds	The $2,795,000* City of Pleasanton, Texas General Obligation Refunding Bonds, Series 2021 (the "Bonds") are being issued by the City of Pleasanton, Texas (the "Issuer" or the "City") in accordance with the Constitution and laws of the State of Texas (the "State"), particularly Chapter 1207, as amended, Texas Government Code, the City's Home Rule Charter, and an ordinance (the "Ordinance") to be adopted by the City Council on October 21, 2021.
Paying Agent/Registrar	The initial Paying Agent/Registrar for the Bonds is UMB Bank, N.A., Austin, Texas.
Security for the Bonds	The Bonds constitute direct and general obligations of the Issuer payable from an annual ad valorem tax levied against all taxable property in the City, within the limits prescribed by law. (See "THE BONDS - Security for Payment" and "AD VALOREM PROPERTY TAXATION" herein.)
Redemption Provisions	The Bonds maturing on or after February 1, 2031 are subject to optional redemption prior to their scheduled maturities at the option of the Issuer, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on February 1, 2030 or any date thereafter, at the redemption price of par plus accrued interest as further described herein. Additionally, the Purchasers may select certain consecutive maturities of the Bonds to be grouped together as one or more term bonds and such term bonds would be subject to mandatory sinking fund redemption. (See "THE BONDS - Redemption Provisions of the Bonds" herein.)
Tax Matters	In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income of the owners thereof for purposes of federal income taxation under existing statutes, regulations, published rulings and court decisions, subject to the matters described under "TAX MATTERS" herein. (See "TAX MATTERS" and "APPENDIX C - Form of Legal Opinion of Bond Counsel" herein.)
Qualified Tax-Exempt Obligations	The City will **NOT** designate the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions. (See "TAX MATTERS – Qualified Tax-Exempt Obligations").
Use of Bond Proceeds	Proceeds from the sale of the Bonds will be used (1) to refund certain of the City's currently outstanding obligations, as identified in Schedule I attached hereto (the "Refunded Obligations"), for debt service savings, and (2) to pay costs of issuance and expenses relating to the Bonds. (See "THE BONDS – Purpose of Bonds" herein.)
Rating	A municipal bond rating application for the Bonds has been made to S&P Global Ratings ("S&P"). The outcome of the results will be made available as soon as possible. (See "OTHER PERTINENT INFORMATION - Ratings")
Book-Entry-Only System	The Issuer intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York relating to the method and timing of payment and the method and transfer relating to the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)
Payment Record	The City as presently constituted, through the consolidation of Pleasanton and North Pleasanton, has never defaulted on the payment of its debt. Prior to the consolidation, the City of Pleasanton had never defaulted on revenue bonds and had not defaulted on general obligation bonds since 1941 when defaults were corrected without refunding. Prior to 1941, the City of Pleasanton repudiated approximately $8,400 of time warrants on the grounds of illegal issuance. The old City of North Pleasanton, dissolved in 1926, had approximately $17,000 of debt adjudicated by District Court at Jourdanton, Texas. Trustees were appointed to levy and collect a $0.75 tax within the old City limits to satisfy this judgment, which was retired in 1947. The former City of North Pleasanton, reincorporated in 1938, experienced a default on March 1, 1961, in connection with $3,000 principal and $871 interest on Waterworks Revenue Bonds, which default was corrected on May 21, 1961, without refunding.
Future Debt Issues	The Issuer does not anticipate the issuance of any additional ad valorem tax debt in 2021.
Delivery	When issued, anticipated to occur on or about November 23, 2021.
Legality	Delivery of the Bonds is subject to the approval by the Attorney General of the State of Texas and the approval of certain legal matters by Locke Lord LLP, Austin, Texas, Bond Counsel.

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*Preliminary, subject to change.

PRELIMINARY OFFICIAL STATEMENT

Relating to

$2,795,000*
CITY OF PLEASANTON, TEXAS
(A political subdivision of the State of Texas located in Atascosa County)
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021

INTRODUCTORY STATEMENT

This Official Statement, including Schedule I and the appendices hereto, provides certain information in connection with the issuance by the City of Pleasanton, Texas (the "City" or "Issuer") of its $2,795,000* General Obligation Refunding Bonds, Series 2021 (the "Bonds") identified on page 2 hereof.

The Issuer is a political subdivision of the State of Texas and a home-rule municipal corporation organized and existing under the laws of the State of Texas. The Bonds are being issued by the City of Pleasanton, Texas in accordance with the Constitution and laws of the State of Texas (the "State"), particularly Chapter 1207, as amended, Texas Government Code, the City's Home Rule Charter, and an ordinance (the "Ordinance") to be adopted by the City Council on October 21, 2021.

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Ordinance. Included in this Official Statement are descriptions of the Bonds and certain information about the Issuer and its finances. ***ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT***. Copies of such documents may be obtained upon request from the Issuer or its Financial Advisor, SAMCO Capital Markets, Inc., 1020 NE Loop 410, Suite 640, San Antonio, Texas 78209, via electronic mail or upon payment of reasonable copying, handling, and delivery charges.

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in financial position or other affairs of the City. No representation is made that past experience, as is shown by financial and other information, will necessarily continue or be repeated in the future.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. A copy of the Final Official Statement (defined below) pertaining to the Bonds will be filed by the Purchasers 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.

INFECTIOUS DISEASE OUTBREAK – COVID-19

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

On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State in response to the Pandemic which has been subsequently extended and remains in effect. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a State agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness and mitigation. These include, for example, the issuance on October 7, 2020 of Executive Order GA-32, which, among other things, provided further guidelines for the reopening of businesses and the maximum threshold level of occupancy related to such establishments. Certain businesses, such as cybersecurity services, child-care services, local government operations, youth camps, recreational programs, schools, and religious services, do not have the foregoing limitations. The Governor's order also states, in providing or obtaining services, every person (including individuals, businesses, and other legal entities) should use good-faith efforts and available resources to follow the minimum standard health protocols. Executive Order GA-32 permits visits to nursing homes, state supported living centers, assisted living facilities, or long-term care facilities as determined through the guidance from the Texas Health and Human Services Commission. Executive Order GA-32 remains in place until amended, rescinded, or superseded by the Governor. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

In addition to the actions by the State and federal officials, certain local officials, including the City and Atascosa County, Texas, have declared a local state of disaster and have issued "shelter-in-place" orders. Many of the federal, state and local actions and policies under the aforementioned disaster declarations and shelter-in-place orders are focused on limiting instances where the public can congregate or interact with each other, which affects the operation of businesses and directly impacts the economy.

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*Preliminary, subject to change.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue to negatively affect economic output worldwide and within the City. These negative impacts may reduce or otherwise negatively affect ad valorem tax revenues which are pledged as security for the Bonds. The City, however, cannot predict the effect of the continued spread of COVID-19 will have on the finances or operations and maintenance of the City.

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

The financial and operating data contained herein are the latest available but are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the current financial condition or future prospects of the City.

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

THE BONDS

Purpose of Bonds

Proceeds from the sale of the Bonds will be used (1) to refund certain of the City's currently outstanding Bonds, as identified in Schedule I attached hereto (the "Refunded Obligations"), for debt service savings, and (2) to pay costs of issuance and expenses relating to the Bonds.

Refunded Obligations

The Refunded Obligations, and interest due thereon, are to be paid on their scheduled redemption date from cash and investments to be deposited with UMB Bank, N.A., Austin, Texas, a national banking association (the "Escrow Agent") pursuant to an Escrow Deposit Letter dated as of October 21, 2021 (the "Escrow Agreement") between the City and the Escrow Agent.

The Ordinance provides that the City will deposit certain proceeds of the sale of the Bonds, along with other lawfully available funds of the City (if any), with the Escrow Agent in the amount necessary and sufficient to accomplish the discharge and final payment of the Refunded Obligations at their scheduled date of early redemption (the "Redemption Date"). Such funds shall be held by the Escrow Agent in an escrow fund (the "Escrow Fund") irrevocably pledged to the payment of principal of and interest on the Refunded Obligations. SAMCO Capital Markets, Inc., in its capacity as Financial Advisor to the City, will certify as to the sufficiency of the amount initially deposited to the Escrow Fund, without regard to investment (if any), to pay the principal of and interest on the Refunded Obligations, when due, on the Redemption Date (the "Sufficiency Certificate"). Amounts on deposit in the Escrow Fund shall, until such time as needed for their intended purpose, be (i) held uninvested in cash and/or (ii) invested in certain direct, noncallable obligations of the United States of America (including obligations unconditionally guaranteed by the United States of America) that were, on the date the Ordinance was adopted, rated as to investment quality by a nationally recognized rating firm of not less than "AAA". Cash and investments, if any, held in the Escrow Fund shall not be available to pay debt service requirements on the Bonds.

Prior to, or simultaneously with, the issuance of the Bonds, the City will give irrevocable instructions to provide notice to the owners of the Refunded Obligations that the Refunded Obligations will be redeemed prior to stated maturity on which date money will be made available to redeem the Refunded Obligations from money held under the Escrow Agreement.

By the deposit of the cash with the Escrow Agent pursuant to the Escrow Agreement, the City will have effected the defeasance of all of the Refunded Obligations in accordance with the law. It is the opinion of Bond Counsel, in reliance upon the Sufficiency Certificate provided by SAMCO Capital Markets, Inc., that as a result of such defeasance the Refunded Obligations will be outstanding only for the purpose of receiving payments from the Escrow Fund held for such purpose by the Escrow Agent and such Refunded Obligations will not be deemed as being outstanding obligations of the City payable from taxes nor for the purpose of applying any limitation on the issuance of debt. The City has covenanted in the Escrow Agreement to make timely deposits to the Escrow Fund, from lawfully available funds, of any additional amounts required to pay the principal of and interest on the Refunded Obligations, if for any reason, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund be insufficient to make such payment.

General Description

The Bonds will be dated October 15, 2021 (the "Dated Date"), will be issued in denominations of $5,000 principal or any integral multiple thereof within a stated maturity, and will mature on the dates and in the principal amounts and will bear interest at the rates set forth on page 2 of this Official Statement. Interest on the Bonds will accrue from the Dated Date, with such interest payable on February 1 and August 1 of each year, commencing August 1, 2022, until stated maturity or prior redemption. Principal and interest on the Bonds are payable in the manner described herein under "BOOK-ENTRY-ONLY SYSTEM." In the event the Book-Entry-Only System is discontinued, the interest on the Bonds will be payable to the registered owner as shown on the security register maintained by UMB Bank, N.A., Austin, Texas, as the initial Paying Agent/Registrar, as of the Record Date (defined herein) by check, mailed first-class, postage prepaid, to the address of such person on the security register or by such other method acceptable to the Paying Agent/Registrar requested by and at the risk and expense of the registered owner. In the event the Book-Entry-Only System is discontinued, principal of the Bonds will be payable at Stated Maturity or prior redemption upon presentation and surrender thereof at the corporate trust office of the Paying Agent/Registrar.

If the date for the payment of the principal of or interest on the Bonds will be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment will be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which banking institutions are authorized to close; and payment on such date will have the same force and effect as if made on the original date payment was due.

Authority for Issuance

The Bonds are being issued pursuant to the Constitution and laws of the State of Texas, including Chapter 1207, as amended, Texas Government Code, the Ordinance, and the City's Home Rule Charter.

Security for Payment

The Bonds are direct obligations payable from the proceeds of an annual ad valorem tax levied, within the limitations prescribed by law, on all taxable property located within the City. (See "AD VALOREM PROPERTY TAXATION" herein.)

Redemption Provisions

The Issuer reserves the right to redeem Bonds stated to mature February 1, 2031, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof (if within a stated maturity, selected at random and by lot by the Paying Agent/Registrar) on February 1, 2030 or any date thereafter, at the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption.

Selection of Bonds for Redemption

If less than all of the Bonds are to be redeemed, the City shall determine the amounts and maturities thereof to be redeemed and shall direct the Paying Agent/Registrar to select by lot the Bonds, or portions thereof, to be redeemed.

Notice of Redemption

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

All notices of redemption must (i) specify the date of redemption for the Bonds, (ii) identify the Bonds to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state that the Bonds, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Bonds, or the principal amount thereof to be redeemed, shall be made at the designated payment/transfer office of the Paying Agent/Registrar only upon presentation and surrender thereof by the registered owner.

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

The Paying Agent/Registrar and the City, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Ordinance or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Bonds called for redemption or any other action premised or any such notice. Redemption of portions of the Bonds by the City will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bonds held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Bonds from the beneficial owners. Any such selection of Bonds to be redeemed will not be governed by the Ordinance and will not be conducted by the City or the Paying Agent/Registrar.

Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Bonds or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Bonds for redemption (see "BOOK-ENTRY-ONLY SYSTEM" herein).

Sources and Uses

Sources of Funds	The Bonds
Par Amount	$
Accrued Interest	
[Net] Reoffering Premium	
City Cash Contribution	
Total Sources of Funds	**$**
Uses of Funds	
Deposit to Escrow Fund	$
Costs of Issuance	
Purchasers' Discount	
Deposit to Bond Fund	
Total Uses of Funds	**$**

Payment Record

The City has never defaulted on the payment of its ad valorem tax-backed indebtedness.

Legality

The Bonds are offered when, as and if issued, subject to the approval by the Attorney General of the State of Texas and the rendering of opinions as to certain legal matters by Norton Rose Fulbright US LLP, San Antonio, Texas ("Bond Counsel"). The legal opinion of Bond Counsel will accompany the Bonds to be deposited with DTC or will be printed on the Bonds should the Book-Entry-Only System be discontinued. A form of the legal opinion of Bond Counsel appears in APPENDIX C attached hereto.

Defeasance

The Ordinance provides that the Bonds may be defeased, refunded or discharged in any manner permitted by applicable law. Under current State law, such discharge may be accomplished by either (i) depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of and all interest to accrue on the Bonds to maturity or prior redemption or (ii) by depositing with a paying agent, or other authorized escrow agent, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested in (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 of the United States of America, and that are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding obligations to refund the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent. The foregoing obligations may be in book-entry-only form, and shall mature and/or bear interest in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds. If any such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Ordinance.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid for purposes of applying any debt limitation on indebtedness or for purposes of taxation. After firm banking and financial arrangements for the discharge, final payment, or redemption of the Bonds have been made as described above, all rights of the City to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, the City may reserve the option, to be exercised at the time of the defeasance of the Bonds, to call for redemption, at an earlier date, those Bonds which have been defeased to their maturity date, if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Amendments

The Issuer may amend the Ordinance without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the Issuer may, with the written consent of the holders of a majority in aggregate principal amount of the Bonds then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Ordinance; except that, without the consent of the registered owners of all of the Bonds affected, no such amendment, addition, or rescission may (1) change the date specified as the date on which the principal of or any installment of interest on any Bond is due and payable, reduce the principal amount thereof, or the rate of interest thereon, change the place or places at or the coin or currency in which any Bond or interest thereon is payable, change the redemption price or amount, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required for consent to any amendment, addition, or waiver.

Default and Remedies

If the City defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Ordinance, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Ordinance, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Bonds, if there is no other available remedy at law to compel performance of the Bonds or the Ordinance and the City's Bonds are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the bondholders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and, accordingly, all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court (the "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.

Furthermore, Tooke, and subsequent jurisprudence, held that a municipality is not immune from suit for torts committed in the performance of its proprietary functions, as it is for torts committed in the performance of its governmental functions (the "Proprietary-Governmental Dichotomy"). Governmental functions are those that are enjoined on a municipality by law and are given by the State as a part of the State's sovereignty, to be exercised by the municipality in the interest of the general public, while proprietary functions are those that a municipality may, in its discretion, perform in the interest of the inhabitants of municipality.

In Wasson Interests, Ltd., v. City of Jacksonville, No. 14-0645 at 18, (Tex. April 1, 2016), ("Wasson") the Court addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that "a city's proprietary functions are not done pursuant to the 'will of the people'" and protecting such municipalities "via the [S]tate's immunity is not an efficient way to ensure efficient allocation of [S]tate resources". While the Court recognized that the distinction between government and proprietary functions is not clear, the Wasson opinion held that Proprietary-Governmental Dichotomy applies in contract-claims context. The Court reviewed Wasson again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary at the time of conception of the contractual relationship.

Notwithstanding the foregoing new case law issued by the Court, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgment, is justiciable against a municipality.

If a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. As noted above, the Ordinance provides that Bondholders may exercise the remedy of mandamus to enforce the obligations of the City under the Ordinance. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in Tooke, and it is unclear whether Tooke will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract). Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors or general principles of equity which permit the exercise of judicial discretion.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar is UMB Bank, N.A., Austin, Texas. In the Ordinance, the Issuer retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the Issuer, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar, selected at the sole discretion of the Issuer, shall be a national or state banking institution, shall be an association or a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, shall be subject to supervision or examination by federal or state authority, and shall be authorized by law to serve as a Paying Agent/Registrar. Upon a change in the Paying Agent/Registrar for the Bonds, the Issuer agrees to promptly cause written notice thereof to be sent to each registered owner of the Bonds by United States mail, first-class, postage prepaid.

The Bonds will be issued in fully registered form in multiples of $5,000 for any one stated maturity, and principal and semiannual interest will be paid by the Paying Agent/Registrar. Interest will be paid by check or draft mailed on each interest payment date by the Paying Agent/Registrar to the registered owner at the last known address as it appears on the Paying Agent/Registrar's books or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner. Principal will be paid to the registered owner at stated maturity or earlier redemption upon presentation to the Paying Agent/Registrar. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the Paying Agent/ Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

Record Date

The record date ("Record Date") for determining the person entitled to the receipt of the interest payable on a Bond on any interest payment date means the fifteenth (15^{th}) day of the month next preceding each interest payment date. 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 will be established by the Paying Agent/Registrar. (See "Special Record Date for Interest Payment" herein.)

Special Record Date for Interest Payment

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 Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "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 a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Future Registration

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

Limitation on Transfer of Bonds

Neither the City nor the Paying Agent/Registrar shall be required to make any such transfer, conversion or exchange (i) during the period commencing with the close of business of 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 Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date; provided, however, that such limitation shall not apply to uncalled portions of a Bond redeemed in part.

Replacement Bonds

The Issuer has agreed to replace mutilated, destroyed, lost, or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss, or theft, and receipt by the Issuer and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The Issuer may require payment of taxes, governmental charges, and other expenses in connection with any such replacement. The person requesting the authentication of and delivery of a replacement Bond must comply with such other reasonable regulations as the Paying Agent/Registrar may prescribe and pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by the Depository Trust Company, New York, New York (“DTC”) while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City, the Financial Advisor, and the Purchasers believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The City, the Financial Advisor, and the Purchasers cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or any 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 applicable series of Bonds), or any notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission (the "SEC"), and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of each maturity, and will be deposited with DTC.

DTC, the world's largest 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 certificated securities. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). Direct Participants and Indirect Participants are jointly referred to as "Participants". DTC has a S&P Global Ratings rating of "AA+". The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Obligation documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Neither DTC or Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

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

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Paying Agent/Registrar, on the 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 securities 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 nor its nominee, the Paying Agent/Registrar, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer 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 the Participants.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer and the Purchasers believe to be reliable, but the Issuer, the Financial Advisors and the Purchasers take no 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 Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Effect of Termination of Book-Entry-Only System

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the City, printed certificates representing the Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "REGISTRATION, TRANSFER AND EXCHANGE – Future Registration".

INVESTMENT POLICIES

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

Legal Investment

Under Texas law, the Issuer is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the State of Texas 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) (a) certificates of deposit and share certificates issued by a depository institution that has its main office or branch office in the State of Texas, that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or their respective successors, or are secured as to principal by obligations described in clauses (1) through (5) and clause (13) or in any other manner and amount provided by law for System deposits, and in addition (b) the System is authorized, subject to certain conditions, to invest in certificates of deposit with a depository institution that has its main office or branch office in the State of Texas and that participates in the Certificate of Deposit Account Registry Service® network ("CDARS®") and as further provided by Texas law, (7) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) and require the security being purchased by the Issuer or cash held by the Issuer to be pledged to the Issuer, held in the Issuer's name and deposited at the time the investment is made with the Issuer or with a third party selected and approved by the Issuer, and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas, (8) bankers' acceptances with the remaining term of 270 days or less from the date of issuance, 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, (9) commercial paper with the remaining term of 270 days or less from the date of issuance that is rated at least "A-1" or "P-1" or the equivalent by at least (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, (10) no-load money market mutual funds registered with and regulated by the United States Securities and Exchange Commission that have a dollar weighted average portfolio maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of $1 for each share, (11) no-load mutual fund registered with the United States Securities and Exchange Commission that: have an average weighted maturity of less than two years; invest exclusively in obligations described in the preceding clauses and clause (13), and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than "AAA" or its equivalent, (12) public funds investment pools that have an advisory board which includes participants in the pool and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than "AAA" or "AAA-m" or its equivalent, and (13) bonds issued, assumed or guaranteed by the State of Israel. Texas law also permits the Issuer to invest bond proceeds in a guaranteed investment contract subject to the limitations set forth in Chapter 2256, as amended, Texas Government Code.

Entities such as the Issuer may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized including accrued income, 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 (5) and clause (13) above, (b) pledged 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 (5) and clause (13) above, clause (9) above and clauses (10) and (11) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to such investing entity or a third party designated by such investing entity; (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 of Texas; and (iv) the agreement to lend securities has a term of one year or less.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pool are rated no lower than "AAA" or "AAA-m" or an equivalent by at least one nationally recognized rating service. The Issuer is specifically prohibited from investing in (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under Texas law, the City may 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 has not contracted with, and has no present intention of contracting with, any such investment management firm or the State Securities Board to provide such services.

Investment Policies

Under Texas law, the Issuer is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for Issuer funds, maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, and the methods to monitor the market price of investments acquired with public funds and the 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. All Issuer funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement will describe its objectives concerning (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

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

Additional Provisions

Under Texas law, the Issuer is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt an 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 said ordinance or resolution, (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the Issuer to: (a) receive and review the Issuer's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the Issuer and the business organization that are not authorized by the Issuer’s investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the Issuer’s entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the Issuer and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the Issuer's investment policy; (6) provide specific investment training for the Treasurer, Chief Financial Officer, or other 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 repurchase agreement; (8) restrict the investment in mutual funds in the aggregate to no more than 80% of the Issuer's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service and further restrict the investment in non-money market mutual funds of any portion of bond proceeds, reserves and funds held for debt service and to no more than 15% of the Issuer’s monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service and further restrict the investment in no-load money market mutual funds of any portion of bond proceeds reserves and funds held for debt service to no more than 15% of the entity’s monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to confirm 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 Issuer.

Current Investments [1] **TABLE 1**

As of July 31, 2021, the City held investments as follows:

Investment Type	Amount	Percentage
Cash and Cash Equivalents	$32,847,851	100%

100% held at the bank fully collateralized.

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

[1] Unaudited

AD VALOREM PROPERTY TAXATION

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

Valuation of Taxable Property

The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of Atascosa County Appraisal District (the "Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property.

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

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates (see "AD VALOREM PROPERTY TAXATION – City and Taxpayer Remedies").

State Mandated Homestead Exemptions

State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

Local Option Homestead Exemptions

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

Local Option Freeze for the Elderly and Disabled

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

Personal Property

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

Freeport and Goods-In-Transit Exemptions

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

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

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

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.

Temporary Exemption for Qualified Property Damaged by a Disaster

The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Tax Code. Section 11.35 of the Tax Code was enacted during the 2019 legislative session, and there is no judicial precedent for how the statute will be applied. Texas Attorney General Opinion KP-0299, issued on April 13, 2020, concluded a court would likely find the Texas Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster.

Tax Increment Reinvestment Zones

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

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.

For a discussion of how the various exemptions described above are applied to the City, see "Ad Valorem Property Taxation – The Property Tax Code as Applied to the City".

Chapter 380 Agreements

Cities are also authorized, pursuant to Chapter 380, Texas Local Government Code, as amended ("Chapter 380") to establish programs to promote state or local economic development and to stimulate business and commercial activity in the City. In accordance with a program established pursuant to Chapter 380, the City may make loans or grants of public funds for economic development purposes.

City and Taxpayer Remedies

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

Beginning in the 2020 tax year, owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at $50 million for the 2020 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

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

Levy and Collection of Taxes

The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the City. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances. The Property Tax Code permits taxpayers owning homes or certain businesses located in a disaster area and damaged as a direct result of the declared disaster to pay taxes imposed in the year following the disaster in four equal installments without penalty or interest, commencing on February 1 and ending on August 1. See "AD VALOREM PROPERTY TAXATION – Temporary Exemption for Qualified Property Damaged by a Disaster" for a discussion of the applicability of this section of the Property Tax Code.

City's Rights in the Event of Tax Delinquencies

Taxes levied by the City are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the City, having power to tax the property. The City's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the City is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

Public Hearing and Maintenance and Operations Tax Rate Limitations

The following terms as used in this section have the meanings provided below:

"adjusted" means lost values are not included in the calculation of the prior year's taxes and new values are not included in the current year's taxable values.

“de minimis rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted), plus the rate that produces an additional $500,000 in tax revenue when applied to the current year’s taxable value, plus the debt service tax rate.

“no-new-revenue tax rate” means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year’s total tax levy (adjusted) from the current year’s total taxable values (adjusted).

“special taxing unit” means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per $100 of taxable value.

“unused increment rate” means the cumulative difference between a city’s voter-approval tax rate and its actual tax rate for each of the tax years 2020 through 2022, which may be applied to a city’s tax rate in tax years 2021 through 2023 without impacting the voter-approval tax rate.

“voter-approval tax rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the “unused increment rate”.

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

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

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

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

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

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

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

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

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

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

Debt Tax Rate Limitations

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax-supported debt within the limits prescribed by law. Article XI, Section 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.

The Property Tax Code as Applied to the City

The City does not grant an exemption of up to 20% of the appraised value of residence homesteads (but not less than $5,000).

The City has elected to grant a Local Option Homestead Exemption of $16,000 of the appraised value of the residence homestead of persons 65 year of age or older and the disabled.

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

Ad valorem tax are levied by the City against the exempt value of the residence homesteads for the payment of debt.

The City does not tax nonbusiness personal property.

The City does tax freeport property.

The City does not tax Goods-in-Transit.

The City does not offer discounts or allow split payments.

The City participates in two Chapter 380 Economic Development Agreements.

PeopleFund for Economic Development Activities. Pursuant to the terms of a Chapter 380 Economic Development Agreement with PeopleFund for Economic Development Activities ("PeopleFund"), effective as of April 16, 2020. PeopleFund financial assistance has established, funded, maintained and operated the Texas COVID19 Relief Fund with $3 million in loan capital to lend throughout the state of Texas. With the assistance of the program's financial assistance business will be able to maintain or re-employ employment positions that will promote local economic development and stimulate business and commercial activity in Pleasanton. PeopleFund will invest at least $600,000 in loan capital to originate at least 10 loans to eligible Pleasanton businesses meeting the general loan criteria. The loans will be made with zero interest and no payments for the first six months. The City has agreed to invest $20,000 in grants to assist businesses within the City that meet the general loan criteria. The City and PeopleFund agree that 2020 will serve as a base year for any payments or obligations.

Luniz, LLC. Pursuant to the terms of a Chapter 380 Economic Development Agreetment with Luniz, LLC ("Luniz"), effective as of October 28, 2020. Luniz proposes to invest at least $1.2 million in capital improvements and to generate employment, an improved tax base and economic development activity in the City. Luniz will acquire and lease to Starbucks Corporation a certain 0.545-acre parcel, located at 1701 W. Oaklawn Road. The construction will provide bring increased tax revenue to the City. It is anticipated that this store will create 15-20 employment positions under the program. The City will grant and pay a sales tax rebate to Luniz in an amount not to exceed $200,000 based on two percent (2.0%) of the sales tax collected on any taxable retail sale from or at the improvements on the land during the ten (10) years from the completion date.

CONVENING OF THE TEXAS LEGISLATURE

On May 31, 2021, the 87th Texas Legislature adjourned the general session. Thereafter, the Texas Governor may called two additional special sessions which have adjourned. The Governor has called a third special legislative session to convene on September 20, 2021. During this third special session, the Texas Legislature may enact laws that materially change current law as it relates to the City and its finances. The City makes no representation regarding any actions the Texas Legislature may take but intends to monitor proposed legislation for any developments applicable to the City.

TAX MATTERS

THE FOLLOWING DISCUSSION OF CERTAIN FEDERAL INCOME TAX CONSIDERATIONS IS FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. EACH PROSPECTIVE PURCHASER OF THE BONDS SHOULD CONSULT ITS OWN TAX ADVISOR AS TO THE TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE BONDS.

Tax Exemption

In the opinion of Locke Lord LLP, Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not a specific preference item for purposes of the alternative minimum tax.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The City has covenanted in the Ordinance that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Ordinance pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the City, the City's Financial Advisor and the Purchaser with respect to matters solely within the knowledge of the City, the City's Financial Advisor, and the Purchaser, respectively, which Bond Counsel has not independently verified. If the City fails to comply with the covenants in the Ordinance or if such representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, Bond Counsel will express no opinion as to the amount of interest on the Bonds or any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Ordinance upon the advice or with the approving opinion of Bond Counsel. Bond Counsel will express no opinion with respect to Bond Counsel's ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Bonds from gross income for federal income tax purposes.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems 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 as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds, regardless of the ultimate outcome of the audit.
Additional Federal Income Tax Considerations

Collateral Tax Consequences

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium

The issue price of all or a portion of the Bonds may exceed the stated redemption price payable at maturity of such Bonds. Such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Certificate in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Certificate in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Certificate by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Certificate that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Certificate) is determined using the yield to maturity on the Premium Certificate based on the initial offering price of such Premium Certificate.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Certificate and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Tax Accounting Treatment of Original Issue Discount

The issue price of all or a portion of the Bonds may be less than the stated redemption price payable at maturity of such Bonds (the "Original Issue Discount Bonds"). In such case, the difference between (i) the amount payable at the maturity of each Original Issue Discount Certificate, and (ii) the initial offering price to the public of such Original Issue Discount Certificate constitutes original issue discount with respect to such Original Issue Discount Certificate in the hands of any owner who has purchased such Original Issue Discount Certificate in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Certificate equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Certificate continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions "TAX MATTERS – Tax Exemption" and "TAX MATTERS – Additional Federal Income Tax Considerations – Collateral Tax Consequences" and "—Tax Legislative Changes" generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

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

The foregoing discussion assumes that (i) the Purchaser has purchased the Bonds for contemporaneous sale to the public and (ii) all of the Original Issue Discount Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover pages of this Official Statement. Neither the City nor Bond Counsel has made any investigation or offers any comfort that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Certificate accrues daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Certificate for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (i) 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 (ii) the amounts payable as current interest during such accrual period on such Certificate.

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

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any recently-enacted, proposed, pending or future legislation.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and Beneficial Owners of the Bonds. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under these agreements, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). The information provided to the MSRB will be available to the public free of charge via the Electronic Municipal market Access ("EMMA") system through an internet website accessible at www.emma.msrb.org as described below under "Availability of Information".

Annual Reports

Under State law, including, but not limited to Chapter 103, as amended, Texas Government Code, the City must keep its fiscal records in accordance with generally accepted accounting principles, must have its financial accounts and records audited by a certified public accountant and must maintain each audit report within 180 days after the close of the City's fiscal year. The City's fiscal records and audit reports are available for public inspection during the regular business hours, and the City is required to provide a copy of the City's audit reports to any certificate holder or other member of the public within a reasonable time of request to City Secretary, 108 Second Street, Pleasanton, Texas 78064, and upon payment of charges prescribed by the Texas General Services Commission.

The City will file certain updated financial information and operating data with 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 in Table 1 hereof, Tables 1 through 14 of APPENDIX A to this Official Statement, and in APPENDIX D. The City will update and provide this information within six months after the end of each fiscal year ending in and after 2021.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's EMMA Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial statements by the required time and audited financial statements when and if such audited financial statements become available.

Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX D or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation.

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

Notice of Certain Events

The City will file with the MSRB notice of any of the following events with respect to the Bonds in a timely manner (and not more than 10 business days after occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Certificate calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material (15) incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties. Neither the Bonds nor the Ordinance make any provision for debt service reserves, credit enhancement, or liquidity enhancement. In addition, the City will provide timely notice of any failure by the City to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports". The City will provide each notice described in this paragraph to the MSRB.

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

Availability of Information

All information and documentation filing required to be made by the City in accordance with its undertaking made for the Bonds will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB.

Limitations and Amendments

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

The City may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders or beneficial owners of the Bonds. 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. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision 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 any Purchasers from lawfully purchasing or selling Bonds, respectively, in the primary offering of the Bonds.

Compliance with Prior Undertakings

For information relating to the City's continuing disclosure filing history, see www.emma.msrb.org.

LEGAL MATTERS

Legal Opinions

The City will furnish the Purchaser with a complete transcript of proceedings incident to the authorization and issuance of the Bonds, including the approving opinion of the Attorney General of the State as recorded in the Bond Register of the Comptroller of Public Accounts of the State, to the effect that the Bonds are a valid and legally binding obligation of the City under the Constitution and laws of the State. The City will also furnish the approving legal opinion of Bond Counsel in substantially the form attached hereto as Appendix D. 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 to independently verify any of the information contained therein, except that in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Official Statement to verify that such description conforms to the provisions of the Ordinance. Additionally, the Bond Counsel has been engaged by the City to assist the City on certain matters related to compliance with Rule 15c2-12. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are contingent on the sale and delivery of the Bonds.

No-Litigation Certificate

The City will furnish the initial Purchaser with a certificate, dated as of the date of delivery of the Bonds, executed by both the Mayor and the City Secretary, to the effect that no litigation of any nature is then pending or threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the issuance, execution, or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority or proceeding for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds.

Litigation

The City is exposed to various risks of losses related to torts, theft of, damage to and destruction of fixed assets; error and omissions; injuries to employees; and natural disasters. The City has obtained commercial insurance coverage for these risks and provided various employee education and prevention programs. Various claims and lawsuits are pending against the City. In the opinion of City management, after consultation with legal counsel, the potential loss on all claims and lawsuits will not materially affect the City's financial position.

FORWARD LOOKING STATEMENTS

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

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

OTHER PERTINENT INFORMATION

Registration and Qualification of Bonds for Sale

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; or have the Bonds been qualified under the securities acts of any jurisdiction. The Issuer assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

It is the obligation of the Purchasers to register or qualify the sale of the Bonds under the securities laws of any jurisdiction which so requires. The City agrees to cooperate, at the Purchasers' written request and sole expense, in registering or qualifying the Bonds or in obtaining an exemption from registration or qualification in any state where such action is necessary; provided, however, that the City shall not be required to qualify as a foreign corporation or to execute a general consent to service of process in any jurisdiction.

Rating

A municipal bond rating application for the Bonds has been made to S&P Global Ratings ("S&P"). The outcome of the results will be made available as soon as possible. An explanation of the significance of such rating may be obtained from S&P. The rating of the Bonds by S&P reflect only the views of S&P at the time the rating is given, and the Issuer makes no representations as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by S&P, if, in the judgment of S&P, circumstances so warrant. Any such downward revisions or withdrawals of the rating may have an adverse effect on the market price of the Bonds.

Authenticity of Financial Information

The financial data and other information contained herein have been obtained from the Issuer's records, audited financial statements and other sources that are believed to be reliable. All of the summaries of the statutes, documents, and the Ordinance contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and the Ordinance. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original sources thereof and no guaranty, warranty or other representation is made concerning the accuracy or completeness of the information herein. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

Financial Advisor

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

The Financial Advisor 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 its responsibilities to the Issuer 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.

Winning Bidder

After requesting competitive bids for the Bonds, the City accepted the bid of ____________ (the "Purchasers") to purchase the Bonds at the interest rates shown on the page 2 of this Official Statement at a price of par, plus a net reoffering premium of $___________, plus accrued interest on the Bonds from their Dated Date to their date of initial delivery. The City can give no assurance that any trading market will be developed for the City after their sale by the City to the Purchasers. The City has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the responsibility of the Purchasers.

Certification of the Official Statement

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

Authorization of the Official Statement

This Official Statement will be approved as to form and content and the use thereof in the offering of the Bonds will be authorized, ratified and approved by the City Council of the City on the date of sale, and the Purchaser will be furnished, upon request, at the time of payment for and the delivery of the Bonds, a certified copy of such approval, duly executed by the proper officials of the Issuer.

The Ordinance will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto issued on behalf of the Issuer, and authorize its further use in the reoffering of the Bonds by the Purchaser.

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

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

The Ordinance authorizing the issuance of the Bonds will also approve the form and content of this Official Statement and any addenda, supplement or amendment thereto and authorize its further use in the re-offering of the Bonds by the Purchaser.

This Official Statement will be approved by the Council for distribution in accordance with the provisions of the SEC's rule codified at 17 C.F.R. Section 240.15c2-12, as amended.

ATTEST:

/s/ ______________________________
Mayor
City of Pleasanton, Texas

/s/ ______________________________
City Secretary
City of Pleasanton, Texas

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SCHEDULE I

SCHEDULE OF REFUNDED OBLIGATIONS

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SCHEDULE I

Schedule of Refunded Obligations*

City of Pleasanton, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligaiton, Series 2009

Maturity Date (2/1)	Principal	Interest Rate	Redemption Date
2022	$ 170,000	5.00%	11/24/2021
2023	180,000	5.00%	11/24/201
2024	190,000	5.00%	11/24/2021
	$ 540,000		

City of Pleasanton, Texas Combination Tax and Limited Pledge Certificates of Obligation, Series 2013

Maturity Date (2/1)	Principal	Interest Rate	Redemption Date
2023	$ 185,000	3.00%	2/1/2022
2024	190,000	3.50%	2/1/2022
2025	200,000	3.50%	2/1/2022
2026	205,000	4.00%	2/1/2022
2027	215,000	4.00%	2/1/2022
2028	225,000	4.00%	2/1/2022
2029	230,000	4.00%	2/1/2022
2030	245,000	4.50%	2/1/2022
2031	255,000	4.50%	2/1/2022
2032	265,000	4.50%	2/1/2022
2033	280,000	4.50%	2/1/2022
	$ 2,495,000		

**Preliminary subject to change.*

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APPENDIX A

FINANCIAL INFORMATION
CITY OF PLEASANTON, TEXAS

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FINANCIAL INFORMATION OF THE ISSUER

ASSESSED VALUATION **TABLE 1**

2021 Actual Certified Market Value of Taxable Property (100% of Market Value)	$	901,620,907
Less Exemptions:		
Optional Over-65 or Disabled Homestead	$	11,490,063
Disabled/Deceased Veterans'		15,128,202.00
Open-Space Land and Timberland		8,950,400.00
Charitable Exemptions		225,740.00
Totally Exempt Property		74,172,938.00
10% Per Year Cap on Residential Homesteads		14,500,129.00
TOTAL EXEMPTIONS	$	124,467,472.00
2021 Certified Assessed Value of Taxable Property	$	777,153,435

Source: Atascosa County Appraisal District.

GENERAL OBLIGATION BONDED DEBT [1]

(as of October 1, 2021)

General Obligation Debt Principal Outstanding			
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2008	$	410,000	
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2009		-	(1) *
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2013		180,000	(1) *
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2014		4,450,000	
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015		2,555,000	
General Obligation Refunding Bonds, Series 2015		2,265,000	
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2016		2,795,000	
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2017		1,670,000	
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2019		6,085,000	
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021		10,075,000	
The Bonds		2,795,000	*
Total Gross General Obligation Debt	$	33,280,000	*
Less: Self Supporting Debt			
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2014 (100% Utility Fund)	$	4,450,000	
General Obligation Refunding Bonds, Series 2015 (100% Utility Fund)		2,265,000	
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2016 (100% Hotel/Motel Fund)		2,940,000	
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2017 (100% Utility Fund)		1,670,000	
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021 (55% Utility Fund)		5,495,000	
Total Self-Supporting Debt	$	16,820,000	
Total Net General Obligation Debt Outstanding	$	16,460,000	*
2021 Net Assessed Valuation	$	777,153,435	
Ratio of Gross General Obligation Debt Principal to Certified Net Taxable Assessed Valuation		4.28%	
Ratio of Net General Obligation Debt to Certified Net Taxable Assessed Valuation		2.12%	

Population: 2000 - 8,266; 2010 - 8,934; est. 2021 - 11,173
Per Capita Certified Net Taxable Assessed Valuation - $69,556.38
Per Capita Gross General Obligation Debt Principal - $2,978.61
Per Capita Net General Obligation Debt Principal - $1,473.19

** Preliminary, subject to change.*
[1] *Excludes the Refunded Obligations.*

DEBT OBLIGATIONS - CAPITAL LEASE AND NOTES PAYABLE **TABLE 2**

Operating Leases:

The government leases equipment under noncancellable operating leases. Total costs for such leases were $47,215 for the year ended September 30, 2020. The future minimum lease payments for these leases are as follows

FYE (9/30)	Amount	
2021	$	39,320
2022		10,441
2023		-
2024		-
Total	$	49,761

Rent expenditures were $1 for the year ended September 30, 2020. Rental income received was $143,543 for the year ended September 30, 2020.

Source: The City's Comprehensive Annual Financial Report for fiscal year ended September 30, 2020.

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending (9/30)	Current Total Outstanding Debt [(1)]	Less: Refunded Obligations*	The Bonds* Principal	The Bonds* Interest	The Bonds* Total	Total Combined Debt Service*	Less: Self Supporting Debt Service*	Total Net Debt Service *
2022	$ 2,979,461	$ 293,975	$ -	$ 39,751	$ 39,751	3,233,684	1,422,503	1,811,182
2023	2,993,044	477,450	385,000	52,050	437,050	3,033,444	1,403,933	1,629,511
2024	2,801,631	477,100	395,000	44,250	439,250	2,839,481	1,576,393	1,263,088
2025	2,614,131	285,525	205,000	38,250	243,250	2,656,406	1,578,243	1,078,163
2026	2,608,796	282,925	210,000	34,100	244,100	2,647,621	1,573,108	1,074,513
2027	2,443,189	284,525	215,000	29,850	244,850	2,482,864	1,565,826	917,038
2028	2,055,588	285,725	220,000	25,500	245,500	2,095,813	1,175,000	920,813
2029	2,059,676	281,625	220,000	21,100	241,100	2,100,201	1,181,613	918,588
2030	2,050,151	286,513	230,000	16,600	246,600	2,090,064	1,171,000	919,064
2031	2,048,232	285,263	235,000	11,950	246,950	2,086,545	1,169,750	916,795
2032	2,053,401	283,563	235,000	7,250	242,250	2,094,713	1,176,738	917,976
2033	2,055,513	286,300	245,000	2,450	247,450	2,094,363	1,176,700	917,663
2034	1,766,675	-	-	-	-	1,766,675	1,175,219	591,456
2035	1,345,156	-	-	-	-	1,345,156	750,300	594,856
2036	1,117,500	-	-	-	-	1,117,500	751,050	366,450
2037	877,650	-	-	-	-	877,650	511,250	366,400
2038	741,450	-	-	-	-	741,450	375,400	366,050
2039	743,700	-	-	-	-	743,700	378,300	365,400
2040	691,200	-	-	-	-	691,200	376,050	315,150
2041	681,750	-	-	-	-	681,750	373,700	308,050
Total	$ 36,727,893	$3,810,488	$2,795,000	$323,101	$3,118,101	$ 37,420,279	$ 20,862,075	$ 16,558,204

(1) *Includes self-supporting debt.*

* *Preliminary, subject to change. Interest calculations based on an assumed rate. Excludes the Refunded Obligations.*

TAX ADEQUACY (Includes Self-Supporting Debt)

2021 Certified Freeze Adjusted Net Taxable Assessed Valuation	$ 777,153,435	
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-2022)	3,233,684	*
Anticipated required I&S Fund Tax Rate at 98% Collections to produce Maximum Debt Service requirements	$ 0.42459	*

* *Preliminary, subject to change. Excludes the Refunded Obligations and includes the Bonds.*

Note: Above computations are exclusive of investment earnings, delinquent tax collections and penalties and interest on delinquent tax collections.

TAX ADEQUACY (Excludes Self-Supporting Debt)

2021 Certified Freeze Adjusted Net Taxable Assessed Valuation	$ 777,153,435	
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-2022)	1,811,182	*
Anticipated required I&S Fund Tax Rate at 98% Collections to produce Maximum Debt Service requirements	$ 0.23781	*

* *Preliminary, subject to change. Excludes the Refunded Obligations and includes the Bonds.*

Note: Above computations are exclusive of investment earnings, delinquent tax collections and penalties and interest on delinquent tax collections.

INTEREST AND SINKING FUND MANAGEMENT INDEX

Interest and Sinking Fund Balance, Fiscal Year Ended September 30, 2021	$ -
2021 Anticipated Interest and Sinking Fund Tax Levy at 95% Collections Produce [1]	1,599,887
Total Available for General Obligation Debt	$ 1,599,887
Less: Net General Obligation Debt Service Requirements, Fiscal Year Ending 9/30/22	3,233,684
Estimated Surplus at Fiscal Year Ending 9/30/2022 [1]	$ (1,633,798)

[1] *Does not include delinquent tax collections, penalties and interest on delinquent tax collections or investment earnings.*

GENERAL OBLIGATION PRINCIPAL REPAYMENT SCHEDULE

(as of October 1, 2021)

	Principal Repayment Schedule				Principal	Percent of
Fiscal Year Ending 9-30	**Currently Outstanding[a]**	**Less: Refunded Obligations**	**The Bonds***	**Total***	**Unpaid at End of Year***	**Principal Retired (%)***
2022	$ 2,035,000	$ 170,000	$ -	$ 1,865,000	$ 31,415,000	5.60%
2023	2,205,000	365,000	385,000	2,225,000	29,190,000	12.29%
2024	2,225,000	380,000	395,000	2,240,000	26,950,000	19.02%
2025	2,105,000	200,000	205,000	2,110,000	24,840,000	25.36%
2026	2,170,000	205,000	210,000	2,175,000	22,665,000	31.90%
2027	2,075,000	215,000	215,000	2,075,000	20,590,000	38.13%
2028	1,755,000	225,000	220,000	1,750,000	18,840,000	43.39%
2029	1,830,000	230,000	220,000	1,820,000	17,020,000	48.86%
2030	1,890,000	245,000	230,000	1,875,000	15,145,000	54.49%
2031	1,960,000	255,000	235,000	1,940,000	13,205,000	60.32%
2032	2,035,000	265,000	235,000	2,005,000	11,200,000	66.35%
2033	2,100,000	280,000	245,000	2,065,000	9,135,000	72.55%
2034	1,870,000	-	-	1,870,000	7,265,000	78.17%
2035	1,495,000	-	-	1,495,000	5,770,000	82.66%
2036	1,305,000	-	-	1,305,000	4,465,000	86.58%
2037	1,105,000	-	-	1,105,000	3,360,000	89.90%
2038	995,000	-	-	995,000	2,365,000	92.89%
2039	1,020,000	-	-	1,020,000	1,345,000	95.96%
2040	670,000	-	-	670,000	675,000	97.97%
2041	675,000	-	-	675,000	-	100.00%
Total	$ 33,520,000	$ 3,035,000	$ 2,795,000	$ 33,280,000		

[a] *Includes self-supporting debt.*

* *Preliminary, subject to change.*

TAXABLE ASSESSED VALUATION FOR TAX YEARS 2012-2021 — TABLE 3

Year	Net Taxable Assessed Valuation	Change From Preceding Year Amount ($)	Change From Preceding Year Percent
2012-13	$ 465,076,964	---	----
2013-14	519,651,231	$ 54,574,267	11.73%
2014-15	543,439,095	23,787,864	4.58%
2015-16	590,856,234	47,417,139	8.73%
2016-17	597,955,692	7,099,458	1.20%
2017-18	621,046,743	23,091,051	3.86%
2018-19	687,993,652	66,946,909	10.78%
2019-20	728,808,863	40,815,211	5.93%
2020-21	706,433,386	(22,375,477)	-3.07%
2021-22	777,153,435	70,720,049	10.01%

Source: Atascosa County Appraisal District.

CLASSIFICATION OF ASSESSED VALUATION **TABLE 4**

	2021	% of Total	2020	% of Total	2019	% of Total
Real, Residential, Single-Family	$ 482,800,246	53.55%	$ 397,862,652	50.99%	$ 423,281,955	51.91%
Real, Residential, Multi-Family	42,739,522	4.74%	38,142,604	4.89%	40,498,517	4.97%
Real, Vacant Lots/Tracts	11,462,101	1.27%	9,884,852	1.27%	10,547,351	1.29%
Real, Acreage (Land Only)	9,150,847	1.01%	202,446	0.03%	7,308,650	0.90%
Real, Farm and Ranch Improvements	7,992,817	0.89%	7,194,642	0.92%	8,252,805	1.01%
Real, Commercial	157,103,896	17.42%	147,789,330	18.94%	137,012,086	16.80%
Real, Industrial	2,292,880	0.25%	2,327,200	0.30%	2,469,450	0.30%
Oil and Gas	4,790	0.00%	3,363	0.00%	4,790	0.00%
Real & Tangible, Personal Utilities	19,662,650	2.18%	18,068,500	2.32%	17,451,910	2.14%
Tangible Personal, Commercial	48,011,440	5.33%	58,704,350	7.52%	55,941,370	6.86%
Tangible Personal, Industrial	34,013,040	3.77%	36,265,600	4.65%	51,028,850	6.26%
Tangible Personal, Mobile Homes	4,809,620	0.53%	4,379,862	0.56%	4,197,430	0.51%
Real Property, Inventory	1,105,370	0.12%	1,245,640	0.16%	1,261,400	0.15%
Speical Inventory	6,298,750	0.70%	4,900,940	0.63%	5,205,550	0.64%
Totally Exempt Property	74,172,938	8.23%	53,311,082	6.83%	50,985,289	6.25%
Total Appraised Value	$ 901,620,907	100.00%	$ 780,283,063	100.00%	$ 815,447,403	100.00%
Less:						
Optional Over-65 or Disabled Homestead	$ 11,490,063		$ 11,627,697		$ 11,687,437	
Disabled/Deceased Veterans'	15,128,202		11,380,853		10,736,566	
Open-Space Land and Timberland	8,950,400		7,608,500		7,143,970	
Charitable Exemptions	225,740		-		-	
House Bill 366	-		6,934		205,300	
Totally Exempt Property	74,172,938		40,144,564		50,985,289	
10% Per Year Cap on Res. Homesteads	14,500,129		3,081,129		5,879,978	
Net Taxable Assessed Valuation	$ 777,153,435		$ 706,433,386		$ 728,808,863	

Source: Atascosa County Appraisal District.

PRINCIPAL TAXPAYERS 2021 **TABLE 5**

Name	Type of Business/Property	2021 Net Taxable Assessed Valuation	% of 2021 Assessed Valuation
AEP Texas Central Company	Utility	$13,792,550	1.77%
Living Emunah in Texas LP	Apartment	10,035,010	1.29%
Cactus Wellhead LLC	Drilling Equipment Supplier	9,784,120	1.26%
H E Butt Grocery Co	Grocery Chain	6,720,678	0.86%
Wal-Mart Real Estate	Real Estate	6,583,170	0.85%
Cactus Drilling Company	Drilling Equipment Supplier	6,124,270	0.79%
Wal-Mart Stores Texas LLC	Retail	5,996,070	0.77%
Covenant Testing Technologies LLC	Well testing services	5,786,370	0.74%
Karnes Electric COOP	Utility	5,128,580	0.66%
1121 W Oaklawn LLC	Apartment	5,110,141	0.66%
		$75,060,959	9.66%

TAX RATE DISTRIBUTION **TABLE 6**

	2021	2020	2019	2018	2017
General Fund	$ 0.268904	$ 0.283000	$ 0.298500	$ 0.298500	$ 0.285500
I&S Fund	0.246741	0.216700	0.201200	0.201200	0.220300
Total Tax Rate	$ 0.515645	$ 0.499700	$ 0.499700	$ 0.499700	$ 0.505800

Source: Atascosa County Appraisal District

TAX DATA **TABLE 7**

Taxes are due October 1 and become delinquent after January 31. Discounts are allowed: 3% October, 2% November, and 1% if paid in December. Current collections are those taxes collected through August 31, applicable to the current year's tax levy. Penalities and Interest: (a) a delinquent tax incursa a penalty of six percent of the amount of the tax for the firt calendar month it is delinquent plus one percent for each addtional month or portion of a month the tax remains unpaid prior to Juy 1 of the year in which it becomes delinquent. However, a tax delinquent on Juy 1 incurs a total penalty of twelve percent of the amunt of the delinquent tax without regard to the number of months the tax has been delinquent; (b) a delinquet tax accrues interest at at rare of one prcent for eachmonth or portionof a month the tax remains unpaid; and an additioanl penalty up to a maximum of 20% of taxe, penalty and interest may be imposed to defray costs of collection for taxes delinquet after Juy 1. all per centage of collectiosn set for below

Tax Year	Net Taxable Assessed Valuation	Tax Rate	Tax Levy	% of Collections Current	Total	Year Ended	
2008	$ 342,680,081	$ 0.499986	$ 1,713,352	94.32	97.12	9/30/2009	
2009	367,547,360	0.499986	1,837,685	96.06	99.62	9/30/2010	
2010	395,449,973	0.499986	1,977,195	94.97	99.21	9/30/2011	
2011	429,173,322	0.489770	2,101,962	94.69	99.89	9/30/2012	
2012	465,076,964	0.489770	2,277,807	96.56	100.35	9/30/2013	
2013	519,651,231	0.489770	2,545,096	95.67	98.93	9/30/2014	
2014	543,439,095	0.489770	2,661,602	94.91	98.83	9/30/2015	
2015	590,856,234	0.489770	2,893,837	96.80	98.97	9/30/2016	
2016	597,955,692	0.489770	2,928,608	95.97	100.59	9/30/2017	
2017	621,046,743	0.505800	3,141,254	99.36	99.40	9/30/2018	
2018	687,993,652	0.499700	3,437,904	99.90	100.09	9/30/2019	
2019	728,808,863	0.499700	3,641,858	95.72	98.00	9/30/2020	
2020	706,433,386	0.499700	3,530,048	97.63	99.00	9/30/2021	*
2021	777,153,435	0.515645	4,007,353	(In process of collections)		9/30/2022	

Source: Atascosa County Appraisal District

** Collections as of September 15, 2021.*

MUNICIPAL SALES TAX COLLECTIONS **TABLE 8**

The Issuer has adopted the provisions of Chapter 321, as amended, Texas Tax Code. In addition, some issuers are subject to a property tax relief and/or an economic and industrial development tax. The Issuer has authorized the addtioanl one-half cent sales tax Net collections on calendar year basis are as follows:

Calendar Year	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate
2012	$ 5,718,938	251.07%	$ 1.230
2013	6,309,467	247.91%	1.214
2014	6,914,589	259.79%	1.272
2015	7,099,636	245.34%	1.202
2016	4,223,046	144.20%	0.706
2017	4,366,179	138.99%	0.703
2018	5,980,233	173.95%	0.869
2019	5,491,613	150.79%	0.754
2020	4,408,258	124.88%	0.624
2021	3,078,776	(as of August 2021)	

Source: State Comptroller's Office of the State of Texas.

OVERLAPPING DEBT INFORMATION

(as of October 1, 2021)

The following table indicates the indebtedness, defined as outstanding bonds payable from ad valorem taxes, of governmental entities overlapping the City and the estimated percentages and amounts of such indebtedness attributable to property within the City. Expenditures of the various taxing bodies overlapping the territory of the Issuer are paid out of ad valorem taxes levied by these taxing bodies on properties overlapping the Issuer. These political taxing bodies are independent of the Issuer and may incur borrowings to finance their expenditures. The following statements of direct and estimated overlapping ad valorem tax bonds was developed from information contained in the "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the Issuer, the Issuer 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 below may have authorized or issued additional bonds since the date stated below, and such entities may have programs requiring the authorization and/or issuance of substantial amounts of additional bonds, the amount of which cannot be determined.

Taxing Body	Gross Debt (As of 10/01/2021)	% Overlapping	Amount Overlapping	
Atascosa County	$ 21,075,000	15.07%	$ 3,176,003	
Jourdanton ISD	40,480,467	4.20%	1,700,180	
Pleasanton ISD	55,235,000	30.43%	16,808,011	
Total Gross Overlapping Debt			$ 21,684,193	
Pleasanton, City of			$ 33,280,000	*
Total Gross Direct and Overlapping Debt			$ 54,964,193	*
Ratio of Gross Direct Debt and Overlapping Debt			7.07%	*
Per Capita Gross Direct Debt and Overlapping Debt			$4,919.38	*

Note: The above figures show Gross General Obligation Debt for the City of Pleasanton, Texas. The Issuer's Net General Obligation Debt is $16,460,000. Calculations on the basis of Net General Obligation Debt would change the above figures as follows:

Total Net Direct and Overlapping Debt	$ 38,144,193	*
Ratio of Net Direct and Overlapping Debt to 2017 Net Assessed Valuation	4.91%	*
Per Capita Net Direct and Overlapping Debt	$3,413.96	*

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

** Includes the Bonds and excludes the Refunded Obligations. Preliminary, subject to change.*

GENERAL FUND COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES — TABLE 9

The following statements set forth in condensed form reflect the historical operations of the Issuer. Such summary has been prepared for inclusion herein based upon information obtained from the Issuer's audited financial statements and records. Reference is made to such statements for further and complete information.

	Fiscal Year Ended				
	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Fund Balance - Beginning of Year	$ 9,249,268	$ 10,581,284	$ 10,480,119	$ 12,681,603	$ 11,674,275
Revenues	10,633,060	11,478,678	9,937,653	8,552,712	9,370,951
Expenditures	11,847,234	10,962,981	8,653,927	8,669,731	8,320,839
Excess (Deficit) of Revenues Over Expenditures	$ (1,214,174)	$ 515,697	$ 1,283,726	$ (117,019)	$ 1,050,112
Other Financing Sources (Uses):					
Operating Transfers In	$ 75,000	$ 88,378	$ 50,000	$ 50,000	$ 89,863
Operating Transfers Out	(599,745)	(1,936,091)	(1,232,561)	(2,163,715)	(207,140)
Total Other Financing Sources (Uses):	$ (524,745)	$ (1,847,713)	$ (1,182,561)	$ (2,113,715)	$ (117,277)
Fund Balance - End of Year	$ 7,510,349	$ 9,249,268	$ 10,581,284	$ 10,450,869	$ 12,607,110

Source: The Issuer's Comprehensive Annual Financial Reports and information provided by the Issuer.

ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ISSUERS

Governmental Subdivision	2020 Assessed Valuation	% of Actual	2020 Tax Rate
Atascosa County	$ 4,637,659,448	100%	$ 0.490000
Jourdanton ISD	837,383,676	100%	1.372000
Pleasanton ISD	1,795,850,467	100%	1.276000

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

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS OF DIRECT AND OVERLAPPING GOVERNMENTAL SUBDIVISIONS

Issuer	Date of Authorization	Amount Authorized	Amount Issued to Date	Amount Unissued
Atascosa County	None			
Jourdanton ISD	None			
Pleasanton ISD	None			

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

EMPLOYEE'S PENSION PLAN AND OTHER POST-EMPLOYMENT BENEFITS — TABLE 10

Informatin regarding the City's Pension Plans can be found in the following pages under Note F.

UTILITY PLANT IN SERVICE **TABLE 11**

(As of September 30, 2020)

Land Purchase and Improvements	$ 263,755
Buildings	278,341
Machinery and Equipment	1,787,956
Distribution System	34,339,916
Construction in Progress	-
Total	$ 36,669,968
Less: Accumulated Depreciation	(19,889,687)
Net Property, Plant and Equipment	$ 16,780,281

Source: The Issuer's Comprehensive Annual Financial Reports and information provided by the Issuer.

UTILITY SYSTEM COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES **TABLE 12**

The following condensed statements have been compiled using accounting principles customarily employed in the determination of net revenues available for debt service, and in all instances exclude depreciation, transfers, bad debt, debt service payments and expenditures identified as capital. The Utility System consists of Water, Sewer and Natural Gas.

	Fiscal Year Ended				
	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Revenues	$ 4,913,627	$ 4,749,297	$ 4,928,609	$ 4,773,077	$ 4,706,408
Expenditures	3,810,326	3,571,915	3,156,822	3,057,138	2,861,074
Net Revenues Available					
Available for Debt Service	$ 1,103,301	$ 1,177,382	$ 1,771,787	$ 1,715,939	$ 1,845,334
Connections:					
Water	5,143	4,753	4,742	4,716	4,663
Sewer	3,992	3,963	3,945	3,930	3,891

Source: The Issuer's Annual Financial Reports.

(New Rates Effective August 6, 2020)

The minimum charge for all customers for various size meters per month shall be:

	Inside	Outside
5/8 or 3/4" meter	$ 15.05	$ 28.50
1" meter	36.13	69.75
1 1/2 " meter	71.25	138.50
2" meter	113.40	221.00
3" meter	225.80	441.00
4" meter	352.25	668.50
6" meter	703.50	1,376.00

A monthly volume charge shall also be charged to all customers in an amount per 1,000 gallons of water used, as more specifically set forth hereinafter:

	Inside	Outside
0-10,000	$ 2.20	$ 2.35
10,001-20,000	2.75	2.90
20,001-40,000	3.40	3.65
40,001-70,000	4.30	4.60
70,001-100,000	5.45	5.85
+ 100,000	6.95	7.45

(Old Rates)

(Effective June 4, 2015)

Size of Meters (Inches)	Inside City	Outside City
5/8 or 3/4" meter	$ 14.05	$ 27.50
1" meter	35.13	68.75
1 1/2 " meter	70.25	137.50
2" meter	112.40	220.00
3" meter	224.80	440.00
4" meter	351.25	687.50
6" meter	702.50	1,375.00

Gallons	Inside City	Outside City
2,000 - 10,000	$ 1.75	$ 1.90
10,001 - 20,000	2.30	2.45
20,001 - 40,000	2.95	3.20
40,001 - 70,000	3.85	4.15
70,001 - 100,000	5.00	5.40
100,001 +	6.00	7.00

(New Rates Effective October 15, 2020)

The monthly minimum wastewater charge for all customers, with the exception of separately metered irrigation customers, per month shall be:

Inside	Outside
$ 21.00	$ 22.79

A monthly volume charge at 100% usage shall also be charged to all customers in an amount per 1,000 gallons of water used or wastewater produced:

	Inside	Outside
0-10,000	$ 1.97	$ 2.12
10,001-20,000	2.37	2.57
20,001-40,000	2.87	3.12
40,001-70,000	3.47	3.82
70,001-100,000	4.27	4.72
100,001 +	5.27	5.82

Old Rates

(Effective June 4, 2015)

The monthly minimum wastewater charge for all customers, with the exception of separately metered irrigation

Inside	Outside
$ 20.00	$ 21.00

A monthly volume charge at 100% usage shall also be charged to all customers in an amount per 1,000 gallons

	Inside	Outside
0-10,000	$ 1.65	$ 1.80
10,001-20,000	2.05	2.25

APPENDIX B

GENERAL INFORMATION REGARDING THE CITY OF PLEASANTON, TEXAS AND ATASCOSA COUNTY, TEXAS

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GENERAL INFORMATION REGARDING THE CITY OF PLEASANTON AND ATASCOSA COUNTY, TEXAS

CITY OF PLEASANTON, TEXAS

The City of Pleasanton, Texas (the "City") was originally incorporated by an election held on November 25, 1916. The cities of Pleasanton and North Pleasanton were consolidated on January 2, 1962. On August 14, 1982, an election was held for the purpose of operating under a Home Rule Charter. The election carried with 173 "for" and 132 "against". The City operates under a Home Rule Charter – City Manager type of government. The City is the largest city and principal commercial center of Atascosa County.

The City is conveniently located to nearby metropolitan cities: The City is located 25 miles southeast of San Antonio; Austin, the State Capital, is 120 miles north; Houston is to the east approximately 220 miles, and south about 120 miles is Corpus Christi and the Gulf Coast.

Pleasanton offers an excellent location for business growth since it is only 25 miles from San Antonio and has two major highways (U.S. Highway 281 and IH-37) nearby. Railroad transportation is available and the municipal airport is 2 ½ miles from the park, allowing greater mobility. United Parcel Service became the first occupant of the Pleasanton Industrial Park in 1989.

Pleasanton Industrial Park is located on Eurostar Drive, just off of Hwy 281, south of Hwy 97 within the Pleasanton City limits.

Education

Pleasanton Independent School District covers roughly 445 square miles, and for 2016-17 school year an approximate enrollment of 3,482. The District has 5 instructional facilities which are fully accredited by the Texas Education Agency.

Higher Education

Colleges and Universities in surrounding areas include Texas A&M (extension), Palo Alto (an Alamo Community College District extension) and Coastal Bend College.

Health Facilities

South Texas Regional Medical Center (STRMC) is a member of the Texas Hospital Association. It is certified by the Department of Health, and Human Services, licensed by the Texas State Department of Health, an and is approved by the Joint Commission of Accreditation of Healthcare Organizations.

ATASCOSA COUNTY, TEXAS

Atascosa County (the "County") and was formed in 1856 from Bexar County. Its county seat is the City of Jourdanton. The largest towns in the county are Charlotte, Pleasanton, Jourdanton, and Poteet. Atascosa County is south of San Antonio on Interstate Highway 37 in the Rio Grande Plain region of south central Texas. The county covers 1,218 square miles of level to rolling land. Elevation ranges from 350 to 700 feet, and the soils are generally deep with loamy surface layers and clayey subsoils. Along the southern borders the light-colored soils have limestone near the surface. In some areas the soils are gray to black, cracking and clayey, and expand and shrink considerably. In the South Texas Plains vegetation area, the subtropical dry-land vegetation consists primarily of cactus, weeds, grasses, thorny shrubs and trees such as mesquite, live oak and post oak. Many of the open grasslands have been seeded with buffalo grass. Between 41 and 50 percent of the county is considered prime farmland. Wildlife in Atascosa County includes white-tailed deer, javelina, turkey, fox squirrel, jackrabbits, foxes, ring-tailed cats, skunks, and opossum. The main predators are bobcats and coyotes. Ducks, cranes, and geese migrate across the county. Tanks are stocked with catfish, bass, and sunfish. Mineral resources include clay, uranium, sand and gravel, and oil and gas. Other minerals and products include caliche and clay, lignite coal, construction and industrial sand, sulfur, and uranium.

The area was sparsely settled by the mid-1850s, and in 1856 the county was marked off from Bexar County. The first county seat, Navatasco, was established in 1857 on land donated by Navarro. Among the county's early settlers were Peter Tumlinson, who organized one of the first Ranger companies in the state in 1836, Indian fighter Thomas Rodriguez, George F. Hindes, Marshall Burney, and Eli Johnson. In 1858 Pleasanton, a newly founded community, became county seat, and a new courthouse was constructed. Settlers continued to trickle in, but the threat of Indian attack, poor roads, and the area's general isolation kept the population low.

Hunters are attracted to the county, particularly during the fall and winter deer seasons. Other leading attractions include the Poteet Strawberry Festival, Jourdanton Days Celebration, and the Cowboy Homecoming and Rodeo in Pleasanton.

Economy

Atascosa County is located in south Texas and sits atop the Eagle Ford Shale play. Atascosa county is almost entirely in the liquids-rich oil window of the Eagle Ford Shale. Primarily, drilling in Atascosa County targets the Eagle Ford Shale in the southern and eastern portions of the county where operators refer to both the crude oil and volatile oil windows.

Major Operators in Atascosa

Marathon Oil is the most active operator in Atascosa County. The company gained acreage in the county through a $3.5 billion acquisition of Hilcorp Resources Eagle Ford assets in June 2011.

EOG Resources is also active in the county. The company's lease holdings include the Peeler Ranch. A horizontal well in the Jendrusch Gerold Unit produced at initial rates of 830 bopd and 411 mcfd.

Labor Force Statistics (1)

	2021 (2)	2020 (3)	2019 (3)	2018 (3)
Civilian Labor Force	22,276	21,822	21,740	21,406
Total Employed	21,009	19,979	20,959	20,595
Total Unemployed	1,267	1,843	781	811
% Unemployment	5.7%	8.4%	3.6%	3.8%
Texas Unemployment	5.3%	5.1%	3.5%	4.0%

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(1) Source: Texas Workforce Commission.
(2) As of August 2021.
(3) Average Annual Statistics.

APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

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Locke Lord LLP

600 Congress Avenue
Suite 2200
Austin, TX 78701
Telephone: 512-305-4700
Fax: 512-305-4800
www.lockelord.com

November 23, 2021

$_________
CITY OF PLEASANTON, TEXAS
GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2021

WE HAVE ACTED as bond counsel for the City of Pleasanton, Texas (the "City"), in connection with an issue of the bond described as follows:

> CITY OF PLEASANTON, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021, dated October 15, 2021, in the principal amount of $_________ (the "Bonds").
>
> The Bonds mature, bear interest, are subject to redemption, and may be transferred and exchanged as set out in the Bonds and in the ordinance adopted by the City Council of the City authorizing its issuance (the "Bond Ordinance") and a pricing certificate executed thereto (the "Pricing Certificate" and together with the Bond Ordinance, the "Ordinance").

WE HAVE ACTED as bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of certified proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the City or the disclosure thereof in connection with the sale of the Bonds. Capitalized terms used herein, unless otherwise defined, have the meanings set forth in the Bond Ordinance.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds, which contains certified copies of certain proceedings of the Issuer; a certain escrow agreement (the "Escrow Agreement") between the Issuer and UMB Bank, N.A., Austin, Texas as escrow agent (the "Escrow Agent"); a sufficiency certificate ("Sufficiency Certificate") from SAMCO Capital Markets, Inc., financial advisor to the City, certifying as to the sufficiency of the deposits made with the Escrow Agent for the defeasance of the Refunded Obligations; customary certificates of officers, agents and representatives of the Issuer and other public officials; and other certified showings relating to the authorization and issuance of the Bonds. We have also examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, Treasury Regulations and published rulings of the Internal Revenue Service (the "Service") as we have deemed relevant. We have also examined executed Bond No. T-1 of this issue.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION that:

1. The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and therefore the Bonds constitute a valid and legally binding obligation of the City;

2. Firm banking and financial arrangements have been made for the discharge and final payment of the Refunded Obligations pursuant to the terms of the Ordinance, and therefore the Refunded Obligations are deemed to be fully paid and no longer outstanding except for the purposes of being paid from funds deposited with the paying agent for the Refunded Obligations; and

3. Taxable property in the City is subject to the levy of ad valorem taxes, within the limits prescribed by law, to pay the Bonds and the interest thereon.

THE RIGHTS OF THE OWNERS of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

IT IS FURTHER OUR OPINION that, under existing law:

1. Interest on the Bonds is excludable from gross income for federal income tax purposes; and

2. The Bonds are not “private activity bonds” within the meaning of the Code, and as such, interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except that interest on the Bonds will be included in the “adjusted current earnings” of a corporation (other than an S corporation, regulated investment company, REIT, or REMIC) for purposes of computing its alternative minimum tax liability.

In providing such opinions, we have relied on representations of the City, the City’s financial advisor, and the Purchaser (as defined in the Ordinance), with respect to matters solely within the knowledge of the City, the City’s financial advisor, and the Purchaser, respectively, which we have not independently verified, and have assumed continuing compliance with the covenants in the Ordinance pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. If such representations are determined to be inaccurate or incomplete or the City fails to comply with the foregoing provisions of the Ordinance, interest on the Bonds could become includable in gross income from the date of original delivery, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership, or disposition of the Bonds.

Owners of the Bonds should be aware that the ownership of tax exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the “branch profits tax” on their effectively connected earnings and profits (including tax exempt interest such as interest on the Bonds).

The opinions set forth above 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 these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on 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 as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer. We observe that the City has covenanted in the Ordinance not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

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APPENDIX D

EXCERPTS FROM THE CITY'S AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

(Not intended to be a complete statement of the Issuer's financial condition.
Reference is made to the complete Annual Financial Report for further information.)

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BEYER & CO.
CERTIFIED PUBLIC ACCOUNTANTS

Wayne R. Beyer, C.P.A.

P.O. Box 366 / 442 West Oaklawn
Pleasanton, Texas 78064
Phone: (830) 569-8781 ~ Fax: (830) 569-6776
E-mail: general@beyerandco.net

111 North Odem
Sinton, Texas 78387

Please reply to Pleasanton address

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Mayor and City Council
Pleasanton, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pleasanton, Texas, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Pleasanton, Texas's basic financial statements, and have issued our report thereon dated March 2, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Pleasanton, Texas's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Pleasanton, Texas's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Pleasanton, Texas's internal control.

A ***deficiency in internal control*** **exists** when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A ***material weakness*** is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A ***significant deficiency*** is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Pleasanton, Texas's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BEYER & COMPANY
Certified Public Accountants
March 2, 2021

Management's Discussion and Analysis

As management of the City of Pleasanton, Texas, we offer readers of the City of Pleasanton, Texas' financial statements this narrative overview and analysis of the financial activities of the City of Pleasanton, Texas for the fiscal year ended September 30, 2020.

Financial Highlights

- The assets of the City of Pleasanton, Texas, exceeded its liabilities at the close of the most recent fiscal year by $32,980,628 (Net Position). Of this amount, $821,231 or 2% (unrestricted Net Position) may be used to meet the government's ongoing obligations to citizens and creditors.

- The government's total Net Position decreased by $1,510,525. This decrease is mainly attributable to a decrease in sales tax of $1,515,763 and the City's utility revenues not keeping pace with increases in operating expenses, increases in depreciation, and increases in debt service.

- The City of Pleasanton, Texas' total restricted Net Position on September 30, 2020 is $1,736,437 or 5%. This is a decrease of $275,780. This decrease is the result of construction in 2020.

- The City of Pleasanton, Texas' total bonded debt decreased by $1,820,000 (7 percent) during the current fiscal year. This decrease is the result of the bond retirements of $1,820,000.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Pleasanton, Texas' basic financial statements. The City of Pleasanton, Texas' 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 readers with a broad overview of the City of Pleasanton, Texas' finances, in a manner like a private-sector business.

The *statement of Net Position* presents information on all the City of Pleasanton, Texas' assets, and liabilities, with the difference between the two reported as *Net Position.* Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the City of Pleasanton, Texas is improving or deteriorating.

The *statement of activities presents* information showing how the government's Net Position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.*

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both government-wide financial statements distinguish functions of the City of Pleasanton, Texas that are principally supported by taxes and intergovernmental revenues (*governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities)*. The governmental activities of the City of Pleasanton, Texas include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation. The business-type activities of the City of Pleasanton, Texas include a Water and Sewer System.

The government-wide financial statements include only the City of Pleasanton, Texas itself (known as the *primary government*.) The government-wide financial statements can be found on pages 13-14 for 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 of Pleasanton, Texas, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All other funds of the City of Pleasanton, Texas can be divided into three categories: governmental funds, proprietary funds, and Fiduciary funds.

Governmental funds: *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available 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 governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The City of Pleasanton, Texas maintains twenty individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, street improvement construction fund, and the debt service fund and the other seventeen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Pleasanton, Texas adopts an annual appropriated budget for its general fund, street improvement construction fund, and the debt service fund. A budgetary comparison statement has been provided for the general fund and the debt service fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on 15-20 of this report.

Proprietary funds: The City of Pleasanton, Texas maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Pleasanton, Texas uses enterprise funds to account for its Water and Sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer operations, both of which are major funds of the City of Pleasanton, Texas. The basic proprietary fund financial statements can be found on pages 21-25 of this report. The Fiduciary Net Position is found on page 26.

Notes to the financial statements: The notes provided additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-93 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Pleasanton, Texas' progress in funding its obligation to provide pension benefits to its employees and the budgetary comparison schedules for the street improvement construction. The required supplementary information can be found on pages 94-98 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 99-102 of this report. The Single Audit Section can be found on pages 103-111 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 Pleasanton, Texas, assets exceeded liabilities by $32,980,628 at the close of the most recent fiscal year.

Most of the City of Pleasanton, Texas' Net Position (92 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City of Pleasanton, Texas uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Pleasanton, Texas' 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.

CITY OF PLEASANTON, TEXAS
NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	$11,441,657	$13,472,784	$6,028,731	$5,809,769	$17,470,388	$19,282,553
Restricted Assets:	7,947,680	9,242,047	1,208,825	1,552,118	9,156,505	10,794,165
Capital Assets:	31,087,610	29,702,053	16,780,281	17,678,904	47,867,891	47,380,957
	50,476,947	52,416,884	24,017,837	25,040,791	74,494,784	77,457,675
Total Deferred Outflows of Resources	1,928,760	1,647,314	675,677	601,667	2,604,437	2,248,981
Total Assets	$52,405,707	$54,064,198	$24,693,514	$25,642,458	$77,099,221	$79,706,656
Long-Term Liabilities	26,404,285	27,463,579	12,541,566	13,270,136	38,945,851	40,733,715
Other Liabilities (Payable from Restricted Assets)			556,113	527,727	556,113	527,727
Other Liabilities	2,179,379	2,403,176	1,139,900	1,068,355	3,319,279	3,471,531
Total Liabilities	28,583,664	29,866,755	14,237,579	14,866,218	42,821,243	44,732,973
Total Deferred Inflows of Resources	960,557	353,324	336,793	129,206	1,297,350	482,530
Invested in Capital Assets, Net of Related Debt	22,142,985	20,879,531	8,279,975	9,039,991	30,422,960	29,919,522
Restricted	1,175,553	1,461,652	560,884	550,565	1,736,437	2,012,217
Unrestricted	(457,052)	1,502,936	1,278,283	1,056,478	821,231	2,559,414
Total Net Position	$22,861,486	$23,844,119	$10,119,142	$10,647,034	$32,980,628	$34,491,153

An additional portion of the City of Pleasanton, Texas' Net Position (5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted Net Position* ($821,231) may be used to meet the government's ongoing obligations to citizens and creditors. The City of Pleasanton, Texas' total restricted Net Position on September 30, 2020 is $1,736,437 or 5%. This is a decrease of $275,780. This decrease is the result of construction in 2020.

At the end of the current fiscal year, the City of Pleasanton, Texas can report positive balances in all three categories of Net Position, both for the government, as well as for its separate governmental and business-type activities; except for unrestricted in the Governmental Activities which had a deficit balance of $457,052. At the end of the prior fiscal year, the City of Pleasanton, Texas can report positive balances in all three categories of Net Position, both for the government, as well as for its separate governmental and business-type activities.

The government's total Net Position decreased by $1,510,525. This decrease is mainly attributable to a decrease in sales tax of $1,515,763 and the City's utility revenues keeping pace with increases in operating expenses, increases in depreciation, and increases in debt service.

Governmental activities: Governmental activities decreased the City of Pleasanton, Texas' Net Position by $982,633, thereby accounting for 65 percent of the total decline in the Net Position of the City of Pleasanton, Texas. This decrease is mainly attributable to a decrease in sales tax of $1,515,763.

CITY OF PLEASANTON, TEXAS
CHANGE IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	$2,098,209	$2,225,685	$4,755,856	$4,681,016	$6,854,065	$6,906,701
Operating Grants and Contributions	22,062	37,923		0	22,062	37,923
Capital Grants and Contributions	455,716					0
General Revenues:						
Maintenance and Operations Taxes	3,685,695	3,493,304			3,685,695	3,493,304
Sales Taxes	4,692,234	6,207,997			4,692,234	6,207,997
Franchise Taxes	412,961	415,417			412,961	415,417
Hotel/Motel Other Taxes	406,642	578,604			406,642	578,604
Other Taxes	31,314	25,337			31,314	25,337
Licenses and Permits	146,631	219,397			146,631	219,397
Unrestricted Investment Earnings	250,162	188,290	88,143	68,281	338,305	256,571
Miscellaneous	460,738	316,849	69,628	5,745	530,366	322,594
Grants and Contributions Not Restricted to Specific Programs	593,670					0
Total Revenue	13,256,034	13,708,803	4,913,627	4,755,042	17,120,275	18,463,845
Expenses:						
General Administration	2,912,400	2,654,643			2,912,400	2,654,643
Public Safety	5,076,722	4,356,840			5,076,722	4,356,840
Public Transportation	1,799,637	1,366,450			1,799,637	1,366,450
Culture and Recreation	1,930,247	1,237,968			1,930,247	1,237,968
Public Works	1,983,928	2,856,211			1,983,928	2,856,211
Interest and Fiscal Charges	535,733	538,712			535,733	538,712
Utility			5,441,519	5,242,206	5,441,519	5,242,206
Total Expenses	14,238,667	13,010,824	5,441,519	5,242,206	19,680,186	18,253,030
Increase in Net Position Before	(982,633)	697,979	(527,892)	(487,164)	(2,559,911)	210,815
Transfers and Special Items						
Transfers		14,800		(14,800)	0	0
Increase in Net Position	(982,633)	712,779	(527,892)	(501,964)	(1,510,525)	210,815
Net Position at 09/30/2019 - Restated	23,844,119	23,131,340	10,647,034	11,148,998	34,491,153	34,280,338
Net Position at 09/30/2020	$22,861,486	$23,844,119	$10,119,142	$10,647,034	$32,980,628	$34,491,153

Functions/Programs	Expenses	Program Revenues Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Government Activities:				
General Administration	$2,912,400	$8,437	$0	$0
Public Safety	5,076,722	135,903		
Public Transportation	1,799,637			215,466
Culture and Recreation	1,930,247	172,324	22,062	
Public Works	1,983,928	1,781,545		240,250
Interest and Fiscal Charges	535,733			
Total Government Activities	$14,238,667	$2,098,209	$22,062	$455,716

Revenues by Source - Governmental Activities

	REVENUES	%
Charges for Services	$2,098,209	16%
Operating Grants and Contributions	22,062	0%
Capital Grants and Contributions	455,716	3%
Maintenance and Operations Taxes	3,685,695	28%
Sales Taxes	4,692,234	35%
Franchise Taxes	412,961	3%
Hotel/Motel Other Taxes	406,642	3%
Other Taxes	31,314	0%
Licenses and Permits	146,631	1%
Unrestricted Investment Earnings	250,162	2%
Miscellaneous	460,738	3%
Grants and Contributions Not Restricted to Specific Programs	593,670	4%
	$13,256,034	100%

Business-type activities: Business-type activities decreased the City of Pleasanton, Texas' Net Position by $527,892, accounting for 35 percent of the total decline in the government's Net Position. Key elements of this decrease are as follows: This decrease is mainly attributable to the City's utility revenues keeping pace with increases in operating expenses, increases in depreciation, and increases in debt service.

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Grants and Contributions
Primary Government			
Business-Type Activities:			
Water	$5,441,519	$4,755,856	$0
Total Business-Type Activities	$5,441,519	$4,755,856	$0

Revenues by Source - Business-Type Activities

	REVENUES	%
Charges for Services	$4,755,856	97%
Unrestricted Investment Earnings	88,143	2%
Miscellaneous	69,628	1%
	$4,913,627	100%

Financial Analysis of the Government's Funds

As noted earlier, the City of Pleasanton, Texas uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the City of Pleasanton, Texas' governmental funds reported combined ending fund balances of $16,380,947, a decrease of $3,214,202 in comparison with the prior year. Approximately 46% of this total amount $7,508,782 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted or committed.

The general fund is the chief operating fund of the City of Pleasanton, Texas. At the end of the current fiscal year, unassigned fund balance of the general fund was $7,510,349, while total fund balance reached $7,510,349. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 63 percent of total general fund expenditures, while total fund balance represents 63 percent of that same amount.

The fund balance of the City of Pleasanton, Texas' general fund decreased by $1,738,919 during the current fiscal year. Key factors in this decrease are as follows: This decrease is mainly attributable to a decrease in sales tax of $1,515,763.

The fund balance of the City of Pleasanton, Texas' debt service fund decreased by $37,651 during the current fiscal year. Key factor in this decrease is as follows: an increase in debt service followed with only a nominal increase in property taxes of $39,921. As a measure of the debt service fund's liquidity, it may be useful to compare both restricted fund balance and total fund balance to total fund expenditures. Restricted fund balance represents 21 percent of total debt service fund expenditures, while total fund balance represents 21 percent of that same amount.

The street improvement construction fund is a capital project fund and therefore any analysis regarding this fund would be impractical and will not be forthcoming.

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

Unrestricted Net Position of the Utility fund at the end of the year amounted to $1,278,283. The total decrease in Net Position for the Utility Fund was $527,892. Key factors in this overall decrease are as follows: This decrease is mainly attributable to an operating loss in business activities of $361,175 and the payment of business activities bond interest of $256,009.

General Fund Budgetary Highlights

During the year, the appropriations between the original and final amended budget for the general fund increased by $1,028,486. This increase occurred in the administration department which was amended by $1,028,486 for the purchase of the Pleasanton Elementary School Building.

The budget did not change for the debt service fund.

Capital Asset and Debt Administration

Capital assets: The City of Pleasanton, Texas' investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounts to $47,867,891 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City of Pleasanton, Texas' investment in capital assets for the current fiscal year was 1 percent (a 5 percent increase for governmental activities and a 5 percent decrease for business-type activities).

Major capital asset events during the current fiscal year included the following: There were water projects and street drainage projects, and a park project.

CITY OF PLEASANTON, TEXAS
CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	$2,618,956	$2,483,907	$263,755	$263,755	$2,882,711	$2,747,662
Construction in Progress	2,572,244	2,182,617	0	415,856	2,572,244	2,598,473
Building and Improvements	12,171,545	11,414,367	60,306	71,057	12,231,851	11,485,424
Machinery and Equipment	2,352,391	2,253,698	377,507	402,663	2,729,898	2,656,361
Infrastructure	29,789	11,328,696	0	0	29,789	11,328,696
Intangible	11,342,685	38,768	0	0	11,342,685	38,768
Distribution System	0	0	16,078,713	16,525,573	16,078,713	16,525,573
Total	$31,087,610	$29,702,053	$16,780,281	$17,678,904	$47,867,891	$47,380,957

Additional information of the City of Pleasanton, Texas' capital assets can be found in note IV.C on pages 42-43 of this report.

Long-term debt: At the end of the current fiscal year, the City of Pleasanton, Texas had total bonded debt outstanding of $25,390,000. Of this amount, $16,295,000 comprises debt backed by the full faith and credit of the government. The remainder of the City of Pleasanton, Texas' debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City of Pleasanton, Texas' Outstanding Bonded Debt

General Obligation and Revenue Bonds

	Balance	Additions	Reductions	Balance	One Year	One Year
Governmental Activities:						
General Obligation Bonds	$17,415,000		$1,120,000	$16,295,000	$1,235,000	$15,060,000
	17,415,000	0	1,120,000	16,295,000	1,235,000	15,060,000
Business-Type Activities:						
Revenue Bonds	9,795,000	0	700,000	9,095,000	710,000	8,385,000
	9,795,000	0	700,000	9,095,000	710,000	8,385,000
Grand Total	$27,210,000	$0	$1,820,000	$25,390,000	$1,945,000	$23,445,000

The City of Pleasanton, Texas' total bonded debt decreased by $1,820,000 (7 percent) in the current fiscal year. This decrease is the result of bond payments of $1,820,000.

Additional information on the City of Pleasanton, Texas' long-term debt can be found in note IV.F on pages 46-47 of this report.

Economic Factors and Future Trends

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the City. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Requests for Information

This financial report is designed to provide a general overview of the City of Pleasanton, Texas' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of Pleasanton, Texas, 108 Second Street, Pleasanton, Texas, 78064.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF PLEASANTON, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	$10,467,700	$5,372,376	$15,840,076
Receivables (Net of Allowance for Uncollectibles)	948,552	606,535	1,555,087
Inventories	25,405	49,820	75,225
Restricted Assets:			
Cash and Cash Equivalents	5,047,996	1,208,825	6,256,821
Due from Other Funds	2,707,351		2,707,351
Receivables (Net of Allowance for Uncollectibles)	192,333		192,333
Capital Assets Not Being Depreciated:			
Land	2,618,956	263,755	2,882,711
Construction in Progress	2,572,244		2,572,244
Total Capital Assets Being Depreciated, Net			
Building and Improvements	12,171,545	60,306	12,231,851
Machinery and Equipment	2,352,391	377,507	2,729,898
Intangible	29,789		29,789
Infrastructure	11,342,685		11,342,685
Distribution System		16,078,713	16,078,713
Total Assets	$50,476,947	$24,017,837	$74,494,784
DEFERRED OUTFLOWS OF RESOURCES			
GASB 68			
Deferred Outflow of Resources-Contributions (after 12/31/19)	712,718	249,894	962,612
Difference in expected and actual experience	192,578	67,522	260,100
Difference in Changes in assumptions and other inputs	72,176	25,306	97,482
GASB 75 - Cap Risk			
Difference in Changes in assumptions and other inputs	919,326	322,335	1,241,661
GASB 75 - GRS			
Difference in Changes in assumptions and other inputs	30,291	10,620	40,911
Deferred Charge on Refunding	1,671		1,671
Total Deferred Outflows of Resources	1,928,760	675,677	2,604,437
LIABILITIES:			
Accounts Payable	$208,000	$24,053	$232,053
Due to Other Funds	1,695,620	1,011,731	2,707,351
Accrued Wages	175,805	62,926	238,731
Accrued Interest Payable	92,561	41,190	133,751
Deposits	7,393		7,393
Unearned Revenues	0		0
Consumer Meter Deposit		556,113	556,113
Noncurrent Liabilities:			
Due Within One Year	1,557,355	818,313	2,375,668
Due in More Than One Year	24,846,930	11,723,253	36,570,183
Total Liabilities	28,583,664	14,237,579	42,821,243
DEFERRED INFLOWS OF RESOURCES			
GASB 68			
Difference in projected and actual earnings on pension plan investments	731,181	256,368	987,549
GASB 75 - Cap Risk			
Difference in expected and actual experience	221,109	77,526	298,635
GASB 75 - GRS			
Difference in expected and actual experience	8,267	2,899	11,166
Total Deferred Inflows of Resources	960,557	336,793	1,297,350
NET POSITION			
Invested in Capital Assets, Net of Related Debt	22,142,985	8,279,975	30,422,960
Restricted:			
Construction	0	560,884	560,884
Debt Service	326,923		326,923
Economic Development	830,983		830,983
Judicial	17,647		17,647
Unrestricted	(457,052)	1,278,283	821,231
Total Net Position	$22,861,486	$10,119,142	$32,980,628
	0	**0**	**0**

The accompanying notes are an integral part of this statement.

CITY OF PLEASANTON, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020

		Program Revenues			Net (Expense) Revenue and Changes in		Net (Expense) Revenue and Changes in
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Government Activities:							
General Administration	$2,912,400	$8,437	$0	$0	($2,903,963)		($2,903,963)
Public Safety	5,076,722	135,903			(4,940,819)		(4,940,819)
Public Transportation	1,799,637			215,466	(1,584,171)		(1,584,171)
Culture and Recreation	1,930,247	172,324	22,062		(1,735,861)		(1,735,861)
Public Works	1,983,928	1,781,545		240,250	37,867		37,867
Interest and Fiscal Charges	535,733				(535,733)		(535,733)
Total Government Activities	14,238,667	2,098,209	22,062	455,716	(11,662,680)	0	(11,662,680)
Business-Type Activities:							
Water and Sewer	5,441,519	4,755,856				(685,663)	(685,663)
Total Business-Type Activities	5,441,519	4,755,856	0	0		(685,663)	(685,663)
Total Primary Government	$19,680,186	$6,854,065	$22,062	$455,716	(11,662,680)	(685,663)	(12,348,343)
General Revenues							
Property Taxes, Levies for General Purposes					3,685,695		3,685,695
Sales Taxes					4,692,234		4,692,234
Franchise Taxes					412,961		412,961
Hotel / Motel Taxes					406,642		406,642
Other Taxes					31,314		31,314
Licenses and Permits					146,631		146,631
Unrestricted Investment Earnings					250,162	88,143	338,305
Miscellaneous					460,738	69,628	530,366
Grants and Contributions Not Restricted to Specific Programs					593,670		593,670
Transfers					0	0	0
Total General Revenues and Transfers					10,680,047	157,771	10,837,818
Change in Net Position					(982,633)	(527,892)	(1,510,525)
Net Position - Beginning - Restated					23,844,119	10,647,034	34,491,153
Net Position - Ending					$22,861,486	$10,119,142	$32,980,628
					0	**0**	**0**

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY OF PLEASANTON, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	General Fund	Debt Service Fund	Street Improvement Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$9,374,041			$1,093,659	$10,467,700
Receivables (Net of Allowance for Uncollectibles)	825,927			5,209	831,136
Inventory				25,405	25,405
Due from Other Funds				298,290	298,290
Restricted Assets:					
Cash and Cash Equivalents		110,337	4,635,677	301,982	5,047,996
Due from Other Funds		202,351	2,505,000		2,707,351
Receivables (Net of Allowance for Uncollectibles)		192,333			192,333
Total Assets	$10,199,968	$505,021	$7,140,677	$1,724,545	$19,570,211
LIABILITIES AND FUND BALANCES:					
Accounts Payable	$204,182	$2,625		$1,193	$208,000
Accrued Wages	175,805				175,805
Compensated Absences	322,355				322,355
Due to Other Funds	1,690,416			303,494	1,993,910
Deposits	7,393				7,393
Total Liabilities	2,400,151	2,625	0	304,687	2,707,463
DEFERRED INFLOWS OF RESOURCES					
Deferred Property Taxes	289,468	192,333			481,801
Fund Balances:					
Non-Spendable					
Inventory				25,405	25,405
Restricted					
Construction			7,140,677	209,698	7,350,375
Debt Service		310,063		16,860	326,923
Economic Development				830,983	830,983
Judicial				17,647	17,647
Committed					
Culture and Recreation				217,646	217,646
General Administration				4,341	4,341
Public Safety				94,701	94,701
Public Works				4,144	4,144
Unassigned	7,510,349			(1,567)	7,508,782
Total Fund Balance	7,510,349	310,063	7,140,677	1,419,858	16,380,947
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$10,199,968	$505,021	$7,140,677	$1,724,545	$19,570,211
	0	**0**	**0**	**0**	**0**

The accompanying notes are an integral part of this statement.

CITY OF PLEASANTON, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

Total Fund Balances - Governmental Funds Balance Sheet	
Amounts reported for governmental activities in the statement of net position ("SNP") are different because:	$16,380,947
Capital assets used in governmental activities are not reported in the funds.	31,087,610
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	481,801
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,083,948
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(26,172,820)
Net Position of Governmental Activities - Statement of Net Position	$22,861,486
	0

The accompanying notes are an integral part of this statement.

CITY OF PLEASANTON, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Debt Service Fund	Street Improvement Construction Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes					
Property	$2,188,945	$1,455,575			$3,644,520
Sales	4,692,234				4,692,234
Franchise	412,961				412,961
Hotel/Motel				406,642	406,642
Other	31,314				31,314
Intergovernmental	593,670		215,466	262,312	1,071,448
Licenses and Permits	146,631				146,631
Charges for Services	1,823,561			153,818	1,977,379
Fines and Forfeitures	161,150				161,150
Interest	144,911	8,601	71,010	25,640	250,162
Sale of Property					0
Miscellaneous	437,683			23,055	460,738
Total Revenues	10,633,060	1,464,176	286,476	871,467	13,255,179
EXPENDITURES					
Current:					
General Administration	3,372,212			741,172	4,113,384
Public Safety	4,424,962			17,566	4,442,528
Public Transportation	1,055,349		806,187		1,861,536
Culture and Recreation	1,477,317			190,019	1,667,336
Public Works	1,517,394			798,476	2,315,870
Capital Projects -					
Capital Outlay and Other			326,387	0	326,387
Debt Service					
Principal Retirement		980,000		140,000	1,120,000
Interest and Fiscal Charges		521,827		100,513	622,340
Total Expenditures	11,847,234	1,501,827	1,132,574	1,987,746	16,469,381
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,214,174)	(37,651)	(846,098)	(1,116,279)	(3,214,202)
OTHER FINANCING SOURCES (USES):					
Bond Proceeds				0	0
Bond Premium				0	0
Operating Transfers In	75,000			841,745	916,745
Operating Transfers Out	(599,745)			(317,000)	(916,745)
Total Other Financing Sources (Uses)	(524,745)	0	0	524,745	0
Net Changes in Fund Balances	(1,738,919)	(37,651)	(846,098)	(591,534)	(3,214,202)
Fund Balances - Beginning	9,249,268	347,714	7,986,775	2,011,392	19,595,149
Fund Balances - Ending	$7,510,349	$310,063	$7,140,677	$1,419,858	$16,380,947
	0	**0**	**0**	**0**	**0**

The accompanying notes are an integral part of this statement.

CITY OF PLEASANTON, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2020

Net Changes in Fund Balances - Total Governmental Funds	($3,214,202)
Amounts reported for governmental activities in the statement of net position ("SNP") are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,385,557
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. This is the change in these amounts this year.	(40,320)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	41,175
GASB 68	
Deferred Outflow of Resources-Contributions	51,071
Diff. in expected and actual exp.	500,399
Diff. in projected and actual earnings on pension plan investments	(1,542,595)
Difference in Changes in assumptions and other inputs	72,176
GASB 75 - Cap Risk	
Diff. in expected and actual exp.	(176,874)
Difference in Changes in assumptions and other inputs	753,976
GASB 75 - GRS	
Diff. in expected and actual exp.	(15,222)
Difference in Changes in assumptions and other inputs	31,559
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	1,120,000
(Increase) Decrease in Bond Issuance Premiums.	35,133
(Increase) Decrease in Bond Issuance Premiums.	0
Amortization of Bond Refunding Loss.	(277)
(Increase) Decrease in Accrued Interest Payable from Beginning of Period to End of Period.	51,751
(Increase) Decrease in Net Pension Liability from Beginning of Period to End of Period.	540,329
(Increase) Decrease in GASB 75 - Cap Risk - Liability from Beginning of Period to End of Period.	(540,571)
(Increase) Decrease in GASB 75 - GRS - Liability from Beginning of Period to End of Period.	(35,698)
Change in Net Position of Governmental Activities - Statement of Activities	($982,633)
	0

The accompanying notes are an integral part of this statement.

CITY OF PLEASANTON, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - (BUDGETARY BASIS) - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Budgetary	Variance with Final Budget - Positive
	Original	Final	Basis	(Negative)
REVENUES				
Taxes				
Property	$1,978,000	$1,978,000	$2,188,945	$210,945
Sales	4,900,000	4,900,000	4,692,234	(207,766)
Franchise	390,000	390,000	412,961	22,961
Other	25,500	25,500	31,314	5,814
Intergovernmental	0	0	593,670	593,670
Licenses and Permits	212,800	212,800	146,631	(66,169)
Charges for Services	1,745,600	1,745,600	1,823,561	77,961
Fines and Forfeitures	371,300	371,300	161,150	(210,150)
Interest	100,000	100,000	144,911	44,911
Miscellaneous	207,155	207,155	437,683	230,528
Total Revenues	9,930,355	9,930,355	10,633,060	702,705
EXPENDITURES				
Current:				
General Administration				
City Council	93,155	93,155	57,699	35,456
Community Development	434,133	434,133	508,177	(74,044)
Elections	10,000	10,000	10,972	(972)
General Administration	898,127	1,926,613	2,544,903	(618,290)
Non-Departmental	140,750	140,750	106,635	34,115
Planning	35,000	35,000	63,072	(28,072)
Public Safety				
Animal Control	213,536	213,536	214,774	(1,238)
EMS	6,750	6,750	4,945	1,805
Fire Department	564,899	564,899	668,697	(103,798)
Municipal Court	253,278	253,278	199,561	53,717
Police	2,854,457	2,854,457	3,266,821	(412,364)
Public Transportation				
Streets	1,028,803	1,028,803	1,055,349	(26,546)
Culture and Recreation				
Civic Center	276,860	276,860	217,964	58,896
Library	313,435	313,435	279,175	34,260
Museum	143,046	143,046	137,538	5,508
Parks	777,037	777,037	789,471	(12,434)
Pool	124,610	124,610	53,169	71,441
Public Works				
Sanitation	1,425,000	1,425,000	1,517,394	(92,394)
Total Expenditures	9,592,876	10,621,362	11,696,316	(1,074,954)
Excess (Deficiency) of Revenues Over (Under) Expenditures	337,479	(691,007)	(1,063,256)	(372,249)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	75,000	75,000	75,000	0
Operating Transfers Out	(603,176)	(603,176)	(599,745)	3,431
Total Other Financing Sources (Uses)	(528,176)	(528,176)	(524,745)	3,431
Net Changes in Fund Balances - Budgetary Basis	($190,697)	($1,219,183)	(1,588,001)	($368,818)
Reconcilation from cash basis to modified accrual basis:				
Administrative - Miscellaneous			(52,376)	
Police - Miscellaneous			(38,580)	
Municipal Court - Miscellaneous			(31,584)	
City Council - Miscellaneous			(28,378)	
Fund Balances - Beginning			9,249,268	
Fund Balances - Ending			$7,510,349	
			0	

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

CITY OF PLEASANTON, TEXAS
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes				
Property	$1,377,200	$1,377,200	$1,455,575	$78,375
Interest	4,500	4,500	8,601	4,101
Total Revenues	1,381,700	1,381,700	1,464,176	82,476
EXPENDITURES				
Debt Service				
Principal Retirement	980,000	980,000	980,000	0
Interest Retirement	525,827	525,827	521,827	4,000
Total Expenditures	1,505,827	1,505,827	1,501,827	4,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(124,127)	(124,127)	(37,651)	86,476
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	(124,127)	(124,127)	(37,651)	86,476
Fund Balances - Beginning	347,714	347,714	347,714	
Fund Balances - Ending	$223,587	$223,587	$310,063	$86,476
			0	

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

CITY OF PLEASANTON, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2020

	Business-Type Activities Enterprise Funds		
	Utility Fund Current Year	Utility Fund Prior Year	Totals Current Year
ASSETS			
Current Assets			
Cash and Cash Equivalents	$5,372,376	$5,060,900	$5,372,376
Accounts Receivables (Net of Allowance for Uncollectibles)	606,535	674,752	606,535
Inventories	49,820	74,117	49,820
Total Current Assets	6,028,731	5,809,769	6,028,731
Noncurrent Assets			
Restricted Assets:			
Cash and Cash Equivalents - Debt Service	560,884	550,565	560,884
Cash and Cash Equivalents - Construction	647,941	1,001,553	647,941
Total Restricted Assets	1,208,825	1,552,118	1,208,825
Capital Assets			
Land	263,755	263,755	263,755
Construction in Progress		415,856	0
Building and Improvements	278,341	278,341	278,341
Machinery and Equipment	1,787,956	1,702,626	1,787,956
Distribution System	34,339,916	33,545,636	34,339,916
Total Capital Assets	36,669,968	36,206,214	36,669,968
Less Accumulated Depreciation	(19,889,687)	(18,527,310)	(19,889,687)
Total Capital Assets (Net of Accumulated Depreciation)	16,780,281	17,678,904	16,780,281
Total Noncurrent Assets	17,989,106	19,231,022	17,989,106
DEFERRED OUTFLOWS OF RESOURCES			
GASB 68			
Contributions (after 12/31/18)		241,995	0
Contributions (after 12/31/19)	249,894		249,894
Difference in projected and actual earnings on pension plan investments		296,772	0
Difference in expected and actual experience	67,522		67,522
Difference in Changes in assumptions and other inputs	25,306		25,306
GASB 75 - Cap Risk			
Difference in Changes in assumptions and other inputs	322,335	60,476	322,335
GASB 75 - GRS			
Difference in Changes in assumptions and other inputs	10,620		10,620
Difference in expected and actual experience		2,424	0
Total Deferred Outflow of Resources	675,677	601,667	675,677
TOTAL ASSETS	$24,693,514	$25,642,458	$24,693,514

(continued)

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LIABILITIES, FUND EQUITY AND OTHER CREDITS	Business-Type Activities Enterprise Funds Utility Fund Current Year	Utility Fund Prior Year	Totals Current Year
Liabilities			
Current Liabilities (Payable from Current Assets)			
Accounts Payable	$24,053	$25,896	$24,053
Due to Other Funds	1,011,731	947,169	1,011,731
Compensated Absences	108,313	76,234	108,313
Accrued Wages Payable	62,926	51,749	62,926
Accrued Interest Payable	41,190	43,541	41,190
Bonds Payable - Current	710,000	700,000	710,000
Total Current Liabilities (Payable from Current Assets)	1,958,213	1,844,589	1,958,213
Current Liabilities (Payable from Restricted Assets)			
Consumer Meter Deposits	556,113	527,727	556,113
Total Current Liabilities Payable from Restricted Assets	556,113	527,727	556,113
Total Current Liabilities	2,514,326	2,372,316	2,514,326
Noncurrent Liabilities			
Bonds Payable (Net of Unamortized Discounts and Premiums)	8,438,247	9,146,432	8,438,247
Net Pension Liability - GASB 68	1,277,111	1,466,562	1,277,111
OPEB Liability - GASB 75 - Cap Risk	1,937,246	1,823,107	1,937,246
OPEB Liability - GASB 75 - GRS	70,649	57,801	70,649
Total Noncurrent Liabilities	11,723,253	12,493,902	11,723,253
Total Liabilities	14,237,579	14,866,218	14,237,579
DEFERRED INFLOWS OF RESOURCES			
GASB 68			
Difference in expected and actual experience	256,368		256,368
Difference in projected and actual earnings on pension plan investments		112,585	0
GASB 75 - Cap Risk			
Difference in expected and actual experience	77,526	16,179	77,526
GASB 75 - GRS			
Difference in expected and actual experience	2,899		2,899
Difference in Changes in assumptions and other inputs		442	0
Total Deferred Outflow of Resources	336,793	129,206	336,793
Invested in Capital Assets, Net of Related Debt	8,279,975	8,834,025	8,279,975
Restricted for Debt Service - Expendable	560,884	550,565	560,884
Unrestricted	1,278,283	1,262,444	1,278,283
Total Net Position	$10,119,142	$10,647,034	$10,119,142
	0	**0**	**0**

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

CITY OF PLEASANTON, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities Enterprise Funds		
	Utility Fund Current Year	Utility Fund Prior Year	Totals Current Year
OPERATING REVENUES:			
Charges for Services - Water	$2,863,342	$2,813,008	$2,863,342
Charges for Services - Sewer	1,892,514	1,863,407	1,892,514
Miscellaneous	68,479	4,601	68,479
Total Operating Revenues	4,824,335	4,681,016	4,824,335
OPERATING EXPENSES:			
Personal Services	2,263,085	2,547,590	2,263,085
Supplies	32,307	36,074	32,307
Other Services and Charges	1,514,934	988,251	1,514,934
Depreciation	1,375,184	1,400,397	1,375,184
Total Operating Expenses	5,185,510	4,972,312	5,185,510
Operating Income (Loss)	(361,175)	(291,296)	(361,175)
NON-OPERATING REVENUES (EXPENSES):			
Interest Income	88,143	68,281	88,143
Impact Fees	1,149	5,745	1,149
Interest and Fiscal Charges	(256,009)	(269,894)	(256,009)
Total Non-Operating Revenues (Expenses)	(166,717)	(195,868)	(166,717)
Income Before Transfers	(527,892)	(487,164)	(527,892)
Transfers In (Out) - Net		(14,800)	0
Change in Net Position	(527,892)	(501,964)	(527,892)
Total Net Position - Beginning - Restated	10,647,034	11,148,998	10,647,034
Total Net Position - Ending	$10,119,142	$10,647,034	$10,119,142
	0	**0**	**0**

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

CITY OF PLEASANTON, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities Enterprise Funds		
	Utility Fund Current Year	Utility Fund Prior Year	Totals Current Year
Cash Flows from Operating Activities			
Receipts from Customers and Users	$4,920,938	$4,691,409	$4,920,938
Payments to Suppliers	(1,527,138)	(1,098,516)	(1,527,138)
Payments to Employees	(2,084,154)	(1,987,059)	(2,084,154)
Net Cash Provided (Used) by Operating Activities	1,309,646	1,605,834	1,309,646
Cash Flows from Non-Capital and Related Financing Activities			
Transfers In	0	(14,800)	0
Federal Grant and Contributions			0
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	0	(14,800)	0
Cash Flows from Capital and Related Financing Activities			
Purchases of Capital Assets	(476,561)	(998,883)	(476,561)
Proceeds from Capital Debt	0	0	0
Impact Fees	1,149	5,745	1,149
Principal Payment on Revenue Bonds, Notes and Capital Leases	(698,185)	(678,184)	(698,185)
Interest and Fiscal Charges	(256,009)	(269,894)	(256,009)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,429,606)	(1,941,216)	(1,429,606)
Cash Flows from Investing Activities			
Interest Received	88,143	68,281	88,143
Net Cash Provided (Used) by Investment Activities	88,143	68,281	88,143
Net Increase (Decrease) in Cash Equivalents	(31,817)	(281,901)	(31,817)
Cash and Cash Equivalents at Beginning of Year	6,613,018	6,894,919	6,613,018
Cash and Cash Equivalents at End of Year	$6,581,201	$6,613,018	$6,581,201
	0	**0**	**0**
Unrestricted Assets:			
Cash and Cash Equivalents	$5,372,376	$5,060,900	$5,372,376
Restricted Assets:			
Cash and Cash Equivalents	1,208,825	1,552,118	1,208,825
Total	$6,581,201	$6,613,018	$6,581,201

(continued)

(continued)

	Business-Type Activities Enterprise Funds		
	Utility Fund	Utility Fund	Totals
	Current Year	Prior Year	Current Year
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	($361,175)	($291,296)	($361,175)
Adjustments to Reconcile to Net Cash Flow			
Non-Cash Items Included in Net Income			
Depreciation	1,375,184	1,400,397	1,375,184
Changes in Current Items			
Decrease (Increase) in Accounts Receivable	68,217	(23,758)	68,217
Decrease (Increase) in Inventory	24,297	(24,763)	24,297
GASB 68			
Deferred Outflow of Resources-Contributions	(7,899)	(30,216)	(7,899)
Diff. in expected and actual exp.	553,140	190,434	553,140
Diff. in projected and actual earnings on pension plan investments	(180,107)	(473,900)	(180,107)
Difference in Changes in assumptions and other inputs	(25,306)		(25,306)
GASB 75 - Cap Risk			
Diff. in expected and actual exp.	61,347	16,179	61,347
Difference in Changes in assumptions and other inputs	(261,859)	(60,476)	(261,859)
GASB 75 - GRS			
Diff. in expected and actual exp.	5,323	(2,424)	5,323
Difference in Changes in assumptions and other inputs	(11,062)	442	(11,062)
Increase (Decrease) in Accounts Payable	(1,843)	(47,149)	(1,843)
Decrease (Increase) in Due to Other Funds	64,562	75,968	64,562
Increase (Decrease) in Compensated Absences	32,079	11,735	32,079
Increase (Decrease) in Accrued Wages Payable	11,177	9,782	11,177
Increase (Decrease) in Accrued Interest Payable	(2,351)	(2,279)	(2,351)
Increase (Decrease) in Consumer Meter Deposits	28,386	34,151	28,386
GASB 68			
Increase (Decrease) in Net pension Liability	(189,451)	227,982	(189,451)
GASB 75 - Cap Risk			
Increase (Decrease) in OPEB Liability	114,139	582,593	114,139
GASB 75 - GRS			
Increase (Decrease) in OPEB Liability	12,848	12,432	12,848
Net Cash Provided (Used) by Operating Activities	$1,309,646	$1,605,834	$1,309,646
	0	**0**	**0**
Noncash Investing, Capital, and Financing Activities:			
Federal Grant and Contributions (Contribution of Infrastructure)	$0	$0	$0
Revenue Bond Proceeds	0	1,985,000	0
	$0	$1,985,000	$0

Note: The above funds are all enterprise funds.

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

CITY OF PLEASANTON, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2020

	Agency Funds
ASSETS	
Cash and Cash Equivalents	$42,244
Receivables (Net of Allowance for Uncollectibles)	0
Total Assets	$42,244
LIABILITIES	
Accounts Payable	$0
Due to Others	42,244
Total Liabilities	$42,244

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

I. Summary of significant accounting policies

A. Reporting Entity/ Basis of Accounting/Measurement Focus

The City of Pleasanton, Texas, was incorporated by an election. The City operates under a General Law type of government and provides the following services: public safety (fire, ambulance, and law enforcement), public transportation (streets), health, culture, recreation, public facilities, legal, election functions, and general administrative services. The accounting policies of the City of Pleasanton, Texas, (the City) conform to generally accepted accounting principles. The City also applies all relevant Government Accounting Standards Board (GASB) pronouncements. The following is a summary of the more significant policies.

The accounts of the City are organized based on funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and how spending activities are controlled.

B. Government-Wide and Fund Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the City are reported in four categories: 1) charges for services, 2) operating grants and contributions, 3) taxes, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, those transactions between governmental and business-type activities have not been eliminated. 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.

C. Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the Net Position and changes in Net Position presented in the Government-Wide financial statements. The City has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The City's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, sales taxes, and franchise taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The government reports the following major governmental funds:

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 accounts for monies used to pay the general obligation debt.

The street improvement construction fund accounts for monies used to pay for the maintenance and improvement of city streets.

D. Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Utility Fund (Water and Sewer) are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. 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.

The government reports the following major proprietary funds:

The utility fund accounts for the activities of the water distribution system, the sewer and sewage treatment plant, sewage pumping stations and collection systems.

E. Fiduciary Fund Types

Fiduciary Funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. As such, fiduciary funds are not reported in the government-wide statements. The City's fiduciary funds include the following: The Asset Forfeiture fund is accounted for as an agency fund and is used to help defray the costs of the local police department.

F. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

The government's cash and cash equivalents are cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Investments for the government are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as fair value of the pool shares.

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

2. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable allowance in excess of 30 days is equal to 5 percent of outstanding trade accounts receivable at September 30, 2020, the trade accounts receivable allowance in excess of 60 days is equal to 10 percent of outstanding trade accounts receivable at September 30, 2020, the trade accounts receivable allowance in excess of 90 days is equal to 25 percent of outstanding trade accounts receivable at September 30, 2020, and the trade accounts receivable allowance in excess of 120 days is equal to 50 percent of outstanding trade accounts receivable at September 30, 2020. The property tax receivable allowance is equal to 1 percent of current outstanding property taxes at September 30, 2020, and 10 percent of delinquent outstanding property taxes at September 30, 2020. Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review and judicial review. Traditionally, property taxes are levied October 1, of the year in which assessed or as soon thereafter as practicable. Taxes are due and payable when levied since that is when the City bills the taxpayers. The City begins to collect the taxes as soon as the taxpayers are billed.

3. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. There were no prepaid items at September 30, 2020.

4. Fund Balances – Governmental Funds

As of September 30, 2020, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted — amounts that can be spent only 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 other governments.

Committed — amounts that can be used only for specific purposes determined by a formal action of City Council. City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by City Council.

Unassigned — all other spendable amounts.

As of September 30, 2020, fund balances are composed of the following:

Fund Balances:	
Non-Spendable	
Inventory	$25,405
Restricted	
Construction	7,350,375
Debt Service	326,923
Economic Development	830,983
Judicial	17,647
Committed	
Culture and Recreation	217,646
General Administration	4,341
Public Safety	94,701
Public Works	4,144
Unassigned	7,508,782
Total Fund Balance	$16,380,947

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council or the finance committee has provided otherwise in its commitment or assignment actions.

In fiscal year 2012, the City Council adopted a minimum fund balance policy for the General Fund. The policy requires the unassigned fund balance at fiscal year end to be at least equal to 25 to 33 percent of the subsequent year's budgeted General Fund expenditures.

5. 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 or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life more than two years. The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the government values these capital assets at the estimated fair value of the item at the date of its donation.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest expense capitalized.

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

Assets	Years
Buildings	50
Building improvements	20
Public domain infrastructure	50
System infrastructure	30
Vehicles	5
Office equipment	5
Computer equipment	5

Major capital asset events during the current fiscal year included the following: There were water projects and street drainage projects, and a park project.

6. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, governmental funds and proprietary financial statements.

7. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. Assets are set aside for future projects. The restricted assets are as follows:

Type	Governmental Activities	Business-Type Activities
Debt Service	$505,021	$560,884
Construction	7,425,799	647,941
Hotel/Motel Tax	16,860	
	$7,947,680	$1,208,825

9. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

10. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has two items that qualify for reporting in this category. They are amounts deferred under GASB 68 and GASB 75.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government only has two items that qualify for reporting in this category. They are amounts deferred under GASB 68 and GASB 75.

The City reports unearned revenue on its fund financial statements. Unearned revenues arise when potential revenue does not meet both the “measureable” and “available” criteria for recognition in the current period (fund financial statements). Unearned revenues also arise when resources are unearned by the City and received before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures (fund financial statements and government-wide financial statements). In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed from the applicable financial statement and revenue is recognized. Pursuant to GASB 65 we have included deferred ad valorem taxes as deferred inflows in the fund financial statements.

11. Net Position Flow Assumption

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

II. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *Net Position - governmental activities* as reported in the government-wide statement of Net Position. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of this $26,172,820 difference are as follows:

Bonds Payable	$16,295,000
Accrued Interest Payable	92,561
Net Pension Liability - GASB 68	3,591,177
OPEB Liability - GASB 75 - Cap Risk	5,525,181
OPEB Liability - GASB 75 - GRS	201,498
Bond Issuance Premium	469,074
Bond Refunding	(1,671)
	$26,172,820

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in Net Position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "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." The details of this $31,087,610 difference are as follows:

Capital assets not being depreciated	$5,191,200
Capital assets being depreciated	37,012,657
Depreciation expense	(11,116,247)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in Net Position of governmental activities	$31,087,610

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and Net Position - governmental activities as reported in the government-wide statement of Net Position. One element of that reconciliation explains that "Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles.") The details of this $481,801 difference are as follows:

Property Taxes Receivable	$522,564
Allowance for Doubtful Accounts	(40,763)
Net	$481,801

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and Net Position - governmental activities as reported in the government-wide statement of Net Position. One element of that reconciliation explains that "Municipal fines and fees receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles.") Another is the deferral/accrual of GASB 68 and 75. The details of this $1,083,948 difference are as follows:

Fines Receivable	$164,602
Allowance for Doubtful Accounts	(47,186)
GASB 68	
Contributions (after 12/31/19)	712,718
Difference in expected and actual experience.	192,578
Dif. in proj. and actual earnings on pension plan investments.	(731,181)
Difference in Changes in assumptions and other inputs	72,176
GASB 75 - Cap Risk	
Difference in expected and actual experience	(221,109)
Difference in Changes in assumptions and other inputs	919,326
GASB 75 - GRS	
Difference in expected and actual experience	(8,267)
Difference in Changes in assumptions and other inputs	30,291
Net	$1,083,948

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances - total governmental funds* and *changes in Net Position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that 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. The details of this $1,385,557 difference are as follows:

Capital Outlay - Additions - Not Being Depreciated	$742,949
Capital Outlay - Additions - Being Depreciated (Net)	2,133,690
Capital Outlay - Deletions	(35,806)
Depreciation Expense	(1,455,276)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	$1,385,557

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all major governmental funds. All annual appropriations lapse at fiscal year end.

The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the council. The legal level of budgetary control is the fund; whereby budgeted expenditures may not exceed budgeted revenues plus beginning unrestricted equity. The supplemental budgetary appropriations made in the general fund were not material.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

B. Excess of Expenditures over Appropriations

For the year ended September 30, 2020, actual expenditures did not exceed budgeted expenditures for any fund except for the General Fund whereby actual expenditures of $11,696,316 exceeded budgeted expenditures of $10,621,362 by $1,074,954.

C. Deficit Fund Equity

The court technology fees fund had a deficit fund balance of $1,567. This deficit is expected to be liquidated by future resources of the fund.

IV. Detailed Notes on All Funds

A. Deposits and Investments

Legal and Contractual Provisions Governing Deposits and Investments:

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City follows the requirements of the Act and with local policies.

The City's deposits and certificates of deposit are entirely with the city depository and were fully covered by federal depository insurance (FDIC) or by collateral held by the government's agent in the government's name. The FDIC insures the first $500,000 of the City's deposits at each financial institution. Deposit balances over $500,000 are insured by the collateral. As of the year end, the City's bank balances totaled $22,542,472 while the value of securities pledged at September 30, 2020 is $23,869,438. The book balance of the City's bank balances at September 30, 2020 is $22,096,897.

Investments: The City had no investments at September 30, 2020.

B. Receivables

Receivables as of year end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Other Governmental Funds	Water	Total
Receivables					
Taxes	$313,959	$208,605			$522,564
Accounts				695,237	695,237
Intergovernmental	474,936				474,936
Fines	164,602				164,602
Other	61,523		5,209		66,732
Gross Receivables	1,015,020	208,605	5,209	695,237	1,924,071
Less: Allowance for Uncollectibles	71,677	16,272		88,702	176,651
Net Total Receivables	$943,343	$192,333	$5,209	$606,535	$1,747,420

The receivables are expected to be collected within one year.

C. Capital Assets

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

Governmental Activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets Not Being Depreciated:				
Land	$2,483,907	$135,049		$2,618,956
Construction in Progress	2,182,617	607,900	218,273	2,572,244
Total Capital Assets Not Being Depreciated:	4,666,524	742,949	218,273	5,191,200
Capital Assets Being Depreciated:				
Building and Improvements	14,908,334	1,175,795		16,084,129
Machinery and Equipment	6,572,964	904,557	284,406	7,193,115
Intangible	99,299			99,299
Infrastructure	13,364,503	271,611		13,636,114
Total Capital Assets Being Depreciated	34,945,100	2,351,963	284,406	37,012,657
Less Accumulated Depreciation for:				
Building and Improvements	3,493,967	418,617		3,912,584
Machinery and Equipment	4,319,266	770,058	248,600	4,840,724
Intangible	60,531	8,979		69,510
Infrastructure	2,035,807	257,622		2,293,429
Total Accumulated Depreciation	9,909,571	1,455,276	248,600	11,116,247
Total Capital Assets Being Depreciated, Net	25,035,529	896,687	35,806	25,896,410
Governmental Activities Capital Assets, Net	$29,702,053	$1,639,636	$254,079	$31,087,610

Proprietary Funds: Capital assets not being depreciated:	Beginning Balances	Increases	Decreases	Ending Balances
Land	$263,755			$263,755
Construction in Progress	415,856	305,494	721,350	0
Total capital assets not being depreciated:	679,611	305,494	721,350	263,755
Capital assets being depreciated:				
Machinery, Equipment and Vehicles	1,702,626	85,330		1,787,956
Building and improvements	278,341			278,341
Distribution System	33,545,636	807,088	12,808	34,339,916
Total capital assets being depreciated:	35,526,603	892,418	12,808	36,406,213
Less: Accumulated Depreciation for:				
Machinery, Equipment and Vehicles	1,299,963	110,486		1,410,449
Building and improvements	207,284	10,751		218,035
Distribution System	17,020,063	1,253,948	12,808	18,261,203
Total Accumulated Depreciation	18,527,310	1,375,185	12,808	19,889,687
Total Capital Assets Depreciated, Net	16,999,293	(482,767)	0	16,516,526
Business-type activities capital assets, net	$17,678,904	($177,273)	0	$16,780,281

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

Governmental Activities	
General Administration	$80,585
Public Safety	684,009
Public Transportation	481,915
Culture and Recreation	206,743
Public Works	2,024
Total Depreciation Expense - Governmental Activities	$1,455,276

Business-Type Activities	
Water	$778,008
Sewer	597,177
Total Depreciation Expense - Business-Type Activities	$1,375,185

Construction Commitments

The government has active construction projects as of September 30, 2020. There were water projects and street drainage projects, and a park project.

D. Interfund Receivables, Payables, and Transfers

Inter-fund transfers: Transfers are used to 1) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

In the year ended September 30, 2020, the government made the following non-recurring transfers: The transfers were for operating expenses.

INTRAFUND

	TRANSFER IN		
TRANSFER OUT	GENERAL FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL
GENERAL FUND		$599,745	$599,745
NON-MAJOR GOVERNMENTAL FUNDS	(75,000)	(524,745)	(599,745)
TOTALS	($75,000)	$75,000	$0

The composition of interfund balances as of September 30, 2020, is as follows:

INTRAFUND

DUE TO	DUE FROM GENERAL FUND	TOTAL
DEBT SERVICE FUND	$204,159	$204,159
STREET IMPROVEMENT CONSTRUCTION FUND	2,505,000	2,505,000
NON-MAJOR GOVERNMENTAL FUNDS	(311,246)	(311,246)
TOTALS	$2,397,913	$2,397,913

INTERFUND

	DUE FROM		
DUE TO	UTILITY FUNDS	DEBT SERVICE FUND	TOTAL
GENERAL FUND	$707,497	$0	$707,497
UTILITY FUND		1,808	1,808
NON-MAJOR GOVERNMENTAL FUNDS	302,426	0	302,426
TOTALS	$1,009,923	$1,808	$1,011,731

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The amount due to the general fund from the utility fund is to help with the debt service commitments and construction commitments of the utility fund. The amount due from the general to the utility fund is to help with the debt service. All are expected to be repaid in the 2020-2021 year.

E. Leases

Operating Leases

The government leases equipment under noncancelable operating leases. Total costs for such leases were $47,215 for the year ended September 30, 2020. The future minimum lease payments for these leases are as follows:

Year Ending Sept. 30	Amount
2021	$ 39,320
2022	10,441
2023	0
2024	0
Total	$ 49,761

Rent expenditures were $1 for the year ended September 30, 2020. Rental income received was $143,543 for the year ended September 30, 2020.

F. Long-Term Debt

General Obligation Bonds and Revenue Bonds

The government issues Certificates of Obligation, Revenue, and General Obligation Bonds to provide funds for the acquisition, improvement, and construction of major capital facilities. Certificates of Obligation, Revenue, and General Obligation bonds have been issued for both governmental and business-type activities.

Bonds currently outstanding along with any covenants and security pledged are as follow:

PURPOSE	RATE	ORIGINAL AMOUNTS	CURRENT AMOUNTS	SERIES	MATURITY DATE	COVENANTS	SECURITY
Governmental activities	3.95%	$2,250,000	$705,000	2009	2024	NONE	TAX & LIMITED PLEDGE
Governmental activities	3.00%	6,835,000	6,500,000	2019	2039	PAYING AGENT	TAX & LIMITED PLEDGE
Governmental activities	2.50-5.00%	2,750,000	605,000	2008	2023	SINKING FUND 2%	TAX & LIMITED PLEDGE
Governmental activities	2.00-4.50%	3,970,000	2,850,000	2013	2033	PAYING AGENT	TAX & LIMITED PLEDGE
Governmental activities	3.00-4.00%	3,870,000	2,695,000	2015	2035	PAYING AGENT	TAX & LIMITED PLEDGE
Governmental activities	3.00-4.00%	3,495,000	2,940,000	2016	2036	PAYING AGENT	TAX & LIMITED PLEDGE
Business-type activities	3.00%	1,985,000	1,750,000	2017	2037	PAYING AGENT	TAX & LIMITED PLEDGE
Business-type activities	1.798%	4,020,000	2,615,000	2015	2027	PAYING AGENT	TAX & LIMITED PLEDGE
Business-type activities	2.00-3.75%	5,800,000	4,730,000	2014	2034	INT & SINKING 2%	TAX & LIMITED PLEDGE
Total		$34,975,000	$25,390,000				

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending	Governmental Activities		Business-Type Activities	
September 30,	Principal	Interest	Principal	Interest
2021	$1,235,000	$533,846	$710,000	$241,196
2022	1,310,000	488,520	725,000	226,407
2023	1,390,000	441,172	745,000	210,596
2024	1,070,000	397,651	760,000	193,956
2025	915,000	363,499	780,000	176,606
2026-2030	4,365,000	1,382,439	2,970,000	613,959
2031-2035	4,400,000	620,769	2,150,000	210,306
2036-2039	1,610,000	93,500	255,000	11,550
TOTALS	$16,295,000	$4,321,396	$9,095,000	$1,884,576

The City issued $6,835,000 Series 2019 bonds in the 2018-2019 year. The proceeds were to be used for the street construction.

Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Governmental Activities:						
General Obligation Bonds	$17,415,000		$1,120,000	$16,295,000	$1,235,000	$15,060,000
Less Deferred Amounts:						
For Issuance Premium	504,207		35,133	469,074		469,074
Total Bonds Payable	17,919,207	0	1,155,133	16,764,074	1,235,000	15,529,074
Net Pension Liability - GASB 68	4,131,506		540,329	3,591,177		3,591,177
OPEB Liability - GASB 75 - Cap Risk	4,984,610	5,525,181	4,984,610	5,525,181		5,525,181
OPEB Liability - GASB 75 - GRS	165,800	201,498	165,800	201,498		201,498
Compensated Absences	262,456	322,355	262,456	322,355	322,355	0
Total Governmental Activities	27,463,579	6,049,034	7,108,328	26,404,285	1,557,355	24,846,930
Business-Type Activities:						
Revenue Bonds	9,795,000	0	700,000	9,095,000	710,000	8,385,000
Less Deferred Amounts:						
For Issuance Premium	51,432		(1,815)	53,247		53,247
Total Bonds Payable	9,846,432	0	698,185	9,148,247	710,000	8,438,247
Net Pension Liability - GASB 68	1,466,562		189,451	1,277,111		1,277,111
OPEB Liability - GASB 75 - Cap Risk	1,823,107	1,937,246	1,823,107	1,937,246		1,937,246
OPEB Liability - GASB 75 - GRS	57,801	70,649	57,801	70,649		70,649
Compensated Absences	76,234	108,313	76,234	108,313	108,313	0
Total Business-Type Activities	13,270,136	2,116,208	2,844,778	12,541,566	818,313	11,723,253
Grand Total	$40,733,715	$8,165,242	$9,953,106	$38,945,851	$2,375,668	$36,570,183

The government-wide statement of Net Position includes $2,375,668 as "noncurrent liabilities, due within one year". There was no interest capitalized. Compensated absences of $430,668 are short term liabilities. The governmental activities bonds payable are serviced by the debt service fund. The governmental compensated absences are serviced by the general fund. The Business-type activities bonds and compensated absences are serviced by the water and sewer fund. The City incurred interest expense of $791,742; $256,009 by the Utility Fund.

G. Segment Information

The city issued revenue bonds to finance certain improvements to its utility system and airport. Because the utility system is reported as a major fund in the fund financial statements, separate segment disclosures for it are not required.

V. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Claim liabilities are estimated considering the effects of inflation, recent claim settlement trends (including frequency and amounts of payouts) and other economic and social factors (including the effects of specific, incremental claim adjustment expense, salvage, and subrogation).

Changes in accrued liabilities for these claims follow:

	Year ended 09/30/20	Year ended 09/30/19
Unpaid claims, beginning of fiscal year	$ -0-	$ -0-
Incurred claims (including IBNRs)		
Claim payments	-0-	-0-
Unpaid claims, end of fiscal year	$ -0-	$ -0-

General Liability Insurance

The City is insured for general, police officers and automobile liability. Expenditures for self-insured liabilities are accounted for in the General Fund, which will pay any liabilities incurred.

The City has joined with other governments in the Texas Municipal League Intergovernmental Risk Pool (TML). The City pays an annual premium to TML for auto vehicle insurance coverage. The agreement with TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims more than $500,000 to $1,000,000 for each insurance event. The City anticipates no contingent losses.

TML has published its own financial report that can be obtained from the Texas Municipal League Intergovernmental Risk Pool, Austin, Texas.

The City carries commercial fidelity bonds for elected officials and for management.

Property and Casualty Insurance

Property, casualty, mobile equipment, boiler, and machinery insurance is provided by TML.

Workers' Compensation Insurance

The City insures against workers' compensation claims through TML.

Group Health and Life Insurance

The City maintains a group health insurance plan for active employees and their eligible dependents. Costs are recorded in the fund from which the employees' compensation is paid.

Unemployment Compensation Insurance

The City self-insures for unemployment compensation claims through an agreement with the Texas Workforce Commission (TWC). Under the agreement, TWC administers all claims and is reimbursed by the City for claims incurred plus administrative charges.

B. Subsequent Events

NEED MINUTES

C. Related Party Transactions

Kimberly Sanchez (Executive Assistant to Financial Director) – was paid $275.00 for yoga instructor services.
Kimberly Sanchez (Executive Assistant to Financial Director) - her uncle owns De La Fuente Automotive – The City paid $112.00.
Kimberly Sanchez (Executive Assistant to Financial Director and Ronald Sanchez (Chief of Police) are father-in-law and daughter-in-law.
Mario Aguirre (Utility Foreman) and Andres Aguirre (City Secretary) and Antonio Aguirre (Activities & Facility Coordinator) are father/sons and brother/brother.

There were no amounts payable to the above-described parties at September 30, 2020.

D. Contingent Liabilities

The City is not a defendant in any significant lawsuit for which monetary damages are sought. However, we noted the following:

The City of Pleasanton vs. Francis Bijah Fowler; Cause No. 18-09-0902-CVA; In the 81st/218th Judicial District Court of Atascosa County, Texas - On or about September 9, 2018, the City of Pleasanton filed a lawsuit against Pleasanton Municipal Airport tenant Francis Bijah Fowler alleging in its lawsuit that Fowler owes unpaid rent and is in violation of other terms of his Municipal Airport lease with Pleasanton.
The litigation was settled by a Mediated Settlement Agreement on August 26, 2020. The City of Pleasanton and Mr. Fowler agreed to settle all matters in controversy in accordance with the subject lease between Mr. Fowler and the City of Pleasanton. Specifically, the terms of the settlement are that the City will pay Mr. Fowler $320,000 for his interest in a 6,424 sq. ft. maintenance hangar, a 6,080 sq. ft. T-hangar and 8,100 sq. ft. T-hangar in addition to obtaining a release from an additional 19,302 sq. ft. of leased airport property. Mr. Fowler will transfer the title to his mobile home situated at the airport to the City in exchange for unpaid rent. The City will retain $50,000 until Mr. Fowler remediates the buried fuel tanks in accordance with the Texas Commission on Environmental Quality standards. Afterwards, Mr. Fowler will receive any remaining portion of the $50,000 after the cost of the remediation. Mr. Fowler will vacate from the municipal airport by December 31, 2020. The remediation is expected to cost approximately $30,000. In any event, the City's maximum financial exposure is $300,000. All releases have been signed by the parties and the litigation is pending dismissal by the Court.

Elsie Guerra v. City of Pleasanton, et. al. No. 5:20-cv-00536-XR (U.S. District Court, Western District of Texas, San Antonio Division) - Former Municipal Court Judge Elsie Guerra filed an EEOC claim against the City, citing discrimination related to race, sex, age, and disability for the basis of her Charge of Discrimination in violation of Title VII. Guerra dual-filed her Charge with the Texas Workforce Commission Civil Rights Division (TWCCRD) which alleges the same claims under Chapter 21 of the Texas Labor Code. On September 14, 2020, a Motion to Dismiss was filed, and in the alternative, for More Definite Statement. Guerra filed a response on October 5, 2020 and a reply was filed on October 13, 2020. A Scheduling Order has been entered with a trial setting of November 8, 2021. On November 24, 2020, the Court issued an Order on a Motion to Dismiss, granting in part and denying in part. The Court denied Guerra's second request for appointment of Counsel. Mrs. Guerra made an offer of settlement in the amount of approximately $250,000.00 on or about the same day as the Court's Order on the Motion to Dismiss. The Court's order on the Motion to Dismiss was reviewed and evaluated, the Court contends that the Plaintiff does not have a protected property interest in her job. The Court is leaning to dismiss some or all her federal claims but allow her to proceed with state law claims. The Court is requiring that the Plaintiff file a motion for leave to assert federal claims, including an explanation why she failed to include a Title VII claim in the original complaint if she pursues this cause of action. The Court will evaluate the amendments if filed, if not the case will be dismissed. Initial disclosures were filed on December 9th declining her settlement offer. A Second Amended Complaint was filed by the Plaintiff on December 28, 2020. An Amended Motion to Dismiss was filed on January 11, 2021 and a response has yet to be filed by the Plaintiff. The chances of Mrs. Guerra's success against the City are unlikely.

E. Prior Period Adjustments

The City has determined that certain transactions were recorded incorrectly in a prior year. The City had a prior period adjustment whereby both governmental and Business-Type activities' Net Position were both restated as follows: 1) The Pleasanton Perk Property was transferred from Business-Type Activities to Governmental Activities. 2) There were miscellaneous adjustments to the beginning Net Position of Business-Type Activities of $3,708. The restatement had the corresponding effect on the beginning Net Positions, as follows:

	Net Position, as Previously Reported	Capital Asset Transfer	Net Position As Restated
Governmental Activities:			
Net Position	$23,641,861	$202,258	$23,844,119
Total Governmental Activities	$23,641,861	$202,258	$23,844,119

	Net Position, as Previously Reported	Capital Asset Transfer	Miscellaneous Items	Net Position As Restated
Business-Type Activities:				
Net Position	$10,853,000	($202,258)	($3,708)	$10,647,034
Total Business-Type Activities	$10,853,000	($202,258)	($3,708)	$10,647,034

F. Defined Benefit Pension Plans

EXECUTIVE SUMMARY

as of December 31, 2019

EXECUTIVE SUMMARY

Actuarial Valuation and Measurement Date, December 31,	2019	2018
Membership		
Number of		
- Inactive employees or beneficiaries currently receiving benefits	47	44
- Inactive employees entitled to but not yet receiving benefits	78	80
- Active employees	112	101
- Total	237	225
Covered Payroll	$5,611,137	$5,043,475
Net Pension Liability		
Total Pension Liability	$21,780,464	$19,732,981
Plan Fiduciary Net Position	16,912,176	14,134,913
Net Pension Liability/(Asset)	$4,868,288	$5,598,068
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	77.65%	71.63%
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	86.76%	111.00%
Development of the Single Discount Rate		
Single Discount Rate	6.75%	6.75%
Long-Term Expected Rate of Return	6.75%	6.75%
Long-Term Municipal Bond Rate	2.75%	3.71%
Last year ending December 31 in the 100-year projection period for which projected benefit payments are fully funded	N/A	N/A

SCHEDULE OF PENSION EXPENSE

1.	Total Service Cost	$904,515
2.	Interest on the Total Pension Liability	1,339,636
3.	Changes in Current Period Benefits Including Substantively Automatic Status	0
4.	Employee Contributions (Reduction of Expense)	(392,780)
5.	Projected Earnings on Plan Investments (Reduction of Expense)	(954,107)
6.	Administrative Expense	12,348
7.	Other Changes in Fiduciary Net Position	371
8.	Recognition of Current Year Outflow (Inflow) of Resources-Liabilities	123,303
9.	Recognition of Current Year Outflow (Inflow) of Resources-Assets	(246,887)
10.	Amortization of Prior Year Outflows (Inflows) of Resources-Liabilities	(37,858)
11.	Amortization of Prior Year Outflows (Inflows) of Resources-Assets	246,874
12.	Total Pension Expense (Income)	$995,415

SCHEDULE OF OUTFLOWS AND INFLOWS - CURRENT AND FUTURE EXPENSE

A.	Recognition Period (or amortization year)	Total (Inflow) or Outflow of Resources	**2019 Recognized in current pension expense**	Deferred (Inflow)/Outflow in future expense
Due to Liabilities:				
Difference in expected and actual experience [actuarial (gains) or losses]	3.9000	$349,789	$89,689	$260,100
Change in assumptions [actuarial (gains) or losses]	3.9000	$131,096	$33,614	$97,482
			$123,303	$357,582
Due to Assets:				
Difference in projected and actual earnings on pension plan investments [actuarial (gains) or losses]	5.0000	($1,234,436)	($246,887)	($987,549)
			($246,887)	($987,549)
Total:				($629,967)

B. Deferred Outflows and Deferred Inflows of Resources, by year, to be recognized in future pension expense as follows:

	Net deferred outflows (inflows) of resources
2020	($60,536)
2021	(114,950)
2022	113,629
2023	(246,888)
2024	0
Thereafter	0
Total	($308,745)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS - CURRENT PERIOD

A.	**Total pension liability**		
	1.	Service Cost	$904,515
	2.	Interest (on the Total Pension Liability)	1,339,636
	3.	Change in benefit terms including substantively automatic status	0
	4.	Difference between expected and actual experience	349,789
	5.	Change in assumptions	131,096
	6.	Benefit payments, including refunds of employee contributions	(677,553)
	7.	Net change in total pension liability	$2,047,483
	8.	Total pension liability - beginning	19,732,981
	9.	Total pension liability – ending	$21,780,464
B.	**Plan fiduciary net position**		
	1.	Contributions - employer	$886,211
	2.	Contributions - employee	392,780
	3.	Net investment income	2,188,543
	4.	Benefit payments, including refunds of employee contributions	(677,553)
	5.	Administrative Expense	(12,348)
	6.	Other	(371)
	7.	Net change in plan fiduciary net position	$2,777,263
	8.	Plan fiduciary net position - beginning	$14,134,913
	9.	Plan fiduciary net position - ending	$16,912,176
C.	**Net pension liability/(asset) [A.9 - B.9]**		$4,868,288
D.	**Plan fiduciary net position as a percentage of the total pension liability [B.9/A.9]**		77.65%
E.	**Covered payroll**		$5,611,137
F.	**Net pension liability/(asset) as a percentage of covered payroll [C/E]**		86.76%

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

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$8,397,258	$4,868,288	$2,030,017

SUMMARY OF ACTUARIAL ASSUMPTIONS

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.

I. Economic Assumptions

A. General Inflation - General Inflation is assumed to be 2.50% per year.

B. Discount/Crediting Rates

1. System-wide Investment Return Assumption: 6.75% per year, compounded annually, composed of an assumed 2.50% inflation rate and a 4.25% net real rate of return. This rate represents the assumed return, net of all investment and administrative expenses. This is the discount rate used to value the liabilities of the individual employers.

2. Assumed discount/crediting rate for Supplemental Disability Benefits Fund and individual employee accounts: an annual rate of 5.00% for (1) accumulating prior service credit and updated service credit after the valuation date, (2) accumulating the employee current service balances, (3) determining the amount of the monthly benefit at future dates of retirement or disability, and (4) calculating the actuarial liability of the system-wide Supplemental Disability Benefits Fund.

C. Overall Payroll Growth - 2.75% per year, which is used to calculate the contribution rates for the retirement plan of each participating city as a level percentage of payroll. This represents the expected increase in total payroll. This increase rate is solely due to the effect of wage inflation on salaries, with no allowance for future membership growth. However, for cities with a decrease in the number of contributing members from 2008 to 2018, the payroll growth is decreased by half the annual percentage decrease in the count capped at a 1.0% decrease per year and rounded down to the nearest 0.1%.

D. Individual Salary Increases -

Salary increases are assumed to occur once a year, on January 1. Therefore, the pay used for the period year following the valuation date is equal to the reported pay for the prior year, increased by the salary increase assumption. Salaries are assumed to increase by the following graduated service-based scale.

Years of Service	Rate (%)
1	11.50%
2	7.25%
3	6.75%
4	6.25%
5	6.00%
6	5.75%
7	5.50%
8	5.25%
9	5.00%
10	4.75%
11-12	4.50%
13-15	4.25%
16-20	4.00%
21-24	3.75%
25+	3.50%

E. Annuity Increase – The Consumer Price Index (CPI) is assumed to be 2.50% per year prospectively. For the City of Pleasanton annual annuity increases of 1.86% are assumed when calculating the TPL.

F. Load for Updated Service Credit – To reflect the asymmetric nature of the credits due to the USC provision, there is a load on the final average earnings used in the calculation of 0.1% per year into the future that the calculation is performed.

II. Demographic Assumptions

A. Termination Rates

1. For the first 10 years of service, the base table rates vary by gender, entry age, and length of service. For City of Pleasanton the base table is then multiplied by a factor of 120.0% based on the experience of the city in comparison to the group as a whole. A further multiplier is applied depending on an employee's classification: 1) Fire – 68%, 2) Police – 86%, or 3) Other – 108%. A sample of the base rates follows:

Males

	Service									
Age	0	1	2	3	4	5	6	7	8	9
20	0.3079	0.2766	0.2305	0.2037	0.1951	0.1764	0.1612	0.1311	0.1078	0.0860
25	0.2798	0.2393	0.1911	0.1638	0.1507	0.1336	0.1210	0.1060	0.0976	0.0798
30	0.2585	0.2163	0.1697	0.1395	0.1138	0.1052	0.0945	0.0817	0.0785	0.0655
35	0.2642	0.2183	0.1663	0.1344	0.1107	0.1048	0.0894	0.0758	0.0655	0.0598
40	0.2602	0.2172	0.1647	0.1279	0.1103	0.0994	0.0849	0.0749	0.0633	0.0608
45	0.2392	0.2040	0.1640	0.1287	0.1110	0.0976	0.0857	0.0750	0.0638	0.0607
50	0.2191	0.1825	0.1489	0.1211	0.1072	0.0935	0.0851	0.0755	0.0636	0.0609
55	0.2112	0.1759	0.1334	0.1132	0.0908	0.0911	0.0813	0.0719	0.0643	0.0591
60	0.2108	0.1626	0.1298	0.1118	0.0833	0.0915	0.0794	0.0721	0.0602	0.0579
65	0.2109	0.1542	0.1305	0.1121	0.0847	0.0914	0.0798	0.0738	0.0577	0.0581
70	0.2109	0.1557	0.1304	0.1121	0.0845	0.0914	0.0797	0.0735	0.0581	0.0581

Females

	Service									
Age	0	1	2	3	4	5	6	7	8	9
20	0.3080	0.2836	0.2258	0.2132	0.2030	0.2054	0.1561	0.1565	0.1590	0.1600
25	0.2828	0.2449	0.2101	0.1995	0.1739	0.1690	0.1392	0.1375	0.1206	0.1144
30	0.2617	0.2224	0.1981	0.1791	0.1369	0.1370	0.1297	0.1145	0.0989	0.0817
35	0.2464	0.2153	0.1834	0.1462	0.1294	0.1258	0.1130	0.1103	0.1016	0.0782
40	0.2281	0.2026	0.1641	0.1365	0.1316	0.1115	0.1040	0.0940	0.0847	0.0745
45	0.2227	0.1884	0.1450	0.1359	0.1072	0.1034	0.0909	0.0797	0.0717	0.0737
50	0.2238	0.1823	0.1369	0.1249	0.0901	0.0896	0.0837	0.0735	0.0686	0.0628
55	0.2236	0.1766	0.1372	0.1218	0.0848	0.0819	0.0725	0.0717	0.0696	0.0560
60	0.2236	0.1548	0.1372	0.1191	0.0811	0.0856	0.0656	0.0649	0.0436	0.0386
65	0.2236	0.1454	0.1372	0.1169	0.0813	0.0871	0.0678	0.0603	0.0281	0.0285
70	0.2236	0.1471	0.1372	0.1173	0.0813	0.0868	0.0675	0.0611	0.0308	0.0303

2. 2. After 10 years of service, base termination rates vary by gender and by the number of years remaining until first retirement eligibility. For City of Pleasanton the base table is then multiplied by a factor of 120.0% based on the experience of the city in comparison to the group as a whole. A further multiplier is applied depending on an employee's classification: 1) Fire – 54%, 2) Police – 83%, or 3) Other – 113%. A sample of the base rates follows:

Years from Retirement	Male	Female
1	1.82%	2.34%
2	2.43%	3.15%
3	2.87%	3.75%
4	3.24%	4.25%
5	3.55%	4.67%
6	3.83%	5.06%
7	4.08%	5.40%
8	4.32%	5.72%
9	4.53%	6.02%
10	4.74%	6.30%
11	4.93%	6.57%
12	5.11%	6.82%
13	5.28%	7.06%
14	5.45%	7.28%
15	5.60%	7.50%

Termination rates end at first eligibility for retirement

B. Forfeiture Rates (Withdrawal of Member Deposits from TMRS) for vested members vary by age and employer match, and they are expressed as a percentage of the termination rates shown in (A). The withdrawal rates for cities with a 2-to-1 match are shown below. 4% is added to the rates for 1½-to-1 cities, and 8% is added for 1-to-1 cities.

Age	Percent of Terminating Employees Choosing to Take a Refund
25	40.2%
30	40.2%
35	40.2%
40	37.0%
45	31.6%
50	26.1%
55	20.7%

Forfeiture rates end at first eligibility for retirement.

C. Service Retirees and Beneficiary Mortality Rates

For calculating the actuarial liability and the retirement contribution rates, the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The 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%.

D. Disabled Annuitant Mortality Rates

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 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.

E. Pre-Retirement Mortality

For calculating the actuarial liability and the retirement contribution rates, the PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements.

F. Annuity Purchase Rates

For determining the amount of the monthly benefit at the time of retirement for both healthy and disabled annuitants, the annuity purchase rates (APRs) until 2027 are based on a mortality study performed in 2013, with the factors phasing into being based on a unisex blend of the RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment for males and females with both male and female rates multiplied by 107.5% and projected on a fully generational basis with scale BB. The current table of APRs is explicitly valued through 2032 and then it is assumed the APRs and the valuation mortality assumptions will be consistent over time. For members, a unisex blend of 70% of the males table and 30% of the female table is used, while 30% of the male table and 70% of the female table is used for beneficiaries.

G. Disability Rates

Age	Males & Females
20	0.000003
25	0.000019
30	0.000074
35	0.000194
40	0.000371
45	0.000603
50	0.000891
55	0.001235
60	0.001635
65	0.002090

H. Service Retirement Rates, applied to both Active and Inactive Members

The base table rates vary by gender, entry age group, and age. For members under age 62, these base rates are then multiplied by 2 factors based on 1) employee contribution rate and employer match and 2) if the city has a recurring COLA.

Age	
<50	0.05
50-51	0.07
52-54	0.08
55-59	0.13
60	0.16
61	0.17
62	0.25
63-64	0.20
65-74	0.30
75 and over	1.00

Note: For cities without a 20-year/any age retirement provision, the rates are loaded by 50% for ages 60 & below with 25 or more years of service.

Plan Design Factors Applied to Base Retirement Rates

Employer Match	Employee Contribution Rate		
	5%	6%	7%
1-1	0.75	0.80	0.84
1.5-1	0.81	0.86	0.92
2 --1	0.86	0.93	1.00

Recurring COLA: 100%

No Recurring COLA: 95%

III. Methods and Assumptions

A. Valuation of Assets - The actuarial value of assets is based on the market value of assets with a ten-year phase-in of actual investment return in excess of (less than) expected investment income. Offsetting unrecognized gains and losses are immediately recognized, with the shortest remaining bases recognized first and the net remaining bases continue to be recognized on their original timeframe. The actuarial value of assets is further adjusted by 33% of any difference between the initial value and a 12%corridor around the market value of assets, if necessary.

B. Actuarial Cost Method: The actuarial cost method being used is known as the Entry Age Normal Actuarial Cost Method. The Entry Age Normal Actuarial Cost Method develops the annual cost of the Plan in two parts: that attributable to benefits accruing in the current year, known as the normal cost, and that due to service earned prior to the current year, known as the amortization of the unfunded actuarial accrued liability. The normal cost and the actuarial accrued liability are calculated individually for each member. The normal cost rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The normal cost is calculated using an entry age based on benefit service with the current city. If a member has additional time-only vesting service through service with other TMRS cities or other public agencies, they retain this for determination of benefit eligibility and decrement rates. The salary-weighted average of these rates is the total normal cost rate. The unfunded actuarial accrued liability reflects the difference between the portion of projected benefits attributable to service credited prior to the valuation date and assets already accumulated. The unfunded actuarial accrued liability is paid off in accordance with a specified amortization procedure outlined in C below.

C. Amortization Policy: For “underfunded” cities the amortization as of the valuation date is a level percentage of payroll over a closed period using the process of “laddering”. Bases that existed prior to this valuation continue to be amortized on their original schedule. For cities with twenty or more employees new experience losses are amortized over individual periods of not more than 25 years. Beginning December 31, 2020, new loss bases for cities with fifteen or more employees will be amortized over individual periods of not more than 20 years. New gains (including lump sum contributions) are offset against and amortized over the same period as the current largest outstanding loss base for the specific City which in turn decreases contribution rate volatility.

   Once a City reaches an “overfunded” status, all prior bases are erased and an amount of the surplus is credited against the contribution rate to keep the funded ratio constant year over year.

   Ad hoc benefit enhancements are amortized over individual periods using a level dollar policy. The period will be based on the minimum of 12 years or the current life expectancy of the covered group. However, if the non-ad hoc (level percent) amortization factor is smaller due to a shorter amortization period based on the employer’s size, as described below, ad hoc enhancements will be amortized the same as any other loss.

D. Small City Methodology - For cities with fewer than twenty employees, more conservative methods and assumptions are used. First, lower termination rates are used for smaller cities, with maximum multipliers of 75% for employers with less than 6 members, 85% for employers with 6 to 10 members, 100% for employers with 11 to 15 members, and 110% for employers with less than 100 members.

   There is also a load on the life expectancy for employers with less than 15 active members. The life expectancy will be loaded by decreasing the mortality rates by 1% for every active member less than 15. For example, an employer with 5 active members will have the baseline mortality tables multiplied by 90% (10 active members times 1%).

   For underfunded plans, the maximum period for amortizing losses is decreased by 1 year for each active member less than the 20 member threshold. For example, an employer with 8 active members and a current maximum amortization period of 25 will use (25-(20-8)) = 13 year amortization period for the gain or loss in that year’s valuation. Under this policy, the lowest amortization period will be 25-(20-1) = 6 years. Once the plan is overfunded, the amortization period will revert back to the standard policy. Beginning December 31, 2020, the member threshold will be lowered to 15 to be consistent with the decrease in the standard amortization period to 20.

IV. Other Assumptions

1. Valuation payroll (used for determining the amortization contribution rate): A weighted average of the actual payroll during the prior fiscal years, with 33% weight given to the most recent year and 67% weight given to the expected payroll for the previous fiscal year, moved forward with one year's payroll growth rate and adjusted for changes in population.

2. Individual salaries used to project benefits: For members with more than three years of service, actual salaries from the past three fiscal years are used to determine the USC final average salary as of the valuation date. For future salaries, this three-year average is projected forward with two years of salary scale to create the salary for the year following the valuation. This value is then projected with normal salary scales.

3. Timing of benefit payments: Benefit payments are assumed to be made in the middle of the month. Although TMRS benefits are paid at the end of the month, eligibility for that payment is determined at the beginning of the month. A middle of month payment approximates the impact of the combination of eligibility determination and actual payment timing.

4. Percent married: 100% of the employees are assumed to be married.

5. Age difference: Male members are assumed to be three years older than their spouses, and female members are assumed to be three years younger than their spouses.

6. Optional Forms: All healthy and disabled members are assumed to choose a 50% Joint and Survivor option when they retire. For healthy members, this is approximated by reducing the benefit payment by a factor equal to 2.1% at age 60 (with adjustments by age). The 2.1% is effective for the 2019 calendar year and will reduce by 10% each year until the phase into the APR rates is complete, at which time there will be no need for such factor.

7. Percent electing annuity on death (when eligible): For vested members not eligible for retirement, 75% of the spouses of male members and 70% of the spouses of female members are assumed to commence an immediate benefit in lieu of a deferred annuity or a· refund. Those not electing an immediate benefit are assumed to take a refund. All of the spouses of married participants who die after becoming eligible for a retirement benefit are assumed to elect an annuity that commences immediately.

8. Partial Lump Sum Utilization: It is assumed that each member at retirement will withdraw 40% of their eligible account balance.

9. Inactive Population: All non-vested members of a city are assumed to take an immediate refund if they are not contributing members in another city. Vested members not contributing in another city are assumed to take a deferred retirement benefit, except for those who have terminated in the past 12 months for whom one year of forfeiture probability is assumed. The forfeiture rates for inactive members of a city who are contributing members in another city are equal to the probability of termination multiplied by the forfeiture rates shown in II(A) and II(B) respectively. These rates are applied each year until retirement eligibility. Once a member is retirement eligible, they are assumed to commence benefits based on the service retirement rates shown in II (H).

10. There will be no recoveries once disabled.

11. No surviving spouse will remarry and there will be no children's benefit.

12. Decrement timing: Decrements of all types are assumed to occur mid-year.

13. Eligibility testing: Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.

14. Decrement relativity: Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.

15. Incidence of Contributions: Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.

16. Benefit Service: All members are assumed to accrue 1 year of eligibility service each year.

17. The decrement rates for service-related decrements are based on total TMRS eligibility service.

V. Participant Data

Participant data was supplied in electronic text files. There were separate files for (i) active and inactive members, and (ii) members and beneficiaries receiving benefits.

The data for active members included birthdate, gender, service with the current city and total vesting service, salary, employee contribution account balances, as well as the data used in the next calculation of the Updated Service Credit (USC). For retired members and beneficiaries, the data included date of birth, gender, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, form of payment code, and aggregate increase in the CPI that will be used in the next calculation of the cost of living adjustment.

To the extent possible we have made use of all available data fields in the calculation of the liabilities stated in this report. Actual CPI is used to model the wear-away effect or “catch-up” when a city changes its COLA provisions. Adjustments are made for members who have service both in a city with “20 and out” retirement eligibility and one that hasn’t adopted it to calculate the earliest possible retirement date.

Salary supplied for the current year was based on the annualized earnings for the year preceding the valuation date.

Assumptions were made to correct for missing, bad, or inconsistent data. These had no material impact on the results presented.

Amortization Schedule
Deferred (Inflows)/Outflows of Resources

	Remaining Recognition period (or amortization years)	Total Remaining (Inflow) or Outflow of Resources	Measurement Year 2019	2020	2021	2022	2023	2024	Thereafter
Due to Liabilities:									
difference in experiences (inflows)/outflows									
2019	3.9000	$349,789	$89,689	$89,689	$89,689	$80,722	$0	$0	$0
2018	3.2100	(420,406)	(130,967)	(130,967)	(130,967)	(27,505)	0	0	0
2017	2.3800	212,058	89,100	89,100	33,858	0	0	0	0
2016	1.1300	(4,761)	(4,212)	(549)	0	0	0	0	0
2015	1.0000	(4,849)	(4,849)	0	0	0	0	0	0
		Total	$38,761	$47,273	($7,420)	$53,217	$0	$0	$0
change in assumptions (inflows)/outflows									
2019	3.9000	$131,096	$33,614	$33,614	$33,614	$30,254	$0	$0	$0
2015	1.0000	13,070	13,070	0	0	0	0	0	0
		Total	$33,614	$33,614	$33,614	$30,254	$0	$0	$0
Due to Assets:									
excess investment returns (inflows)/outflows									
2019	5.0000	($1,234,436)	($246,887)	($246,887)	($246,887)	($246,887)	($246,888)	$0	$0
2018	4.0000	1,108,186	277,047	277,047	277,047	277,045	0	0	0
2017	3.0000	(513,912)	(171,304)	(171,304)	(171,304)	0	0	0	0
2016	2.0000	(560)	(281)	(279)	0	0	0	0	0
2015	1.0000	141,412	141,412	0	0	0	0	0	0
		Total	($13)	($141,423)	($141,144)	$30,158	($246,888)	$0	$0

G. Summary of GASB 75 Group Insurance Policy

EXECUTIVE SUMMARY

The City of Pleasanton (“City) provides medical and dental benefits to eligible retirees. The City pays for part of the cost for retirees meeting certain eligibility requirements. No health plan benefits are available to dependents of retirees. All active employees who retire directly from the City and meet the eligibility criteria may participate.

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 was enacted on December 8, 2003. As a result of this legislation, employers providing drug coverage to Medicare eligible retirees, that is, at least actuarially equivalent to the standard benefit provided by Medicare, may be eligible to receive a federal subsidy.

GASB has taken the position that any federal subsidy received should be reported as revenue to the plan sponsor and not used as an offset to the GASB liabilities. This report is prepared on that basis.

This SUMMARY identifies the value of benefits at September 30, 2020 and costs for the 2020 Fiscal Year:

	September 30, 2020		
	Initial Results	Medicare Prescription Savings	Final
Present Value of Future Benefits	15,749,615	N/A	15,749,615
Total OPEB Liability (TOL)	7,462,427	N/A	7,462,427
Fiduciary Net Position (FNP)	0	N/A	0
Net OPEB Liability (NOL)	7,462,427	N/A	7,462,427
FY 2020 Expected OPEB Benefits (includes any implicit subsidy) *	42,747	N/A	42,747
*The FY2019 implicit subsidy is $10,034.			

This section presents detailed valuation results for the City's Plan.

- The **Present Value of Future Benefits** is the total present value of all expected future benefits, based on certain actuarial assumptions. The Present Value of Future Benefits is a measure of total liability or obligation. Essentially, this present value is the value (on the valuation date) of the benefits promised current and future retirees. The Plan's present value of all projected benefits (at September 30, 2020) is **$15,749,615**. Most of this obligation is for current active employees (future retirees).

- The **Total OPEB Liability (TOL)** is the liability or obligation for benefits earned through the valuation date, based on certain actuarial methods and assumptions. The Plan's TOL (at September 30, 2020) is **$7,462,427**. Most of this liability is for active employees. The TOL represents **47.38%** of the present value of all projected benefits.

- **Service Cost** is the value of benefits expected to be earned during the year, again based on certain actuarial methods and assumptions. The 2020 Fiscal Year Service Cost (at September 30, 2020) is **$724,450**.

The results were calculated based upon plan provisions, as provided by the City, along with certain demographic and economic assumptions as recommended by our consulting actuary with guidance from the GASB statement.

Demographic Assumptions

Data was provided by the City as of December 2020. Appropriate adjustments in this data were made for the actuarial valuation. There is no assumption for future hires.

Economic Assumptions

The GASB statement requires that the discount rate used to determine the plan liabilities for retiree healthcare benefits is based on the earnings rate of the plan assets if the projected assets are sufficient to cover the projected benefit payments. If the projected assets are not sufficient then a municipal bond index rate must be used for discounting benefits not covered by the projected assets. Since there are no plan assets held in trust the Bond Buyer GO Bond 20 Index is used for determining the discount rate of **2.25%.**

The trend assumption is used to project the growth of the expected claims over the lifetime of the healthcare recipients. The GASB statement does not require a particular source for information to determine healthcare trends, but it does recommend selecting a source that is "publicly available, objective and unbiased".

The balance of this report provides greater detail for the above results.

PRINCIPAL VALUATION RESULTS

The following highlights the City's recognition of the above amounts:

- ▶ The September 30, 2020 Plan Fiduciary Net Position is $0
- ▶ The FY 2020 Total OPEB Expense is $1,024,916.
- ▶ Expected FY 2020 OPEB contributions are $42,747 (includes $32,713 in subsidy contributions made by the employer.)

The following table shows results by active and retired employee groups as of September 30, 2020:

	Initial Results	Medicare Prescription Savings	Final
Present Va1ue of Future Benefits			
Actives	14,707,962	N/A	14,707,962
Retirees	1,041,653	N/A	1,041,653
Total	**15,749,615**	**N/A**	**15,749,615**
Total OPEB Liability (TOL)			
Actives	6,420,774	N/A	6,420,774
Retirees	1,041,653	N/A	1,041,653
Total	**7,462,427**	**N/A**	**7,462,427**
Plan Fiduciary Net Position			0
Net OPEB Liability (NOL)			7,462,427
Service Cost			724,450

ACCOUNTING INFORMATION

The adoption date for the new GASB 75 OPEB Accounting Standard was for the Fiscal Year beginning October 1, 2017. The following shows the development of the Net OPEB Liability (NOL), the Total OPEB Expense, the Schedule of Deferred Inflows/Outflows and the Trend and Discount Rate Sensitivity Analysis.

Net OPEB Liability (NOL)

The Standard sets the method for determining the County's Total OPEB Liability and Net OPEB Liability. The Net OPEB Liability is the difference between the Total OPEB liability and the Plan Fiduciary Net Position. The Plan Fiduciary Net Position is zero for plans with no dedicated plan assets. To be included as assets of the plan the assets must be held in an irrevocable trust for the exclusive purpose of providing post-retirement benefits. Changes in benefit terms are recognized immediately. Changes in assumptions and experience gains/losses are amortized over the average remaining service of active employees and inactive participants. Investment gains/losses are amortized over five (5) years. <u>The amortization amounts are found in Exhibit A in the back of this valuation report.</u>

	Increase (Decrease)		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability (a) – (b)**
Total OPEB Liability October 1, 2019	6,807,717	0	6,807,717
Service Cost	682,114	0	682,114
Interest Cost	198,661	0	198,661
Changes of Benefit Terms	0	0	0
Differences between expected and actual experience	120,748	0	120,748
Changes in assumptions	(304,066)	0	(304,066)
Other changes	0	0	0
Contributions-employer	0	0	0
Net investment income	0	0	0
Benefit payments	(42,747)	0	(42,747)
Administrative expense	0	0	0
Net change in total OPEB liability	654,710	0	654,710
Total OPEB Liability September 30, 2020	7,462,427	0	7,462,427

Total OPEB Expense

Part of the disclosure is the Total OPEB Expense included in the financial statements each fiscal year. This expense includes the service cost, interest cost and the amortized amount of each basis required by GASB 75.

Total OPEB Expense	**FY2020**
Service Cost	682,114
Interest Cost (including interest on Service Cost)	198,661
Changes of benefit terms	0
Current Recognized Deferred Outflows/ (Inflows)	0
Difference between expected and actual Experience	(46,735)
Changes in assumptions or other inputs	190,876
(Other changes, if significant)	0
Difference of Projected Investment Earnings	0
Total OPEB Expense as of September 30, 2020	1,024,916

Schedule of Deferred Inflows/Outflows

GASB75 requires disclosure of the deferred inflows/outflows resulting from the changes in the Total OPEB liability each year. Included will be a schedule showing the original amortization amount, the years to be amortized, and the remaining balance.

Schedule of Deferred Inflows/Outflows	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	106,869	(405,504)
Changes of assumptions/inputs	1,510,777	(269,116)
Net difference between projected and actual investments	0	0
Total	1,617,646	(674,620)

Projection of Net Inflows (Outflows)

Fiscal Year	Net Outflows (Inflows)
2021	144,141
2022	144,141
2023	144,141
2025	144,141
2026+	366,462

Sensitivity Analysis of the Trend and Discount Rate

GASB 75 requires that a sensitivity analysis of the trend and discount rates used in the valuation. The sensitivity is plus or minus 1% from the base rates used in the valuation. The values shown are as of September 30, 2020.

Trend	Total OPEB Liability	% Difference
1% Decrease (3.50%)	5,618,859	-24.7%
Current Trend 4.50%	7,462,427	
1% Increase (5.50%)	10,121,437	35.6%

Discount Rate	Total OPEB Liability	% Difference
1% Decrease (3.25%)	5,839,027	-21.8%
Current Discount Rate 2.25%	7,462,427	
1% Decrease (1.25%)	9,700,543	30.0%

Plan Provisions

Medical Benefits

Eligibility	Eligible for retirement under the TMRS retirement plan. Must have at least 20 years of service with the City to participate in the retiree health plan. Not eligible if retired under other public retirement plans.
Dependent eligibility	Dependent coverage not provided.
Postretirement contributions	The City pays the full contribution for the first 10 years of retirement and for age 65 and later. The City pays 50% of the contribution after 10 years and prior to age 65. Medical benefits and dental benefits are provided through the TML Multistate Intergovernmental Employee Benefits Pool. Coverage is for the life of the retiree subject to retiree contribution payments being made.
Change in Plan Provisions	None

Actuarial Method Individual Entry Age Normal Cost Method-Level Percentage of Projected Salary.

Service Cost Determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan's benefit formula. This allocation is based on each participant's service between date of hire and date of expected termination.

Total OPEB Liability

The Actuarial Present Value of Benefits allocated to all periods prior to the valuation year.

Discount Rate 2.25% (-0.25% real rate of return plus 2.50% inflation)

Average Per Capita Claim Cost

Age	Medical
50	7,888
51	8,125
52	8,369
53	8,620
54	8,878
55	9,145
56	9,419
57	9,702
58	9,993
59	10,292
60	10,601
65	3,687
70	4,274
75	4,955
80+	5,744

Dental annual per capita cost is $814.80.

Health Care Cost Trend Level 4.50% for medical and level 3.00% for dental.

Mortality	RPH-2014 Total Table with Projection MP-2019
Turnover	Rates varying based on gender, age and select and ultimate at 9 years. Rates based the TMRS actuarial assumptions from the 2017 retirement plan valuation report.
Disability	None assumed
Retirement Rates	
Retiree Contributions	$380.96 per month for employee coverage provided after 10 years of coverage and before age 65. No contribution required for the first 10 years and after age 65.
Salary Scale	3.50%

Data Assumptions

Coverage	100% of all retirees who currently have healthcare coverage will continue with the same coverage. 100% of all actives who currently have healthcare coverage will continue with coverage upon retirement.

Valuation Methodology and Terminology	We have used GASB accounting methodology to determine the postretirement medical benefit obligations.
Valuation Date	September 30, 2020
Measurement Date	September 30, 2020

G. GASB 75 Information

Actuarial and Financial Schedules

As of Measurement Date of December 31, 2019

Actuarial Valuation and Measurement Date, December 31,

Membership	
Number of	2019
-Inactive employees currently receiving benefits	32
-Inactive employees entitled to but not yet receiving benefits	18
-Active employees	112
-Total	162
Covered Payroll	$5,611,137
Changes in the Total OPEB Liability	
Total OPEB Liability - beginning of year	$223,601
Changes for the year	
Service cost	11,783
Interest on Total OPEB Liability	8,493
Changes of benefit term	0
Differences between expected and actual experience	(22,518)
Changes in assumptions or other inputs	51,910
Benefit payments	(1,122)
Net changes	48,546
Total OPEB Liability - end of year	$272,147
Total OPEB Liability as a Percentage of Covered Payroll	4.85%

Summary of Actuarial Assumptions:

Inflation	2.5%
Salary increases	3.50% to 11.50% including inflation
Discount rate*	2.75%
Retirees' share of benefit-related costs	$0
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 a fully generational basis with scale UMP.
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

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

	1% Decrease 1.75%	**Current Discount Rate 2.75%**	**1% Increase 3.75%**
Total OPEB liability	$340,808	$272,147	$220,430

OPEB Expense:	
Service cost	$11,783
Interest on total OPEB Liability	8,493
Changes in benefit terms	0
Employer administrative costs	0
Recognition of deferred outflows/inflows of resources:	
Differences between expected and actual experience	(1,973)
Changes in assumptions or other inputs	9,289
Total OPEB expense	$27,592

Deferred (Inflows)/Outflows of Resources:

	Deferred (Inflows) of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ (11,166)	$ 0
Changes in assumptions and other inputs	0	40,911
Contributions made subsequent to measurement date	N/A	NONE
Total (excluding contributions made subsequent to measurement date)	$ (11,166)	$ 40,911

Schedule of Outflows and Inflows - Current and future expense

	Recognition Period (or amortization years)	Total (Inflow) or Outflow of Resources	**2019 Recognized in current OPEB expense**	Deferred (Inflow)/Outflow in future expense
Due to Liabilities:				
Difference in expected and actual experience [actuarial (gains) or losses]	5.8100	($22,518)	($3,876)	($18,642)
Change in assumptions [actuarial (gains) or losses]	5.8100	1,910	8,935	42,975
Contributions made subsequent to measurement date		None	None	None
Total (excluding city provided contributions made subsequent to measurement date):				$24,333

Deferred Outflows and Deferred Inflows of Resources, by year, to be recognized in future OPEB expense (excluding city-provided contributions made subsequent to the measurement date):

	Net deferred outflows (inflows) of resources
2020	$7,316
2021	7,316
2022	7,072
2023	3,944
2024	4,097
Thereafter	0
	$29,745

Amortization Schedule - Deferred (Inflows)/Outflows of Resources

	Remaining Recognition period (or amortization years)	Total Remaining (Inflow) or Outflow of Resources	2019	2020	2021	2022	2023	2024	Thereafter
difference in experience (inflows)/outflows									
2019	5.8100	($22,518)	($3,876)	($3,876)	($3,876)	($3,876)	($3,876)	($3,138)	$0
2018	4.9300	9,379	1,903	1,903	1,903	1,903	1,767	0	0
		Total	($1,973)	($1,973)	($1,973)	($1,973)	($2,109)	($3,138)	$0
change in assumptions (inflows)/outflows									
2019	5.8100	$51,910	$8,935	$8,935	$8,935	$8,935	$8,935	$7,235	$0
2018	4.9300	(15,266)	(3,096)	(3,096)	(3,096)	(3,096)	(2,882)	0	0
2017	3.9300	13,556	3,450	3,450	3,450	3,206	0	0	0
		Total	$9,289	$9,289	$9,289	$9,045	$6,053	$7,235	$0

Schedule of Contributions - (Retiree-only portion of the rate, for OPEB):

Plan/Calendar Year	Total SDB Contribution (Rate)	Retiree Portion of SDB Contribution (Rate)
2020	*0.16%*	*0.02%*
2019	*0.16%*	*0.02%*
2018	*0.17%*	*0.02%*
2017	*0.17%*	*0.02%*

Note 1: Due to the SDBF being considered an unfunded OPEB plan, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Note 2: In order to determine the retiree portion of the City's Supplemental Death Benefit Plan contributions (that which is considered OPEB), the City should perform the following calculation:

Total covered payroll * Retiree Portion of SDB Contribution (Rate)

Consideration should be given to the time period of contributions incurred (i.e., City's fiscal year vs. calendar year) to ensure the proper contribution rate is utilized in the above calculation.

Actuarial Assumptions

These actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation.

I. Economic Assumptions

A. General Inflation – General Inflation is assumed to be 2.50% per year.

B. Discount Rates – Because the Supplemental Death Benefits Fund is considered an unfunded trust under GASB Statement No. 75, the relevant discount rate for calculating the Total OPEB Liability is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of the measurement date.

C. Individual Salary Increases – Salary increases are assumed to occur once a year, on January 1. Therefore, the pay used for the period year following the valuation date is equal to the reported pay for the prior year, increased by the salary increase assumption. Salaries are assumed to increase by the following graduated service-based scale.

Years of Service	Rate (%)
1	11.50%
2	7.25%
3	6.75%
4	6.25%
5	6.00%
6	5.75%
7	5.50%
8	5.25%
9	5.00%
10	4.75%
11-12	4.50%
13-15	4.25%
16-20	4.00%
21-24	3.75%
25+	3.50%

II. Demographic Assumptions

A. Termination Rates

1. For the first 10 years of service, the base table rates vary by gender, entry age, and length of service. For City of Pleasanton the base table is then multiplied by a factor of 120.0% based on the experience of the city in comparison to the group as a whole. A further multiplier is applied depending on an employee's classification: 1) Fire –68%, 2) Police – 86%, or 3) Other – 108%. A sample of the base rates follows:

Males

	Service									
Age	0	1	2	3	4	5	6	7	8	9
20	0.3079	0.2766	0.2305	0.2037	0.1951	0.1764	0.1612	0.1311	0.1078	0.0860
25	0.2798	0.2393	0.1911	0.1638	0.1507	0.1336	0.1210	0.1060	0.0976	0.0798
30	0.2585	0.2163	0.1697	0.1395	0.1138	0.1052	0.0945	0.0817	0.0785	0.0655
35	0.2642	0.2183	0.1663	0.1334	0.1107	0.1048	0.0894	0.0758	0.0655	0.0598
40	0.2602	0.2172	0.1647	0.1279	0.1103	0.0994	0.0849	0.0749	0.0633	0.0608
45	0.2392	0.2040	0.1640	0.1287	0.1110	0.0976	0.0857	0.0750	0.0638	0.0607
50	0.2191	0.1825	0.1489	0.1211	0.1072	0.0935	0.0851	0.0755	0.0636	0.0609
55	0.2112	0.1759	0.1334	0.1132	0.0908	0.0911	0.0813	0.0719	0.0643	0.0591
60	0.2108	0.1626	0.1298	0.1118	0.0833	0.0915	0.0794	0.0721	0.0602	0.0579
65	0.2109	0.1542	0.1305	0.1121	0.0847	0.0914	0.0798	0.0738	0.0577	0.0581
70	0.2109	0.1557	0.1304	0.1121	0.0845	0.0914	0.0797	0.0735	0.0581	0.0581

Females

	Service									
Age	0	1	2	3	4	5	6	7	8	9
20	0.3080	0.2836	0.2258	0.2132	0.2030	0.2054	0.1561	0.1565	0.1590	0.1600
25	0.2828	0.2449	0.2101	0.1995	0.1739	0.1690	0.1392	0.1375	0.1206	0.1144
30	0.2617	0.2224	0.1981	0.1791	0.1369	0.1370	0.1297	0.1145	0.0989	0.0817
35	0.2464	0.2153	0.1834	0.1462	0.1294	0.1258	0.1130	0.1103	0.1016	0.0782
40	0.2281	0.2026	0.1641	0.1365	0.1316	0.1115	0.1040	0.0940	0.0847	0.0745
45	0.2227	0.1884	0.1450	0.1359	0.1072	0.1034	0.0909	0.0797	0.0717	0.0737
50	0.2238	0.1823	0.1369	0.1249	0.0901	0.0896	0.0837	0.0735	0.0686	0.0628
55	0.2236	0.1766	0.1372	0.1218	0.0848	0.0819	0.0725	0.0717	0.0696	0.0560
60	0.2236	0.1548	0.1372	0.1191	0.0811	0.0856	0.0656	0.0649	0.0436	0.0386
65	0.2236	0.1454	0.1372	0.1169	0.0813	0.0871	0.0678	0.0603	0.0281	0.0285
70	0.2236	0.1471	0.1372	0.1173	0.0813	0.0868	0.0675	0.0611	0.0308	0.0303

2. After 10 years of service, base termination rates vary by gender and by the number of years remaining until first retirement eligibility. For City of Pleasanton the base table is then multiplied by a factor of 80.0% based on the experience of the city in comparison to the group as a whole. A further multiplier is applied depending on an employee's classification: 1) Fire – 52%, 2) Police – 79%, or 3) Other – 115%. A sample of the base rates follows:

Years from Retirement	Male	Female
1	1.82%	2.34%
2	2.43%	3.15%
3	2.87%	3.75%
4	3.24%	4.25%
5	3.55%	4.67%
6	3.83%	5.06%
7	4.08%	5.40%
8	4.32%	5.72%
9	4.53%	6.02%
10	4.74%	6.30%
11	4.93%	6.57%
12	5.11%	6.82%
13	5.28%	7.06%
14	5.45%	7.28%
15	5.60%	7.50%

Termination rates end at first eligibility for retirement

B. Forfeiture Rates (Withdrawal of Member Deposits from TMRS) for vested members vary by age and employer match, and they are expressed as a percentage of the termination rates shown in (A). The withdrawal rates for cities with a 2-to-1 match are shown below. 4% is added to the rates for 1½-to-1 cities, and 8% is added for 1-to-1 cities.

Age	Percent of Terminating Employees Choosing to Take a Refund
25	40.2%
30	40.2%
35	40.2%
40	37.0%
45	31.6%
50	26.1%
55	20.7%

Forfeiture rates end at first eligibility for retirement.

C. Service Retirees and Beneficiary Mortality Rates

For calculating the OPEB liability and the OPEB contribution rates, the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The 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%.

D. Disabled Annuitant Mortality Rates

For calculating the OPEB liability and the OPEB 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 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.

E. Pre-Retirement Mortality

For calculating the OPEB liability and the contribution rates, the PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements.

F. Disability Rates

Age	Males & Females
20	0.000003
25	0.000019
30	0.000074
35	0.000194
40	0.000371
45	0.000603
50	0.000891
55	0.001235
60	0.001635
65	0.002090

G. Service Retirement Rates, applied to both Active and Inactive Members

The base table rates vary by gender, entry age group, and age. For members under age 62, these base rates are then multiplied by 2 factors based on 1) employee contribution rate and employer match and 2) if the city has a recurring COLA.

Age	
<50	0.05
50-51	0.07
52-54	0.08
55-59	0.13
60	0.16
61	0.17
62	0.25
63-64	0.20
65-74	0.30
75 and over	1.00

Note: For cities without a 20-year/any age retirement provision, the rates are loaded by 50% for ages 60 & below with 25 or more years of service.

Plan Design Factors Applied to Base Retirement Rates

	Employee Contribution Rate		
Employer Match	5%	6%	7%
1 – 1	0.75	0.80	0.84
1.5 – 1	0.81	0.86	0.92
2 – 1	0.86	0.93	1.00

Recurring COLA: 100%
No Recurring COLA: 95%

III. Methods and Assumptions

A. Valuation of Assets – For purposes of calculating the Total OPEB Liability, the plan is considered to be unfunded and therefore no assets are accumulated for OPEB.

B. Actuarial Cost Method: The actuarial cost method being used is known as the Entry Age Normal Actuarial Cost Method. The Entry Age Normal Actuarial Cost Method develops the annual cost of the Plan in two parts: that attributable to benefits accruing in the current year, known as the normal cost, and that due to service earned prior to the current year, known as the amortization of the unfunded actuarial accrued liability. The normal cost and the actuarial accrued liability are calculated individually for each member. The normal cost rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The normal cost is calculated using an entry age based on benefit service with the current city. If a member has additional time-only vesting service through service with other TMRS cities or other public agencies, they retain this for determination of benefit eligibility and decrement rates. The salary-weighted average of these rates is the total normal cost rate. The unfunded actuarial accrued liability reflects the difference between the portion of projected benefits attributable to service credited prior to the valuation date and assets already accumulated.

C. Supplemental Death Benefit – The contribution rate for the Supplemental Death Benefit (SDB) is equal to the expected benefit payments during the upcoming year divided by the annualized pay of current active members and is calculated separately for actives and retirees. Due to the significant reserve in the Supplemental Death Fund, the SDB rate for retiree coverage is currently only one-third of the total term cost. Beginning January 2021, the SDB rate for retirees will be based on the full term cost.

IV. Other Assumptions

1. Inactive Population: All non-vested members of a city are assumed to take an immediate refund if they are not contributing members in another city. Vested members not contributing in another city are assumed to take a deferred retirement benefit, except for those who have terminated in the past 12 months for whom one year of forfeiture probability is assumed. The forfeiture rates for inactive members of a city who are contributing members in another city are equal to the probability of termination multiplied by the forfeiture rates shown in II(A) and II(B) respectively. These rates are applied each year until retirement eligibility. Once a member is retirement eligible, they are assumed to commence benefits based on the service retirement rates shown in II(G).

2. There will be no recoveries once disabled.

3. Decrement timing: Decrements of all types are assumed to occur mid-year.

4. Eligibility testing: Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.

5. Decrement relativity: Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.

6. Incidence of Contributions: Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.

7. Benefit Service: All members are assumed to accrue 1 year of eligibility service each year.

8. The decrement rates for service-related decrements are based on total TMRS eligibility service.

V. Participant Data

Participant data was supplied in electronic text files. There were separate files for (i) active and inactive members, and (ii) members and beneficiaries receiving benefits.

The data for active members included birthdate, gender, service with the current city and total vesting service and salary. For retired members, the data included date of birth, gender and date of retirement.

To the extent possible we have made use of all available data fields in the calculation of the liabilities stated in this report. Adjustments are made for members who have service both in a city with "20 and out" retirement eligibility and one that hasn't adopted it to calculate the earliest possible retirement date.

Salary supplied for the current year was based on the annualized earnings for the year preceding the valuation date.

Assumptions were made to correct for missing, bad, or inconsistent data. These had no material impact on the results presented.

Glossary of Terms

Actuarial Assumptions These assumptions are estimates of future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and compensation increases. Actuarial assumptions are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (compensation increases, payroll growth, inflation and investment return) consist of an underlying real rate of return plus an assumption for a long-term average rate of inflation.

Actuarial Cost Method A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of the benefits between future normal cost and actuarial accrued liability. The actuarial cost method may also be referred to as the actuarial funding method.

Actuarial Gain (Loss) The difference in liabilities between actual experience and expected experience during the period between two actuarial valuations is the gain (loss) on the accrued liabilities.

Actuarial Present Value (APV) The amount of funds currently required to provide a payment or series of payments in the future. The present value is determined by discounting future payments at predetermined rates of interest and probabilities of payment.

Actuarial Valuation The actuarial valuation report determines, as of the actuarial valuation date, the service cost, total OPEB liability, and related actuarial present value of projected benefit payments for OPEB.

Actuarially Determined Contribution (ADC) A calculated contribution into a defined benefit OPEB plan for the reporting period, most often determined based on the funding policy of the plan.

Covered Payroll The payroll of employees that are provided with OPEB.

Deferred Inflows and Outflows The deferred inflows and outflows of OPEB resources are amounts used under GASB Statement No. 75 in developing the annual OPEB expense. Deferred inflows and outflows arise with differences between expected and actual experiences or changes of assumptions. The portion of these amounts not included in OPEB expense should be included in the deferred inflows or outflows of resources.

Glossary of Terms

Discount Rate	The discount rate is the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).
Entry Age Normal Actuarial Cost Method (EAN)	A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the Actuarial Accrued Liability.
GASB	The Governmental Accounting Standards Board is an organization that exists in order to promulgate accounting standards for governmental entities.
Other Postemployment Benefits (OPEB)	Benefits (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment, regardless of the manner in which they are provided. OPEB does not include termination benefits or termination payments for sick leave.
Real Rate of Return	The rate of return on an investment after adjustment to eliminate inflation.
Service Costs	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Total OPEB Liability	The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of this Statement.
Total OPEB Expense	The total OPEB expense is the sum of the following items: 1. Service Cost 2. Interest on the Total OPEB Liability 3. Current-Period Benefit Changes 4. Administrative Expense 5. Recognition of Outflow (Inflow) of Resources due to Liabilities

REQUIRED SUPPLEMENTARY INFORMATION

A. Total pension liability

	2019	2018	2017	2016
1. Service Cost	$904,515	$822,086	$819,488	$805,104
2. Interest (on the Total Pension Liability)	1,339,636	1,281,124	1,170,210	1,086,572
3. Changes of benefit terms	0	0	0	273,861
4. Difference between expected and actual experience	349,789	(551,373)	390,258	(17,397)
5. Changes of assumptions	131,096	0	0	0
6. Benefit payments, including refunds of employee contributions	(677,553)	(774,862)	(701,301)	(583,491)
7. Net change in total pension liability	2,047,483	776,975	1,678,655	1,564,649
8. Total pension liability -- beginning	19,732,981	18,956,006	17,277,351	15,712,702
9. Total pension liability - ending	21,780,464	19,732,981	18,956,006	17,277,351

B. Plan fiduciary net position

	2019	2018	2017	2016
1. Contributions - employer	886,211	782,244	867,960	800,214
2. Contributions - employee	392,780	353,043	353,445	333,278
3. Net investment income	2,188,543	(426,108)	1,668,525	727,744
4. Benefit payments, including refunds of employee contributions	(677,553)	(774,862)	(701,300)	(583,491)
5. Administrative Expense	(12,348)	(8,226)	(8,640)	(8,213)
6. Other	(371)	(430)	(438)	(443)
7. Net change in plan fiduciary net position	2,777,263	(74,339)	2,179,552	1,269,089
8. Plan fiduciary net position - beginning	14,134,913	14,209,252	12,029,700	10,760,611
9. Plan fiduciary net position - ending*	16,912,176	14,134,913	14,209,252	12,029,700
C. Net pension liability (A.9 - B.9)	$4,868,288	$5,598,068	$4,746,754	$5,247,651
D. Plan fiduciary net position as a percentage of the total pension liability (B.9 / A.9)	77.65%	71.63%	74.96%	69.63%
E. Covered-employee payroll (B.9 / A.9)	$5,611,137	$5,043,475	$5,049,218	$4,761,114
F. Net pension liability as a percentage of covered employee payroll (C/E)	86.76%	111.00%	94.01%	110.22%

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years (will ultimately be displayed)

	2016	2017	2018	2019
Actuarially Determined Contribution	$ xxx,xxx	$ xxx,xxx	$ xxx,xxx	$ xxx,xxx
Contributions in relation to the actuarially determined contribution	$ xxx,xxx	$ xxx,xxx	$ xxx,xxx	$ xxx,xxx
Contribution deficiency (excess)	$ xxx,xxx	$ xxx,xxx	$ xxx,xxx	$ xxx,xxx
Covered payroll	$ xxx,xxx	$ xxx,xxx	$ xxx,xxx	$ xxx,xxx
Contributions as a percentage of covered payroll	xx.xx%	xx.xx%	xx.xx%	xx.xx%

NOTES TO SCHEDULE OF CONTRIBUTIONS

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

Methods and Assumptions Used to Determine Contribution Rates:

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

Other Information:

Notes	There were no benefit changes during the year.

OPEB Plan - CapRisk

Changes in the Total OPEB Liability

Changes for the year	2018	2019	2020
1. Service Cost	$417,734	$434,694	$682,114
2. Interest on Total OPEB Liability	188,246	193,713	198,661
3. Changes of benefit terms	0	0	0
4. Difference between expected and actual experience	0	(526,732)	120,748
5. Changes in assumptions or other inputs	0	1,962,429	(304,066)
6. Benefit payments	(51,917)	(55,280)	(42,747)
7. Net changes	554,063	2,008,824	654,710
Total OPEB Liability - beginning of year	4,244,830	4,798,893	6,807,717
Total OPEB Liability - end of year	$4,798,893	$6,807,717	$7,462,427

E. Covered-employee payroll (B.9 / A.9)	$4,672,130	$4,928,209	$5,187,139
F. Total OPEB Liability as a Percentage of Covered Payroll	102.71%	138.14%	143,86%

OPEB Retirement System Information:

OPEB Plan - GRS

Changes in the Total OPEB Liability

Changes for the year	2017	2018	2019
1. Service Cost	$10,603	$12,104	$11,783
2. Interest on Total OPEB Liability	6,816	7,213	8,493
3. Changes of benefit terms	0	0	0
4. Difference between expected and actual experience	0	11,282	(22,518)
5. Changes in assumptions or other inputs	20,456	(18,362)	51,910
6. Benefit payments	(1,010)	(1,009)	(1,122)
7. Net changes	36,865	11,228	48,546
Total OPEB Liability - beginning of year	175,508	212,373	223,601
Total OPEB Liability - end of year	$212,373	$223,601	$272,147
E. Covered-employee payroll (B.9 / A.9)	$5,049,218	$5,043,475	$5,611,137
F. Total OPEB Liability as a Percentage of Covered Payroll	4.21%	4.43%	4.85%

CITY OF PLEASANTON, TEXAS
STREET IMPROVEMENT CONSTRUCTION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Budgetary	Variance with Final Budget - Positive
	Original	Final	Basis	(Negative)
REVENUES				
Interest	$10,000	$10,000	$71,010	$61,010
Intergovernmental			$215,466	$215,466
Total Revenues	10,000	10,000	286,476	276,476
EXPENDITURES				
Current:				
Public Transportation	963,502	963,502	1,011,493	(47,991)
Capital Projects -				
Capital Outlay and Other	4,500,000	4,500,000	121,081	4,378,919
Total Expenditures	5,463,502	5,463,502	1,132,574	4,330,928
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,453,502)	(5,453,502)	(846,098)	4,607,404
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	($5,453,502)	($5,453,502)	(846,098)	$4,607,404
Reconcilation from cash basis to modified accrual basis:				
Bond Proceeds				
Bond Premium				
Bond Issuance Cost				
Net Changes in Fund Balances - Modified Accrual Basis			(846,098)	
Fund Balances - Beginning			7,986,775	
Fund Balances - Ending			$7,140,677	

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

Financial Advisory Services
Provided By:

SAMCO Capital