HTS Continuing Disclosure Services
A Division of Hilltop Securities.
(See "CONTINUING DISCLOSURE OF INFORMATION" herein)

OFFICIAL STATEMENT

Dated February 14, 2023

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

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, under current law and subject to conditions described in the Section herein "Tax Exemption," interest on the Certificates (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum tax, and (c) may have to be taken into account by applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. A holder may be subject to other federal tax consequences as described in the Section herein "Tax Exemption." Further, in the opinion of Bond Counsel, under current law and subject to conditions described in the Section herein "Designation for Purchase by Financial Institutions," the Certificates are qualified tax-exempt obligations within the meaning of Section 265(b)(3) of the Code.

THE CERTIFICATES ARE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

$4,745,000
CITY OF BELLVILLE, TEXAS
(Austin County)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2023

Dated Date: March 1, 2023
Interest Accrues from: ("Delivery Date")

Due: February 15, as shown on page 2 hereof

PAYMENT TERMS . . . Interest on the $4,745,000 City of Bellville, Texas Combination Tax and Revenue Certificates of Obligation, Series 2023 (the "Certificates") will accrue from the date of initial delivery, expected March 9, 2023, to the purchaser thereof (the "Delivery Date") and will be payable August 15 and February 15 of each year commencing February 15, 2024, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in principal denominations of $5,000 or integral multiples thereof. **No physical delivery of the Certificates will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "THE CERTIFICATES - BOOK-ENTRY-ONLY SYSTEM" herein. The initial Paying Agent/Registrar is BOKF, NA, Austin, Texas (see "THE CERTIFICATES - PAYING AGENT/REGISTRAR").

AUTHORITY FOR ISSUANCE . . . The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas, (the "State") particularly Subchapter C of Chapter 271, Texas Local Code (the "Certificate of Obligation Act of 1971"), and constitute direct obligations of the City of Bellville, Texas (the "City"), payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and (ii) a subordinate lien on a limited pledge of net revenues of the City's waterworks and sewer system, as provided in the ordinance authorizing the Certificates (the "Ordinance") (see "THE CERTIFICATES – AUTHORITY FOR ISSUANCE").

PURPOSE . . . Proceeds from the sale of the Certificates will be used for all or any part of the costs associated with (i) the construction or acquisition of and/or improvements to City property, including the design, acquisition, construction, and equipment of the new police station, (ii) the construction or acquisition of and/or improvements to the City's water and wastewater system, (iii) the construction or acquisition of and/or improvements to the City's street system, (iv) the construction or acquisition of and/or improvements to the City's gas utility system, and (v) the cost of professional services incurred in connection therewith.

CUSIP PREFIX: 079876
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page 2

LEGALITY . . . The Certificates are offered for delivery when, as and if issued and received by the underwriters listed below (the "Underwriters") and subject to the approving opinion of the Attorney General of Texas and the opinion of Hunton Andrews Kurth LLP, Houston, Texas, Bond Counsel (see Appendix C, "Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon for the Underwriters by their counsel Cantu Harden Mpntoya LLP, San Antonio, Texas.

DELIVERY . . . It is expected that the Certificates will be available for delivery through the facilities of DTC on March 9, 2023.

SAMCO Capital Markets, Inc.

MATURITY SCHEDULE

CUSIP Prefix: 079876 [(1)]

$3,765,000 Serial Certificates

Principal Amount	Stated Maturity (February 15)	Interest Rate	Initial Price or Yield	CUSIP Number Suffix [(1)]	Principal Amount	Stated Maturity (February 15)	Interest Rate	Initial Price or Yield	CUSIP Number Suffix [(1)]
$155,000	2024	5.000%	3.060%	DD7	$225,000	2033	5.000%	2.940% [(2)]	DN5
150,000	2025	5.000%	2.850%	DE5	235,000	2034	5.000%	3.030% [(2)]	DP0
160,000	2026	5.000%	2.760%	DF2	245,000	2035	5.000%	3.170% [(2)]	DQ8
165,000	2027	5.000%	2.740%	DG0	260,000	2036	5.000%	3.360% [(2)]	DR6
175,000	2028	5.000%	2.770%	DH8	270,000	2037	5.000%	3.520% [(2)]	DS4
185,000	2029	5.000%	2.830%	DJ4	285,000	2038	5.000%	3.610% [(2)]	DT2
195,000	2030	5.000%	2.840%	DK1	300,000	2039	5.000%	3.650% [(2)]	DU9
200,000	2031	5.000%	2.850%	DL9	**	**	**	**	**
210,000	2032	5.000%	2.880%	DM7	350,000	2043	4.000%	4.120%	DY1

$980,000 Term Certificates

$980,000 4.000% Term Certificates Maturing February 15, 2042, initial yield 4.090%; CUSIP Suffix No. DX3 [(1)]

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(1) CUSIP® is a registered trademark of the American Bankers Association, CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. 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 State, the City, the Financial Advisor (as defined herein), or the Underwriters are responsible for the selection or correctness of the CUSIP numbers set forth herein

(2) Yield calculated on the assumption that the Certificates denoted and sold at a premium will be redeemed on February 15, 2032, the first optional call date for the Certificates, at a price of par plus accrued interest to the date of redemption.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2033, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2032, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. Any Certificates structured as Term Certificates (defined herein) will be subject to mandatory sinking fund redemption (see “THE CERTIFICATES - OPTIONAL REDEMPTION.”)

MANDATORY REDEMPTION . . . The Certificates maturing on February 15, 2042 (the “Term Certificates”) are also subject to mandatory sinking fund redemption (see "THE CERTIFICATES – MANDATORY SINKING FUND REDEMPTION.")

This Official Statement, which includes the cover page, inside cover page and the Appendices attached hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor or the Underwriters. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described.

Neither the City, Bond Counsel, the Financial Advisor or the Underwriters make any representation or warranty with respect to the information contained in this Official Statement regarding the DTC or its book-entry-only system as described under "Book-Entry-Only System" as such information has been provided by DTC.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

THE CERTIFICATES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACT. THE REGISTRATION OR QUALIFICATION OF THE CERTIFICATES IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAW OF THE STATES IN WHICH THE CERTIFICATES HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF.

This Official Statement contains "Forward-Looking" statements within the meaning of Section 21E of the Securities and Exchange Act of 1934. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from the future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

The prices and other terms respecting the offering and sale of the Certificates may be changed from time to time by the Underwriters after such Certificates are released for sale, and the Certificates may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Certificates into investment accounts.

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

References to website addressees presented herein are for informational purposes only and may be in the form of hyperlinks solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained herein are not incorporated into and are not part of this official statement for any purposes.

TABLE OF CONTENTS

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

OFFICIAL STATEMENT SUMMARY

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

THE CITY .... The City of Bellville is a political subdivision and municipal corporation of the State, located in Austin County, Texas. The City covers approximately 2.7 square miles (see "INTRODUCTION - Description of City").

THE CERTIFICATES .... The Certificates are issued as $4,745,000 Combination Tax and Revenue Certificates of Obligation, Series 2023. The Certificates are issued as serial certificates maturing 2024 through 2039 and maturity 2043, inclusive, and as term bonds maturing on February 15 in the year 2042, unless redeemed in accordance with the provisions described herein (see "THE CERTIFICATES -DESCRIPTION OF THE CERTIFICATES", "THE CERTIFICATES – MANDATORY SINKING FUND REDEMPTION" AND "THE CERTIFICATES – OPTIONAL REDEMPTION OF THE CERTIFICATES").

PAYMENT OF INTEREST .... Interest on the Certificates accrues from the Delivery Date, expected to be March 9, 2023, and is payable February 15, 2024, and each August 15 and February 15 thereafter until maturity or prior redemption (see "THE CERTIFICATES - DESCRIPTION OF THE CERTIFICATES" and "THE CERTIFICATES - OPTIONAL REDEMPTION").

AUTHORITY FOR ISSUANCE .... The Certificates are issued pursuant to the general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code (the Certificate of Obligation Act of 1971), as amended, and an Ordinance passed by the City Council of the City (see "THE CERTIFICATES - AUTHORITY FOR ISSUANCE").

SECURITY FOR THE CERTIFICATES .... The Certificates constitute direct obligations of the City, payable from and secured by a combination of (i) a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City, and (ii) a subordinate lien on a limited pledge of the net revenues of the City's Waterworks and Sewer System (see "THE CERTIFICATES - SECURITY AND SOURCE OF PAYMENT").

QUALIFIED TAX-EXEMPT OBLIGATIONS .... The City designated the Certificates as "Qualified Tax-Exempt Obligations" for financial institutions (see "TAX EXEMPTION – OTHER TAX MATTERS").

REDEMPTION .... The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2033, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2032, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE CERTIFICATES - OPTIONAL REDEMPTION").

MANDATORY REDEMPTION .... The Certificates maturing on February 15, 2042 (the "Term Certificates") are also subject to mandatory sinking fund redemption (see "THE CERTIFICATES – MANDATORY SINKING FUND REDEMPTION OF THE CERTIFICATES").

TAX EXEMPTION.......................... In the opinion of Bond Counsel, under current law and subject to conditions described in the Section herein "TAX EXEMPTION," interest on the Certificates (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum tax, and (c) may have to be taken into account by applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. A holder may be subject to other federal tax consequences as described in the Section herein "TAX EXEMPTION." Further, in the opinion of Bond Counsel, under current law and subject to conditions described in the Section herein "Designation for Purchase by Financial Institutions," the Certificates are qualified tax-exempt obligations within the meaning of Section 265(b)(3) of the Code.

USE OF PROCEEDS .... Proceeds from the sale of the Certificates will be used for all or any part of the costs associated with (i) the construction or acquisition of and/or improvements to City property, including the design, acquisition, construction, and equipment of the new police station, (ii) the construction or acquisition of and/or improvements to the City's water and wastewater system, (iii) the construction or acquisition of and/or improvements to the City's street system, (iv) the construction or acquisition of and/or improvements to the City's gas utility system, and (v) the cost of professional services incurred in connection therewith.

RATINGS .... The Certificates and presently outstanding tax supported debt of the City are rated "AA-" by S&P Global Ratings ("S&P") without regard to credit enhancement (see "OTHER INFORMATION - RATINGS").

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

PAYMENT RECORD .... The City has never defaulted in payment of its tax supported tax debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated Population	Taxable Assessed Valuation (2)	Per Capita Taxable Assessed Valuation	Tax Debt (3)	Per Capita Tax Debt	Ratio Tax Debt to Taxable Assessed Valuation	% of Total Tax Collections
2019	4,219 (1)	$ 297,888,384	$ 70,606	$3,765,000	$ 892	1.26%	99.13%
2020	4,150 (1)	311,685,799	75,105	3,255,000	784	1.04%	100.46%
2021	4,108 (1)	324,861,699	79,080	2,725,000	663	0.84%	100.29%
2022	4,180 (4)	335,417,588	80,243	2,180,000	522	0.65%	99.73% (4)
2023	4,300 (4)	358,086,783	83,276	6,365,000 (5)	1,480 (5)	1.78%	NA

(1) Source: US Census.
(2) As reported by the Austin County Appraisal District on City's annual State Property Tax Board Reports; subject to change during the ensuing year.
(3) Fiscal Years Ending 2019 through 2022 outstanding debt is self-supporting, although such debt is secured by a pledge to levy a tax. See Footnote 2 to Table 1.
(4) Source: City officials.
(5) Projected, includes the Certificates.

CHANGE IN NET ASSETS

	Fiscal Year Ended September 30,				
	2021	2020	2019	2018	2017
Beginning Net Assets	$ 3,145,587	$ 3,331,462	$ 3,497,515 (1)	$ 3,890,347 (1)	$ 4,361,568
Total Revenue	4,483,896	3,620,288	3,052,156	3,003,828	2,668,973
Total Expenditures	3,563,198	3,806,163	3,477,953	3,383,146	3,431,102
Ending Net Assets	$ 4,066,285	$ 3,145,587	$ 3,071,718	$ 3,511,029	$ 4,103,483

(1) Restated.

GENERAL FUND CONSOLIDATED STATEMENT SUMMARY

	Fiscal Year Ended September 30,				
	2021	2020	2019	2018	2017
Beginning Balance	$ 480,192	$ 392,449	$ 390,781	$ 337,657	$ 342,575
Total Revenue	2,410,175	1,701,135	1,628,144	1,606,397	1,486,150
Total Expenditures	3,682,170	3,257,270	3,131,111	2,919,260	2,671,068
Other Sources	1,550,885	1,645,567	1,510,108	1,365,987	1,180,000
Ending Balance	$ 759,082	$ 480,192	$ 392,449	$ 390,781	$ 337,657

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Length of Service	Term Expires	Occupation
James Harrison Mayor	13.5 Years	May 2023	Service Writer
Betty Hollon Alderman Position 1	7 Months	May 2024	Retired
Arlie Kendrick Alderman Position 2	3.5 Years	May 2023	Retired
Ashley Slater Alderman Position 3	2.5 Years	May 2024	Teacher
Clay Kistler Alderman Position 4	2 Months	May 2023	Contractor
Garrett Dornon Alderman Position 5	2.5 Years	May 2024	Insurance Agency Manager

SELECTED ADMINISTRATIVE STAFF

Position	Length of Service to the City	Total Government Service
City Administrator	22 Years	22 Years
Finance Director	1 Year	23 Years
City Secretary/Human Resources Officer	1.75 Years	13 Years

CONSULTANTS AND ADVISORS

Auditors .... BrooksWatson & Co., PLLC
Houston, Texas

Bond Counsel .... Hunton Andrews Kurth LLP
Houston, Texas

Financial Advisor.. Hilltop Securities Inc.
San Antonio, Texas

For additional information regarding the City, please contact:

Shawn Jackson City Administrator Dorrance Roderick Finance Director City of Bellville 30 S. Holland Bellville, Texas 77418 979-865-3136 - Telephone sjackson@cityofbellville.com droderick@cityofbellville.com	or	Anne Burger Entrekin Hilltop Securities Inc. 70 Northeast Loop 410 Suite 750 San Antonio, Texas 78216 210-308-2200 - Telephone anne.burgerentrekin@hilltopsecurities.com

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OFFICIAL STATEMENT

RELATING TO

$4,745,000
CITY OF BELLVILLE, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2023

INTRODUCTION

This Official Statement, which includes the cover page and Appendices hereto, provides certain information regarding the issuance of $4,745,000 City of Bellville, Texas Combination Tax and Revenue Certificates of Obligation, Series 2023 (the "Certificates"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance (the "Ordinance") adopted by the City Council of the City of Bellville (the "City") on the date of sale of the Certificates which authorized the issuance of the Certificates, except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Certificates and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, Hilltop Securities Inc., San Antonio, Texas.

DESCRIPTION OF THE CITY . . . The City is a municipal corporation of the State of Texas, duly organized and existing under the general laws of the State and was incorporated in 1927. The City operates under an Alderman/Administrator form of government with a City Council comprised of the Mayor and five Aldermen. The term of office is two years with terms of the Mayor and two of the Aldermen expiring in even-numbered years and the terms of three Aldermen expiring in odd-numbered years. The City Administrator is the chief administrative officer for the City. Some of the services that the City provides are: public safety (police), highways and streets, electric, gas, water and sanitary sewer utilities, health and social services, culture – recreation, public improvements, and general administrative services. The 2020 census population for the City was 4,150, while the estimated population for 2023 is 4,300. The City covers approximately 2.7 square miles.

THE CERTIFICATES

DESCRIPTION OF THE CERTIFICATES . . . The Certificates will accrue from the date of initial delivery (the "Delivery Date") to the underwriters listed on the cover page hereof (the "Underwriters") and mature on February 15 in each of the years and in the amounts shown on the cover page hereof. Interest will be computed on the basis of a 360-day year of twelve 30-day months and will be payable on August 15 and February 15, commencing February 15, 2024. The definitive Certificates will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Certificates will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar, initially BOKF, NA, Austin, Texas, to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "THE CERTIFICATES - BOOK-ENTRY-ONLY SYSTEM" herein.

AUTHORITY FOR ISSUANCE . . . The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Subchapter C of Chapter 271, Texas Local Government Code (the Certificate of Obligation Act of 1971), as amended, and an Ordinance passed by the City Council.

SECURITY AND SOURCE OF PAYMENT . . . All taxable property within the City is subject to a continuing direct annual ad valorem tax levied by the City sufficient to provide for the payment of principal of and interest on all obligations payable in whole or in part from ad valorem taxes, levied within limits prescribed by law. Additionally, the Certificates are payable from and secured by subordinate lien on a limited pledge of the net revenues of the City's Waterworks and Sewer System, as provided in the Ordinance authorizing the Certificates.

TAX RATE LIMITATION . . . All taxable property within the City is subject to the assessment, levy and collection by the City of an annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. The City operates under the general laws of the State of Texas as authorized by Article XI, Section 4 of the Texas Constitution, which limits the maximum tax rate to $1.50 per $100 Assessed Valuation for all City purposes. Administratively, the Attorney General of the State of Texas will permit allocation of $1.00 of the $1.50 maximum tax rate for all ad valorem tax supported debt, based on 90% tax collection.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2033, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2032, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Certificates are to be redeemed, the City may select the maturities of Certificates to be redeemed. If less than all the Certificates of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) shall determine by lot the Certificates, or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

MANDATORY SINKING FUND REDEMPTION . . . The Certificates maturing on February 15, 2042 (the "Term Certificates") are subject to mandatory redemption prior to maturity at a price of par plus accrued interest to the redemption date as follows:

Term Certificates Maturing on February 15, 2042	
Redemption Year	Principal Amount ($)
February 15, 2040	$ 315,000
February 16, 2041	325,000
February 15, 2042 (Maturity)	340,000
	$ 980,000

The principal amount of the Term Certificate for a stated maturity required to be redeemed pursuant to the operation of such mandatory redemption provisions may be reduced, at the option of the City, by the principal amount of the Term Certificate of like stated maturity which, at least 50 days prior to the mandatory redemption date, (i) shall have been defeased or acquired by the City and delivered to the Paying Agent/Registrar at the request of the City, or (ii) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

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

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Certificates is to be transferred and how the principal of and interest on the Certificates are to be paid to and credited by DTC while the Certificates are registered in its nominee's name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Financial Advisor, the City and the Underwriters believe the source of such information to be reliable but take no responsibility for the accuracy or completeness thereof.*

The City, Financial Advisor and Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Certificates, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Certificates), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission (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 Certificates. The Certificates will be issued as fully-registered securities 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 for each maturity will be issued for the Certificates, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an 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 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for such purchases on DTC's records. The ownership interest of each actual purchaser of each Obligation ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Certificates, except in the event that use of the book-entry system described herein is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices for the Certificates shall be sent to DTC. If less than all of the Certificates of a maturity 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. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City and the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with 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 City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City and the Paying Agent/Registrar. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and reimbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Certificates are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Certificates, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Effect of Termination of Book-Entry-Only System. In the event that the Book-Entry-Only System of the Certificates is discontinued, printed Certificates will be issued to the DTC Participants or the holder, as the case may be, and such Certificates will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "THE CERTIFICATES - TRANSFER, EXCHANGE AND REGISTRATION" below.

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

Transfer, Exchange and Registration . . . Certificates may be assigned by the execution of an assignment form on the respective Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Certificates will be delivered by the Paying Agent/Registrar, in lieu of the Certificates being transferred or exchanged, at the principal payment office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. New Certificates registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Certificates surrendered for exchange or transfer. See "THE CERTIFICATES - Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Certificates. In the event the Book-Entry-Only System should be discontinued, printed certificates will be delivered to the Holders and thereafter, the Certificates may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer.

Record Date for Interest Payment . . . The record date ("Record Date") for determining the party to whom interest is payable on the Certificates on any interest payment date means the close of business on the last business day of the month immediately preceding the 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 (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of Certificates 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.

Defeasance . . . The City reserves the right to defease the Certificates in any manner now or hereafter allowed by law.

Remedies of Holders of the Certificates . . . The Ordinance does not establish specific events of default with respect to the Certificates or provide for the appointment of a trustee to represents the interests of the Certificate holders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition. Furthermore, under State law, there is no right to the acceleration of maturity of the Certificates upon the failure of the City to observe any covenant under the Ordinance. A registered owner of the Certificates could seek a judgment against the City if a default occurred in the payment of principal of or interest on any such Certificate; however, such judgment could not be satisfied by execution against any property of the City and a suit for monetary damages could be vulnerable to the defense of sovereign immunity. A registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the City to levy, assess and collect an annual ad valorem tax sufficient to pay principal of and interest on the Certificates as it becomes due or perform other material terms and covenants contained in the Ordinance. However, the enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis.

The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006), that a waiver of governmental immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's governmental immunity from a suit for money damages, registered owners may not be able to bring such a suit against the City for breach of the Certificates or covenants in the Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates.

In *Tooke*, the Court noted the enactment in 2005 of sections 271.151-160, Texas Local Government Code (the "Local Government Immunity Waiver Act"), which, according to the Court, waives "immunity from suit for contract claims against most local governmental entities in certain circumstances." The Local Government Immunity Waiver Act covers municipalities and relates to contracts entered into by municipalities for providing goods or services to municipalities. The City is not aware of any Texas court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings by local governments that relate to their borrowing powers are contracts covered by the Local Government Immunity Waiver Act.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) that governmental immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. In *Wasson*, the Court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in considering municipal breach of contract cases, it is incumbent on the courts to determine whether a function is proprietary or governmental based upon the common law and statutory guidance. Issues related to the applicability of governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated based on the facts and circumstances surrounding the contract in question.

In its decision, the Court held that since the Local Government Immunity Waiver Act waives governmental immunity in certain breach of contract claims without addressing whether the waiver applies to a governmental function or a proprietary function of a city, the Court could not reasonably read the Local Government Immunity Waiver Act to evidence legislative intent to restrict the waiver of immunity when a city performs a proprietary function. The Court remanded the case so that the appellate court could rule on whether the contract at issue was proprietary or governmental. *Wasson Interests, Ltd. v. City of Jacksonville*, 559 S.W.3d 142 (Tex. 2018). On remand, the appellate court found for the City of Jacksonville by holding the contract claim arose from the City's performance of a governmental function, and thus the claim was barred by immunity. After granting Wasson's petition for review of the appellate decision, the Court held that to determine if the City was engaged in a proprietary or governmental function, the focus of the inquiry is on the nature of the contract at the time of execution, not the nature of the breach at the time of the breach.

The City is also 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 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 Certificate holders 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 Certificates are qualified with respect to the customary rights of debtors relative to their creditors, including rights afforded to creditors under the Bankruptcy Code.

USE OF CERTIFICATE PROCEEDS . . . Proceeds from the sale of the Certificates are expected to be expended as follows:

Sources of Funds:	
Par Amount	$ 4,745,000.00
Net Premium	377,014.85
Total Sources of Funds	$ 5,122,014.85
Uses of Funds:	
Deposit to Construction Fund	$ 5,000,000.00
Costs of Issuance Including Contingency	86,546.61
Underwriters' Discount	35,468.24
Total Uses of Funds	$ 5,122,014.85

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TAX INFORMATION

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 the Austin 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 "TAX INFORMATION – ISSUER AND TAXPAYER REMEDIES").

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

LOCAL OPTION HOMESTEAD EXEMPTIONS . . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the 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.

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 by the City, see "TAX INFORMATION – CITY APPLICATION OF PROPERTY TAX CODE" herein.

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

> "adjusted" means lost values are not included in the calculation of the prior year's taxes and new values are not included in the current year's taxable values.
>
> "de minimis rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted), plus the rate that produces an additional $500,000 in tax revenue when applied to the current year's taxable value, plus the debt service tax rate.
>
> "effective 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).
>
> "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).
>
> "rollback 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 1.08, plus the debt service tax rate.
>
> "special taxing unit" means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per $100 of taxable value.
>
> "unused increment rate" means the cumulative difference between a city's voter-approval tax rate and its actual tax rate for each of the tax years 2020 through 2022, which may be applied to a city's tax rate in tax years 2021 through 2023 without impacting the voter-approval tax rate.
>
> "voter-approval tax rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the "unused increment rate".

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

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

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

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

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

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

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

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

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

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

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.

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

Owners of certain property with a taxable value 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 as of the most recent federal decennial census may additionally protest the determinations of appraisal district directly to a three-member special panel of the appraisal review board, selected by a State district judge, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at $52.9 million for the 2022 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 City and provides for taxpayer referenda that could result in the repeal of certain tax increases (See "– PUBLIC HEARING AND MAINTENANCE AND OPERATION TAX RATE LIMITATIONS".) The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

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. Taxpayers 65 years old or older, disabled veterans or an unmarried surviving spouse of a disabled veteran, are permitted by State law to pay taxes on homesteads in four installments with the first installment due before February 1 of each year and the final installment due before August 1. 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.

City's Rights in the Event of Tax Delinquencies . . . Taxes levied by the City are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all State and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each local taxing unit, including the City, having power to tax the property. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes.

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

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two (2) years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts.

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

Property Assessment and Tax Payment . . . Property within the City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September. Oil and gas reserves are assessed on the basis of a valuation process which uses pricing information contained in the most recently published edition of the Early Release Overview of the Annual Energy Outlook published by the United Sates Energy Information Administration as well as appraisal formulas developed by the State Comptroller. Taxes become due October 1 of the same year and become delinquent on February 1 of the following year. Certain taxpayer, including the disabled, persons 65 years of age or older, and disabled veterans, who qualified for certain tax exemptions are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

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

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

After July, penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, an attorney's collection fee of up to 20% of the total delinquent tax, penalty and interest collected may be added. A taxpayer who is 65 years of age or older or is disabled may defer the collection of delinquent property taxes on his or her residence homestead and prevent the filing of a lawsuit to collect delinquent taxes until the 181st day after the taxpayer no longer owns and occupies the property as a residence homestead. However, taxes and interest continue to accrue against the property, and the delinquent taxes incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

CITY APPLICATION OF TAX CODE . . . The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of $5,000; the disabled are not granted an exemption.

See Table 1 for a listing of the amounts of the exemptions described above.

The City has not adopted the tax freeze for citizens who are disabled or are 65 years of age or older, which became a local option and subject to local referendum on January 1, 2004.

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

The City does not tax nonbusiness personal property; and Austin County Appraisal District collects taxes for the City.

The City does not permit split payments, and discounts are not allowed. Installments are permitted on delinquent taxes only.

The City does tax freeport property.

The City does tax goods-in-transit.

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

The City has not created any tax increment financing reinvestment zones.

The City has not adopted a tax abatement policy.

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TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2022/23 Market Valuation Established by Austin County Appraisal District (Excludes totally exempt property)		$ 379,688,589
Less: Exemption/Reductions at 100% of Market Value		
Loss to 10% per Year Cap on Residential Homestead	$ 3,855,710	
Surviving Spouse Exemptions	249,652	
Over 65 Exemption	2,246,856	
Disabled Veteran Exemptions	1,644,281	
Protested Values	10,118,882	
Productivity Loss	3,486,425	21,601,806
2022/23 Taxable Assessed Valuation		$ 358,086,783
Tax Supported Debt Payable from Ad Valorem Taxes (as of 12-31-2022)		
Tax Supported Debt	$ 2,180,000	
The Certificates	4,745,000	
Gross Tax Supported Debt Payable from Ad Valorem Taxes		$ 6,925,000
Less: Self-Supporting Debt: Tax Supported Debt (1)		
Outstanding Utility System Supported Tax Supported Debt		2,180,000
Net General Obligation Debt Payable from Ad Valorem Taxes (2)		$ 4,745,000
Interest and Sinking Fund as of December 31, 2022		$ -
Ratio of Gross Tax Supported Tax Debt to Net Taxable Assessed Valuation		1.93%

2023 Estimated Population - 4,300
Per Capita Taxable Assessed Valuation - $83,276
Per Capita Gross Tax Supported Debt Payable from Ad Valorem Taxes - $1,610
Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - $1,103

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(1) Notwithstanding the ad valorem tax pledge serving as the security therefor, tax supported debt in the amounts shown for which repayment is provided from revenues of the waterworks and sewer system and electric system. The amount of self-supporting debt is based on the revenue support as shown in Table 10. It is the City's current policy to provide these payments from utility system revenues; this policy is subject to change in the future. However, to maintain its debt as self-supporting, payments will be made by the City from Waterworks and Sewer System Revenues and Electric System Revenues. Though expected to be self-supporting from these respective sources, the sole or primary security for payment for these obligations is the City's pledge of ad valorem tax collections, within the limitations prescribed by law.

(2) The City has not levied an interest and sinking fund tax for the payment of debt service. It intends to levy such tax in the 2023 tax year.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Value For Period Ending September 30,					
	2023		2022		2021	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 261,766,961	68.94%	$ 247,514,905	69.55%	$ 240,421,338	72.15%
Real, Residential Multi-family	14,433,804	3.80%	12,870,221	3.62%	11,984,717	3.60%
Real, Vacant Lots/Tracts	4,782,706	1.26%	4,573,776	1.29%	3,180,368	0.95%
Real, Acreage (Land Only)	3,764,938	0.99%	290,865	0.08%	294,357	0.09%
Real, Farm and Ranch Improvements	2,345,403	0.62%	2,319,422	0.65%	2,368,522	0.71%
Real, Commercial and Industrial	66,254,332	17.45%	62,705,136	17.62%	49,437,002	14.84%
Real and Tangible Personal, Utilities	5,796,198	1.53%	5,548,713	1.56%	5,483,660	1.65%
Tangible Personal, Commercial and Industrial	18,606,553	4.90%	18,763,361	5.27%	18,575,235	5.57%
Tangible Personal, Mobile Home and Other	1,709,896	0.45%	1,050,988	0.30%	1,244,291	0.37%
Special Inventory	227,798	0.06%	237,526	0.07%	212,269	0.06%
Total Appraised Value before Exemptions	$ 379,688,589	100.00%	$ 355,874,913	100.00%	$ 333,201,759	100.00%
Less: Total Exemptions/Reduction	(21,601,806)		(20,457,325)		(8,340,060)	
Taxable Assessed Valuation	$ 358,086,783		$ 335,417,588		$ 324,861,699	

	Taxable Appraised Value for Period Ending September 30,			
	2020		2019	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 224,991,349	70.29%	$ 218,739,982	70.86%
Real, Residential Multi-family	10,682,045	3.34%	10,899,941	3.53%
Real, Vacant Lots/Tracts	3,012,513	0.94%	3,465,888	1.12%
Real, Acreage (Land Only)	2,170,624	0.68%	2,147,079	0.70%
Real, Farm and Ranch Improvements	2,502,413	0.78%	2,550,732	0.83%
Real, Commercial and Industrial	50,967,180	15.92%	47,961,129	15.54%
Real and Tangible Personal, Utilities	5,519,739	1.72%	5,187,043	1.68%
Tangible Personal, Commercial and Industrial	18,855,523	5.89%	16,501,849	5.35%
Tangible Personal, Mobile Home and Other	1,184,428	0.37%	998,999	0.32%
Special Inventory	200,460	0.06%	260,476	0.08%
Total Appraised Value before Exemptions	$ 320,086,274	100.00%	$ 308,713,118	100.00%
Less: Total Exemptions/Reduction	(8,400,475)		(10,824,734)	
Taxable Assessed Valuation	$ 311,685,799		$ 297,888,384	

NOTE: Valuations shown are certified taxable assessed values reported by the Austin County Central Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9-30	Estimated Population	Taxable Assessed Value [2]	Taxable Assessed Value Per Capita	G.O. Tax Debt Outstanding at End of Year [3]	Ratio of GO Tax Debt To Taxable Assessed Valuation	G. O. Tax Debt Per Capita
2019	4,219 [1]	$ 297,888,384	$ 70,606	$ 3,765,000	1.26%	$ 892
2020	4,150 [1]	311,685,799	75,105	3,255,000	1.04%	784
2021	4,108 [1]	324,861,699	79,080	2,725,000	0.84%	663
2022	4,180 [4]	335,417,588	80,243	2,180,000	0.65%	522
2023	4,300 [4]	358,086,783	83,276	6,365,000 [5]	1.78% [5]	1,480 [5]

(1) Source: US Census.
(2) As reported by the Austin County Appraisal District on City's annual State Property Tax Board Reports; subject to change during the ensuing year.
(3) Fiscal Years Ending 2019 through 2022 outstanding debt is self-supporting, although such debt is secured by a pledge to levy a tax. See Footnote 2 to Table 1.
(4) Source: City officials.
(5) Projected, includes the Certificates.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9-30	Tax Rate	General Fund	Interest and Sinking Fund [1]	Tax Levy	% Current Collections	% Total Collections
2019	$ 0.28900	$ 0.28900	$ -	$ 858,464	98.56%	99.13%
2020	0.30200	0.30200	-	934,454	98.84%	100.46%
2021	0.30200	0.30200	-	966,426	99.10%	100.29%
2022	0.30200	0.30200	-	1,046,308	98.69%	99.73%
2023	0.30200	0.30200	-	1,105,606	77.10% [2]	77.12% [2]

(1) See Footnote 2 to Table 1.
(2) Collections for part year only, through January 30, 2023.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2022/23 Net Taxable Assessed Valuation	% of Total Taxable Net Assessed Valuation
Austin County RE III LLC	Nursing Homes	$ 3,172,306	0.89%
Tesco Industries Inc.	Industrial Manufacturing	2,931,140	0.82%
Lonnie Lischka Co. LP	Developer	2,651,400	0.74%
First National Bank of Bellville	Financial/Banking	2,184,217	0.61%
San Bernard Electric Co-Op Inc.	Electric Utility/Power Plant	2,042,092	0.57%
Bernard & Glenda Vlahakis	Individual Residence	1,928,137	0.54%
Wornat Angleton LLC	Apartments	1,772,659	0.50%
BLI East Texas #2 LTD	Financial/Banking	1,754,827	0.49%
Austin County State Bank	Financial/Banking	1,727,777	0.48%
Bellville Meat Market	Grocery Store	1,715,324	0.48%
		$ 21,879,879	6.11%

GENERAL OBLIGATION DEBT LIMITATION . . . No general obligation debt limitation is imposed on the City under current State law (see "TAX INFORMATION – Debt Tax Rate Limitations").

TABLE 6 - TAX ADEQUACY

Notwithstanding the ad valorem tax pledge serving as the security therefor, tax supported debt in the amounts shown for which repayment is provided from revenues of the respective revenue systems. The amount of self supporting debt is based on the percentages of revenue support as shown in Table 10. It is the City's current policy to provide these payments from respective system revenues; this policy is subject to change in the future. However, to maintain its debt as self-supporting, payments will be made by the City from the Waterworks and Sewer System Revenues and Electric System Revenues. Though expected to be self-supporting from these respective sources, the sole or primary security for payment for these obligations is the City's pledge of ad valorem tax collections, within the limitations prescribed by law. See "THE CERTIFICATES – Security and Source of Payment"

TABLE 7 - ESTIMATED OVERLAPPING DEBT

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

Taxing Jurisdiction	2022/2023 Net Taxable Assessed Value	2022/2023 Tax Rate	Total Tax Supported Debt as of 12/31/2022	Estimated % Applicable	City's Overlapping Tax Supported Debt As of 12/31/2022	Authorized But Unissued Debt As of 12/31/2022
City of Bellville	$ 358,086,783	$ 0.30200	$ 4,745,000 (1)	100.00%	$ 4,745,000 (1)	$ -
Austin County	4,111,771,664	0.40832	25,590,000	9.09%	2,326,131	-
Bellville ISD	1,714,084,816	1.13520	13,085,000	21.31%	2,788,414	-
Total Direct and Overlapping Tax Supported Debt					$ 9,859,545	
Ratio of Direct and Overlapping Tax Supported Debt to Taxable Assessed Valuation					2.75%	
Per Capita Overlapping Tax Supported Debt					$ 2,293	

(1) Includes the Certificates, less self-supporting debt.

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DEBT INFORMATION

TABLE 8 - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9-30	Outstanding Debt Service [1]		The Certificates [2]		Total Debt Service Requirements	Less: Waterworks & Sewer System General Obligation Requirements	Tax Supported General Obligation Requirements [3]	% of Principal Retired
	Principal	Interest	Principal	Interest				
2023	$ 560,000	$ 75,375	$ -	$ -	$ 635,375	$ 635,375	$ -	
2024	580,000	56,175	155,000	317,120	1,108,295	636,175	472,120	
2025	245,000	41,600	150,000	212,450	649,050	286,600	362,450	
2026	255,000	31,800	160,000	204,700	651,500	286,800	364,700	
2027	265,000	21,600	165,000	196,575	648,175	286,600	361,575	36.61%
2028	275,000	11,000	175,000	188,075	649,075	286,000	363,075	
2029	-	-	185,000	179,075	364,075	-	364,075	
2030	-	-	195,000	169,575	364,575	-	364,575	
2031	-	-	200,000	159,700	359,700	-	359,700	
2032	-	-	210,000	149,450	359,450	-	359,450	54.51%
2033	-	-	225,000	138,575	363,575	-	363,575	
2034	-	-	235,000	127,075	362,075	-	362,075	
2035	-	-	245,000	115,075	360,075	-	360,075	
2036	-	-	260,000	102,450	362,450	-	362,450	
2037	-	-	270,000	89,200	359,200	-	359,200	72.35%
2038	-	-	285,000	75,325	360,325	-	360,325	
2039	-	-	300,000	60,700	360,700	-	360,700	
2040	-	-	315,000	46,900	361,900	-	361,900	
2041	-	-	325,000	34,100	359,100	-	359,100	
2042	-	-	340,000	20,800	360,800	-	360,800	94.95%
2043	-	-	350,000	7,000	357,000	-	357,000	100.00%
	$ 2,180,000	$ 237,550	$ 4,745,000	$ 2,593,920	$ 9,756,470	$ 2,417,550	$ 7,338,920	

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(1) "Outstanding Debt" does not include lease/purchase obligations.
(2) Average life of the issue – 11.969 years. Interest calculated at the rates stated on page 2 hereof.
(3) See Footnote 2 to Table 1.

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION

Total Debt Requirements, Fiscal Year Ending 9/30/2023		$ 635,375
Interest and Sinking Fund Account Balance, as of 9/30/2022	$ -	
Budgeted Transfers (from Utility System)	564,415	
Budget Transfers (from Economic Development Corp.)	71,979	$ 636,394
Estimated Balance, Fiscal Year Ending 9/30/2023		$ 1,019

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(1) Source: The City.

TABLE 10 - COMPUTATION OF SELF-SUPPORTING DEBT

	Utility System
Net Waterworks and Sewer System Revenue Available, Fiscal Year Ending 9-30-2022	$ 1,363,645 (1)
Net Electric System Revenue Available as of Fiscal Year Ending 9-30-2022	1,319,835 (1)
Balance Available for Other Purposes	$ 2,683,480
Less: Requirements for Utility System Bonds	$ -
Requirements for System Tax Debt, Fiscal Year Ending 9-30-23	$ 635,375
Percentage of System General Obligation Debt Self-Supporting	100.00%

(1) Preliminary information provided by City staff. Unaudited.

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT . . . The City does not anticipate the issuance of additional general obligation debt within the next 12 months.

TABLE 11 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

The City does not have any authorized but unissued Tax Supported bonds; however, the City may from time to time and without an election issue debt obligations payable from its collection of ad valorem taxes, including (but not limited to) certificates of obligations, public property finance contractual obligations, capital leases, and tax notes with a state maturity of seven years or less.

TABLE 12 – OTHER OBLIGATIONS

Other than the general obligation debt described herein, the City has no other obligations as of fiscal year end September 30, 2022.

PENSION FUND . . . The City provides pension benefits for all of its full-time employees through the Texas Municipal Retirement System ("TMRS"), a State-wide administered pension plan. The City makes annual contributions to the plan equal to the amounts accrued for pension expense. (For more detailed information concerning the retirement plan, see Appendix B, "Excerpts from the City's Annual Financial Report" - Note #14.)

OTHER POST-EMPLOYMENT BENEFITS . . . GASB Statements 45 requires government entities to perform periodic valuations to determine annual accounting costs related to other (than pension) Post-Employment Benefits (OPEB) and the extent of over or under-funding of the costs. The City's Employee Retiree Health Insurance Coverage (ERHIC) Policy meets the criteria for GASB Statement 45 disclosures. (For more detailed information concerning other post employment benefits, see APPENDIX B, "Excerpts from the City's Annual Financial Report" – Note #15)

Plan Description. The City administers a single-employer defined benefit OPEB plan, known as the Retiree Medical Program (the "Program"). The Program offers medical and dental insurance benefits to eligible retirees and their spouses.

Employees, along with their spouse and/or eligible dependents, are eligible for retiree health benefits if they have minimum of 10 years of consecutive coverage immediately prior to retirement from the City and meeting the Texas Municipal Retirement System retirement criteria. The City contributes up to $500 of the monthly premium for group health care coverage.

Funding Policy. The contribution requirements of plan members are established by the City and may be amended as needed. Medical coverage levels for retirees are the same coverage provided to active City employees in accordance with the terms and conditions of the current City benefit plan.

FINANCIAL INFORMATION

TABLE 13 - CHANGES IN NET ASSETS

	Fiscal Year Ending September 30,				
Revenues	2021	2020	2019	2018	2017
Charges for Services	$ 139,291	$ 132,765	$ 137,211	$ 112,032	$ 91,509
Operating Grants and Contributions	523,771	61,424	8,854	39,358	-
Property Taxes	973,689	944,884	862,051	800,215	772,134
Sales Taxes	641,052	541,359	587,706	553,573	516,227
Other Fees and Taxes	40,540	33,148	27,879	102,142	85,494
Investment Income	5,211	9,967	14,230	15,621	1,652
Gain (loss) on disposition of capital assets	10,078	1,079	-	10,089	21,957
Other Revenue	76,124	2,126	1,914	972	-
Special item-Change in OPEB	-	-	696,269	-	-
Transfers	2,074,140	1,893,536	716,042	1,369,826	1,180,000
Total Revenues	$ 4,483,896	$ 3,620,288	$ 3,052,156	$ 3,003,828	$ 2,668,973
Expenditures					
General Government	$ 1,007,185	$ 1,035,028	$ 954,762	$ 798,263	$ 597,863
Public Works	380,303	398,702	385,290	370,910	451,998
Public Safety	1,360,892	1,483,853	1,297,293	1,349,319	1,802,981
Culture and recreation	814,818	888,580	840,608	864,654	578,260
Total Expenditures	$ 3,563,198	$ 3,806,163	$ 3,477,953	$ 3,383,146	$ 3,431,102
Change in Net Assets	$ 920,698	$ (185,875)	$ (425,797)	$ (379,318)	$ (258,085)
Net Assets - Beginning	3,145,587	3,331,462 (1)	3,497,515 (1)	3,890,347	4,361,568
Net Assets - Ending	$ 4,066,285	$ 3,145,587	$ 3,071,718	$ 3,511,029	$ 4,103,483

(1) Restated.

Table 13A - General Fund Revenues and Expenditure History

	Fiscal Year Ending September 30,				
Revenues	2021	2020	2019	2018	2017
Property Taxes	$ 976,389	$ 949,307	$ 856,879	$ 800,193	$ 769,311
Sales Tax	641,052	541,359	587,706	553,573	516,227
Franchise and local taxes	31,638	25,997	22,977	-	29,914
Gross Receipts Tax	-	-	-	29,306	1,652
Hotel Occupancy Tax	-	-	-	2,262	55,580
Fines and Court Costs	22,126	41,836	63,427	67,358	62,845
Licenses and Permits	95,754	74,891	44,274	70,574	21,957
Investment Income	4,150	8,328	13,686	15,621	28,664
Charges for Services	20,546	14,492	28,427	27,478	-
Grants	-	-	-	39,358	-
Contributions and Donations	542,396	42,799	8,854	-	-
Other	76,124	2,126	1,914	674	
Total Revenues	$ 2,410,175	$ 1,701,135	$ 1,628,144	$ 1,606,397	$ 1,486,150
Expenditures					
General Government	$ 1,005,659	$ 961,325	$ 859,490	$ 649,403	$ 574,925
Public Works	257,929	237,928	299,055	252,444	282,262
Parks Department	710,761	698,176	653,855	384,188	371,759
Library	-	-	-	297,727	289,666
Police Department	1,619,125	1,267,486	1,232,165	1,250,651	1,078,240
Municipal Court	88,696	92,355	86,546	84,847	74,216
Capital Outlay	-	-	-	-	-
Total Expenditures	$ 3,682,170	$ 3,257,270	$ 3,131,111	$ 2,919,260	$ 2,671,068
Excess of Revenues Over (Under) Expenditures	$ (1,271,995)	$ (1,556,135)	$ (1,502,967)	$ (1,312,863)	$ (1,184,918)
Other Financing Sources & Uses					
Operating Transfers In	$ 1,540,807	$ 1,626,869	$ 1,504,835	$ 1,370,000	$ 1,180,000
Operating Transfers Out	-	-	-	(14,102)	-
Proceed from Sale of Capital Assets	10,078	18,698	5,273		
Gain on disposal of capital assets	-	-	-	10,089	-
Total Other Financing Sources & Uses	$ 1,550,885	$ 1,645,567	$ 1,510,108	$ 1,365,987	$ 1,180,000
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ 278,890	$ 89,432	$ 7,141	$ 53,124	$ (4,918)
Fund Balance, Beginning of Year	$ 480,192	$ 392,449	$ 390,781	$ 337,657	$ 342,575
Adjustment to Fund Balance	-	12,413	(5,473)	-	-
Ending Fund Balance*	$ 759,082	$ 480,192	$ 392,449	$ 390,781	$ 337,657

* The City's unaudited General Fund balance for the Fiscal Year ended September 30,2022 is approximately $1,025,029.

TABLE 14 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, VATCS, Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Certificates. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. On May 2, 1998, the voters of the City approved the imposition of an additional sales and use tax of one-half of one percent (½% of 1%) for economic development. Collection for the additional tax went into effect on October 1, 1998. The sales tax for economic development is collected solely for the benefit of Bellville Economic Development Corporation (the "Corporation"), and may be pledged to secure payment of sales tax revenue bonds issued by the Corporation.

Fiscal Year Ended 9-30	Total Collected (1)	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita (2)
2018	$ 542,799	65.01%	$ 0.1917	$ 128
2019	587,706	68.27%	0.1973	139
2020	541,359	57.51%	0.1737	130
2021	641,052	66.23%	0.1973	156
2022	644,325 (3)	63.79%	0.1921	154

(1) Sales tax does not include the sales tax for economic development.
(2) Based on population estimates provided by City officials.
(3) Preliminary information provided by City staff. Unaudited.

The sales tax breakdown for the City is as follows:

Economic and Community Development	0.50¢
City Sales and Use Tax	1.00¢
County Sales and Use Tax	0.50¢
State Sales and Use Tax	6.25¢
Total	8.25¢

FINANCIAL POLICIES

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

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

General Fund Balance . . . The City has adopted a targeted general reserve fund policy equal to 90 days of expenditures.

Budgetary Procedures . . . The City has established the fiscal year as the twelve-month period beginning each October 1. Each year between June and August, the City Administrator analyzes, and then after review, submits a budget of estimated revenues and expenditures to the City Council. Subsequently, the City Council will hold work sessions to discuss and amend the budget to coincide with the direction of the City. Various public hearings may be held to comply with applicable law. The City Council will adopt a budget prior to September 30.

INVESTMENTS

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

LEGAL INVESTMENTS

Under Texas law, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (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 is 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) Certificates issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit (i) meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code) that are issued by or through an institution that either has its main office or a branch in Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for City deposits or, (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the City; (iii) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (iv) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (v) the City appoints the depository institution selected under (ii) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit issued for the account of the City; (8) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1) require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (9) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (10) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (11) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average stated maturity of ninety (90) days or less and include in their investment objectives the maintenance of a stable net asset value of $1 for each share; and (12) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two (2) years, invest exclusively in obligations described in the this paragraph, 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. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below. Texas law also permits the City to invest bond proceeds in a guaranteed investment contract, subject to limitations as set forth in the Public Funds Investment Act, Texas Government Code, Chapter 2256.

A political subdivision such as the City may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (10) through (12) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State 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 pools are rated no lower than AAA or AAAm or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two (2) years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution.

The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than ten (10) years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

ADDITIONAL PROVISIONS

Under Texas law the City is additionally required to: (1) annually review its adopted policies and strategies; (2) 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; (3) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (5) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (6)

restrict reverse repurchase agreements to not more than ninety (90) days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (7) restrict its investment in mutual funds in the aggregate to no more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, and to invest no portion of bond proceeds, reserves and funds held for debt service, in mutual funds; and (8) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements.

TABLE 15 - CURRENT INVESTMENTS

As of September 30, 2022 (unaudited), the City's investable funds were invested in the following categories:

Description	Market Value	Book Value
Local Bank	$ 3,154,955	$ 3,154,955
Certificates of Deposit	1,415,000	1,415,000
Investment Pool	151,595	151,595
	$ 4,721,550	$ 4,721,550

TAX EXEMPTION

OPINION OF BOND COUNSEL

In the opinion of Bond Counsel, under current law, interest on the Certificates (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum tax, and (c) may have to be taken into account by applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. No other opinion is expressed by Bond Counsel regarding the tax consequences of the ownership of or the receipt or accrual of interest on the Certificates.

Bond Counsel's opinion is given in reliance upon certifications by representatives of the City as to certain facts relevant to both the opinion and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and is subject to the condition that there is compliance subsequent to the issuance of the Certificates with all requirements of the Code that must be satisfied in order for interest thereon to remain excludable from gross income for federal income tax purposes. The City has covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Certificates and the timely payment to the United States of any arbitrage rebate amounts with respect to the Certificates. Failure by the City to comply with such covenants, among other things, could cause interest on the Certificates to be included in gross income for federal income tax purposes retroactively to their date of issue. The City may in its discretion, but has not covenanted to, take any and all such actions as may be required by future changes in the Code and applicable regulations in order that interest on the Certificates remain excludable from gross income for federal income tax purposes.

Customary practice in the giving of legal opinions includes not detailing in the opinion all the assumptions, limitations and exclusions that are a part of the conclusions therein. See "Statement on the Role of Customary Practice in the Preparation and Understanding of Third-Party Legal Opinions", 63 Bus. Law. 1277 (2008)" and "Legal Opinion Principles", 53 Bus. Law. 831 (May 1998), updated by "Statement of Opinion Practices", 74 Bus. Law. 801, 807 (2019). Purchasers of the Certificates should seek advice or counsel concerning such matters as they deem prudent in connection with their purchase of Certificates.

Bond Counsel's opinion represents its legal judgment based in part upon the representations and covenants referenced therein and its review of current law, but is not a guarantee of result or binding on the Internal Revenue Service (the "Service") or the courts. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may come to Bond Counsel's attention after the date of its opinion or to reflect any changes in law or the interpretation thereof that may occur or become effective after such date.

ALTERNATIVE MINIMUM TAX

Individuals – Bond Counsel's opinion states that under current law interest on the Certificates is not an item of preference and is not subject to the alternative minimum tax on individuals.

Applicable Corporations – Bond Counsel's opinion also states that under current law interest on the Certificates may have to be taken into account by applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. Under current law, an "applicable corporation" generally is a corporation with average annual adjusted financial statement income for a 3-taxable-year period ending after December 31, 2021, that exceeds $1 billion.

OTHER TAX MATTERS

In addition to the matters addressed above, prospective purchasers of the Certificates should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including without limitation financial institutions, property and casualty insurance companies, S corporations, foreign corporations subject to the branch profits tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Certificates should consult their tax advisors as to the applicability and impact of such consequences.

Prospective purchasers of the Certificates should consult their own tax advisors as to the status of interest on the Certificates under the tax laws of any state, local, or foreign jurisdiction.

The Service has a program to audit state and local government obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the Service does audit the Certificates, under current Service procedures, the Service will treat the Issuer as the taxpayer and the owners of the Certificates will have only limited rights, if any, to participate.

There are many events that could affect the value and liquidity or marketability of the Certificates after their issuance, including but not limited to public knowledge of an audit of the Certificates by the Service, a general change in interest rates for comparable securities, a change in federal or state income tax rates, federal or state legislative or regulatory proposals affecting state and local government securities and changes in judicial interpretation of existing law. In addition, certain tax considerations relevant to owners of Certificates who purchase Certificates after their issuance may be different from those relevant to purchasers upon issuance. Neither the opinion of Bond Counsel nor this Official Statement purports to address the likelihood or effect of any such potential events or such other tax considerations and purchasers of the Certificates should seek advice concerning such matters as they deem prudent in connection with their purchase of Certificates.

ORIGINAL ISSUE DISCOUNT

Some of the Certificates may be sold at initial sale prices that are less than their respective stated redemption prices payable at maturity (collectively, the "Discount Certificates"). The excess of (i) the stated redemption price at maturity of each maturity of the Discount Certificates, over (ii) the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of each maturity of the Discount Certificates is sold will constitute original issue discount. Original issue discount will accrue for federal income tax purposes on a constant-yield-to-maturity method based on regular compounding; and a holder's basis in such a Certificate will be increased by the amount of original issue discount treated for federal income tax purposes as having accrued on the Certificate while the holder holds the Certificate.

Under the Code, for purposes of determining a holder's adjusted basis in a Discount Certificate, original issue discount treated as having accrued while the holder holds the Certificate will be added to the holder's basis. Original issue discount will accrue on a constant-yield-to-maturity method based on semiannual compounding. The adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of a Discount Certificate.

Prospective purchasers of Discount Certificates should consult their own tax advisors as to the calculation of accrued original issue discount and the state and local tax consequences of owning or disposing of such Certificates.

CERTIFICATE PREMIUM

Certificates purchased, whether upon issuance or otherwise, for an amount (excluding any amount attributable to accrued interest) in excess of their principal amount will be treated for federal income tax purposes as having amortizable bond premium. A holder's basis in such a Certificate must be reduced by the amount of premium which accrues while such Certificate is held by the holder. No deduction for such amount will be allowed, but it generally will offset interest on the Certificates while so held. Purchasers of such Certificates should consult their own tax advisors as to the calculation, accrual and treatment of amortizable bond premium and the state and local tax consequences of holding such Certificates.

DESIGNATION FOR PURCHASE BY FINANCIAL INSTITUTIONS

The Code generally provides that financial institutions may not deduct any of the interest expense (the "cost of carry") allocable to tax-exempt obligations acquired after August 7, 1986, other than qualified tax-exempt obligations. Financial institutions may not deduct 20% of the cost of carry allocable to qualified tax-exempt obligations. An obligation's status as a qualified tax-exempt obligation is dependent upon an affirmative act of designation by the issuer and is subject to, among other things, the issuer and its "subordinate entities," within the meaning of Section 265(b)(3) of the Code, complying with limitations on the amount of obligations that may be issued and designated in the same calendar year.

The City designated the Certificates as qualified tax-exempt obligations and will covenant to comply with the provisions of Section 265(b)(3). In the opinion of Bond Counsel, under current law, the Certificates will be qualified tax-exempt obligations within the meaning of Section 265(b)(3). Such opinion is given in reliance upon certifications by representatives of the City as to certain facts material to both such opinion and the requirements of Section 265(b)(3).

CONTINUING DISCLOSURE OF INFORMATION

The offering of the Certificates qualifies for the Rule 15c2-12(d)(2) exemption from Rule 15c2-12(b)(5) regarding the City's continuing disclosure obligations because the City has not issued more than $10,000,000 in aggregate amount of outstanding debt and no person is committed by contract or other arrangement with respect to payment of the Certificates. Pursuant to the exemption, the City in the Ordinance has made the following agreement for the benefit of the holders and beneficial owners of the Certificates. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under the agreement, the City will be obligated to provide certain updated financial information and operating data and timely notice of specified events to the Municipal Securities Rulemaking Board (the "MSRB"). This information will be available to investors by the MSRB through its Electronic Municipal Markets Access ("EMMA") system, free of charge at www.emma.msrb.org.

ANNUAL REPORTS . . . The City will provide certain updated financial information and operating data, which is customarily prepared by the City and is publicly available, to the MSRB on an annual basis. Such information is currently provided through the City's audited financial statements, annual operating budget and tax roll information. The City will update and provide this information within six months after the end of each fiscal year. The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12(the "Rule"). The 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 the audit report becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation.

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

NOTICE OF CERTAIN EVENTS . . . The City will also provide the following to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the following events with respect to the Certificates: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of holders of the Certificates, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into 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; and (14) appointment of 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. In addition, the City will provide to the MSRB, in a timely manner, notice of any failure by the City to provide the required annual financial information described above under "ANNUAL REPORTS" and any notices of material events in accordance with this section.

For these purposes, any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City. As used in this section, the term "Financial Obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of a debt obligation or any such derivative instrument; provided that "Financial Obligation" shall not include municipal securities as to which a final official statement (as defined in United States Securities and Exchange Commission Rule 15c2-45 (the "Rule")) has been provided to the MSRB consistent with the Rule. The City intends the words used in the above clauses (15) and (16) and in the definition of Financial Obligation above to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

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

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

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

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the past five years, the City has complied in all material respects with all continuing disclosure agreements made by it in accordance with SEC Rule 15c2-12.

OTHER INFORMATION

RATINGS

The Certificates and presently outstanding tax supported debt of the City are rated "AA-" by S&P without regard to credit enhancement. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the respective view of such organization and the City makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment of the company, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Certificates.

LITIGATION

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

REGISTRATION AND QUALIFICATION OF CERTIFICATES FOR SALE

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

It is the obligation of the Underwriters to register or qualify the sale of the Certificates under the securities laws of any jurisdiction which so requires. The City agrees to cooperate, at the Underwriters' written request and sole expense, in registering or qualifying the Certificates 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.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Certificates are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Certificates by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Certificates be assigned a rating of "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION - RATINGS" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

LEGAL MATTERS

The City will furnish a complete transcript of proceedings incident to the authorization and issuance of the Certificates, including the unqualified approving legal opinion of the Attorney General of Texas approving the Certificates and to the effect that the Certificates are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the approving legal opinions of Bond Counsel in substantially the forms attached hereto as APPENDIX C.

Certain legal matters relating to the authorization and validity of the Certificates will be subject to the approving opinion of Hunton Andrews Kurth LLP, Bond Counsel, which will be furnished at the expense of the City upon delivery of the Certificates, in substantially the form set forth as Appendix C (the "Bond Opinion"). The Bond Opinion will be limited to matters relating to authorization and validity of the Certificates and to the tax-exempt status of interest thereon as described in the section "Tax Exemption". Bond Counsel has not been engaged to investigate the financial resources of the City or its ability to provide for payment of the Certificates, and the Bond Opinion will make no statement as to such matters or as to the accuracy or completeness of this Official Statement or any other information that may have been relied on by anyone in making the decision to purchase Certificates.

The various legal opinions to be delivered concurrently with the delivery of the Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction. The legal fee to be paid to Bond Counsel for services rendered in connection with the issuance of the Certificates is contingent on the sale and delivery of the Certificates. The legal opinion will accompany the Certificates deposited with DTC or will be printed on the Certificates in the event of the discontinuance of the Book-Entry-Only System.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

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

FINANCIAL ADVISOR

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

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

UNDERWRITERS

The Underwriters have agreed, subject to certain conditions, to purchase the Certificates from the City at a price of $5,086,546.61, (representing the principal amount of the Certificates, plus a net reoffering premium of $377,014.85, less an underwriting discount of $35,468.24). The Underwriters will be obligated to purchase all of the Certificates if any Certificates are purchased. The Certificates to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Certificates into investment trusts) at prices lower than the public offering prices of such Certificates, and such public offering prices may be changed, from time to time, by the Underwriters.

FORWARD-LOOKING STATEMENTS DISCLAIMER

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

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

MISCELLANEOUS

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

/s/ JAMES HARRISON
Mayor
City of Bellville, Texas

ATTEST:

/s/ RACHAEL LYNCH
City Secretary

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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LOCATION

The City of Bellville is located in Austin County, approximately 63 miles from Houston, 107 miles from Austin, 127 miles from Waco and 150 miles from San Antonio.

POPULATION[1]

	2020 Census	2010 Census	2000 Census	1990 Census
City of Bellville	4,108	4,097	3,794	3,378
Austin County	30,167	28,417	23,590	19,745

(1) Source: U.S. Census Bureau.

ECONOMY

The major employers of the City include:

Employer	Nature of Business	Number of Employees
Bellville Independent School District	Education	350
Austin County	Governmental	250
Mid-Coast Medical Center	Health Care	130
Valmont Utility Company	Manufacturing	100
Bellville Meat Market	Food and Retail	75
Ranch King Trailers	Manufacturing	65
City of Bellville	Governmental	61
First National Bank	Banking	36
Austin County State Bank	Banking	33

Minerals produced in the area include oil and gas. Agriculture is based on sorghums, rice, pecans, nursery crops, hay, grapes, corn and beef.

TRANSPORTATION

Highways serving the City are US 290, US 71, TX 36, TX 159, FM 529, FM 1456, FM 2429 and IH 10. Rail service is provided by Topeka and Santa Fe, bus service is provided by Colorado Valley Transit, freight service is provided by South Central Trucking and Roadway Express and overnight courier service is provided by UPS and Federal Express. Grawunder Field provides air service with a 2,500-foot asphalt runway with lighting. The closest commercial facility is Bush International Airport in Houston, Texas. The closest port facility is the Port of Houston, approximately 62 miles away, with a depth of 40 feet.

EDUCATION

The City is served by the Bellville Independent School District which includes one high school (9-12), one junior high school (6-8), one primary school (EE-3), one intermediate school (4-5), and one elementary school (KG-5).

Enrollment				
2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
2,205	2,193	2,188	2,211	2,262

Higher education is offered through the following institutions:

School	Distance (Miles)
Prairie View A&M	22
Texas A&M University	55
Rice University	62
University of Houston	62
University of Texas (Austin)	108
Baylor University	135
Blinn Junior College	18
Houston Community College	62
Texas State Technical Institute	135

FINANCIAL INSTITUTIONS

The City is served by three banks: Austin County State Bank, PNG Bank and The First National Bank of Bellville.

BUILDING PERMITS

Fiscal Year	Number of Permits Issued	Value
2018	78	$ 33,146
2019	87	33,487
2020	90	65,739
2021	119	50,928
2022	152	115,397

MEDICAL FACILITIES

Medical facilities include one hospital with 32 beds and approximately 20 on-staff physicians, and one clinic. Five dentists also serve the City.

AUSTIN COUNTY

Austin County (the "County") is located in southeast Texas and was created and organized in 1837. The County's economy is based on agriculture and mineral production. Agriculture is based on sorghums, rice, pecans, nursery crops, hay, grapes, corn and beef. Oil and gas are the minerals produced in the County.

LABOR FORCE STATISTICS FOR AUSTIN COUNTY(1)

	October	Average Annual				
	2022	2021	2020	2019	2018	2017
Civilian Labor Force	14,134	13,696	13,362	13,809	13,730	13,703
Employed	13,612	12,940	12,474	13,333	13,223	13,094
Unemployed	522	756	888	476	507	609
Unemployment Rate	3.69%	5.52%	6.65%	3.45%	3.69%	4.44%
% Unemployed (Texas)	4.0%	5.7%	7.7%	3.5%	3.9%	4.3%
% Unemployed (U.S.)	3.7%	5.3%	8.1%	3.7%	3.9%	4.4%

(1) Source: Texas Employment Commission.

EMPLOYMENT AND WAGES BY INDUSTRY - AUSTIN COUNTY(1)(2)

	Fourth Quarter				
	2021	2020	2019	2018	2017
Natural Resources and Mining	170	177	179	190	210
Construction	982	957	953	932	920
Manufacturing	1,582	1,466	1,415	1,427	1,418
Trade, Transportation & Utilities	3,510	3,087	3,041	2,927	2,957
Information	185	164	150	116	109
Financial Activities	622	559	563	571	476
Professional and Business Services	1,321	909	929	728	719
Education and Health Services	2,080	1,975	2,108	1,936	1,952
Leisure and Hospitality	887	857	909	856	858
Other Services	250	213	246	254	225
Unclassified	26	15	22	44	38
State Government	65	65	64	68	61
Local Government	1,433	1,400	1,434	1,394	1,320
Total Employment	13,111	11,844	12,013	11,443	11,262
	$ 198,374,182	$ 163,218,445	$ 148,241,824	$ 136,353,680	$ 127,569,251

(1) Source: Texas Employment Commission.
(2) Statistics do not include Federal employees or their wages.

APPENDIX B

EXCERPTS FROM THE

CITY OF BELLVILLE, TEXAS

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2021

The information contained in this Appendix consists of excerpts from the City of Bellville, Texas Annual Financial Report for the Year Ended September 30, 2021, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

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BW&C
BROOKSWATSON & CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bellville, Texas (the "City") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

14950 Heathrow Forest Pkwy | Suite 530 | Houston, TX 77032 | Tel: 281.907.8788 | Fax: 888.875.0587 | www.BrooksWatsonCPA.com

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note V.G. to the financial statements, in order to correct the misallocation of cash in the prior year, the City restated beginning fund balance within the general fund and a nonmajor special revenue fund. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

BrooksWatson & Co.
Certified Public Accountants, PLLC
Houston, Texas
January 13, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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As management of the City of Bellville, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021.

Financial Highlights

- The City's total combined net position is $9,053,016 at September 30, 2021.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of $1,130,562, an increase of $430,350.
- As of the end of the year, the unassigned fund balance of the general fund was $759,082 or 21% of total general fund expenditures.
- The City had an overall decrease in net position of $142,846, which is primarily due the natural gas settlement expense of $847,620 due to Winter Storm Uri.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the City's net position changed during the most recent 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 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 of the government-wide financial statements distinguish functions of the City 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 include general government, public safety, public works, and culture and recreation. The business-type activities of the City include water, sewer, gas, electric, and sanitation operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Bellville Economic Development Corporation, for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

FUND FINANCIAL STATEMENTS

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

<u>Governmental Funds</u>

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the 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 Bellville maintains five 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, capital projects, and nonmajor governmental funds. The general and capital projects funds are considered to be major funds.

The City of Bellville adopts an annual appropriated budget for the general and enterprise fund. A budgetary comparison schedule has been provided to demonstrate compliance with the general fund budget.

Proprietary Funds

The City maintains two different types of proprietary funds. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses a proprietary fund to account for its public utilities. All activities associated with providing such services are accounted for in these funds, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for health insurance expenses.

Component Unit

The City maintains the accounting and financial statements for one component unit. The Bellville Economic Development Corporation is a discretely presented component unit displayed on the government-wide financial statements.

Notes to Financial Statements

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

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI that GASB Statement No. 34 requires is a budgetary comparison schedule for the general fund and schedules for the City's Defined Pension Plan and Other Post Employment Benefit Plans. RSI can be found after the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Bellville, assets exceeded liabilities by $9,053,016 as of September 30, 2021, in the primary government.

The largest portion of the City's net position, $9,865,041, reflects its investments in capital assets (e.g., land, city hall, city playground and parks, streets, and utility systems, as well as the public works facilities), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Current and other assets of governmental activities as of September 30, 2021 and September 30, 2020 were $1,358,062 and $956,023, respectively. The increase of $402,039 was primarily due to greater cash on hand resulting from transfers in from proprietary funds.

Current and other assets of business-type activities as of September 30, 2021 and September 30, 2020 were $4,783,892 and $5,189,026, respectively. The decrease of $405,134 was primarily attributable to a reduction in cash from transfers to governmental activities.

Total liabilities of business-type activities as of September 30, 2021 and September 30, 2020 were $6,329,431 and $6,059,536, respectively. The increase of $269,895 is primarily due to the $847,620 owed for February natural gas purchased during Winter Storm Uri.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

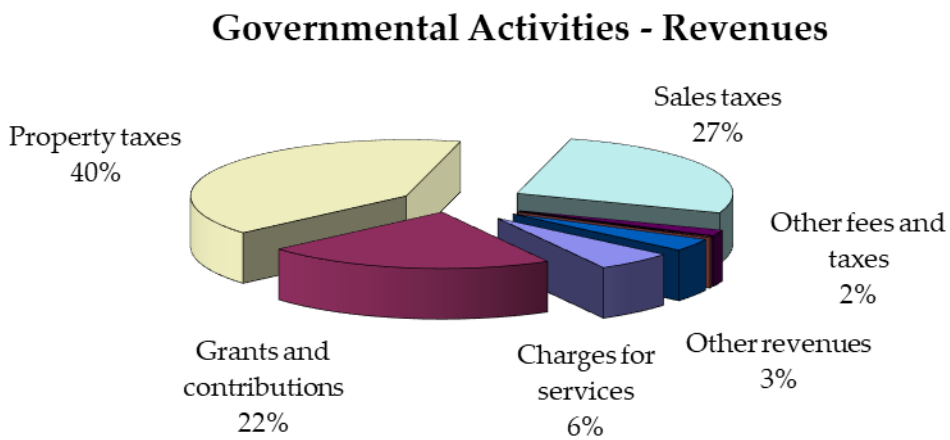
	2021			2020		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	$ 1,358,062	$ 4,783,892	$ 6,141,954	$ 956,023	$ 5,189,026	$ 6,145,049
Capital assets, net	5,996,883	6,488,782	12,485,665	5,605,435	6,889,142	12,494,577
Total Assets	7,354,945	11,272,674	18,627,619	6,561,458	12,078,168	18,639,626
Deferred Outflows of Resources	234,977	171,820	406,797	214,683	177,793	392,476
Other liabilities	237,187	2,262,754	2,499,941	232,231	1,350,540	1,582,771
Long-term liabilities	3,095,995	4,066,677	7,162,672	3,194,622	4,708,996	7,903,618
Total Liabilities	3,333,182	6,329,431	9,662,613	3,426,853	6,059,536	9,486,389
Deferred Inflows of Resources	190,455	128,332	318,787	203,701	146,150	349,851
Net Position:						
Net investment in capital assets	5,996,883	3,868,158	9,865,041	5,605,435	4,321,278	9,926,713
Restricted	371,480	-	371,480	27,741	-	27,741
Unrestricted	(2,302,078)	1,118,573	(1,183,505)	(2,487,589)	1,728,997	(758,592)
Total Net Position	$ 4,066,285	$ 4,986,731	$ 9,053,016	$ 3,145,587	$ 6,050,275	$ 9,195,862

Statement of Activities:

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

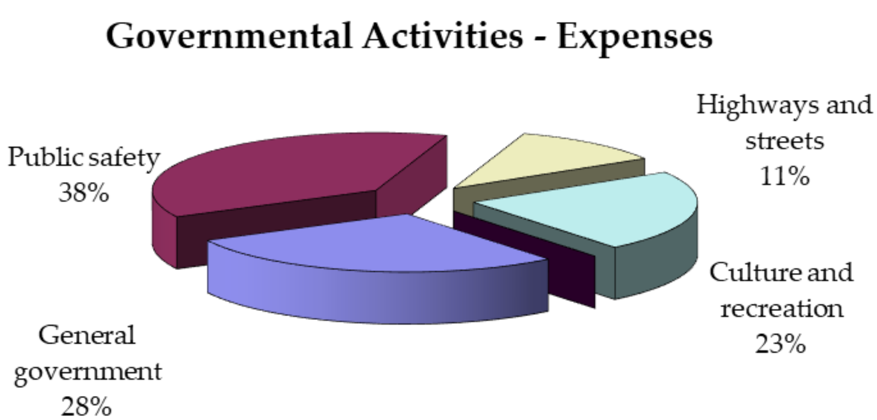
	For the Year Ended September 30, 2021			For the Year Ended September 30, 2020		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	$ 139,291	$ 8,860,674	$ 8,999,965	$ 132,765	$ 8,777,718	$ 8,910,483
Grants and contri.	523,771	-	523,771	61,424	-	61,424
General revenues:						
Property taxes	973,689	-	973,689	944,884	-	944,884
Sales taxes	641,052	-	641,052	541,359	-	541,359
Other fees and taxes	40,540	-	40,540	33,148	-	33,148
Investment income	5,211	17,414	22,625	9,967	37,265	47,232
Other revenues	86,202	109,770	195,972	3,205	382,573	385,778
Total Revenues	2,409,756	8,987,858	11,397,614	1,726,752	9,197,556	10,924,308
Expenses						
General government	1,007,185	-	1,007,185	1,035,028	-	1,035,028
Public safety	1,360,892	-	1,360,892	1,483,853	-	1,483,853
Highways and streets	380,303	-	380,303	398,702	-	398,702
Culture and recreation	814,818	-	814,818	888,580	-	888,580
Interest & fiscal charges	-	100,090	100,090	-	117,474	117,474
Utility services	-	7,029,552	7,029,552	-	6,350,486	6,350,486
Total Expenses	3,563,198	7,129,642	10,692,840	3,806,163	6,467,960	10,274,123
Change in Net Position Before transf. & other	(1,153,442)	1,858,216	704,774	(2,079,411)	2,729,596	650,185
Transfers	2,074,140	(2,074,140)	-	1,893,536	(1,893,536)	-
Extraordinary item	-	(847,620)	(847,620)	-	-	-
Total	2,074,140	(2,921,760)	(847,620)	1,893,536	(1,893,536)	-
Change in Net Position	920,698	(1,063,544)	(142,846)	(185,875)	836,060	650,185
Beginning Net Position	3,145,587	6,050,275	9,195,862	3,331,462	5,214,215	8,545,677
Ending Net Position	$ 4,066,285	$ 4,986,731	$ 9,053,016	$ 3,145,587	$ 6,050,275	$ 9,195,862

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.



For the year ended September 30, 2021, revenues from governmental activities totaled $2,409,756. Property tax, sales tax, and grants and contributions are the City's largest revenue sources. Grants and contributions increased by $462,347 due to nonrecurring grants received through the American Rescue Plan in the current year. Sales taxes increased by $99,693 or 18% due to economic growth fueled by local purchases. Other revenues increased by $82,997 primarily as a result of nonrecurring salary reimbursements received in the current year for the police department. All other revenues remained relatively stable when compared to the previous year.

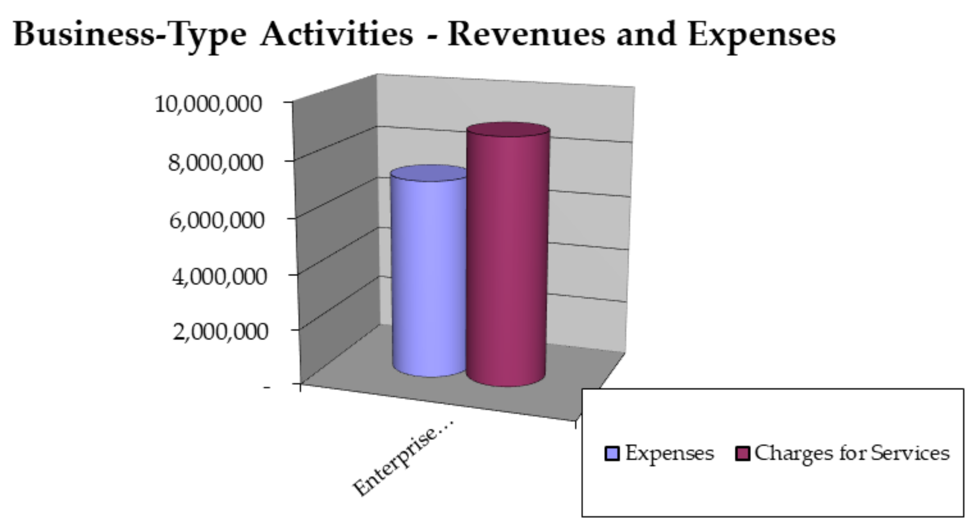
This graph shows the governmental function expenses of the City:



For the year ended September 30, 2021, expenses for governmental activities totaled $3,563,198. This represents a decrease of $242,965 or 6% from the prior year. The City's largest functional expense is public safety of $1,360,892, which includes administrative and operating costs for the City's police department. Public safety and culture and recreation expenses decreased by $122,961 or 8% and $73,762 or 8%, respectively, primarily due to declining personnel costs resulting from decreases in the City's pension and OPEB healthcare liability. All other expenses remained relatively consistent with the previous year.

Business-type activities are shown comparing operating costs to revenues generated by related services.

For the year ended September 30, 2021, charges for services by business-type activities totaled $8,860,674. This is a slight increase of $82,956 or 1% from the prior year, which is considered minimal.



Total business-type expenses increased $661,682 or 10% compared to the prior year primarily due to greater wholesale electricity purchases and utility system maintenance expenses over the course of the year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

As of the end of the year the general fund reflected a total fund balance of $759,082, all of which was unassigned. The general fund increased by $278,890 primarily due to greater than anticipated revenues and less than anticipated expenditures.

As of the end of the year the capital projects fund reflected a total fund balance of $334,752, an increase of $144,736. The increase was primarily due to transfers from other funds exceeding capital outlay expenditures.

There was an increase in total governmental fund balance of $430,350 over the prior year. The increase was primarily due to transfers received from the utilities fund.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

There was a total positive budget variance of $250,910 in the general fund. This was a combination of a positive revenue variance of $330,866, a positive expenditure variance of $66,536, and a negative variance of $146,492 in other financing sources and uses. The most significant revenue variances were for contributions and donations, fines and forfeitures, and other revenue.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested $5,996,883 in a variety of capital assets and infrastructure, net of accumulated depreciation. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34. The City's business-type activities funds had invested $6,488,782 in a variety of capital assets and infrastructure, net of accumulated depreciation.

Major capital asset events during the current year include the following:

- Purchased 2 acres of land for police station in the amount of $318,745.
- Improvements to Masonic Street totaling $371,470.
- Purchased Zebra ticket writer software for $21,776.
- Purchased new sewer lift pump for $11,306.
- Purchased bucket truck boom for $13,881.
- Purchased Padmount transformer for electric department totaling $15,756.
- Purchased microwedge sludge blocks for $15,863.

More detailed information about the City's capital assets is presented in note IV. D to the financial statements.

LONG-TERM DEBT

At the end of the current year, the City had total bonds outstanding of $2,725,000. During the year, the City made principal payments on bonds of $530,000. More detailed information about the City's long-term liabilities is presented in note IV. E to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Mayor and City Council are committed to maintaining and improving the overall wellbeing of the City of Bellville and improving services provided to their public citizens. The City is budgeting conservatively for the upcoming fiscal year's budget.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Bellville's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to the City Administrator at 30 South Holland, Bellville, TX, 77418; telephone 979-865-3136.

FINANCIAL STATEMENTS

City of Bellville, Texas

STATEMENT OF NET POSITION (Page 1 of 2)

September 30, 2021

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
Assets			
Current assets:			
Cash and cash equivalents	$ 851,051	$ 2,000,808	$ 2,851,859
Investments	300,000	1,115,000	1,415,000
Receivables, net	201,861	1,072,638	1,274,499
Due from primary government	-	-	-
Inventory	-	399,595	399,595
Internal balances	5,150	(5,150)	-
Note receivable from component unit, current	-	65,000	65,000
Total Current Assets	1,358,062	4,647,891	6,005,953
Capital assets:			
Non-depreciable	1,065,062	337,274	1,402,336
Net depreciable capital assets	4,931,821	6,151,508	11,083,329
Note receivable from component unit	-	136,001	136,001
Total Noncurrent Assets	5,996,883	6,624,783	12,621,666
Total Assets	7,354,945	11,272,674	18,627,619
Deferred Outflows of Resources			
Deferred charge on refunding	-	43,036	43,036
Pension outflows	203,824	111,710	315,534
OPEB outflows	31,153	17,074	48,227
Total Deferred Outflows of Resources	234,977	171,820	406,797

See Notes to Financial Statements.

Component Unit
Bellville EDC
$ 374,461
200,750
-
56,149
-
-
-
631,360
-
533,175
-
533,175
1,164,535
-
-
-
-

City of Bellville, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

September 30, 2021

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	$ 95,938	$ 1,305,209	$ 1,401,147
Accrued interest	-	12,369	12,369
Customer deposits	-	373,523	373,523
Due to component unit	56,149	-	56,149
Compensated absences, current	85,100	26,653	111,753
Long term debt due within one year	-	545,000	545,000
Total Current Liabilities	237,187	2,262,754	2,499,941
Noncurrent liabilities:			
Debt due in more than one year	-	2,295,709	2,295,709
Compensated absences, noncurrent	9,456	2,961	12,417
OPEB liability- TMRS	186,451	102,188	288,639
OPEB liability - Healthcare benefits	1,309,509	794,076	2,103,585
Net pension liability	1,590,579	871,743	2,462,322
Total Noncurrent Liabilities	3,095,995	4,066,677	7,162,672
Total Liabilities	3,333,182	6,329,431	9,662,613
Deferred Inflows of Resources			
Pension inflows	185,684	101,767	287,451
OPEB inflows	4,771	2,614	7,385
Gain on refunding	-	23,951	23,951
Total Deferred Inflows of Resources	190,455	128,332	318,787
Net Position			
Net investment in capital assets	5,996,883	3,868,158	9,865,041
Restricted for:			
Municipal court	20,614	-	20,614
Tourism	16,114	-	16,114
Capital projects	334,752	-	334,752
Economic development	-	-	-
Unrestricted	(2,302,078)	1,118,573	(1,183,505)
Total Net Position	$ 4,066,285	$ 4,986,731	$ 9,053,016

See Notes to Financial Statements.

Component Unit
Bellville EDC
$ 75,711
-
-
-
-
65,000
140,711
136,001
-
-
-
-
136,001
276,712
-
-
-
-
533,175
-
-
-
354,648
-
$ 887,823

City of Bellville, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2021

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary Government				
Governmental Activities				
General government	$ 1,007,185	$ 118,745	$ -	$ -
Public safety	1,360,892	-	1,067	-
Public works	380,303	-	-	522,704
Culture and recreation	814,818	20,546	-	-
Total Governmental Activities	3,563,198	139,291	1,067	522,704
Business-Type Activities				
City utility services	6,502,901	8,098,945	-	-
City sanitation services	626,741	761,729	-	-
Total Business-Type Activities	7,129,642	8,860,674	-	-
Total Primary Government	$ 10,692,840	$ 8,999,965	$ 1,067	522,704
Component Units				
Bellville EDC	385,641	-	-	-
	$ 385,641	$ -	$ -	$ -

General Revenues:
Taxes
Property taxes
Sales taxes
Franchise and local taxes
Hotel and occupancy taxes
Investment income
Other revenues
Gain on sale of capital assets
Extraordinary Item -
Natural gas purchase settlement
Transfers
Total General Revenues and Transfers
Change in Net Position
Beginning Net Position
Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Bellville EDC
$ (888,440)	$ -	$ (888,440)	$ -
(1,359,825)	-	(1,359,825)	-
142,401	-	142,401	-
(794,272)	-	(794,272)	-
(2,900,136)	-	(2,900,136)	-
-	1,596,044	1,596,044	-
-	134,988	134,988	-
-	1,731,032	1,731,032	-
(2,900,136)	1,731,032	(1,169,104)	-
			(385,641)
			(385,641)
973,689	-	973,689	-
641,052	-	641,052	334,419
31,638	-	31,638	-
8,902	-	8,902	-
5,211	17,414	22,625	5,560
76,124	109,770	185,894	-
10,078	-	10,078	-
-	(847,620)	(847,620)	-
2,074,140	(2,074,140)	-	-
3,820,834	(2,794,576)	1,026,258	339,979
920,698	(1,063,544)	(142,846)	(45,662)
3,145,587	6,050,275	9,195,862	933,485
$ 4,066,285	$ 4,986,731	$ 9,053,016	$ 887,823

City of Bellville, Texas

BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2021

	General	Capital Projects	Nonmajor Governmental	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 431,336	$ 334,752	$ 36,728	$ 802,816
Investments	300,000	-	-	300,000
Receivables, net	201,861	-	-	201,861
Due from other funds	5,150	-	-	5,150
Total Assets	$ 938,347	$ 334,752	$ 36,728	$ 1,309,827
Liabilities				
Accounts payable and accrued liabilities	$ 95,938	$ -	$ -	$ 95,938
Due to component unit	56,149	-	-	56,149
Total Liabilities	152,087	-	-	152,087
Deferred Inflows of Resources				
Unavailable revenue				
Property taxes	27,178	-	-	27,178
Total Deferred Inflows of Resources	27,178	-	-	27,178
Fund Balances				
Restricted for:				
Capital projects	-	334,752	-	334,752
Special revenue	-	-	36,728	36,728
Unassigned reported in:				
General fund	759,082	-	-	759,082
Total Fund Balances	759,082	334,752	36,728	1,130,562
Total Liabilities, Deferred Inflows, and Fund Balances	$ 938,347	$ 334,752	$ 36,728	$ 1,309,827

See Notes to Financial Statements.

City of Bellville, Texas

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

September 30, 2021

Fund Balances - Total Governmental Funds	$	1,130,562
Adjustments for the Statement of Net Position:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - non-depreciable		1,065,062
Capital assets - net depreciable		4,931,821
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		
Property tax receivable		27,178
Deferred outflows (inflows) of resources, represent a consumption (acquisition) of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense/ expenditure)/(revenue) until then.		
Pension outflows		203,824
OPEB contributions		1,089
Pension inflows		(185,684)
OPEB assumption changes		30,064
OPEB difference in experience		(4,771)
Internal service funds are used by management to charge the cost of internal services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
Net position - governmental activities		48,235
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.		
Compensated absences		(94,556)
Net pension liability		(1,590,579)
OPEB liability - TMRS		(186,451)
OPEB liability - Healthcare benefits		(1,309,509)
Net Position of Governmental Activities	$	4,066,285

See Notes to Financial Statements.

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City of Bellville, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2021

	General	Capital Projects	Nonmajor Governmental	Total Governmental Funds
Revenues				
Property tax	$ 976,389	$ -	$ -	$ 976,389
Sales tax	641,052	-	-	641,052
Franchise and local taxes	31,638	-	-	31,638
License and permits	95,754	-	-	95,754
Charges for services	20,546	-	-	20,546
Contributions and donations	542,396	-	-	542,396
Hotel occupancy taxes	-	-	8,902	8,902
Fines and forfeitures	22,126	-	865	22,991
Investment income	4,150	890	171	5,211
Other revenue	76,124	-	-	76,124
Total Revenues	2,410,175	890	9,938	2,421,003
Expenditures				
Current:				
General government	1,005,659	-	-	1,005,659
Police department	1,619,125	-	-	1,619,125
Municipal court	88,696	-	714	89,410
Parks and recreation	710,761	-	2,500	713,261
Public works	257,929	-	-	257,929
Capital outlay	-	389,487	-	389,487
Total Expenditures	3,682,170	389,487	3,214	4,074,871
Excess of Revenues Over (Under) Expenditures	(1,271,995)	(388,597)	6,724	(1,653,868)
Other Financing Sources (Uses)				
Transfers in	1,540,807	533,333	-	2,074,140
Sale of capital assets	10,078	-	-	10,078
Total Other Financing Sources	1,550,885	533,333	-	2,084,218
Net Change in Fund Balances	278,890	144,736	6,724	430,350
Beginning fund balances	480,192	190,016	30,004	700,212
Ending Fund Balances	$ 759,082	$ 334,752	$ 36,728	$ 1,130,562

See Notes to Financial Statements.

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City of Bellville, Texas

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

For the Year Ended September 30, 2021

Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balances - total governmental funds	$ 430,350
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	726,606
Depreciation expense	(335,158)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Grant receivable	(18,625)
Property tax receivable	(2,700)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(14,740)
Pension expense	109,444
OPEB - TMRS expense	(19,473)
OPEB - Healthcare benefits	43,670
Internal service funds are used by management to charge the cost of internal services to individual funds. The City reports the net gain (loss) of internal service funds within governmental activities.	1,324
Change in Net Position of Governmental Activities	$ 920,698

See Notes to Financial Statements.

City of Bellville, Texas

STATEMENT OF NET POSITION (Page 1 of 2)

PROPRIETARY FUNDS

September 30, 2021

	Utilities Fund	Sanitation Fund	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 1,786,835	$ 192,282	$ 1,979,117
Investments	1,115,000	-	1,115,000
Receivables, net	993,215	79,423	1,072,638
Inventory	399,595	-	399,595
Note receivable from component unit, current	65,000	-	65,000
Total Current Assets	4,359,645	271,705	4,631,350
Noncurrent Assets			
Note receivable from component unit	136,001	-	136,001
Capital assets:			
Non-depreciable	337,274	-	337,274
Net depreciable capital assets	6,151,508	-	6,151,508
Total Noncurrent Assets	6,488,782	-	6,488,782
Total Assets	10,984,428	271,705	11,256,133
Deferred Outflows of Resources			
Pension contributions	110,251	-	110,251
Pension changes in assumptions	1,459	-	1,459
OPEB contributions	597	-	597
OPEB assumption changes	16,477	-	16,477
Deferred charge on refunding	43,036	-	43,036
Total Deferred Outflows of Resources	171,820	-	171,820

Internal Service Fund
Health Insurance
$ 69,926
-
-
-
-
69,926
-
-
-
-
69,926
-
-
-
-
-
-

City of Bellville, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

PROPRIETARY FUNDS

September 30, 2021

	Utilities Fund	Sanitation Fund	Total
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	$ 1,244,065	$ 49,563	$ 1,293,628
Accrued interest	12,369	-	12,369
Sales tax payable	11,581	-	11,581
Customer deposits	373,523	-	373,523
Due to other funds	5,150	-	5,150
Compensated absences - current	26,653	-	26,653
Long-term debt-current	545,000	-	545,000
Total Current Liabilities	2,218,341	49,563	2,267,904
Noncurrent Liabilities			
Compensated absences, noncurrent	2,961	-	2,961
Net pension liability	871,743	-	871,743
OPEB liability - TMRS	102,188	-	102,188
OPEB liability - Healthcare benefits	794,076	-	794,076
Long term debt-noncurrent	2,295,709	-	2,295,709
Total Liabilities	6,285,018	49,563	6,334,581
Deferred Inflows of Resources			
Pension investment gains	101,767	-	101,767
OPEB difference in experience	2,614	-	2,614
Gain on refunding	23,951	-	23,951
Total Deferred Inflow of Resources	128,332	-	128,332
Net Position			
Net investment in capital assets	3,868,158	-	3,868,158
Unrestricted	874,740	222,142	1,096,882
Total Net Position	$ 4,742,898	$ 222,142	
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the proprietary funds			21,691
Net position of business-type activities			$ 4,986,731

See Notes to Financial Statements.

Internal Service Fund
Health Insurance
$ -
-
-
-
-
-
-
-
-
-
-
-
-
-
-
-
-
-
-
69,926
$ 69,926

City of Bellville, Texas

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

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2021

	Utilities Fund	Sanitation Fund	Total
Operating Revenues			
Charges for services	$ 8,069,844	$ 761,729	$ 8,831,573
Tap, reconnect, and service charges	29,101	-	29,101
Other revenue	109,770	-	109,770
Total Operating Revenues	8,208,715	761,729	8,970,444
Operating Expenses			
Administration	311,068	-	311,068
Electric department	4,185,616	-	4,185,616
Gas department	501,984	-	501,984
Water department	330,517	-	330,517
Wastewater department	325,226	-	325,226
Sanitation department	-	626,741	626,741
Recycling department	239,587	-	239,587
Depreciation	488,903	-	488,903
Total Operating Expenses	6,382,901	626,741	7,009,642
Operating Income (Loss)	1,825,814	134,988	1,960,802

Internal Service Fund
Health Insurance
$ 831,137
-
-
831,137
850,193
-
-
-
-
-
-
-
850,193
(19,056)

City of Bellville, Texas

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

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2021

Operating Income (Loss)	$ 1,825,814	$ 134,988	$ 1,960,802
Nonoperating Revenues (Expenses)			
Investment income	17,414	-	17,414
Interest expense	(100,090)	-	(100,090)
Total Nonoperating Revenues (Expenses)	(82,676)	-	(82,676)
Income (Loss) Before Transfers	1,743,138	134,988	1,878,126
Transfers (out)	(2,074,140)	-	(2,074,140)
Income (Loss) Before Extraordinary Item	(331,002)	134,988	(196,014)
Extraordinary Items			
Natural gas purchase settlement	(847,620)	-	(847,620)
Total Extraordinary Items	(847,620)	-	(847,620)
Change in Net Position	(1,178,622)	134,988	(1,043,634)
Beginning net position	5,921,520	87,154	6,008,674
Ending Net Position	$ 4,742,898	$ 222,142	
Adjustment for net effect of current year activity between the internal service fund and the proprietary funds			(19,910)
Change in net position of business-type activities			$ (1,063,544)

See Notes to Financial Statements.

$	(19,056)
	470
	-
	470
	(18,586)
	-
	(18,586)
	-
	-
	(18,586)
	88,512
$	69,926

City of Bellville, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUND (Page 1 of 2)

For the Year Ended September 30, 2021

	Utilities Fund	Sanitation Fund	Total
Cash Flows from Operating Activities			
Receipts from customers	$ 8,363,038	$ 773,253	$ 9,136,291
Payments to suppliers	(5,548,053)	(627,450)	(6,175,503)
Payments to employees	(410,064)	-	(410,064)
Net Cash Provided by (Used) by Operating Activities	2,404,921	145,803	2,550,724
Cash Flows from Noncapital Financing Activities			
Operating transfers (out)	(2,074,140)	-	(2,074,140)
Net Cash Provided by (Used) by Noncapital Financing Activities	(2,074,140)	-	(2,074,140)
Cash Flows from Capital and Related Financing Activities			
Capital purchases	(88,543)	-	(88,543)
Collection on grant receivable	62,929	-	62,929
Principal paid on debt	(530,000)	-	(530,000)
Interest paid on debt	(112,274)	-	(112,274)
Net Cash (Used) by Capital and Related Financing Activities	(667,888)	-	(667,888)
Cash Flows from Investing Activities			
Interest on investments	17,414	-	17,414
Net Cash Provided by Investing Activities	17,414	-	17,414
Net Increase (Decrease) in Cash and Cash Equivalents	(319,693)	145,803	(173,890)
Beginning cash and cash equivalents	2,106,528	46,479	2,153,007
Ending Cash and Cash Equivalents	$ 1,786,835	$ 192,282	$ 1,979,117

See Notes to Financial Statements.

Internal Service Fund
Health Insurance
$ 831,137
(850,193)
-
(19,056)
-
-
-
-
-
-
-
470
470
(18,586)
88,512
$ 69,926

City of Bellville, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUND (Page 2 of 2)

For the Year Ended September 30, 2021

	Utilities Fund	Sanitation Fund	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income / (Loss)	$ 1,825,814	$ 134,988	$ 1,960,802
Adjustments to reconcile operating income / (loss) to net cash provided / (used):			
Depreciation	488,903	-	488,903
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	136,881	11,524	148,405
Deferred outflows of resources - pension	(2,809)	-	(2,809)
Deferred outflows of resources - OPEB	(3,826)	-	(3,826)
Deferred inflows of resources - pension	(11,572)	-	(11,572)
Increase (Decrease) in:			
Accounts payable and accrued liabilities	36,245	(709)	35,536
Sales tax payable	(1,368)	-	(1,368)
Compensated absences	-	-	-
Customer deposits	17,442	-	17,442
Net pension liability	(65,979)	-	(65,979)
OPEB liabilities	(14,810)	-	(14,810)
Net Cash Provided (Used) by Operating Activities	$ 2,404,921	$ 145,803	$ 2,550,724

See Notes to Financial Statements.

Internal Service Fund
Health Insurance
$ (19,056)
-
-
-
-
-
-
-
-
-
-
-
$ (19,056)

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting Entity

The City of Bellville, Texas (the "City") was incorporated on January 18, 1927, and operates under a Mayor-Council form of government.

The City Council is the principal legislative and administrative body of the City. Subject to confirmation of the City Council, the Mayor has the power to appoint all boards, commissions, agencies, and officers provided for in the charter or by ordinance. The Mayor is the presiding officer of the City Council and does not vote except in the case of a tie vote.

The City Manager is the head of the administrative departments of the City and is the supervisor of all administrative officers, employees, directors, and department heads. Departments and agencies of the City submit budget requests to the City Manager.

The City provides the following services: general government, streets, public safety, culture and recreation, public works, water and wastewater services, and sanitation services.

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

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

Discretely Presented Component Unit

Bellville Economic Development Corporation (“EDC”)

In 1998, the voters authorized the creation of the Bellville Economic Development Corporation for the purpose of promoting economic development within the community. The Corporation Board consists of seven members, one of which is a member of City Council, appointed by the entire City Council. The other six members are appointed by City Council. The Corporation’s budget and all contracts are approved by City Council, making the City financially accountable. The Corporation does not issue separate financial statements. The fiscal year end for the Corporation is September 30.

C. Basis of Presentation Government-Wide and Fund Financial Statements

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

The government reports the following major governmental funds:

Governmental Funds

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

General Fund

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

Capital Projects Fund

The City's capital projects fund accounts for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds.

The government reports the following nonmajor governmental funds:

Hotel Tax Fund

This fund accounts for hotel tax revenues that are legally restricted for tourism related expenses.

Court Technology Fund

This fund accounts for court fees that are legally restricted for court technology expenses.

Court Building Security Fund

This fund accounts for court fees that are legally restricted for court security expenses.

Proprietary Fund Types

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB) and all financial Accounting Standards Board's standards issued prior to November 30, 1989. Subsequent to this date, the City accounts for its enterprise funds as presented by GASB. The proprietary fund types used by the City include enterprise funds.

The government reports the following major enterprise funds:

Utilities Fund

This fund is used to account for the operations that provide electricity, natural gas, water, wastewater collection, and wastewater treatment, and recycling services to the citizens of the City. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges.

Sanitation Fund

This fund is used to account for the operations that provide sanitation and garbage services to the citizens of the City.

Additionally, the government reports the following fund type:

Internal Service Fund

Revenues and expenses related to services provided to organizations inside the City on a cost reimbursement basis are accounted for in an internal service fund. The City's internal service fund was set up to account for health insurance expenses of the City.

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

1. Deposits and Investments

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

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

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

Direct obligations of the U.S. Government
Fully collateralized certificates of deposit and money market accounts
Statewide investment pools

2. Fair Value

The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (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" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." 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 are offset by a fund balance reserve account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

4. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Penalties are calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 at the rate of 1% per month up to the date collected by the government. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

5. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories are valued at the lower of cost or market using the average cost method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

6. 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 are defined by the government, as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

Asset Description	Estimated Useful Life
Equipment	3.5 - 15 years
Infrastructure	30 years
Buildings and improvements	20 - 40 years

7. 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. An example is a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue,* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and EMS revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

8. 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. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

9. Fund Balance Flow Assumptions

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

10. Fund Balance Policies

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

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

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

11. Compensated Absences

Upon retirement from the City, an employee will receive compensation for unused vacations hours up to a maximum of 160 hours and compensated absences up to a maximum of 40 hours.

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental and proprietary funds recognize accrued compensated absences when it is paid.

12. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed as incurred in accordance with GASB statement no. 65.

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

13. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

14. Pensions

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

15. Other Postemployment Benefits ("OPEB")

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDBF) plan, with retiree coverage. The TMRS SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary, calculated based on the employee's actual earnings on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is $7,500. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

In addition to the contributions made to TMRS, the City provides certain other post-employment benefits to its retirees and dependents. Full time City of Bellville employees hired before October 31, 2018 who retire from the City under the Texas Municipal Retirement System on or after January 1, 2000, and who are covered by the City of Bellville group hospitalization and medical insurance at the time of retirement, will be eligible to participate in the current health plan which is an 80/20 HMO insurance plan that includes a $500 deductible for individual and a $1,000 deductible for family medical insurance provided by the City to its employees, from the date of retirement until the 5th anniversary date after retirement. During this time, the City will also contribute $500 per month toward the monthly premiums for each retiree that qualifies.

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 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, are not due and payable in the current period and, therefore, are not reported in the funds.

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 a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, "the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities."

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and enterprise fund.

The appropriated budget is prepared by fund, function, and department. The legal level of control is the department level. Each department head, with the approval of the City Administrator, can reclassify items within the department without approval of the City Council. However, to amend the total of a department, a budget amendment approved by the City Council is required. All annual budget appropriations lapse at fiscal year end.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2021, the primary government had the following investments:

Investment Type	Carrying Value	Average Maturity (Years)
Certificates of deposit	$ 1,415,000	0.43
External investment pool	150,383	0.15
Total	$ 1,565,383	
Portfolio weighted average maturity		0.58

As of September 30, 2021, the component unit had the following investments:

Investment Type	Carrying Value	Average Maturity (Years)
Certificates of deposit	$ 200,750	0.53
Total	$ 200,750	
Portfolio weighted average maturity		0.53

Interest rate risk – In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed five years; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

Credit risk – The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service.

Custodial credit risk – deposits In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2021, the market values of pledged securities and FDIC exceeded bank balances.

Custodial credit risk – investments For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

TexasCLASS

Texas CLASS is a local government investment pool created to meet the cash management and short-term investment needs of Texas governmental entities. Texas CLASS Government seeks to provide participants with a competitive market yield while maintaining daily liquidity and a stable net asset value. Texas CLASS Government is rated 'AAAm' by S&P Global Ratings. There were no limitations or restrictions on withdrawals.

B. Receivables

The following comprise receivable balances of the primary government at year end:

	General	Utilities Fund	Sanitation Fund	Total
Property taxes	$ 28,750	$ -	$ -	$ 28,750
Sales tax	174,683	-	-	174,683
Accounts	-	1,035,366	87,627	1,122,993
Allowance	(1,572)	(42,151)	(8,204)	(51,927)
	$ 201,861	$ 993,215	$ 79,423	$ 1,274,499

C. Inventory

The following comprise the inventory balances of the primary government at year end:

Inventory type	Cost
Electric Department	$ 348,614
Water Department	8,037
Gas Department	20,967
Sewer Department	16,566
Construction Department	5,411
Total	$ 399,595

D. Capital Assets

A summary of changes in governmental activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Disposals / Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 328,939	$ 318,745	$ -	$ 647,684
Construction in progress	45,908	371,470	-	417,378
Total capital assets not being depreciated	374,847	690,215	-	1,065,062
Capital assets, being depreciated:				
Buildings and improvements	1,578,249	7,180	-	1,585,429
Other improvements	3,779,761	-	-	3,779,761
Infrastructure	3,620,706	-	-	3,620,706
Vehicles and equipment	792,756	5,677	(73,327)	725,106
Office furniture and equipment	82,214	23,534	(5,178)	100,570
Collections	722,578	-	-	722,578
Total capital assets being depreciated	10,576,264	36,391	(78,505)	10,534,150
Less accumulated depreciation				
Buildings and improvements	(1,049,887)	(33,216)	-	(1,083,103)
Other improvements	(1,558,975)	(132,167)	-	(1,691,142)
Infrastructure	(1,269,755)	(121,840)	-	(1,391,595)
Vehicles and equipment	(734,068)	(26,906)	73,327	(687,647)
Office furniture and equipment	(48,812)	(10,106)	5,178	(53,740)
Collections	(684,179)	(10,923)	-	(695,102)
Total accumulated depreciation	(5,345,676)	(335,158)	78,505	(5,602,329)
Net capital assets being depreciated	5,230,588	(298,767)	-	4,931,821
Total Capital Assets	$ 5,605,435	$ 391,448	$ -	$ 5,996,883

Depreciation was charged to governmental functions as follows:

General government	$ 29,598
Public safety	26,740
Library	17,145
Parks and recreation	131,756
Street	129,919
Total Governmental Activities Depreciation Expense	$ 335,158

A summary of changes in business-type activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Disposals / Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 337,274	$ -	$ -	$ 337,274
Total capital assets not being depreciated	337,274	-	-	337,274
Capital assets, being depreciated:				
Infrastructure	16,916,431	39,438	(37,555)	16,918,314
Buildings	486,641	17,487	-	504,128
Furniture, vehicles, and equipment	2,044,583	31,618	-	2,076,201
Total capital assets being depreciated	19,447,655	88,543	(37,555)	19,498,643
Less accumulated depreciation				
Infrastructure	(10,726,985)	(30,119)	37,555	(10,719,549)
Buildings	(313,677)	(11,864)	-	(325,541)
Furniture, vehicles, and equipment	(1,855,125)	(446,920)	-	(2,302,045)
Total accumulated depreciation	(12,895,787)	(488,903)	37,555	(13,347,135)
Net capital assets being depreciated	6,551,868	(400,360)	-	6,151,508
Total Capital Assets	$ 6,889,142	$ (400,360)	$ -	$ 6,488,782

Depreciation was charged to business-type activities as follows:

Water	$ 185,399
Wastewater	223,423
Electric	56,699
Gas	13,252
Other	10,130
Total Business-type Activities Depreciation Expense	$ 488,903

A summary of changes in the discretely presented component unit (Bellville EDC) capital assets for the year end was as follows:

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balances
Capital assets, being depreciated:				
Other improvements	$ 733,824	$ -	$ -	$ 733,824
Total capital assets being depreciated	733,824	-	-	733,824
Less accumulated depreciation				
Other improvements	(175,082)	(25,567)	-	(200,649)
Total accumulated depreciation	(175,082)	(25,567)	-	(200,649)
Net capital assets being depreciated	558,742	(25,567)	-	533,175
Total Capital Assets	$ 558,742	$ (25,567)	$ -	$ 533,175

The component unit recognized depreciation expense of $25,567 during the year ended September 30, 2021.

E. Long-term Debt

The following is a summary of changes in the City's total long-term liabilities for the year ended. The City uses the enterprise fund to liquidate business-type activities debts.

	Beginning Balance	Additions	Amortization/ Payments	Ending Balance	Amounts Due within One Year
Business-Type Activities:					
Certificates of Obligation	$ 1,320,000	$ -	$ (315,000)	$ 1,005,000	$ 325,000
GO Refunding Bond	1,935,000	-	(215,000)	1,720,000	220,000
Less deferred amounts:					
For issuance premiums	132,239	-	(16,530)	115,709	-
Total Business-Type Activities	$ 3,387,239	$ -	$ (546,530)	$ 2,840,709	$ 545,000
Long-term liabilities due in more than one year				$ 2,295,709	
Component Unit (EDC)					
Grant payable - City	$ 263,929	$ -	$ (62,928)	$ 201,001	$ 65,000
	$ 263,929	$ -	$ (62,928)	$ 201,001	$ 65,000
Long-term liabilities due in more than one year				$ 136,001	

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

	Business - Type Activities	Component Unit Bellville EDC
General Obligation Bonds:		
$2,380,000 General Obligation Refunding Bond, Series 2019, due in annual installments through 2023, interest at 4.0%	$ 1,720,000	$ -
Total General Obligation Bonds	$ 1,720,000	$ -
Certificates of Obligation:		
$3,350,000 Certificates of Obligation, Series 2012, due in annual installments through 2024, interest from 3.625% to 4.50%	$ 1,005,000	$ -
Total Certificates of Obligation	$ 1,005,000	$ -
Plus deferred amounts:		
Issuance premium	$ 115,709	$ -
Total Deferred Amounts	$ 115,709	$ -
Grant Payable:		
$1,000,000 Grant payable to the City of Bellville, due in semi-annual installments that approximate repayment requirements of the Certificates of Obligation owed by the City for the Clark Park project. Payments are due through 2024, including interest from 3.625% to 4.50%	$ -	$ 201,001
Total Notes Payable	$ -	$ 201,001
Total Long-term Liabilities	$ 2,840,709	$ 201,001

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

Year ending	General Obligation Refunding Bonds		Certificates of Obligation	
September 30,	Principal	Interest	Principal	Interest
2022	$ 220,000	$ 68,800	$ 325,000	$ 25,275
2023	225,000	60,000	335,000	15,375
2024	235,000	51,000	345,000	5,175
2025	245,000	41,600	-	-
2026	255,000	31,800	-	-
2027	265,000	21,600	-	-
2028	275,000	11,000	-	-
	$ 1,720,000	$ 285,800	$ 1,005,000	$ 45,825

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds are from taxes levied on all taxable property located within the City. The City is not obligated in any manner for special assessment debt.

The annual requirements to amortize component unit activities debt outstanding at year ending were as follows:

Year ending	Grant Payable	
September 30,	Principal	Interest
2022	$ 65,000	$ 5,055
2023	67,000	3,075
2024	69,001	1,035
	$ 201,001	$ 9,165

F. Other Long-term Liabilities

The following is a summary of changes in the City's other long-term liabilities for the year ended. In general, the City uses the general and enterprise funds to liquidate compensated absences.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	$ 79,816	$ 15,964	$ (1,224)	$ 94,556	$ 85,100
Total Governmental Activities	$ 79,816	$ 15,964	$ (1,224)	$ 94,556	$ 85,100
Other Long-term Liabilities Due in More than One Year				$ 9,456	
Business-Type Activities:					
Compensated Absences	$ 29,614	$ -	$ -	$ 29,614	$ 26,653
Total Business-Type Activities	$ 29,614	$ -	$ -	$ 29,614	$ 26,653
Other Long-term Liabilities Due in More than One Year				$ 2,961	

G. Deferred Charge and Gain on Refunding

Deferred charge and gain resulting from the issuance of the 2012 general obligation refunding bonds have been recorded as a deferred outflow and inflow of resources, respectively and are being amortized to interest expense over the terms of the respective refunded debts. Current year balances for deferred charge and gain on refunding within business-type activities totaled $43,036 and $23,951, respectively. Current year amortization for the deferred charge and gain totaled $14,345 and $7,983, respectively.

H. Interfund Transactions

Amounts transferred between funds relate to amounts collected, various capital expenditures, annual funding, and reallocation of pension expenses.

Transfer Out:	Transfer In: General	Transfer In: Capital Projects	Total
Utilities	$ 1,540,807	$ 533,333	$ 2,074,140
	$ 1,540,807	$ 533,333	$ 2,074,140

The composition of interfund due to/from balances as of the year ended September 30, 2021 were as follows:

Payable Fund: Due to	Receivable fund: Due from General
Utilities	$ 5,150
	$ 5,150

Interfund balances resulted from the timing difference 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. All balances are expected to be paid in the subsequent year.

The composition of amounts owed to/from the primary government to the component unit as of September 30, 2021 were as follows:

Payable	Receivable Bellville EDC
General	$ 56,149
	$ 56,149

I. Fund Equity

The City records fund balance restrictions on the fund level to indicate that a portion of the fund balance is legally restricted for a specific future use or to indicate that a portion of the fund balance is not available for expenditures.

The following is a list of restrictions of the fund balances restricted by the City:

		Restricted
Special revenue:		
Municipal court	$	20,614
Tourism		16,114
Capital projects		334,752
Total	$	371,480

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; and natural disasters for which the City participates along with 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

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

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. The City corrects billing errors when identified. The City then assesses the impact of prior billings to determine whether any refunds or further billings are appropriate. Liabilities for any prior billing errors are recorded if and when known and probable, and calculable.

C. Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed correctly, a substantial liability to the City could result. The City does anticipate that it will have an arbitrage liability and performs annual calculations to estimate this potential liability. The City will also engage an arbitrage consultant to perform the calculations in accordance with Internal Revenue Service's rules and regulations if indicated.

D. Defined Benefit Pension Plans

1. Plan Description

The City of Bellville, Texas participates as one of 895 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

2. Benefits Provided

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

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

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

	Plan Year 2020	Plan Year 2019
Employee deposit rate	5.0%	5.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

Employees covered by benefit terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	43
Inactive employees entitled to but not yet receiving benefits	29
Active employees	52
Total	124

3. <u>Contributions</u>

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

Employees for the City of Bellville were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Bellville were 15.78% and 16.62% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021, were $423,460, and were equal to the required contributions.

4. <u>Net Pension Liability</u>

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum 16 mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2109 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	**100.0%**	

Discount Rate:

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

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/19	$ 13,036,209	$ 10,426,084	$ 2,610,125
Changes for the year:			
Service Cost	303,127	-	303,127
Interest (on the Total Pension Liab.)	871,945	-	871,945
Change in assumptions	-	-	-
Difference between expected and actual experience	1,105	-	1,105
Contributions – employer	-	408,832	(408,832)
Contributions – employee	-	129,541	(129,541)
Net investment income	-	790,927	(790,927)
Benefit payments, including refunds of emp. contributions	(540,123)	(540,123)	-
Administrative expense	-	(5,121)	5,121
Other changes	-	(199)	199
Net changes	636,054	783,857	(147,803)
Balance at 12/31/20	$ 13,672,263	$ 11,209,941	$ 2,462,322

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

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

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 4,270,107	$ 2,462,322	$ 961,179

Pension Plan Fiduciary Net Position:

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

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

For the year ended September 30, 2021, the City recognized pension expense of $232,783.

At September 30, 2021, the City reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Changes in assumptions	$ 4,122	$ -
Difference between projected and investment earnings	-	(287,451)
Contributions subsequent to the measurement date	311,412	-
Total	$ 315,534	$ (287,451)

The City reported $311,412 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2022.

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

Year ended December 31:		
2021	$	(111,994)
2022		21,670
2023		(175,574)
2024		(17,431)
2025		-
Thereafter		-
	$	(283,329)

E. Postemployment Benefits Other Than Pensions

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit," or OPEB.

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

Employees covered by benefit terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	34
Inactive employees entitled to but not yet receiving benefits	9
Active employees	52
Total	95

The City's retiree contribution rates to the TMRS SDBF for the years ended 2021, 2020 and 2019 are as follows:

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2019	0.08%	0.08%	100.0%
2020	0.09%	0.09%	100.0%
2021	0.27%	0.27%	100.0%

The City's contributions to the TMRS SDBF for the years ended 2021, 2020, and 2019 were $1,686, $1,693, and $2,274, respectively, which equaled the required contributions each year.

Total OPEB Liability – Supplemental Death Benefits Insurance Fund

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2020, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5%, including inflation per year
Discount rate	2.00%
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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 2.00%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

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

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

1% Decrease (1.00%)	Current Single Rate Assumption 2.00%	1% Increase (3.00%)
$ 344,303	$ 288,639	$ 244,121

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/19	**$** 251,654
Changes for the year:	
Service Cost	9,845
Interest	7,024
Difference between expected and actual experience	(11,871)
Changes of assumptions	34,320
Benefit payments	(2,333)
Net changes	36,985
Balance at 12/31/20	$ 288,639

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

For the year ended September 30, 2021, the City recognized OPEB expense of $30,440.

At September 30, 2021, the City reported deferred outflows and inflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between expected and actual experience	$ -	(7,385)
Changes in assumptions	46,541	-
Contributions subsequent to measurement date	1,686	-
Total	$ 48,227	**$** (7,385)

The City reported $1,686 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2022.

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

Year ended December 31:	
2021	$ 13,571
2022	11,588
2023	11,911
2024	2,086
2025	-
Thereafter	-
	$ 39,156

F. Other Post-Employment Benefits

Health Care Benefit Provided by Plan

The City provides medical benefits to eligible retirees through an unfunded single-employer defined benefit plan (the "Plan"). Employees, along with their spouse and/or eligible dependents, are eligible for retiree health benefits if they have a minimum of 10 years of consecutive coverage immediately prior to retirement from the City and meeting the TMRS retirement criteria. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Benefits

The contribution requirements of Plan members established by the City and may be amended as needed. Medical coverage levels for retirees are the same coverage provided to active City employees in accordance with terms and conditions of the current City benefit plan. The City contributes up to $500 of the monthly premium for group health care coverage.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.40%. The discount rate was based on the Bond Buyer GO Bond 20 Year Index rate as of September 30, 2021.

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

The following presents the Total OPEB Liability of the City, calculated using the discount rate of 2.40%, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.40%) or 1-percentage-point higher (3.40%) than the current rate:

1% Decrease (1.40%)	Current Single Rate Assumption 2.40%	1% Increase (3.40%)
$ 2,423,821	$ 2,103,585	$ 1,841,164

Healthcare Costs Trend Rate Assumptions

The following presents the Total OPEB Liability of the City, as well as what the City's total OPEB liability would be if it were calculated using the assumed trend rates if that rate was one percentage point lower or one percentage point higher than the current trend rates:

1% Decrease	Current Healthcare Costs Trend Rate Assumption	1% Increase
$ 2,007,605	$ 2,103,585	$ 2,215,759

Changes in the Total OPEB Liability

		Total OPEB Liability
Balance at 9/30/2020	$	2,173,657
Changes for the year:		
Service Cost		69,005
Interest		77,909
Change in benefit terms		-
Difference between expected and actual experience		(469,274)
Changes of assumptions		285,984
Benefit payments		(33,696)
Net changes		(70,072)
Balance at 9/30/2021	$	2,103,585

OPEB Expense for healthcare and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - Healthcare

For the year ended September 30, 2021, the City recognized OPEB expense of $36,452. There were no deferred inflows or outflows related to this plan.

Employees covered by benefit terms

At the September 30, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Subscribers by Status	**Employee**
Inactive employees or beneficiaries currently receiving benefits	10
Active employees	34
Total	44

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive program (the program as understood by the employer and the Program members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Program members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following is a summary of the actuarial assumptions:

Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Level Percent-of-Payroll
Asset Valuation Method	N/A
Discount Rate	2.40%
Salary Growth	3.0%
Average Retirement Age	62
Medical cost trend rate	4.6% - 4.8%
Pharmacy cost trend rate	4.7% - 7.6%
Dental cost trend rate	3.0% - 3.5%
Vision cost trend rate	3.0% - 3.0%
Mortality Table	RP 2000 Mortality Table
Turnover Assumption	Based on data from U.S. Office of Personnel Management for recent experience of the employee group covered by the Federal Employees Retirement System.
Amortization Period	20 years

G. Restatement

The City restated beginning fund balance of the general fund and a nonmajor special revenue fund to correct the misallocation of cash in the prior year. The below tables summarize the changes to net position/fund balance as a result of these changes.

	General Fund	Nonmajor Governmental
Prior year ending fund balance, as reported	$ 494,294	$ (11,839)
Correct misallocation of cash to special revenue fund	(14,102)	14,102
Restated beginning fund balance	$ 480,192	$ 2,263

H. Extraordinary Items

In February 2021 Winter Storm Uri hit the City of Bellville and the State of Texas. The storm was an unprecedented winter event based on how it impacted the state's energy grid. The market impact to spot energy prices caused price increases in the same day of many multiples of typical prices. The City purchases natural gas at spot prices from wholesale suppliers and sells to its residents at fixed prices. These price increases caused a significant increase to the City's natural gas bill for the month of February 2021. They received a bill for $1,883,600. This bill was negotiated and settled in August of 2022 for $847,620. The City accrued $847,620 within accounts payable as of September 30, 2021 for this bill. Due to this exorbitant monthly expense being considered both infrequent and unusual, it was reported as an extraordinary item within the financial statements.

I. Subsequent Events

In August of 2022 the City settled a natural gas bill for $847,620. This matter is discussed in more detail within footnote H.

There were no other material subsequent events through January 13, 2023, the date the financial statements were available to be issued.

J. Related Party

The City purchased property and casualty insurance from LKL Insurance. One of the council members, Mr. Garrett Dornon, works for LKL Insurance. The amount paid to this Company during the year ended September 30, 2021 was $106,030, respectively.

During the year ended September 30, 2021, the City purchased land for $318,745. The seller's listing agent was the wife of councilmen Kendrick.

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REQUIRED SUPPLEMENTARY INFORMATION

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City of Bellville, Texas

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

For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property tax	$ 979,446	$ 979,446	$ 976,389	$ (3,057)
Sales tax	570,000	570,000	641,052	71,052
Franchise and local taxes	25,200	31,639	31,638	(1)
License and permits	62,750	93,050	95,754	2,704
Charges for services	27,000	27,000	20,546	(6,454)
Contributions and donations	34,855	71,630	542,396	470,766
Fines and forfeitures	61,900	63,265	22,126	(41,139)
Investment income	10,500	10,500	4,150	(6,350)
Other revenue	1,000	232,779	76,124	(156,655)
Total Revenues	1,772,651	2,079,309	2,410,175	330,866
Expenditures				
Current:				
General government	1,036,533	1,034,879	1,005,659	29,220
Police department	1,347,964	1,632,532	1,619,125	13,407
Municipal court	96,554	93,508	88,696	4,812
Parks and recreation	708,416	720,529	710,761	9,768
Public works	251,678	267,258	257,929	9,329
Total Expenditures	3,441,145	3,748,706	3,682,170	66,536
Revenues Over (Under) Expenditures	(1,668,494)	$ (1,669,397)	$ (1,271,995)	$ 397,402
Other Financing Sources (Uses)				
Transfers in	1,697,377	$ 1,697,377	$ 1,540,807	$ (156,570)
Sale of capital assets	-	-	10,078	10,078
Total Other Financing Sources (Uses)	1,697,377	1,697,377	1,550,885	(146,492)
Net Change in Fund Balance	28,883	$ 27,980	278,890	$ 250,910
Beginning fund balance			480,192	
Ending Fund Balance			$ 759,082	

Notes to Required Supplementary Information

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

City of Bellville, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Years ended December 31,

	2020	2019	2018
Total pension liability			
Service cost	$ 303,127	$ 293,474	$ 266,812
Interest (on the Total Pension Liability)	871,945	828,776	801,293
Changes in benefit terms	-	-	-
Differences between expected and actual experience	1,105	62,591	(87,731)
Changes of assumptions	-	8,554	-
Benefit payments, including refunds of participant contributions	(540,123)	(577,211)	(595,896)
Net change in total pension liability	636,054	616,184	384,478
Total pension liability - beginning	13,036,209	12,420,025	12,035,547
Total pension liability - ending (a)	$ 13,672,263	$ 13,036,209	$ 12,420,025
Plan fiduciary net position			
Contributions - employer	408,832	397,677	359,543
Contributions - members	129,541	129,284	118,583
Net investment income	790,927	1,404,190	(284,313)
Benefit payments, including refunds of participant contributions	(540,123)	(577,211)	(595,896)
Administrative expenses	(5,121)	(7,932)	(5,493)
Other	(199)	(237)	(287)
Net change in plan fiduciary net position	783,857	1,345,771	(407,863)
Plan fiduciary net position - beginning	10,426,084	9,080,313	9,488,176
Plan fiduciary net position - ending (b)	$ 11,209,941	$ 10,426,084	$ 9,080,313
Fund's net pension liability - ending (a) - (b)	$ 2,462,322	$ 2,610,125	$ 3,339,712
Plan fiduciary net position as a percentage of the total pension liability	81.99%	79.98%	73.11%
Covered payroll	$ 2,590,828	$ 2,585,677	$ 2,371,665
Fund's net position as a percentage of covered payroll	95.04%	100.95%	140.82%

Notes to schedule:

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

2017	2016	2015	2014 [1]
$ 274,316	$ 274,804	$ 268,064	$ 237,249
768,321	727,972	706,660	669,190
-	-	-	-
(19,254)	17,185	63,114	(9,556)
-	-	23,857	-
(466,408)	(377,524)	(373,331)	(380,682)
556,975	642,437	688,364	516,201
11,478,572	10,836,135	10,147,771	9,631,570
$ 12,035,547	$ 11,478,572	$ 10,836,135	$ 10,147,771
$ 358,310	$ 338,369	$ 354,747	$ 353,738
121,379	120,846	125,264	116,745
1,154,409	522,451	11,241	407,592
(466,408)	(377,524)	(373,331)	(380,682)
(5,981)	(5,899)	(6,847)	(4,256)
(303)	(318)	(338)	(350)
1,161,406	597,925	110,736	492,787
8,326,770	7,728,845	7,618,109	7,125,322
$ 9,488,176	$ 8,326,770	$ 7,728,845	$ 7,618,109
$ 2,547,371	$ 3,151,802	$ 3,107,290	$ 2,529,662
78.83%	72.54%	71.32%	75.07%
$ 2,427,579	$ 2,416,924	$ 2,505,274	$ 2,334,907
104.93%	130.41%	124.03%	108.34%

City of Bellville, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Years Ended:

	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Actuarially determined employer contributions	$ 423,460	$ 403,009	$ 376,899	$ 374,282
Contributions in relation to the actuarially determined contribution	$ 423,460	$ 403,009	$ 376,899	$ 374,282
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Annual covered payroll	$ 2,583,782	$ 2,571,431	$ 2,458,642	$ 2,486,791
Employer contributions as a percentage of covered payroll	16.39%	15.67%	15.33%	15.05%

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

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	25 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.0% to 11.5% 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.

	9/30/2017		9/30/2016		9/30/2015 [1]
$	349,922	$	361,762	$	360,275
$	349,922	$	361,762	$	360,275
$	-	$	-	$	-
$	2,404,510	$	2,505,274	$	2,334,907
	14.55%		14.44%		15.43%

City of Bellville, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM

Years ended December 31,

	2020	2019	2018	2017 [1]
Total OPEB liability				
Service cost	$ 9,845	$ 6,723	$ 6,641	$ 5,826
Interest (on the OPEB Liability)	7,024	7,493	6,742	6,750
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(11,871)	2,563	629	-
Changes of assumptions	34,320	37,292	(13,317)	14,787
Benefit payments, including refunds of participant contributions	(2,333)	(2,069)	(2,846)	(2,428)
Net changes	36,985	52,002	(2,151)	24,935
Total OPEB liability - beginning	251,654	199,652	201,803	176,868
Total OPEB liability - ending	$ 288,639	$ 251,654	$ 199,652	$ 201,803 [2]
Covered payroll	$ 2,590,828	$ 2,585,677	$ 2,371,665	$ 2,427,579
Total OPEB Liability as a percentage	11.14%	9.73%	8.42%	8.31%

Notes to schedule:

[1] This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

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

City of Bellville, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) LIABILITY AND RELATED RATIOS

RETIREE HEALTHCARE BENEFITS

Years Ended September 30,

	2021	2020	2019	2018 [1]
Total OPEB liability				
Service cost	$ 69,005	$ 63,139	$ 150,383	$ 174,286
Interest (on the OPEB Liability)	77,909	65,817	124,950	93,219
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(469,274)	87,891	(1,844,937)	696,267
Changes of assumptions	285,984	157,762	-	-
Benefit payments, including refunds of participant contributions	(33,696)	(36,288)	(29,077)	(37,391)
Net changes	(70,072)	338,321	(1,598,681)	926,381
Total OPEB liability - beginning	2,173,657	1,835,336	3,434,017	2,507,636
Total OPEB liability - ending	$ 2,103,585	$ 2,173,657	$ 1,835,336	$ 3,434,017 [2]
Covered payroll	$ 2,583,782	$ 2,600,642	$ 2,371,665	$ 2,526,535
Total OPEB liability as a percentage of covered payroll	81.41%	83.58%	77.39%	135.92%

Notes to schedule:

[1] This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

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

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APPENDIX C

FORM OF BOND COUNSEL'S OPINION

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March 9, 2023

WE HAVE ACTED as Bond Counsel for the City of Bellville, Texas, (the "City") in connection with an issue of certificates of obligation (the "Certificates") described as follows:

CITY OF BELLVILLE, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2023, dated March 1, 2023, in the aggregate principal amount of $4,745,000.

The Certificates bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Certificates and in the ordinance (the "Ordinance") adopted by the City Council of the City authorizing their issuance.

WE HAVE ACTED as Bond Counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas and with respect to the exclusion of interest on the Certificates from gross income under federal income tax law. In such capacity we have examined the Constitution and laws of the State of Texas and a transcript of certain certified proceedings pertaining to the issuance of the Certificates, as described in the Ordinance. The transcript contains certified copies of certain proceedings of the City, certain certifications and representations and other material facts within the knowledge and control of the City, upon which we rely, and certain other customary documents and instruments authorizing and relating to the issuance of the Certificates. We have also examined executed Certificate No. I-1 of this issue.

WE HAVE NOT BEEN REQUESTED to examine, and have not investigated or verified, any original proceedings, records, data or other material, but have relied upon the transcript of certified proceedings. 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 Certificates. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

BASED ON SUCH EXAMINATION, it is our opinion as follows:

(1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Certificates in full compliance with the Constitution and laws of the State of Texas presently in effect; the Certificates constitute valid and legally binding obligations of the City enforceable in accordance with the terms and conditions thereof, except to the extent that the rights and remedies of the owners of the Certificates may be limited by laws heretofore or hereafter enacted relating to bankruptcy, insolvency, reorganization,

moratorium or other similar laws affecting the rights of creditors of political subdivisions and the exercise of judicial discretion in appropriate cases; and the Certificates have been authorized and delivered in accordance with law; and

(2) The Certificates are payable, both as to principal and interest, from, and secured by, the proceeds of a continuing, direct annual ad valorem tax, levied within the limits prescribed by law, against taxable property within the City, which taxes have been pledged irrevocably to pay the principal of and interest on the Certificates; and

(3) The Certificates are further secured by a limited pledge of a subordinate lien of the net revenues, in an amount not to exceed $1,000, of the waterworks and sanitary sewer system of the City.

THE REVENUES TO BE derived from the operation of both the City's waterworks and sanitary sewer system after the payment of all operation and maintenance expenses thereof (the "Net Revenues"), in an amount not to exceed $1,000, are pledged to the payment of the principal of and interest on the Certificates, to the extent that ad valorem taxes may ever be insufficient or unavailable for said purpose; provided, however, that such pledge is junior and subordinate in all respects to the pledge of Net Revenues to the payment of any obligation of the City, whether authorized heretofore or hereafter, which the City designates as having a pledge senior to the pledge of Net Revenues to the payment of the Certificates.

THE CITY HAS RESERVED THE RIGHT to issue, for any lawful purpose at any time, in one or more installments, bonds, certificates of obligation and other obligations of any kind secured by a pledge of the Net Revenues that may be prior and superior in right to, on a parity with, or junior and subordinate to the pledge of Net Revenues securing the Certificates.

ALSO BASED ON OUR EXAMINATION AS DESCRIBED ABOVE, it is our further opinion that, subject to the restrictions hereinafter described, interest on the Certificates (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum tax, and (c) may have to be taken into account by applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. The opinion in (a) and (b) of the preceding sentence is subject to the condition that there is compliance subsequent to the issuance of the Certificates with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied in order that interest thereon not be included in gross income for federal income tax purposes. The City has covenanted in the Ordinance to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Certificates in gross income for federal income tax purposes to be retroactive to the date of issuance of the Certificates. The Code and the existing regulations, rulings and court decisions thereunder, upon which the foregoing opinions of Bond Counsel are based, are subject to change, which could prospectively or retroactively result in the inclusion of the interest on the Certificates in gross income of the owners thereof for federal income tax purposes.

INTEREST ON the Certificates owned by a corporation (other than an S corporation, a regulated investment company, a real estate investment trust (REIT), a real estate mortgage investment conduit (REMIC) or a financial asset securitization investment trust (FASIT)) will be included in such corporation's adjusted current earnings for purposes of calculating such corporation's alternative minimum taxable income. A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by the Code is computed.

UNDER CURRENT LAW, the Certificates are qualified tax-exempt obligations within the meaning of Section 265(b)(3) of the Code.

EXCEPT AS DESCRIBED ABOVE, we express no opinion as to any federal, state or local tax consequences under present law, or future legislation, resulting from the ownership of, receipt or accrual of interest on, or the acquisition or disposition of, the Certificates. Prospective purchasers of the Certificates should be aware that the ownership of tax-exempt obligations, such as the Certificates, may result in collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who are deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations and individuals otherwise qualified for the earned income tax credit. For the foregoing reasons, prospective purchasers should consult their tax advisors as to the consequences of investing in the Certificates.

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. Our services as Bond Counsel to the City have been limited to delivering the foregoing opinion based on our review of such proceedings and documents as we deem necessary to approve the validity of the Certificates, the tax-exempt status of the interest thereon and the status of the Certificates as qualified tax-exempt obligations. Our services have not included any financial or other non-legal advice. We express no opinion herein as to the financial resources of the City, its ability to provide for payment of the Certificates or the accuracy or completeness of any information, including the City's Preliminary Official Statement dated February 6, 2023 and its Official Statement dated February 14, 2023, that may have been relied upon by anyone in making the decision to purchase Certificates. 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 or the interpretation thereof that may hereafter occur or become effective.

Very truly yours,

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HilltopSecurities
A Hilltop Holdings Company