OFFICIAL STATEMENT

Dated May 1, 2023

Ratings:
S&P: "AA-" (Underlying) / "AA" (AGM Insured)
(see "OTHER INFORMATION – "Rating " and "BOND INSURANCE" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Certificates is excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date hereof, subject to the matters described in "TAX MATTERS" herein. See "TAX MATTERS" for a discussion of the opinion of Bond Counsel.

THE CERTIFICATES *HAVE NOT BEEN* DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

$14,500,000
CITY OF HUTCHINS, TEXAS
(Dallas County)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2023

Dated Date: May 1, 2023 **Due: February 15, as shown on page 2**
Interest accrues from the Delivery Date (defined herein)

PAYMENT TERMS. . . Interest on the $14,500,000 City of Hutchins, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2023 (the "Certificates") will accrue from the date of initial delivery (the "Delivery Date", anticipated to be on or about May 31, 2023), will be payable February 15 and August 15 of each year commencing February 15, 2024, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive 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 denominations of $5,000 or integral multiples thereof within a maturity. 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 The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "THE CERTIFICATES - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Certificates are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and constitute direct obligations of the City of Hutchins, Texas (the "City"), payable from a combination of (i) the levy and collection of an annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and (ii) a limited and subordinate pledge of $1,000 of the 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 of the Certificates").

PURPOSE. . . Proceeds from the sale of the Certificates will be used for (i) the construction of public works, to wit: constructing, acquiring, purchasing, renovating, enlarging, equipping, and improving water and sewer system properties and facilities, including the acquisition of land and rights-of-way therefor, and (ii) paying the costs of issuance associated with the sale of the Certificates (see "PLAN OF FINANCING – Purpose").

CUSIP PREFIX: 448125
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Maturity Schedule on Page 2

MUNICIPAL BOND INSURANCE . . . The scheduled payment of principal of and interest on the Certificates when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Certificates by **ASSURED GUARANTY MUNICIPAL CORP. ("AGM")** (see "BOND INSURANCE" and "BOND INSURANCE RISKS").

LEGALITY . . . The Certificates are offered for delivery when, as and if issued and received by the Underwriter identified below (the "Underwriter") and subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Bond Counsel, Dallas, Texas, (see Appendix C, "Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon by Kelly Hart & Hallman LLP, Fort Worth, Texas as Disclosure Counsel for the City. Certain legal matters will be passed upon by Leon Alcala, PLLC, Austin, Texas, as counsel for the Underwriter.

DELIVERY. . . It is expected that the Certificates will be available for delivery through the facilities of DTC on May 31, 2023.

STEPHENS INC.

MATURITY SCHEDULE

CUSIP Prefix: 448125[1]

Principal Amount	15-Feb Maturity	Interest Rate	Yield	CUSIP Suffix[1]
$ 120,000	2025	5.000%	3.080%	GY4
120,000	2026	5.000%	2.920%	GZ1
125,000	2027	5.000%	2.820%	HA5
135,000	2028	5.000%	2.790%	HB3
145,000	2029	5.000%	2.780%	HC1
150,000	2030	5.000%	2.800%	HD9
430,000	2031	5.000%	2.820%	HE7
455,000	2032	5.000%	2.870%	HF4
475,000	2033	5.000%	2.880% [2]	HG2
***	2034	***	***	***
***	2035	***	***	***
550,000	2036	5.000%	3.250% [2]	HK3

$1,025,000 5.000% Term Certificates Due February 15, 2035 at a Price of 114.806 to Yield 3.050% [2] CUSIP No. HL1
$1,190,000 5.000% Term Certificates Due February 15, 2038 at a Price of 111.009 to Yield 3.520% [2] CUSIP No. HM9
$3,470,000 4.000% Term Certificates Due February 15, 2043 at a Price of 97.725 to Yield 4.170% CUSIP No. HN7
$6,110,000 4.125% Term Certificates Due February 15, 2048 at a Price of 97.199 to Yield 4.310% CUSIP No. HP2

(Interest to accrue from the Delivery Date.)

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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. The City, the Financial Advisor and the Underwriter take no responsibility for the accuracy of such numbers.

(2) Yield shown is yield to first call date, February 15, 2032.

OPTIONAL REDEMPTION OF THE CERTIFICATES . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on or 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 of the Certificates").

MANDATORY SINKING FUND REDEMPTION . . . The Certificates maturing on February 15 in the years 2035, 2038, 2043 and 2048, the "Term Certificates" are subject to mandatory sinking fund redemption in part prior to maturity at a price of par plus accrued interest to the redemption date (see "THE CERTIFICATES – Mandatory Sinking Fund Redemption").

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

Certain information set forth herein has been obtained from the City and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Financial Advisor. Any information and expressions of opinion herein contained 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.

IN CONNECTION WITH THE OFFERING OF THE CERTIFICATES, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH 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.

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

NONE OF THE CITY, THE UNDERWRITER, OR THE FINANCIAL ADVISOR MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR THE INFORMATION CONTAINED UNDER THE HEADING "BOND INSURANCE" AND "APPENDIX D – SPECIMEN MUNICIPAL BOND INSURANCE POLICY' AS SUCH INFORMATION HAS BEEN PROVIDED BY DTC AND AGM, RESPECTIVELY.

The Underwriter has reviewed the information in this official statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM 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.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE" and "Appendix D - Specimen Municipal Bond Insurance Policy".

The agreements of the City and others related to the Certificates are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Certificates is to be construed as constituting an agreement with the purchasers of the Certificates. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

TABLE OF CONTENTS

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

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the 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 Hutchins, Texas (the "City") is a political subdivision and municipal corporation of the State of Texas (the "State"), located in Dallas County, Texas and operates as a Type A general law municipality. The City covers approximately 8.6 square miles (see "INTRODUCTION - Description of the City").
THE CERTIFICATES	The Certificates are issued as $14,500,000 Combination Tax and Revenue Certificates of Obligation, Series 2023 (the "Certificates"). The Certificates are issued as serial certificates maturing February 15 in each of the years 2025 through 2033 inclusive, and the year 2036, and as term certificates maturing on February 15 in the years 2035, 2038, 2043 and 2048, unless redeemed in accordance with the provisions described herein (see "THE CERTIFICATES – Mandatory Sinking Fund Redemption" and "THE CERTIFICATES – Optional Redemption of the Certificates").
PAYMENT OF INTEREST ON THE CERTIFICATES	Interest on the Certificates accrues from the date of initial delivery (the "Delivery Date", anticipated to be May 31, 2023), and is payable February 15 and August 15 of each year, commencing February 15, 2024, until maturity or prior redemption (see "THE CERTIFICATES - Description of the Certificates").
AUTHORITY FOR ISSUANCE FOR THE CERTIFICATES	The Certificates are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and an ordinance passed by the City Council of the City (the "Ordinance") (see "THE CERTIFICATES - Authority for Issuance of the Certificates").
SECURITY FOR THE CERTIFICATES	The Certificates constitute direct obligations of the City, payable from the combination of (i) the levy and collection of an annual ad valorem tax, within the limits prescribed by law, on all taxable property located within the City, and (ii) a limited and subordinate pledge of $1,000 of the Net Revenues of the City's Waterworks and Sewer System, as provided in the Ordinance (see "THE CERTIFICATES - Security and Source of Payment of the Certificates").
OPTIONAL REDEMPTION OF THE CERTIFICATES	The City reserves the right, at its option, to redeem Certificates having stated maturities on or 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 of the Certificates").
MANDATORY SINKING FUND REDEMPTION	The Certificates maturing on February 15, in the years 2035, 2038, 2043 and 2048, the "Term Certificates" are subject to mandatory sinking fund redemption in part prior to maturity at a price of par plus accrued interest to the redemption date (see "THE CERTIFICATES – Mandatory Sinking Fund Redemption").
TAX EXEMPTION	In the opinion of Bond Counsel, the interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption "TAX MATTERS".
NOT QUALIFIED TAX-EXEMPT OBLIGATIONS	The City will not designate the Certificates as "Qualified Tax-Exempt Obligations" for financial institutions.
USE OF PROCEEDS FOR THE CERTIFICATES	Proceeds from the sale of the Certificates will be used for (i) the construction of public works, to wit: constructing, acquiring, purchasing, renovating, enlarging, equipping, and improving water and sewer system properties and facilities, including the acquisition of land and rights-of-way therefor, and (ii) paying the costs of issuance associated with the sale of the Certificates (see "PLAN OF FINANCING – Purpose").
RATINGS FOR THE CERTIFICATES	The Certificates are rated "AA" by S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P") by virtue of a municipal bond insurance policy to be issued by AGM, the Insurer, upon delivery of the Certificates to the Underwriter. In addition, the underlying, unenhanced rating on the Certificates is "AA-" by S&P (see "OTHER INFORMATION – Rating", "BOND INSURANCE" and "BOND INSURANCE RISKS").

MUNICIPAL BOND INSURANCE .... The scheduled payment of principal of and interest on the Certificates when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Certificates by **ASSURED GUARANTY MUNICIPAL CORP. ("AGM")**. (see "BOND INSURANCE" and "BOND INSURANCE RISKS" herein).

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 denominations of $5,000 or integral multiples thereof within a maturity. 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 general obligation tax debt.

PAYING AGENT/REGISTRAR........ The initial Paying Agent/Registrar of the Certificates is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated Population(1)	Taxable Assessed Valuation(2)	Taxable Assessed Valuation Per Capita	G.O. Tax Debt Outstanding at End of Year(3)	Ratio of G.O. Tax Debt to Taxable Assessed Valuation	G.O. Debt Per Capita
2019	5,866	$ 683,714,755	$ 116,556	$ 20,256,000	2.96%	$ 3,453
2020	5,607	772,018,244	137,688	18,123,000	2.35%	3,232
2021	5,566	651,768,211	117,098	19,259,000	2.95%	3,460
2022	6,550	816,133,225	124,600	19,978,000	2.45%	3,050
2023	6,500	994,531,800	153,005	43,643,000 (4)(5)	4.39%	6,714

(1) Source: Texas Municipal Advisory Council.
(2) As reported by the Dallas Central Appraisal District on City's annual State Property Tax Board Reports; subject to change during the ensuing year.
(3) Includes self-supporting Debt.
(4) Includes self-supporting debt paid by revenues from the waterworks and sewer system and the Hutchins Economic Development Corporation. Includes the Certificates.
(5) Includes the City's $1,055,000 Tax Note, Series 2023 which sold on April 17, 2023 and is scheduled to close on May 16, 2023.

For additional information regarding the City, please contact:

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CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Term Expires	Occupation
Mario Vasquez Mayor	May 2024	Sales
Steve Nichols Mayor Pro Tem	May 2024	Plumber
Raymond Elmore Councilmember	May 2025 (1)	Electrician
Demarcus Odom Councilmember	May 2025 (1)	Network Engineer
Dominic Didehbani Councilmember	May 2025 (1)	Self-employed
Brenda Campbell Councilmember	May 2024	Retired

(1) The City's General Election originally scheduled for May 6, 2023, has been canceled due to lack of opposition, and the City Council has taken action to declare Councilmembers Elmore, Odom and Didehbani re-elected for an additional two-year term expiring in May 2025.

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service
James Quin	City Administrator	1 Year
William Wooten	Finance Director	8 Months
Cynthia Olguin	City Secretary	4 Years

CONSULTANTS AND ADVISORS

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

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

Disclosure Counsel .... Kelly Hart & Hallman LLP
Fort Worth, Texas

Financial Advisor .... Hilltop Securities Inc.
Dallas, Texas

OFFICIAL STATEMENT

RELATING TO

$14,500,000
CITY OF HUTCHINS, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2023

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of the $14,500,000 City of Hutchins, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2023 (the "Certificates") being offered herein. Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance adopted on the date of sale of the Certificates which will authorize the issuance of the Certificates (the "Ordinance"), except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Certificates and certain information regarding the City of Hutchins, Texas (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. ("HilltopSecurities"), Dallas, Texas.

DESCRIPTION OF THE CITY. . . The City is a political subdivision and municipal corporation of the State of Texas (the "State"), duly organized and existing under the laws of the State, as a Type A general law municipality. The City was incorporated in 1946. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and five Councilmembers. The term of office is two years with the terms of the Mayor and two of the Councilmembers' terms expiring in even-numbered years and the other terms of three Councilmembers expiring in odd-numbered years. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, water and sanitary sewer utilities, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. The estimated 2023 population is 6500. The City covers approximately 8.6 square miles.

PLAN OF FINANCING

PURPOSE. . . The Certificates are being issued for the purpose of (i) the construction of public works, to wit: constructing, acquiring, purchasing, renovating, enlarging, equipping, and improving water and sewer system properties and facilities, including the rights-of-way therefor, and (ii) paying the costs of issuance associated with the sale of the Certificates.

SOURCES AND USES OF FUNDS . . Proceeds from the sale of the Certificates are expected to be expended as follows:

SOURCES OF FUNDS:	
Par Amount of Certificates	$ 14,500,000.00
Net Premium	390,547.80
TOTAL SOURCES:	$ 14,890,547.80
USES OF FUNDS:	
Project Fund Deposit	$ 14,500,000.00
Costs of Issuance (1)	286,588.42
Underwriter's Discount	103,959.38
TOTAL USES:	$ 14,890,547.80

(1) Includes the municipal bond insurance policy premium.

THE CERTIFICATES

DESCRIPTION OF THE CERTIFICATES. . . The Certificates are dated May 1, 2023 (the "Dated Date"), and mature on February 15 in each of the years and in the amounts shown on page 2 hereof. Interest will accrue from the date of initial delivery (the "Delivery Date", anticipated to be May 31, 2023), will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15 and August 15 of each year commencing February 15, 2024, until maturity or prior redemption. 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 ("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 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").

AUTHORITY FOR ISSUANCE OF THE CERTIFICATES. . . The Certificates are being authorized and issued pursuant to the Constitution and general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and the Ordinance passed by the City Council.

SECURITY AND SOURCE OF PAYMENT OF THE CERTIFICATES. . . The Certificates are payable from the proceeds of an annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City and from a limited pledge of the Net Revenues (as defined in the Ordinance) of the City's combined Waterworks and Sewer System (the "System"), provided that such pledge is limited to an amount of $1,000 and is subject to the prior lien on and pledge of the Net Revenues of the System to the payment and security of any now or hereafter outstanding Prior Lien Obligations (as defined and identified in the Ordinance).

In the Ordinance, the City reserves and retains the right to issue Prior Lien Obligations without limitation as to principal amount but subject to any applicable terms, conditions or restrictions under law or otherwise as well as the right to issue additional obligations payable from the same sources as are the Certificates.

TAX RATE LIMITATION. . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 4, of the Texas Constitution is applicable to the City, and provides for a maximum ad valorem tax rate of $1.50 per $100 Taxable Assessed Valuation for all City purposes. Administratively, the Attorney General of the State of Texas will permit allocation of the $1.00 of the $1.50 maximum tax rate for all general obligation debt service, as calculated at the time of issuance and based on a 90% collection rate (provided, however, that if the City's average collection rate for the most recent three years is higher than 90%, the City may rely upon such higher collection rate).

OPTIONAL REDEMPTION OF THE CERTIFICATES . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on or 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 such 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, in the years 2035, 2038, 2043 and 2048, (the "Term Certificates") are subject to mandatory sinking fund redemption on the dates and in the principal amounts shown before at the price of par plus accrued interest to the date of redemption as follows:

$1,025,000 Term Certificates Due February 15, 2035

Redemption Date		Principal Amount
February 15, 2034		$ 500,000
February 15, 2035	(maturity)	$ 525,000

$1,190,000 Term Certificates Due February 15, 2038

Redemption Date		Principal Amount
February 15, 2037		$ 580,000
February 15, 2038	(maturity)	$ 610,000

$3,470,000 Term Certificates Due February 15, 2043

Redemption Date		Principal Amount
February 15, 2039		$ 640,000
February 15, 2040		$ 665,000
February 15, 2041		$ 695,000
February 15, 2042		$ 720,000
February 15, 2043	(maturity)	$ 750,000

$6,110,000 Term Certificates Due February 15, 2048

Redemption Date		Principal Amount
February 15, 2044		$ 780,000
February 15, 2045		$ 1,250,000
February 15, 2046		$ 1,305,000
February 15, 2047		$ 1,360,000
February 15, 2048	(maturity)	$ 1,415,000

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.

With respect to any optional redemption of the Certificates, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Certificates to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may, at the option of the City, state that said redemption is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received or such prerequisites are not satisfied, such notice shall be of no force and effect, the City shall not redeem such Certificates and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Certificates have not been redeemed.

The Paying Agent/Registrar and the City, so long as a book-entry-only system is used for the Certificates, will send any notice of redemption relating to the Certificates only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the Beneficial Owner, will not affect the validity of the redemption of the Certificates called for redemption or any other action premised on any such notice. Redemptions of portions of the Certificates by the City will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Certificates held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Certificates from the Beneficial Owners. Any such selection of Certificates within a maturity to be redeemed will not be governed by the Ordinance and will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Certificates or the providing of notice to DTC participants, indirect participants, or Beneficial Owners of the selection of portions of the Certificates for redemption (see "THE CERTIFICATES – Book-Entry-Only System" herein).

DEFEASANCE . . . The Ordinance provides for the defeasance of the Certificates when payment of the principal of such Certificates, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) has been made or caused to be made in accordance with the terms thereof, or (ii) has been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment. The Ordinance provides that "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to refund, retire or otherwise discharge obligations such as the Certificates, which under current State law include the following: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated, on the date of their acquisition or purchase by the City, as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that are rated, on the date of their acquisition or purchase by the City, as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The City has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

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

Upon making such deposit in the manner described, such defeased Certificates shall no longer be deemed outstanding Certificates secured by the Ordinance, but will be payable only from the funds and Defeasance Securities deposited into escrow and will not be considered debt of the City for purposes of taxation or applying any limitation on the City's ability to issue debt for any other purpose.

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

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

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, is the holding company of DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of: AA+. The DTC Rules applicable to its Direct and Indirect 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 Certificate ("Beneficial Owner") is in turn to be recorded on the Direct or 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 interest 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 nominee effect no 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 Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 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 (hereinafter defined). The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Certificates are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest 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 or the Paying Agent/Registrar on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with 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 or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Certificates at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor securities 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 transfers through DTC (or a successor securities depository). In that event, security certificates will be printed and delivered.

So long as Cede & Co. is the registered owner of the Certificates, the City will have no Certificate or responsibility to the Direct Participants or Indirect Participants, or the persons for which they act as nominees, with respect to the payment to or providing of notice to such Direct Participants, Indirect Participants or the persons for which they act as nominees.

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 applicable Ordinance will be given only to DTC.

Information concerning DTC and the Book-Entry System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Financial Advisor or the Underwriter.

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

Principal of the Certificates will be payable to the registered owner at maturity or prior redemption upon presentation and surrender at the principal office of the Paying Agent/Registrar. Interest on the Certificates shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (see "THE CERTIFICATES – Record Date for Interest Payment" herein), and such interest shall be paid (i) by check sent by United States Mail, first class, postage prepaid, to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar, or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, legal holiday or day when banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. So long as Cede & Co. is the registered owner of the Certificates, payments of principal and interest on the Certificates will be made as described in "THE CERTIFICATES - Book-Entry-Only System" herein.

Transfer, Exchange and Registration. . . In the event the Book-Entry-Only System should be discontinued, printed certificates will be delivered to the registered owners of the Certificates and thereafter the Certificates may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender of such printed certificates to the Paying Agent/Registrar and such 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. 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 office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Certificates to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be of the same series, in denominations of $5,000 or integral multiples thereof 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" for a description of the system to be utilized initially in regard to ownership and transferability of the Certificates. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation on transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Certificate.

Record Date for Interest Payment. . . The record date (the "Record Date") for the interest payable on the Certificates on any interest payment date means the close of business on the last business day of the month next preceding each interest payment date for the Certificates.

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 (the "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 (the "Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of a Certificate 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.

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

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

On June 30, 2006 Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W. 3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous language." Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, holders of the Certificates may not be able to bring such a suit against the City for breach of the covenants in the Certificates or in the Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. In *Tooke*, the Court noted the enactment in 2005 of sections 271.151 through .160, Texas Local Government Code (the "Local Government Immunity Waiver Act"), which, according to the Court, waives "immunity from suit for contract claims against most local governmental entities under certain circumstances." The Local Government Immunity Waiver Act covers cities and relates to contracts entered into by cities for providing goods and services to cities.

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

As noted above, the Ordinance provides that holders of the Certificates may exercise the remedy of mandamus to enforce the obligations of the City under the Ordinance. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract). Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the United States Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or holders of the Certificates 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 remedies 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.

AMENDMENTS … The City may, without the consent of or notice to any Holders, from time to time and at any time, amend the Ordinance in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency or formal defect or omission herein. In addition, the City may, with the consent of Holders holding a majority in aggregate principal amount of the Certificates then Outstanding, amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of all Holders of Outstanding Certificates, no such amendment, addition or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Certificates, reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Certificates, (2) give any preference to any Certificate over any other Certificate, or (3) reduce the aggregate principal amount of Certificates required to be held by Holders for consent to any such amendment, addition or rescission.

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BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Certificates, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Certificates (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Certificates when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

ASSURED GUARANTY MUNICIPAL CORP.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On October 21, 2022, KBRA announced it had affirmed AGM’s insurance financial strength rating of “AA+” (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 8, 2022, S&P announced it had affirmed AGM’s financial strength rating of “AA” (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On March 18, 2022, Moody’s announced it had upgraded AGM’s insurance financial strength rating to “A1” (stable outlook) from “A2” (stable outlook). AGM can give no assurance as to any further ratings action that Moody’s may take.

For more information regarding AGM’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

Capitalization of AGM

At December 31, 2022:

- The policyholders’ surplus of AGM was approximately $2,747 million.

- The contingency reserve of AGM was approximately $855 million.

- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,134 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM’s wholly owned subsidiary Assured Guaranty UK Limited (“AGUK”) and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA (“AGE”).

The policyholders’ surplus of AGM and the contingency reserves, net unearned premium reserves and net deferred ceding commission income of AGM were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 filed with the Securities and Exchange Commission (the "SEC") on March 1, 2023 that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Certificates shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

BOND INSURANCE RISKS

BOND INSURANCE RISK FACTORS. . . In the event of default of the scheduled payment of principal of or interest on the Certificates when all or a portion thereof becomes due, any owner of the Certificates shall have a claim under the Policy for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Certificates by the City which is recovered by the City from the bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy; however, such payments will be made by the Insurer at such time and in such amounts as would have been due absent such prepayment by the City (unless the Insurer chooses to pay such amounts at an earlier date).

Payment of principal of and interest on the Certificates will not be subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist (see "THE CERTIFICATES –Certificateholders' Remedies"). The Insurer may reserve the right to direct the pursuit of available remedies, and, in addition, may reserve the right to consent to any remedies available to and requested by the Bondholders.

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Certificates are payable predominantly from ad valorem taxes levied, within the limited prescribed by law, as further described in "THE CERTIFICATES – Security and Source of Payment of the Certificates". In the event the Insurer becomes obligated to make payments with respect to the Certificates, no assurance is given that such event will not adversely affect the market price or the marketability (liquidity) of the Certificates.

If a Policy is acquired, the long-term ratings on the Certificates will be dependent in part on the financial strength of the Insurer and its claims-paying ability. The Insurer's financial strength and claims-paying ability are predicated upon a number of factors which could change over time. No assurance can be given that the long-term ratings of the Insurer and of the ratings on the Certificates, whether or not subject to a Policy, will not be subject to downgrade and such event could adversely affect the market price or the marketability (liquidity) of the Certificates (see "OTHER INFORMATION – Rating").

The obligations of the Insurer under a Policy are contractual obligations of the Insurer and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law. None of the City, the City's Financial Advisor or the Underwriter has made independent investigation into the claims-paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given.

CLAIMS-PAYING ABILITY AND FINANCIAL STRENGTH OF MUNICIPAL BOND INSURERS . . . Moody's Investor Services, Inc., S&P and Fitch Ratings (collectively, the "Rating Agencies") have downgraded and/or placed on negative watch the claims-paying ability and financial strength of most providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers is possible. In addition, recent events in the credit markets have had substantial negative effects on the bond insurance business. These developments could be viewed as having a material adverse effect on the claims-paying ability of such bond insurers, including any bond insurer of the Certificates. Thus, when making an investment decision, potential investors should carefully consider the ability of the City to pay principal and interest on the Certificates and the claims-paying ability of any such bond insurer, particularly over the life of the Certificates.

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TAX INFORMATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. 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 Dallas Central 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 – City and Taxpayer Remedies").

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

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

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

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

FREEPORT AND GOODS-IN-TRANSIT EXEMPTIONS. . . Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal. Certain goods, that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days ("Goods-in-Transit"), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer's motor vehicle, boat, or heavy equipment inventory.

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

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

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER. . . The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes, located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. Section 11.35 of the Property Tax Code was recently amended to clarify that "damage" is limited to physical damage.

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 Tax Code" herein.

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

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at $57,216,456 for the 2023 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 "TAX INFORMATION – Public Hearing and Maintenance and Operations Tax Rate Limitations"). The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

LEVY AND COLLECTION OF TAXES. . . The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and generally become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the City. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers.

Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

2023 LEGISLATIVE SESSION – FUTURE LEGISLATION. . .The 88th Texas Legislature convened on January 10, 2023 and will conclude on May 29, 2023. Thereafter, the Governor may call one or more additional special sessions which may last no more than 30 days and for which the Governor sets the agenda. During the legislative session, the Legislature will consider a general appropriations act and may consider legislation affecting ad valorem taxation procedures affecting cities. The City can make no representations or predictions regarding any actions the Legislature may take during the 88th Texas legislative session concerning the substance or the effect of any legislation that may be passed in the future or how such legislation could affect the City.

PROPERTY ASSESSMENT AND TAX PAYMENT. . . Property within the City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of a valuation process which uses an average of the daily price of oil and gas for the prior year. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

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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 one-percent (1%) for each month or portion of a month the tax remains unpaid. A delinquent tax continues to incur interest as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest is to compensate the taxing unit for revenue lost because of the delinquency. In addition, if an account is delinquent in July, an attorney's collection fee of up to 20% may be added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

City 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 $10,000; the disabled are also granted an exemption of $10,000.

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

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

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

The City does not tax nonbusiness personal property; and the Dallas County Tax Assessor/Collector collects taxes for the City.

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

The City does not tax freeport property.

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

The City has adopted a tax abatement policy.

Tax Abatement Policy. . . The City has established a tax abatement program to encourage economic development. In order to be considered for tax abatement, a project must meet several criteria pertaining to job creation and property value enhancement. No more than fifty percent (50%) of the increase in the value of the real property being developed shall be abated for more than five (5) years. No more than thirty percent (30%) of the increase in the value of the real property being developed shall be abated for more than ten (10) years. Personal property investment of $300,000 to $500,000 shall be abated no more than fifteen percent (15%) of the taxable value for more than two (2) years or ten percent (10%) of the taxable value for three (3) years. Personal property investment of $500,001 to $1,000,000 shall be abated no more than three (3) years or fifteen percent (15%) of the taxable value for four (4) years. Personal property investment of $1,000,001 and higher shall be abated no more than twenty-five percent (25%) of the taxable value for more than four (4) years or twenty percent (20%) of the taxable value for five (5) years.

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TABLE 1 – ASSESSED VALUATION AND EXEMPTION

2022/23 Market Valuation Established by Dallas Central Appraisal District (excluding totally exempt property)		$ 1,516,054,150
Less Exemptions/Reductions at 100% Market Value:		
Capped Value Loss	$ 25,618,950	
Homestead Exemption	6,564,978	
Over 65 Exemption	5,115,734	
Disabled Persons	1,232,668	
Disabled Veterans	1,208,455	
Abatements	197,828,724	
Pollution Control	240,955	
Freeport Exemption	156,106,693	
Totally Exempt	80,076,670	
Mineral Rights	14,720	
Agricultural Loss	47,513,803	521,522,350
2022/23 Taxable Assessed Valuation		$ 994,531,800
General Obligation Debt Payable from Ad Valorem Taxes (as of 4/15/2023)(1)	$ 29,143,000	
The Certificates	14,500,000	$ 43,643,000
Less: General Obligation Self-Supporting Debt (as of 4/15/2023) (2)		
Waterworks and Sewer System Supported Debt	$ 8,455,000	
4B Corporation Sales Tax Supported Debt	260,000	
The Certificates (Waterworks and Sewer System Supported Debt)	14,500,000	$ 23,215,000
2022/23 Net General Obligation Debt Payable from Ad Valorem Taxes		$ 20,428,000
Interest and Sinking Fund (as of 3/1/2023)		$ 558,655
Ratio of Total Funded General Obligation Tax Debt to Taxable Assessed Valuation		2.93%
Ratio of Net Funded Debt to Taxable Assessed Valuation		2.05%

2023 Estimated Population - 6,500
Per Capita Taxable Assessed Valuation - $153,005
Per Capita Total Funded Debt - $4,484
Per Capita Net Funded Debt - $3,143

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(1) Includes the City's $1,055,000 Tax Note, Series 2023 which sold on April 17, 2023 and is scheduled to close on May 16, 2023.
(2) General obligation debt in the amounts shown for which repayment is currently provided, as applicable, from (i) Net Revenues of the System, and (ii) sales tax revenues. In the event payment is not made from such revenues, the City will be required to assess an ad valorem tax sufficient to make such payments.

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TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2023		2022		2021	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 162,489,630	10.72%	$ 128,626,880	10.88%	$ 112,983,400	11.65%
Real, Residential, Multi-Family	23,462,980	1.55%	19,328,500	1.64%	16,073,210	1.66%
Real, Vacant Lots/Tracts	55,162,650	3.64%	48,023,580	4.06%	27,119,080	2.80%
Real, Acreage (Land Only)	49,047,100	3.24%	46,526,410	3.94%	45,333,790	4.67%
Real, Farm and Ranch Improvements	445,930	0.03%	-	0.00%	-	0.00%
Real, Commercial	585,392,870	38.61%	438,923,190	37.13%	296,608,100	30.57%
Real, Industrial	19,876,260	1.31%	17,994,450	1.52%	14,062,460	1.45%
Real and Tangible Personal, Utilities	29,638,770	1.95%	28,312,420	2.40%	27,090,680	2.79%
Tangible Personal, Commercial	540,789,300	35.67%	415,467,430	35.15%	393,991,430	40.61%
Tangible Personal, Industrial	39,467,020	2.60%	34,092,490	2.88%	31,830,290	3.28%
Tangible Personal, Mobile Homes	4,257,290	0.28%	4,234,570	0.36%	4,506,680	0.46%
Special Inventory	6,024,350	0.40%	458,550	0.04%	618,660	0.06%
Total Appraised Value Before Exemptions	$ 1,516,054,150	100.00%	$ 1,181,988,470	100.00%	$ 970,217,780	100.00%
Less: Total Exemptions/Reductions	(521,522,350)		(365,855,245)		(318,449,569)	
Taxable Assessed Value	$ 994,531,800		$ 816,133,225		$ 651,768,211	

	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2020		2019	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 98,244,210	9.63%	$ 69,784,260	7.98%
Real, Residential, Multi-Family	13,855,180	1.36%	13,539,180	1.55%
Real, Vacant Lots/Tracts	43,729,980	4.29%	23,652,690	2.70%
Real, Acreage (Land Only)	45,131,550	4.43%	38,796,750	4.44%
Real, Farm and Ranch Improvements	-	0.00%	1,421,180	0.16%
Real, Commercial	374,737,190	36.74%	343,756,790	39.31%
Real, Industrial	13,172,720	1.29%	12,104,610	1.38%
Real and Tangible Personal, Utilities	25,774,750	2.53%	23,691,860	2.71%
Tangible Personal, Commercial	369,602,150	36.24%	318,474,670	36.42%
Tangible Personal, Industrial	30,123,710	2.95%	24,459,740	2.80%
Tangible Personal, Mobile Homes	4,853,870	0.48%	4,285,900	0.49%
Special Inventory	658,250	0.06%	499,610	0.06%
Total Appraised Value Before Exemptions	$ 1,019,883,560	100.00%	$ 874,467,240	100.00%
Less: Total Exemptions/Reductions	(247,865,316)		(190,752,485)	
Taxable Assessed Value	$ 772,018,244		$ 683,714,755	

NOTE: Valuations shown are certified taxable assessed values reported by the Dallas 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.

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TABLE 3 – VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population[(1)]		Taxable Assessed Valuation[(2)]	Taxable Assessed Valuation Per Capita		G.O. Tax Debt Outstanding at End of Year[(3)]		Ratio of G.O. Tax Debt to Taxable Assessed Valuation	G.O. Debt Per Capita
2019	5,866	$	683,714,755	$ 116,556	$	20,256,000		2.96%	$ 3,453
2020	5,607		772,018,244	137,688		18,123,000		2.35%	3,232
2021	5,566		651,768,211	117,098		19,259,000		2.95%	3,460
2022	6,550		816,133,225	124,600		19,978,000		2.45%	3,050
2023	6,500		994,531,800	153,005		43,643,000	(4)(5)	4.39%	6,714

(1) Source: Texas Municipal Advisory Council.
(2) As reported by the Dallas Central Appraisal District on City's annual State Property Tax Board Reports; subject to change during the ensuing year.
(3) Includes self-supporting Debt
(4) Includes self-supporting debt paid by revenues from the waterworks and sewer system and the Hutchins Economic Development Corporation. Includes the Certificates.
(5) Includes the City's $1,055,000 Tax Note, Series 2023 which sold on April 17, 2023 and is scheduled to close on May 16, 2023.

TABLE 4 – TAX RATE, LEVY AND COLLECTION HISTORY

Year Ended 9/30	Taxable Assessed Valuation	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2019	$ 683,714,755	$ 0.6825	$ 0.4742	$ 0.2083	$ 4,666,073	87.69%	91.85%
2020	772,018,244	0.6825	0.4793	0.2032	5,250,860	85.18%	86.11%
2021	651,768,211	0.6825	0.4793	0.2032	4,448,051	121.17%	121.48%
2022	816,133,225	0.6825	0.5246	0.1579	5,569,775	97.97%	98.83%
2023	994,531,800	0.6559	0.4980	0.1579	6,523,144	97.67% (1)	98.66% (1)

(1) Collections as of March 2023.

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TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2022/23 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
FedEx Ground Package System	Commercial BPP	$ 40,973,930	4.12 %
Georgia Pacific Consumer Products LP	Distribution Center	38,474,208	3.87 %
Crown Imports LLC	Distribution Center	33,868,164	3.41 %
Duke Realty Ltd. Partnership	Distribution Center	31,968,670	3.21 %
MPLD Cleveland 45 II LLC	Commercial BPP	30,136,350	3.03 %
MPLD Cleveland 45 I LLC	Commercial BPP	25,632,581	2.58 %
FedEx Ground Package	Commercial BPP	24,801,390	2.49 %
SB Hutchins LLC	Warehouse	24,300,000	2.44 %
CIVF VI TX1B01 LLC	Commercial Land	22,645,240	2.28 %
Hutchins 805 North Denton LLC	Apartments	21,500,000	2.16 %
		$ 294,300,533	29.59 %

Source: Appraisal District

TAX VALUE CONCENTRATION . . . As shown in Table 5 above, the top ten taxpayers in the City currently account for approximately 29.59 percent of the City's tax base. Adverse developments in economic conditions, especially in shipping/courier and real estate industry, could adversely impact some of the largest taxpayers and the tax values in the City, resulting in less local tax revenue. The City does not make any representations as to any future trend with respect to such businesses. If any major taxpayer were to default in the payment of taxes, the ability of the City to make timely payment of debt service on the Certificates will be dependent on its ability to enforce and liquidate its tax lien, which is a time-consuming process, which can only occur annually, or, perhaps, to sell tax anticipation notes until such amounts could be collected, if ever. See "THE CERTIFICATES – Certificateholders' Remedies" and "TAX INFORMATION" in this Official Statement.

GENERAL OBLIGATION DEBT LIMITATION. . . No general obligation debt limitation is imposed on the City under current State law (see "THE CERTIFICATES – Tax Rate Limitation").

TABLE 6 – TAX ADEQUACY

Net Principal and Interest Requirements, 2023	$ 1,563,922
$0.16047 Tax Rate at 98% Collection Produces	$ 1,564,007
Net Average Annual Principal and Interest Requirements, 2023-2043	$ 1,419,060 (1)
$0.14560 Tax Rate at 98% Collection Produces	$ 1,419,078
Net Maximum Annual Principal and Interest Requirements, 2030	$ 2,408,546 (1)
$0.24713 Tax Rate at 98% Collection Produces	$ 2,408,631

(1) Includes the City's $1,055,000 Tax Note, Series 2023 which sold on April 17, 2023 and is scheduled to close on May 16, 2023.

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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 debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Jurisdiction	2022/2023 Taxable Assessed Value(1)	2022 Tax Rate(1)	Total G.O. Tax Debt As of 4/15/2023(1)	Estimated % Applicable(1)	City's Overlapping G.O. Tax Debt as of 1/15/2023
City of Hutchins	$ 994,531,800	$ 0.6559	$ 43,643,000 (2)(3)	100.00%	$ 43,643,000 (2)(3)
Dallas County	332,456,203,815	0.2179	236,605,000	0.33%	780,797
Dallas County CCD	345,099,767,531	0.1159	110,835,000	0.33%	365,756
Dallas County Hospital	337,462,373,563	0.2358	559,905,000	0.33%	1,847,687
Dallas County Schools	332,456,203,815	0.0100	-	0.00%	-
Dallas ISD	128,350,910,821	1.1849	3,467,730,000	0.64%	22,193,472
Lancaster ISD	3,100,086,281	1.3781	181,951,933	2.97%	5,403,972
Total Direct and Overlapping G. O. Tax Debt					$ 74,234,683
Ratio of Direct and Overlapping G. O. Tax Debt to 2018 Taxable Assessed Valuation					7.46%
Per Capita Overlapping G. O. Tax Debt					$ 11,421

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(1) As reported by the Municipal Advisory Council of Texas.
(2) Includes the Certificates.
(3) Includes the City's $1,055,000 Tax Note, Series 2023 which sold on April 17, 2023 and is scheduled to close on May 16, 2023.

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DEBT INFORMATION

TABLE 8 – GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding Debt Service[1] Principal	Outstanding Debt Service[1] Interest	Outstanding Debt Service[1] Total	The Certificates Principal	The Certificates Interest	The Certificates Total	Less: W&S Revenue Supporting Debt Service[2]	Less: HEDC Supported Debt Service	Net General Obligation Debt Service	% of Principal Retired
2023	$ 2,030,000	$ 552,797	$ 2,582,797	$ -	$ -	$ -	$ 886,075	$ 132,800	$ 1,563,922	
2024	1,297,000	1,308,541	2,605,541	-	769,512	769,512	1,468,415	132,900	1,773,738	
2025	1,832,000	1,005,635	2,837,635	120,000	633,838	753,838	1,446,875	137,700	2,006,898	
2026	1,862,000	934,245	2,796,245	120,000	627,838	747,838	1,444,697	-	2,099,386	
2027	2,004,000	863,308	2,867,308	125,000	621,713	746,713	1,444,269	-	2,169,752	20.56%
2028	2,182,000	786,047	2,968,047	135,000	615,213	750,213	1,445,169	-	2,273,091	
2029	2,324,000	706,161	3,030,161	145,000	608,213	753,213	1,444,644	-	2,338,730	
2030	2,482,000	621,202	3,103,202	150,000	600,838	750,838	1,445,494	-	2,408,546	
2031	880,000	557,981	1,437,981	430,000	586,338	1,016,338	1,443,219	-	1,011,100	
2032	910,000	522,306	1,432,306	455,000	564,213	1,019,213	1,445,044	-	1,006,475	42.66%
2033	955,000	483,406	1,438,406	475,000	540,963	1,015,963	1,444,019	-	1,010,350	
2034	1,000,000	440,931	1,440,931	500,000	516,588	1,016,588	1,445,044	-	1,012,475	
2035	1,045,000	396,406	1,441,406	525,000	490,963	1,015,963	1,444,519	-	1,012,850	
2036	1,095,000	350,784	1,445,784	550,000	464,088	1,014,088	1,443,522	-	1,016,350	
2037	1,130,000	308,181	1,438,181	580,000	435,838	1,015,838	1,442,019	-	1,012,000	59.86%
2038	1,175,000	266,725	1,441,725	610,000	406,088	1,016,088	1,442,713	-	1,015,100	
2039	1,215,000	222,575	1,437,575	640,000	378,038	1,018,038	1,443,713	-	1,011,900	
2040	1,260,000	177,775	1,437,775	665,000	351,938	1,016,938	1,442,313	-	1,012,400	
2041	1,310,000	132,150	1,442,150	695,000	324,738	1,019,738	1,445,488	-	1,016,400	
2042	1,355,000	84,775	1,439,775	720,000	296,438	1,016,438	1,442,313	-	1,013,900	80.97%
2043	1,405,000	35,650	1,440,650	750,000	267,038	1,017,038	1,442,788	-	1,014,900	
2044	425,000	5,313	430,313	780,000	235,950	1,015,950	1,446,263	-	-	
2045	-	-	-	1,250,000	194,081	1,444,081	1,444,081	-	-	
2046	-	-	-	1,305,000	141,384	1,446,384	1,446,384	-	-	
2047	-	-	-	1,360,000	86,419	1,446,419	1,446,419	-	-	96.90%
2048	-	-	-	1,415,000	29,184	1,444,184	1,444,184	-	-	100.00%
	$ 31,173,000	$ 10,762,896	$ 41,935,896	$ 14,500,000	$ 10,787,443	$ 25,287,443	$ 37,019,677	$ 403,400	$ 29,800,262	

(1) Includes the City's $1,055,000 Tax Note, Series 2023 which sold on April 17, 2023 and is scheduled to close on May 16, 2023.
(2) Includes the Certificates.

TABLE 9 – INTEREST AND SINKING FUND BUDGET PROJECTION

Net Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/23		$ 1,563,922
Interest and Sinking Fund, Fiscal Year Ending 9/30/22(1)	$ 476,374	
Budgeted Interest and Sinking Fund Tax Collection	1,576,388	
Estimated Investment Income	1,100	2,053,862
Estimated Balance, Fiscal Year Ending 9/30/23		$ 489,940

(1) Unaudited.

TABLE 10 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

The City does not have any authorized but unissued general obligation debt.

ANTICIPATED ISSUANCE OF ADDITIONAL GENERAL OBLIGATION DEBT

The City does not anticipate issuing any tax supported debt within the next twelve months.

TABLE 11 – OTHER OBLIGATIONS

At this time the City has no other obligations.

Pension Fund . . . The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System ("TMRS"), one of approximately 895 currently administered by TMRS, an agent multiple-employer public employee retirement system.

For the Fiscal Year ending September 30, 2021, the City reported that its net pension liability related to TMRS was $239,136. The City's net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For more information about the City's net pension liability (including the method and assumptions used to determine such liability), please see "APPENDIX B – Excerpts of City of Hutchins, Texas Annual Financial Report as of Fiscal Year Ended September 30, 2021" in the Notes to Financial Statements at "V. OTHER INFORMATION – C. Pension Plans".

Other Post-Employment Benefits . . . The City also participates in a defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit," or OPEB. The SDBF covers both active and retiree benefits with no segregation of assets and, therefore, doesn't meet the definition of a trust under GASB No. 75, paragraph 4b, (i.e., no assets are accumulated for OPEB). As such, the SDBF is considered to be a single-employer unfunded OPEB plan (and not a cost sharing plan) with benefit payments treated as being equal to the employer's yearly contributions for retirees.

For the Fiscal Year ending September 30, 2021, the City reported that its total OPEB liability was $161,122. The City's total OPEB liability was measured as of December 31, 2020, and the total OPEB liability was determined by an actuarial valuation as of that date. For more information about the City's OPEB liability (including the method and assumptions used to determine such liability), please see "APPENDIX B – Excerpts of City of Hutchins, Texas Annual Financial Report as of Fiscal Year Ended September 30, 2021" in the Notes to Financial Statements at "V. OTHER INFORMATION – C. Pension Plans".

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FINANCIAL INFORMATION

TABLE 12 – GENERAL FUND REVENUE AND EXPENDITURE HISTORY

	Fiscal Years Ended September 30,				
	2022 (1)	2021	2020	2019	2018
Revenues:					
Property Taxes	$ 3,801,992	$ 3,081,478	$ 2,576,433	$ 2,172,782	$ 2,931,359
Sales Tax	3,421,240	3,387,433	2,207,656	2,159,046	1,823,162
Franchise Tax	513,445	513,022	543,762	525,725	439,166
Occupancy Tax	-	-	-	-	-
Licenses, Permits and Fees	1,475,005	385,083	421,732	360,885	202,527
Fines and Forfeitures	131,659	161,143	97,675	208,766	219,590
Emergency Communication Fees	-	-	-	-	-
Charges for Current Services	190,482	422,685	410,553	336,072	393,003
Revenues from Use of Money and Property	-	3,442	10,618	20,360	11,476
Other	167,611	134,882	166,168	152,207	296,308
Intergovernmental	558,654	537,454	824,707	568,133	253,777
Total Revenues	$ 10,260,088	$ 8,626,622	$ 7,259,304	$ 6,503,976	$ 6,570,368
Expenditures:					
General Government	$ 1,502,303	$ 1,424,364	$ 1,344,784	$ 1,304,843	$ 1,483,722
Cultural and Recreational	126,090	139,513	135,161	138,760	120,941
Public Safety	5,501,562	5,023,871	4,596,304	4,699,315	4,283,604
Public Works	1,138,617	798,971	834,485	733,358	669,925
Principal Retirement	110,000	-	110,000	105,000	105,000
Interest and Fiscal Changes	25,000	-	25,100	29,075	31,475
Bond Issuance costs	-	58,935	-	16,934	-
Capital Outlay	1,718,275	1,321,750	-	-	-
Total Expenditures	$ 10,121,847	$ 8,767,404	$ 7,045,834	$ 7,027,285	$ 6,694,667
Excess(deficiency) of Revenues Over Expenditures	$ 138,241	$ (140,782)	$ 213,470	$ (523,309)	$ (124,299)
Other Financing Sources (Uses)					
Bond Proceeds	$ -	$ 295,000	$ -	$ 846,426	$ -
Insurance Proceeds	-	62,089	12,661	93,203	9,847
Sales of Capital Assets	-	-	-	-	-
Transfers In	248899	299,637	1,153	10,852	25,480
Transfers Out	(115,000)	(115,000)	-	(70,175)	(53,542)
Total other Financing Sources (uses)	$ 133,899	$ 541,726	$ 13,814	$ 880,306	$ (18,215)
Net Change in Fund Balances	$ 272,140	$ 400,944	$ 227,284	$ 356,997	$ (142,514)
Fund Balances at Beginning of Year	3,308,810	2,907,866 (2)	3,061,067	2,704,070	2,846,584
Fund Balances at End of Year	$ 3,580,950	$ 3,308,810	$ 3,288,351	$ 3,061,067	$ 2,704,070

(1) Unaudited.
(2) Restated.

TABLE 13 – CONDENSED UTILITY FUND REVENUES AND EXPENDITURES HISTORY

	Fiscal Year Ended September 30,				
	2022 (1)	2021	2020	2019	2018
Operating revenues:					
Water	$ 2,279,062	$ 2,299,066	$ 2,070,804	$ 2,732,359	$ 2,527,831
Sewer	1,374,745	1,582,930	1,152,692	1,121,045	902,603
State Jail Water and Sewer	760,189	-	743,624	787,083	697,488
Penalties	149,352	72,356	76,350	69,905	62,530
Impact and Tap Fees		-	8,000	6,000	6,000
Garbage Collection Fees		-	-	-	-
Drainage Charges		-	-	-	-
Miscellaneous	83,899	259,715	74,990	92,000	67,276
Total Operating Revenues	$ 4,647,247	$ 4,214,067	$ 4,126,460	$ 4,808,392	$ 4,263,728
Operating expenses:					
Personnel Services	$ 203,409	$ 249,265	$ 261,614	$ 217,788	$ 193,918
Supplies	327,353	308,109	56,035	62,124	66,367
Contractual Services	2,118,014	1,845,329	1,824,441	1,581,398	2,120,114
Garbage Collection	-	-	-	-	644,052
Utilities	-	-	70,920	88,501	77,759
Other Services	-	-	105,168	104,644	118,211
Repairs and Maintenance	$ -	-	187,662	213,466	307,700
Total Operating Expenses	$ 2,648,776	$ 2,402,703	$ 2,505,840	$ 2,267,921	$ 3,528,121
Nonoperating revenue:					
Intergovernmental	$ -	$ -	$ -	$ -	$ -
Investment Earnings	17,132	3,564	27,467	57,174	36,642
Capital Expenses	-	-	-	-	-
Total Nonoperating Revenues	17,132	3,564	27,467	57,174	36,642
Net Revenue Available for Debt Service	$ 2,015,603	$ 1,814,928	$ 1,648,087	$ 2,597,645	$ 772,249

(1) Unaudited.

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TABLE 14 - MUNICIPAL SALES TAX HISTORY

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

Fiscal Year Ended 9/30	1 Cent City Sales Tax Collections	1/2 Cent Property Tax Reduction Sales Tax Collections	1/2 Cent EDC Sales Tax Collections	Total Collected	Total Collections as a % of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate
2019	$ 1,402,427	$ 701,213	$ 701,213	$ 2,804,854	60.11%	$ 0.4102
2020	1,448,455	724,228	724,228	2,896,911	55.17%	0.3752
2021	2,135,353	1,067,676	1,067,676	4,270,705	96.01%	0.6552
2022	2,582,570	1,291,285	1,291,285	5,165,140	92.74%	0.6329
2023	1,426,290 (1)	713,145 (1)	713,145 (1)	2,852,580 (1)	43.73%	0.2868

(1) Unaudited. Partial collections through March 2023. As reported by the Texas Comptroller of Public Accounts.

The sales tax breakdown for the City is as follows:

Hutchins Economic Development Corporation	½¢
Property Tax Reduction	½¢
City Sales and Use Tax	1¢
State Sales & Use Tax	6¼¢
TOTAL	8¼¢

FINANCIAL POLICIES

Basis of Accounting . . . The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded when the liability is incurred. Interest on long term debt is recorded when due.

Ad valorem and sales tax revenues are recognized under the susceptible to accrual concept. Licenses and permits, franchise taxes, charges for services, fines and miscellaneous revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned because they are measurable and available.

The accrual basis of accounting is utilized by proprietary funds.

Budgetary Procedures . . . The City Council follows these procedures in establishing budgetary data reflected in the financial statements:

(1) Prior to September 1, the Finance Officer submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

(2) Public hearings are conducted to obtain taxpayer comments.

(3) Prior to September 30, the budget is legally enacted through passage of an ordinance.

(4) The finance office is authorized to transfer budgeted amounts within a category in a department. Transfers between categories or between departments require Council approval.

(5) Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Fund and Debt Service Fund. Budgetary control is maintained at the function level.

(6) Budgets for the General, Special Revenue, and Debt Service Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

(7) Budgetary data for the Capital Projects Funds are not presented in combined financial statements of the City as such funds are budgeted over the life of the respective project and not on an annual basis. Accordingly, formal budgetary integration

of the Capital Projects Funds in not employed and comparison of actual results of operations to budgetary data for such fund is not presented.

<u>Fund Investments</u> . . . The City's investment policy parallels the State laws which govern the investment of public funds. The City generally restricts investments to direct obligations of the United States Government, governmental agencies, and to insured or collateralized bank certificates of deposit.

INVESTMENTS

The City invests its investable funds in investments authorized by State 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…Available City funds are invested as authorized by Texas law and in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change. Under State law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025; or (ii) a depository institution with a main office or branch office in this State that the investing entity selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3); (9) certificates of deposit and share certificates (i) issued by a depository institution that has its main office or a branch office in the State of Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Insurance Fund or its successor, or are secured as to principal by obligations described in the clauses (1) through (8) 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 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 that is selected by the City; (b) 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; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) 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; (10) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less, (12) 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, (13) 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, (14) a no-load money market mutual fund registered with and regulated by the Securities and Exchange Commission that provides the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and complies with federal Securities and Exchange Commission Rule 2a-7, and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and have a duration of one year or more and are invested exclusively in obligations described in this paragraph or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

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

INVESTMENT POLICIES. . . Under State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield. Under State law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the City shall submit an investment report detailing: (1) the investment position of the City on the date of the report, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value, and the fully accrued interest of of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest City funds without express written authority from the City Council.

ADDITIONAL PROVISIONS . . . Under State law the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio and requires an interpretation of subjective investment standards) and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the City's designated Investment Officer; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements, and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

TABLE 15 - CURRENT INVESTMENTS

As of March 1, 2023 the City's investable funds were invested in the following categories:

Description	Market Value	% Total
TexPool	$ 3,073,442	6.18%
TexSTAR	11,990,841	24.12%
Texas Class	34,645,127	69.70%
	$ 49,709,410	100.00%

RECENT FINANCIAL DEVELOPMENTS – Infectious Disease Outbreak – COVID-19

In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease caused by a novel coronavirus ("COVID-19" or the “Pandemic”) to be a public health emergency. On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State and pursuant to the Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, social gatherings and other activities.

Over the ensuing year, COVID-19 negatively affected commerce, travel and businesses locally and globally, and negatively affected economic growth worldwide and within the U.S., the State and the City. Following the widespread release and distribution of various COVID-19 vaccines beginning in December 2020 and a decrease in active COVID-19 cases generally in the United States, state governments (including Texas) have started to lift business and social limitations associated with COVID-19. Under executive orders in effect as of the date of this Official Statement, there are no COVID-19 related operating limits for any business or other establishment in Texas. The Governor retains the right to impose additional restrictions on activities if needed in order to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

With the easing or removal of associated governmental restrictions, economic activity has increased. However, there are no assurances that economic activity will continue or increase at the same rate, especially if there are future outbreaks of COVID-19 or variants of COVID-19. The COVID-19 pandemic may result in lasting changes in some businesses and social practices, which could affect business activity and limit the growth of or reduce the City's ad valorem and sales tax collections. In addition, further or extended reductions in the value of stocks and other investments could impact employee retirement plans or other funds and could require actions by the State. The City cannot predict the long-term economic effect of COVID-19 or the effect of any future outbreak of COVID-19, or variants of COVID-19, or a similar virus on the City's operations or financial condition.

Some of the financial and operating data contained herein are as of dates and for periods prior to the economic impact of COVID-19 and measures instituted to slow it. Accordingly, such information is not necessarily indicative of the current financial condition or future prospects of the City. The City continues to monitor the spread of COVID-19 and is working with local, State, and national agencies to address the potential impact of the COVID-19 pandemic upon the City. While the extent of the impact of COVID-19 is not fully known at this time, the continued outbreak of COVID-19 could have an adverse effect on the City's operations and financial condition, and the effect could be material.

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TAX MATTERS

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

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

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

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

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than $1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Certificates. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Certificates.

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

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

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

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

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

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

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the 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 annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system to make such continuing disclosure available to investors free of charge. Investors may access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

ANNUAL REPORTS . . . The City shall provide annually to the MSRB (1) within six months after the end of each fiscal year (beginning with the fiscal year ending September 30, 2023) financial information and operating data with respect to the City of the general type in Tables 1 through 6 and 8 through 15 hereof and (2) if not provided as part of such financial information and operating data in item (1), audited financial statements of the City within 12 months after the end of each fiscal year ending in or after 2023. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited financial statements within such 12-month period and audited financial statements for such fiscal year when and if the audit report on such statements becomes available. Any financial statements so provided shall be prepared in accordance with the accounting principles described in Appendix B hereof and audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's internet web site or filed with the SEC as permitted by the Rule. The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix 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, unless the City changes its fiscal year it must provide updated financial information and operating data by March 31 in each year and provide its audited financial statements (or unaudited financial statements if audited financial statements are not available) by September 30. 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 of final determinations of taxability, Notices of Proposed Issue (IRS Form 5702-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 a successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material, (15) incurrence of a Financial Obligation (as defined below) 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 events in accordance with this section.

For these purposes, (a) 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. "Financial Obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. Additionally, the City intends the words used in clauses (15) and (16) of the preceding paragraph and the definition of "financial obligation" in these clauses to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

AVAILABILITY OF INFORMATION. . . The City has agreed to provide the foregoing financial and operating information only as described above. Investors may access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of material 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 of the Certificates to purchase or sell Certificates in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the respective 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 of the Certificates from lawfully purchasing or selling Certificates in the primary offering of the Certificates. If the City so amends its continuing disclosure 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 last five years, the City has filed certain unaudited financial information and operating data within six months of its fiscal year end (the "Filing Deadline") as required by its prior undertakings under the Rule. The City's audited financial information (in the form of the City's comprehensive annual financial report, or "CAFR") for the fiscal years ending 2014 through 2017 was not available by the Filing Deadline. The continuing disclosure undertaking of the

City entered into in connection with the issuance of the City's Combination Tax and Revenue Certificates of Obligation, Series 2010 required the filing of the City's audited financial information within six months after the end of each fiscal year or, if not available by such time, when and if available (subsequent continuing disclosure undertakings of the City have required the filing of such information within twelve months of the City's fiscal year end or, if not available by such time, when and if available). The City's audited financial information (in the form of the City's comprehensive annual financial report, or "CAFR") for the fiscal years ending 2017, 2019, 2020, and 2021 was not available within six months after the City's fiscal year end. Such information was made available to the City Council and filed as follows: for the fiscal year ending 2017, the CAFR was approved by the City Council on May 7, 2018 and filed on May 24, 2018; for the fiscal year ending 2019, the CAFR was approved by the City Council on May 4, 2020 and filed on June 4, 2020; for the fiscal year ending 2020, the CAFR was approved by the City Council on May 10, 2021 and filed on May 28, 2021; and for the fiscal year ending 2021, the CAFR was approved by the City Council on August 1, 2022 and filed on August 30, 2022.

OTHER INFORMATION

RATING

The Certificates are rated "AA" by S&P Global Ratings, a division of S&P Global, Inc. ("S&P"), by virtue of a municipal bond insurance policy to be issued by AGM upon delivery of the Certificates to the Underwriter. In addition, the Certificates are rated "AA-" by S&P without regard to credit enhancement. The rating reflects only the views 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 said 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.

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 and investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Certificates by municipalities or other political subdivisions or public agencies of the State, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Certificates be assigned a rating of not less than "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.

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

LEGAL OPINIONS AND NO LITIGATION CERTIFICATE

The City will furnish a complete transcript of proceedings had incident to the authorization and issuance of the Certificates including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Certificate and to the effect that the Certificates are valid and legally binding obligations of the City payable from the proceeds of an annual ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City, and from limited and subordinate revenue pledge described herein and the approving legal opinion of Norton Rose Fulbright US LLP, Bond Counsel, to like effect and to the effect that the interest on the Certificates will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein. The customary closing papers including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Certificates will also be furnished. The form of Bond Counsel's opinion is attached hereto as Appendix C. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Certificates is contingent upon the sale and delivery of the Certificates. The legal opinions will accompany the Certificates deposited with DTC or will be printed on the definitive Certificates in the event of the discontinuance of the Book-Entry-Only System. Certain legal matter will be passed upon for the Underwriter by its counsel, Leon Alcala PLLC, Austin, Texas.

Bond Counsel was engaged by, and only represents, the City. Except as noted below, Bond Counsel did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein except that in its capacity as Bond Counsel, such firm has reviewed the information appearing under captions "PLAN OF FINANCING" (except under the subcaptions "Sources and Uses of Funds"), "THE CERTIFICATES" (except under the subcaptions "Book-Entry-Only System," and "Certificateholders' Remedies"), "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION" (except under the subcaption "Compliance With Prior Undertakings") and the subcaptions "Legal Opinions and No Litigation Certificate" (except for the last two sentences of the first paragraph thereof), "Registration and Qualification of Certificates for Sale" and "Legal Investments And Eligibility To Secure Public Funds In Texas," under the caption "OTHER INFORMATION" and such firm is of the opinion that the information relating to the Certificates and legal matters contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Certificates, such information conforms to the Ordinance.

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.

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.

2021 AUDIT

In connection with the preparation of the City's audited financial statement for the fiscal year ending 2021, the City's auditors identified a number of material weaknesses and one significant deficiency with respect to the City's internal controls. The City is undertaking corrective action to correct these deficiencies in accordance with the auditors' recommendations. The City's auditors did not review this Official Statement. In addition, the City did not request the consent of the independent auditors to append to this Official Statement the general purpose financial statements of the issuer for fiscal year 2021 and the related opinion of the independent auditors. Accordingly, the independent auditors did not perform any procedures relating to any of the information in this Official Statement.

FINANCIAL ADVISOR

HilltopSecurities 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. HilltopSecurities, in its capacity as Financial Advisor, 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.

UNDERWRITER FOR THE CERTIFICATES

The Underwriter has agreed, subject to certain conditions, to purchase the Certificates from the City, at a price equal to the initial offering prices to the public, as shown on page 2 hereof, less an underwriting discount of $103,959.38. The Underwriter will be obligated to purchase all of the Certificates if any Certificates are purchased.

The Underwriter has provided the following paragraphs for inclusion in this Official Statement, and the City takes no responsibility for the accuracy thereof. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The Certificates to be offered to the public may be offered and sold to certain dealers (including the Underwriter and other dealers depositing Certificates into investment trusts) at prices lower than the public offering prices of the Certificates and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter and its respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its respective affiliates have provided, and may in the future provide, a variety of these services to the City and to persons and entities with relationships with the City, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

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.

The Ordinance authorizing the issuance of the Certificates 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 Underwriter of the Certificates.

/s/ MARIO VASQUEZ
Mayor
City of Hutchins, Texas

ATTEST:

/s/ CYNTHIA OLGUIN
City Secretary
City of Hutchins, Texas

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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THE CITY

The City of Hutchins is a suburban community located south of and adjacent to the City of Dallas on Interstate 45. Located 12 minutes south of downtown Dallas, Hutchins is served extensively by ground, air and rail. Both Interstate 20 and Interstate 45 serve Hutchins and Interstate 35 is just minutes away. Union Pacific Railroad, with its 360-acre state-of-art intermodal facility, runs through the City along Interstate 45. A second intermodal facility located adjacent to the City's west boundary and operated by BNSF is planned. Hutchins is just minutes away from Lancaster Municipal Airport. Hutchins is also less than a 40 minute drive from Dallas-Fort Worth International and Dallas Love Field Airports. Today Hutchins has a population of about 6,500. Additionally, over 55,000 residents live within a 10-minute drive of City Hall. Hutchins is home to one of the largest FedEx Ground facilities in the U.S., the Union Pacific Intermodal and the Dallas Logistics Hub. Hutchins boasts two parks, a community center and a library. With ongoing growth, the proximity to downtown Dallas, commercial, retail, industrial, and a host of other economic sectors will continue to expand in the region. Below is a listing of some of the major employers in Hutchins.

Employer	Nature of Business	Number of Employees
FedEx Ground	Shipping & Logistics	750
Hutchins State Jail	Correctional Facilities	429
Consolidated Casting Corporation	Steel Investment Foundries	250
Allied Waste	Waste Collection	200
Union Pacific Railroad Dallas Intermodal Termina	Railroad Terminals	200
Dallas County Juvenile Detention Facilities	Detention Center	170
Dallas County Sheriff Southeast Patrol Office	Sheriff's Office	164
Duncan Disposal	Waste Collection	116
American Air Filter	Air Purification Equipment Manufacturing	100
Consolidated Express Document	Manifold Business Forms Printing	100
Trinity Utility Service, Inc.	Specialty Trade Controls	100
Unilever U.S., Inc.	General Warehousing & Storage	100
Cary Products	Plastics Products Manufacturing	90
Best Bumper Supply	Automotive Parts & Accessories Stores	75
City of Hutchins	General Public Administration	70
Data Documents	Office Supply Stores	60
Brock's Board Packaging	Materials Manufacturing	50
Dietrich Industries, Inc.	Millwork, Including Flooring	50
Texas Department of Transportation	Transporation Administration	50
Eagle National Steel	Metal Merchant Wholesale	45

Source: Hutchins Economic Development.

EDUCATION

The Dallas Independent School District serves the City with facilities consisting of five elementary schools, two middle/junior high schools and two high schools.

THE COUNTY

Dallas County is a national center for insurance, banking, transportation, electronics, data processing, conventions and trade shows. More than 3,000 manufacturing plants produce such good s as building materials, apparel, food, aviation equipment, oil fields supplies and silicon products. The principal sources of agricultural income are sorghum, wheat, hay, vegetables and livestock.

Higher education facilities located within a 35 mile radius of the City include Southern Methodist University, University of North Texas Dallas, Texas Christian University, University of Dallas, University of Texas at Arlington, University of Texas at Dallas, Baptist University, Dallas County Community College District, and Paul Quinn College.

EMPLOYMENT

Sample employment statistics for Dallas County are as follows:

	2022 (1)	2021	2020	2019	2018
Labor Force	1,455,515	1,372,277	1,322,606	1,328,465	1,323,950
Employed	1,405,016	1,295,698	1,219,627	1,281,824	1,273,283
Unemployed	50,499	76,579	102,979	46,641	50,667
Unemployment Rate	3.5%	5.6%	7.8%	3.5%	3.8%

(1) As of December 2022.
Source: Texas Employment Commission, Labor Market Information.

APPENDIX B

EXCERPTS FROM THE

CITY OF HUTCHINS, TEXAS

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2021

The information contained in this Appendix consists of excerpts from the City of Hutchins, 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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ANNUAL FINANCIAL REPORT 2021

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2021

CITY OF
HUTCHINS, TEXAS

321 NORTH MAIN STREET | HUTCHINS, TX 75141
WWW.CITYOFHUTCHINS.ORG | 972.225.6121

H

City of Hutchins, Texas

Annual Financial Report

For the Year Ended September 30, 2021

City Council

Mario Vasquez, Mayor
Steve Nichols, Mayor Pro Tem
Raymond Elmore, Council Member
Demarcus Odom, Council Member
Dominic Didehbani, Council Member
Brenda Campbell, Council Member

City Administrator
James Quin

Prepared by the
Finance Department

H

City of Hutchins, Texas

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FINANCIAL SECTION

City of Hutchins, Texas

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Hutchins, 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 Hutchins, 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 opinion.

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.E. to the financial statements, the City has restated beginning net position/fund balance within governmental activities, business-type activities, the general fund, utility fund, and nonmajor proprietary funds due to various accounting corrections and fund reclassifications occurring in the prior year. 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 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.

BrooksWatson & Co., PLLC
Certified Public Accountants
Houston, Texas
July 28, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Hutchins, 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 assets and deferred outflows of the City exceeded its liabilities and deferred inflows (net position) at September 30, 2021 by $33,642,885. Of this amount, $6,958,622 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- The City's total net position increased by $4,517,209. The majority of the City's net position are invested in capital assets and restricted for specific purposes.

- The City's governmental funds reported combined ending fund balances of $13,247,603 at September 30, 2021, an increase of $316,655 from the prior fiscal year; this includes an increase of $370,961 in the debt service fund, a decrease of $3,258,479 in the facilities improvement fund, an increase of $400,944 in the general fund, an increase of $3,728,228 in the street construction fund, and a decrease of $924,999 in the nonmajor governmental funds.

- At the end of the fiscal year, unassigned fund balance for the general fund was $3,308,810 or 38% of total general fund expenditures.

- The City's total debt showed a net increase of $1,062,063. The total governmental bonds payable at the close of the fiscal year was $9,860,133. Self-supporting debt of the proprietary fund was $10,169,967.

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 and liabilities. The difference between the two is 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, municipal court, and cultural and recreational. The business-type activities of the City include utility service funds, utility construction, and water/sewer impact fees.

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.
Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental* activities in the government-wide financial statements. By

doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The City maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, facilities improvement fund, and street construction fund, which are considered to be major funds. Fund data for the remaining nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City adopts an annual appropriated budget for its general fund, debt service fund, utility funds, and most special revenue funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

Proprietary Funds

The City maintains one types of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses seven enterprise funds to account for its water and sewer, water capital projects, utility impact fees, drainage/sanitation services, and sewer billing operations. All activities associated with providing such services are accounted for in this fund, 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.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for seven enterprise funds of the City. The utility fund consists of four combined funds, and three nonmajor funds.

Component Unit

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

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees and the budgetary comparison for various major governmental funds.

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 Hutchins, assets and deferred outflows exceed liabilities and deferred inflows by $33,642,885 as of September 30, 2021 in the primary government.

The largest portion of the City's net position, $20,473,698, reflects its investments in capital assets (e.g., land, buildings, automobiles, equipment, infrastructure assets, as well as the water and sewer system), 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.

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	$ 15,164,898	$ 14,626,860	$ 29,791,758	$ 14,233,306	$ 15,548,558	$ 29,781,864
Note receivable	500,000	-	500,000	615,000	-	615,000
Capital assets, net	17,661,187	8,714,737	26,375,924	12,808,331	8,916,078	21,724,409
Total Assets	33,326,085	23,341,597	56,667,682	27,656,637	24,464,636	52,121,273
Total Deferred Outflows	333,860	37,939	371,799	463,605	47,224	510,829
Other liabilities	3,283,831	1,243,485	4,527,316	1,107,655	2,221,234	3,328,889
Long-term liabilities	8,835,930	9,589,849	18,425,779	9,006,412	10,824,682	19,831,094
Total Liabilities	12,119,761	10,833,334	22,953,095	10,114,067	13,045,916	23,159,983
Total Deferred Inflows	427,666	15,835	443,501	331,849	14,594	346,443
Net Position:						
Net investment in capital assets	13,159,964	7,313,734	20,473,698	10,554,734	5,568,710	16,123,444
Restricted	6,210,565	-	6,210,565	4,034,764	755,670	4,790,434
Unrestricted	1,741,989	5,216,633	6,958,622	3,084,828	5,126,970	8,211,798
Total Net Position	$ 21,112,518	$ 12,530,367	$ 33,642,885	$ 17,674,326	$ 11,451,350	$ 29,125,676

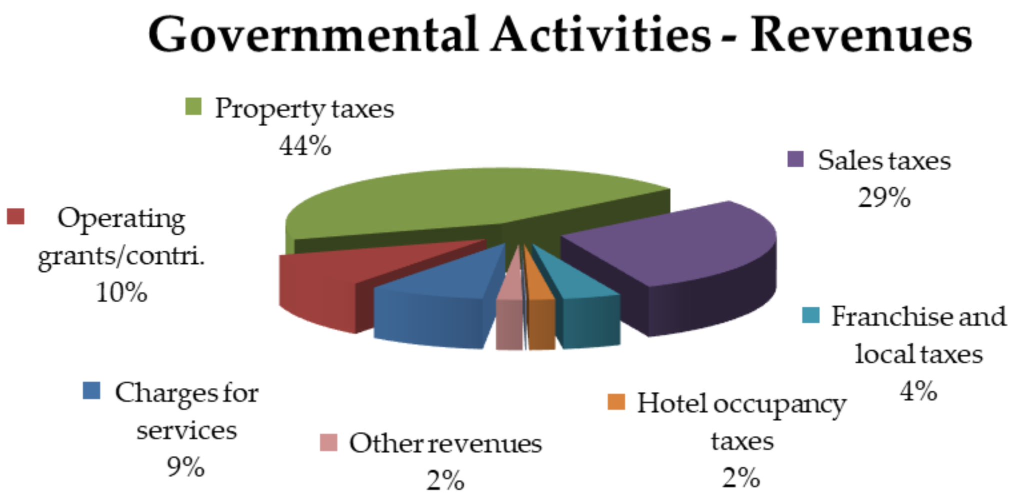
Total capital assets increased primarily as a result of infrastructure improvements during the current year. Total other liabilities increased resulting from timing of repayments to vendors subsequent to yearend. Long-term liabilities for governmental activities increased resulting from bonds issued during the current year. Long-term liabilities for business-type activities decreased, which is consistent with the debt service schedule.

Statement of Activities:

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

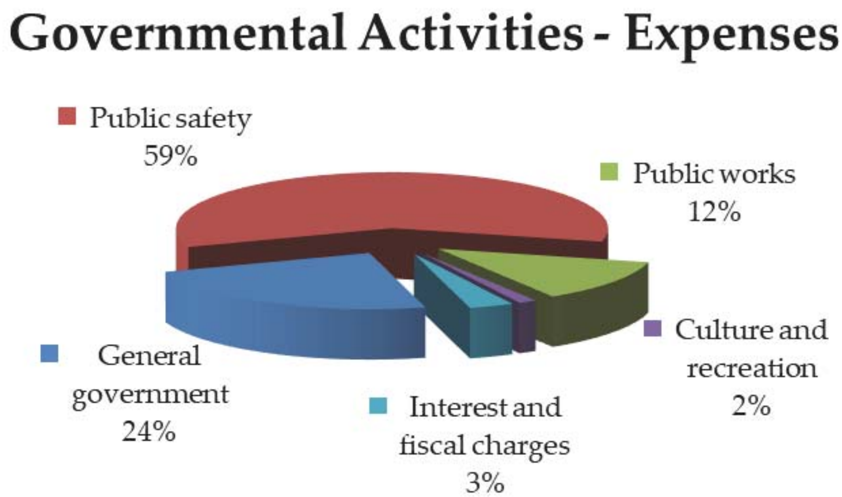
	For the Year Ended September 30, 2021			For the Year Ended September 30, 2020		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	$ 1,017,436	$ 4,444,910	$ 5,462,346	$ 981,349	$ 4,627,267	$ 5,608,616
Operating grants/contri.	1,168,720	405,256	1,573,976	795,007	-	795,007
Capital grants/contri.	1,000,000	141,200	1,141,200	615,417	341,509	956,926
General revenues:						
Property taxes	5,129,956	-	5,129,956	4,517,553	-	4,517,553
Sales taxes	3,387,433	-	3,387,433	2,207,656	-	2,207,656
Franchise and local taxes	513,022	-	513,022	503,242	-	503,242
Hotel occupancy taxes	224,851	-	224,851	180,010	-	180,010
Investment income	10,853	6,366	17,219	81,717	27,467	109,184
Other revenues	125,644	259,715	385,359	593,237	-	593,237
Total Revenues	12,577,915	5,257,447	17,835,362	10,475,188	4,996,243	15,471,431
Expenses						
General government	2,239,273	-	2,239,273	1,545,477	-	1,545,477
Public safety	5,596,416	-	5,596,416	5,002,977	-	5,002,977
Public works	1,159,949	-	1,159,949	1,151,778	-	1,151,778
Culture and recreation	127,971	-	127,971	137,833	-	137,833
Interest and fiscal charges	315,751	-	315,751	206,558	-	206,558
Utility	-	3,531,418	3,531,418	-	3,424,741	3,424,741
Nonmajor enterprise	-	347,375	347,375	-	295,356	295,356
Total Expenses	9,439,360	3,878,793	13,318,153	8,044,623	3,720,097	11,764,720
Change in Net Position Before Transfers	3,138,555	1,378,654	4,517,209	2,430,565	1,276,146	3,706,711
Transfers	299,637	(299,637)	-	35,832	(35,832)	-
Total	299,637	(299,637)	-	35,832	(35,832)	-
Change in Net Position	3,438,192	1,079,017	4,517,209	2,466,397	1,240,314	3,706,711
Beginning Net Position	17,674,326	11,451,350	29,125,676	15,207,929	10,211,036	25,418,965
Ending Net Position	$ 21,112,518	$ 12,530,367	$ 33,642,885	$ 17,674,326	$ 11,451,350	$ 29,125,676

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



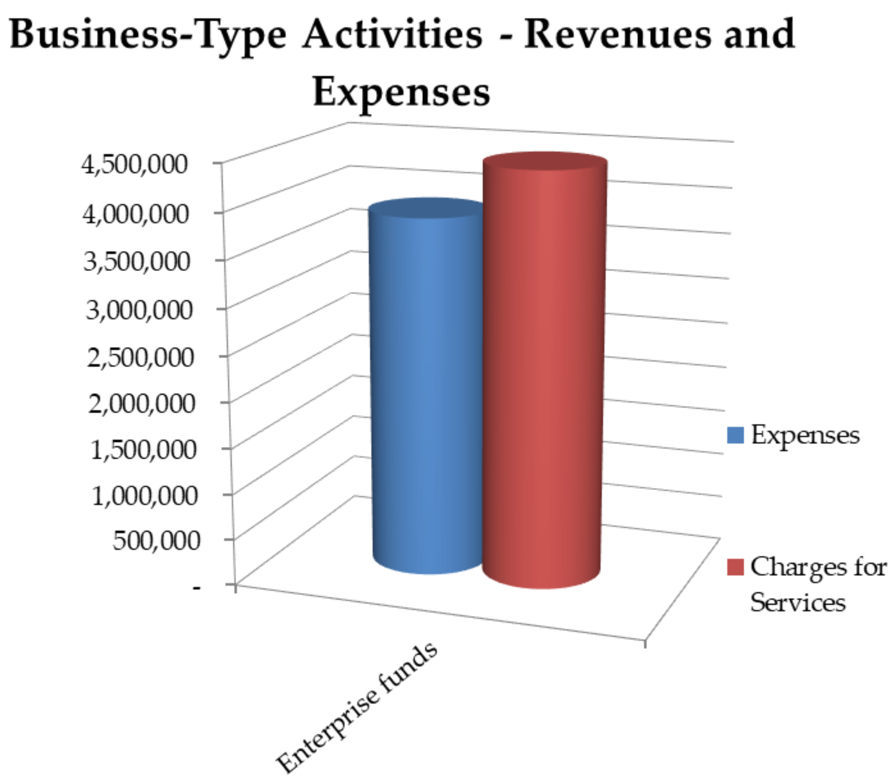
For the year ended September 30, 2021, revenues from governmental activities totaled $12,577,915. Property tax, sales tax, and charges for services are the City's largest general revenue sources. Overall revenue increased $2,102,727 or 20% primarily due to greater sales tax revenues and grants and contributions compared to the prior year. Operating grants and contributions increased $373,713 or 47% due to nonrecurring grants received in the current year. Capital grants and contributions increased $384,583 or 62% due to additional contributions received in the current year for street improvements. Property tax revenue increased $612,403 or 14% due to an increase in appraised property values. Sales tax increased by $1,179,777 or 53% due to continued economic growth and reopening of local businesses during the recovery period of the COVID-19 pandemic. Investment income decreased by $70,864 or 87% due primarily to the realization of lower interest rates during the current year and lower balance of funds held in interest bearing accounts. Other revenues decreased by $467,593 or 79% primarily as a result of nonrecurring miscellaneous income received in the prior year. 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 $9,439,360. This represents an increase of $1,394,737 or 17% from the prior year. The City's largest functional expense is public safety of $5,596,416 and had an increase of $593,439 or 12% from prior year. This increase is attributed primarily to higher personnel costs, the impact of pension and OPEB liability allocations and higher noncapital expenses when compared to the prior year. General government expenses increased $693,796 or 45% primarily due to nonrecurring repairs and maintenance costs in addition to nonrecurring professional services. Interest and fiscal charges increased by $109,193 or 53% primarily due to the impact of bond issuance costs in the current year. 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 $4,444,910. This represents a decrease of $182,357 or 4% from the previous year, which is considered minimal.

Total expenses increased $158,696 or 4% to a total of $3,878,793, due primarily to increased personnel costs and maintenance costs.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

At September 30, 2021, the City's governmental funds reported combined fund balances of $13,247,603, an increase of $316,655 in comparison with the prior year. Approximately 25% of this amount, $3,308,810, constitutes *unassigned fund balance,* which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable or restricted* to indicate that it is 1) not in spendable form, or 2) restricted for particular purposes. As of the year ending September 30, 2021, there was a total restricted fund balance of $9,938,793.

As of the end of the year, the general fund reflected a total fund balance of $3,308,810, all of which is considered unassigned. The increase in fund balance of $400,944 is attributable to revenues and transfers from other funds exceeding current year expenditures.

As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The total fund balance of the general fund is 38% of total general fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of $3,308,810 is 38% of total general fund expenditures.

The debt service fund had an ending fund balance of $476,354 at September 30, 2021, an increase of $370,961. The increase was a result of property tax revenues and transfers in exceeding debt service expenditures.

<u>Proprietary Funds</u> - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The following are comments regarding operations of the enterprise funds:

- The City received capital contributions of $141,200 in the form of impact fees.
- Operational expenses excluding depreciation and amortization were $2,882,427.
- Cash and cash equivalents in the enterprise funds were $14,063,061 at fiscal yearend.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were various amendments approved during the fiscal year. There was a positive variance of $813,386 over budgeted general fund revenues. The following are additional comments regarding appropriations:

- There was a total positive variance of $135,146 in budgeted expenditure appropriations.
- $948,532 is the budget surplus of revenues over expenditures before transfers.
- There was an actual net positive change in fund balance of $400,944.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested $17,661,187 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested $8,714,737 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, and infrastructure. The City's total investment in capital assets increased by $4,651,515, net of depreciation.

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

- Increase in construction of the public safety building totaling $3,929,521
- Street improvement costs totaling $1,049,443
- Public safety building equipment totaling $83,968
- Fire equipment totaling $636,197
- Land for utility improvements purchased for $58,089
- Utility equipment totaling $143,421
- Utility infrastructure additions in ongoing projects totaling $314,745

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 fiscal year, the City had total bonded debt obligations of $19,259,000 (excluding premiums). Of this amount, $9,660,000 is self-supporting through revenues collected from the rates of the City's utility fund. During the year, the City made $1,772,000 in principal payments on long-term debt. The City issued $2,908,000 during the year. All of the City's debt is backed by a full-faith credit pledge of property taxes with a limited pledge of revenues of the enterprise/utility system. The City monitors its debt obligations for refinancing opportunities with market conditions.

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 Hutchins, Texas and improving services provided to their public citizens. The City is budgeting conservatively for the upcoming year and planning to maintain similar services.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Finance Director at 321 North Main Street, P.O. Box 500, Hutchins, TX 75141, phone: (972) 225-6121.

FINANCIAL STATEMENTS

City of Hutchins, Texas

STATEMENT OF NET POSITION

September 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 14,107,410	$ 13,673,287	$ 27,780,697
Restricted cash	-	389,774	389,774
Receivables, net	1,057,488	563,799	1,621,287
Note receivable from component unit, current	120,000	-	120,000
Total Current Assets	15,284,898	14,626,860	29,911,758
Noncurrent assets:			
Note receivable from component unit, noncurrent	380,000	-	380,000
Capital assets:			
Non-depreciable	6,763,512	493,742	7,257,254
Net depreciable capital assets	10,897,675	8,220,995	19,118,670
Noncurrent Assets	18,041,187	8,714,737	26,755,924
Total Assets	33,326,085	23,341,597	56,667,682
Deferred Outflows of Resources			
Pension outflows	293,580	10,871	304,451
OPEB outflows	40,280	1,491	41,771
Deferred charge on refunding	-	25,577	25,577
Total Deferred Outflows of Resources	$ 333,860	$ 37,939	$ 371,799

Component Unit Hutchins EDC
$ 2,701,736
-
205,937
-
2,907,673
-
-
15,235
15,235
2,922,908
-
-
-
$ -

City of Hutchins, Texas

STATEMENT OF NET POSITION (Continued)

September 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable			
and accrued liabilities	$ 1,685,118	$ 495,100	$ 2,180,218
Accrued interest payable	30,242	40,500	70,742
Customer deposits	-	107,563	107,563
Compensated absences, current	142,471	5,322	147,793
Note payable due to primary government, current	-	-	-
Long term debt due within one year	1,426,000	595,000	2,021,000
Current Liabilities	3,283,831	1,243,485	4,527,316
Noncurrent liabilities:			
Note payable due to primary government, noncurrent	-	-	-
Compensated absences, noncurrent	15,830	591	16,421
Long-term debt due in more than one year	8,434,133	9,574,967	18,009,100
OPEB liability	155,369	5,753	161,122
Net pension liability	230,598	8,538	239,136
Noncurrent Liabilities	8,835,930	9,589,849	18,425,779
Total Liabilities	12,119,761	10,833,334	22,953,095
Deferred Inflows of Resources			
Pension inflows	413,646	15,316	428,962
OPEB inflows	14,020	519	14,539
Total Deferred Inflows of Resources	427,666	15,835	443,501
Net Position			
Net investment in capital assets	13,159,964	7,313,734	20,473,698
Restricted for:			
Debt service	476,354	-	476,354
Facility improvements	1,916,114	-	1,916,114
Impact fees	1,713,277	-	1,713,277
Public safety	266,283	-	266,283
Tourism	1,838,537	-	1,838,537
Economic development	-	-	-
Unrestricted	1,741,989	5,216,633	6,958,622
Total Net Position	$ 21,112,518	$ 12,530,367	$ 33,642,885

See Notes to Financial Statements.

Component Unit Hutchins EDC
$ 74,178
-
-
12,080
120,000
-
206,258
380,000
1,342
-
-
-
381,342
587,600
-
-
-
-
-
-
-
-
-
2,335,308
-
$ 2,335,308

City of Hutchins, 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	$ 2,239,273	$ -	$ 559,179	$ -
Public safety	5,596,416	632,353	24,710	-
Public works	1,159,949	385,083	584,831	1,000,000
Cultural and recreational	127,971	-	-	-
Interest and fiscal charges	315,751	-	-	-
Total Governmental Activities	9,439,360	1,017,436	1,168,720	1,000,000
Business-Type Activities				
Utility construction	3,531,418	3,954,352	405,256	-
Nonmajor funds	347,375	490,558	-	141,200
Total Business-Type Activities	3,878,793	4,444,910	405,256	141,200
Total Primary Government	$ 13,318,153	$ 5,462,346	$ 1,573,976	1,141,200
Component Unit				
Hutchins Economic Development Corporation	$ 1,305,084	$ -	$ 3,010	$ -
Total Component Unit	$ 1,305,084	-	$ 3,010	$ -

General Revenues:

Taxes

Property taxes

Sales taxes

Franchise and local taxes

Hotel occupancy taxes

Investment income

Other revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning Net Position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Hutchins EDC
$ (1,680,094)	$ -	$ (1,680,094)	$ -
(4,939,353)	-	(4,939,353)	-
809,965	-	809,965	-
(127,971)	-	(127,971)	-
(315,751)	-	(315,751)	-
(6,253,204)	-	(6,253,204)	-
-	828,190	828,190	-
-	284,383	284,383	-
-	1,112,573	1,112,573	-
(6,253,204)	1,112,573	(5,140,631)	-
			(1,302,074)
			(1,302,074)
5,129,956	-	5,129,956	-
3,387,433	-	3,387,433	1,129,144
513,022	-	513,022	-
224,851	-	224,851	-
10,853	6,366	17,219	1,465
125,644	259,715	385,359	2,993
299,637	(299,637)	-	-
9,691,396	(33,556)	9,657,840	1,133,602
3,438,192	1,079,017	4,517,209	(168,472)
17,674,326	11,451,350	29,125,676	2,503,780
$ 21,112,518	$ 12,530,367	$ 33,642,885	$ 2,335,308

City of Hutchins, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2021

	General	Debt Service	Facilities Improvement	Street Construction
Assets				
Cash and cash equivalents	$ 3,303,414	$ 474,691	$ 3,338,020	$ 2,414,860
Receivables, net	917,064	59,148	-	-
Due from other funds	-	-	-	1,497,718
Total Assets	$ 4,220,478	$ 533,839	$ 3,338,020	$ 3,912,578
Liabilities				
Accounts payable and accrued liabilities	$ 736,906	$ 70	$ 761,611	$ 184,350
Due to other funds	-	-	819,672	-
Total Liabilities	736,906	70	1,581,283	184,350
Deferred Inflows of Resources				
Unavailable revenue - Property taxes	174,762	57,415	-	-
Total Deferred Inflows	174,762	57,415	-	-
Fund Balances				
Restricted for:				
Debt service	-	476,354	-	-
Facility improvements	-	-	1,756,737	-
Impact fees	-	-	-	-
Street improvements	-	-	-	3,728,228
Public safety	-	-	-	-
Tourism	-	-	-	-
Unassigned	3,308,810	-	-	-
Total Fund Balances	3,308,810	476,354	1,756,737	3,728,228
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 4,220,478	$ 533,839	$ 3,338,020	$ 3,912,578

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
$ 4,576,425	$ 14,107,410
81,276	1,057,488
-	1,497,718
$ 4,657,701	$ 16,662,616
$ 2,181	$ 1,685,118
678,046	1,497,718
680,227	3,182,836
-	232,177
-	232,177
-	476,354
159,377	1,916,114
1,713,277	1,713,277
-	3,728,228
266,283	266,283
1,838,537	1,838,537
-	3,308,810
3,977,474	13,247,603
$ 4,657,701	$ 16,662,616

City of Hutchins, Texas

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

September 30, 2021

Fund Balances - Total Governmental Funds	$	13,247,603
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		6,763,512
Capital assets - net depreciable		10,897,675
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		
Property tax receivable		232,177
Note receivable from component unit		500,000
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 (inflows) of resources (expense/expenditure)/(revenue) until then.		
Pension outflows		293,580
Pension inflows		(413,646)
OPEB outflows		40,280
OPEB inflows		(14,020)
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.		
Accrued interest		(30,242)
Bond premium		(261,133)
Compensated absences		(158,301)
Non-current liabilities due in one year		(1,426,000)
Non-current liabilities due in more than one year		(8,173,000)
Net pension liability		(230,598)
OPEB liability		(155,369)
Net Position of Governmental Activities	$	21,112,518

See Notes to Financial Statements.

City of Hutchins, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2021

	General	Debt Service	Facilities Improvement	Street Construction
Revenues				
Property tax	$ 3,081,478	$ 1,622,667	$ -	$ -
Sales tax	3,387,433	-	-	-
Franchise and local taxes	513,022	-	-	-
Hotel occupancy taxes	-	-	-	-
Charges for services	422,685	-	-	-
License, permits and fees	385,083	-	-	-
Emergency communication fees	-	-	-	-
Fines and forfeitures	161,143	-	-	-
Intergovernmental	537,454	136,725	-	1,000,000
Contributions and donations	24,710	-	-	-
Investment income	3,442	4,915	1,803	-
Other revenue	110,172	-	-	-
Total Revenues	8,626,622	1,764,307	1,803	1,000,000
Expenditures				
Current:				
General government	1,424,364	-	-	-
Public safety	5,023,871	-	-	-
Public works	798,971	-	-	-
Municipal court	-	-	-	-
Cultural and recreation	139,513	-	-	-
Debt Service:				
Principal	-	1,192,000	-	-
Interest and fiscal charges	-	242,835	-	-
Bond issuance costs	58,935	-	-	48,000
Capital outlay	1,321,750	-	4,406,082	694,378
Total Expenditures	8,767,404	1,434,835	4,406,082	742,378
Excess (Deficiency) of Revenues Over (Under) Expenditures	(140,782)	329,472	(4,404,279)	257,622
Other Financing Sources (Uses)				
Transfers in	299,637	41,489	449,800	1,637,606
Transfers (out)	(115,000)	-	-	-
Insurance proceeds	62,089	-	16,000	-
Debt issuance	295,000	-	680,000	1,833,000
Total Other Financing Sources (Uses)	541,726	41,489	1,145,800	3,470,606
Net Change in Fund Balances	400,944	370,961	(3,258,479)	3,728,228
Beginning fund balances	2,907,866	105,393	5,015,216	-
Ending Fund Balances	$ 3,308,810	$ 476,354	$ 1,756,737	$ 3,728,228

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
$ 357,353	$ 5,061,498
-	3,387,433
-	513,022
224,851	224,851
-	422,685
584,831	969,914
47,210	47,210
1,315	162,458
-	1,674,179
-	24,710
693	10,853
-	110,172
1,216,253	12,608,985
-	1,424,364
-	5,023,871
-	798,971
54,486	54,486
-	139,513
-	1,192,000
-	242,835
-	106,935
172,871	6,595,081
227,357	15,578,056
988,896	(2,969,071)
-	2,428,532
(2,013,895)	(2,128,895)
-	78,089
100,000	2,908,000
(1,913,895)	3,285,726
(924,999)	316,655
4,902,473	12,930,948
$ 3,977,474	$ 13,247,603

City of Hutchins, 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	$ 316,655
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	5,740,653
Depreciation expense	(887,797)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(109,159)
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	732
Accrued interest	1,391
Pension expense	83,221
OPEB expense	(24,132)
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Issuance of debt	(2,908,000)
Amortization of debt premium	32,628
Principal payments on long-term debt	1,192,000
Change in Net Position of Governmental Activities	**$ 3,438,192**

See Notes to Financial Statements.

City of Hutchins, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2021

Assets		Utility Fund		Nonmajor Proprietary Funds		Total
Current Assets						
Cash and cash equivalents	$	11,864,553	$	1,808,734	$	13,673,287
Restricted cash		389,774		-		389,774
Receivables, net		508,655		55,144		563,799
Total Current Assets		12,762,982		1,863,878		14,626,860
Noncurrent Assets						
Capital assets:						
Non-depreciable		493,742		-		493,742
Net depreciable capital assets		8,220,995		-		8,220,995
Total Noncurrent Assets		8,714,737		-		8,714,737
Total Assets		21,477,719		1,863,878		23,341,597
Deferred Outflows of Resources						
Pension outflows		10,871		-		10,871
OPEB outflows		1,491		-		1,491
Deferred charge on refunding		25,577		-		25,577
Total Deferred Outflows	$	37,939	$	-	$	37,939

City of Hutchins, Texas

STATEMENT OF NET POSITION (Continued)

PROPRIETARY FUNDS

September 30, 2021

	Utility Fund	Nonmajor Funds	Total
Liabilities			
Current Liabilities			
Accounts payable			
and accrued liabilities	$ 453,816	$ 41,284	$ 495,100
Accrued interest	40,500	-	40,500
Customer deposits	107,563	-	107,563
Compensated absences - current	5,322	-	5,322
Bonds payable - current	595,000	-	595,000
Total Current Liabilities	1,202,201	41,284	1,243,485
Noncurrent Liabilities			
Compensated absences - noncurrent	591	-	591
Bonds payable - noncurrent	9,574,967	-	9,574,967
OPEB liability	5,753	-	5,753
Net pension liability	8,538	-	8,538
Total Liabilities	10,792,050	41,284	10,833,334
Deferred Inflows of Resources			
Pension inflows	15,316	-	15,316
OPEB inflows	519	-	519
Total Deferred Inflows	15,835	-	15,835
Net Position			
Net investment in capital assets	7,313,734	-	7,313,734
Unrestricted	3,394,039	1,822,594	5,216,633
Total Net Position	$ 10,707,773	$ 1,822,594	$ 12,530,367

See Notes to Financial Statements.

City of Hutchins, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2021

	Utility Fund	Nonmajor Proprietary Funds	Total
Operating Revenues			
Water sales	$ 2,299,066	$ -	$ 2,299,066
Sewer charges	1,582,930	-	1,582,930
Tap fees and penalities	72,356	-	72,356
Drainage charges	-	188,289	188,289
Sanitation fees	-	302,269	302,269
Other revenue	259,715	-	259,715
Total Operating Revenues	4,214,067	490,558	4,704,625
Operating Expenses			
Contractual services	1,845,329	-	1,845,329
Materials and supplies	442,094	347,375	789,469
Personnel	249,265	-	249,265
Depreciation	717,599	-	717,599
Total Operating Expenses	3,254,287	347,375	3,601,662
Operating Income (Loss)	959,780	143,183	1,102,963
Nonoperating Revenues (Expenses)			
Investment income	6,366	-	6,366
Interest expense	(277,131)	-	(277,131)
Total Nonoperating Revenues (Expenses)	(270,765)	-	(270,765)
Income (Loss) Before Contributions and Transfers	689,015	143,183	832,198
Contributions and Transfers			
Intergovernmental grant	405,256	-	405,256
Capital contributions	-	141,200	141,200
Transfers (out)	(279,032)	(20,605)	(299,637)
Change in Net Position	815,239	263,778	1,079,017
Beginning net position	9,892,534	1,558,816	11,451,350
Ending Net Position	$ 10,707,773	$ 1,822,594	$ 12,530,367

See Notes to Financial Statements.

City of Hutchins, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2021

	Utility Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Cash Flows from Operating Activities			
Receipts from customers	$ 4,203,758	$ 480,154	$ 4,683,912
Payments to suppliers	(2,962,471)	(1,350,642)	(4,313,113)
Payments to employees	(254,980)	-	(254,980)
Net Cash Provided (Used) by Operating Activities	986,307	(870,488)	115,819
Cash Flows from Noncapital Financing Activities			
Transfers (out)	(279,032)	(20,605)	(299,637)
Net Cash (Used for) Noncapital Financing Activities	(279,032)	(20,605)	(299,637)
Cash Flows from Capital and Related Financing Activities			
Capital asset additions	(516,258)	-	(516,258)
Impact fees	-	141,200	141,200
Proceeds from intergovernmental grant	405,256	-	405,256
Principal paid on debt	(580,000)	-	(580,000)
Interest paid on debt	(315,401)	-	(315,401)
Net Cash (Used for) Capital and Related Financing Activities	(1,006,403)	141,200	(865,203)
Cash Flows from Investing Activities			
Interest on investments	6,366	-	6,366
Net Cash Provided (Used) by Investing Activities	6,366	-	6,366
Net (decrease) in Cash and Cash Equivalents	(292,762)	(749,893)	(1,042,655)
Beginning cash and cash equivalents	12,547,089	2,558,627	15,105,716
Ending Cash and Cash Equivalents	$ 12,254,327	$ 1,808,734	$ 14,063,061

See Notes to Financial Statements.

City of Hutchins, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2021

	Utility Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income	$ 959,780	$ 143,183	$ 1,102,963
Adjustments to reconcile operating income to net cash provided:			
Depreciation	717,599	-	717,599
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	(19,114)	(10,404)	(29,518)
Due from other funds	784,622	28,809	813,431
Increase (Decrease) in:			
Accounts payable and accrued liabilities	(1,420,055)	(166,821)	(1,586,876)
Due to other funds	(39,615)	(865,255)	(904,870)
Customer deposits	8,805	-	8,805
Deferred inflows/outflows - Pension	7,440	-	7,440
Deferred inflows/outflows - OPEB	47	-	47
OPEB liability	303	-	303
Net pension liability	(13,505)	-	(13,505)
Net Cash Provided (Used) by Operating Activities	$ 986,307	$ (870,488)	$ 115,819

See Notes to Financial Statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Hutchins, Texas (the "City") is a municipal corporation governed by an elected mayor and a five-member council. The City provides the following services: public safety (police and fire), cultural and recreation, public works, municipal court, general administration, water and sewer, drainage and sanitation services.

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. All fiduciary activities are reported only in the fund financial statements. *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. Financial Reporting Entity

The City of Hutchins, Texas was incorporated in 1964 and operates under a general law form of government. The accompanying financial statements present the government and its component units, entities for which the government is considered financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the government.

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government.

Discretely Presented Component Unit

Hutchins Economic Development Corporation

The Hutchins Economic Development Corporation (the "EDC") is responsible for collecting and disbursing one-fourth percent sales tax to be used for economic development within the City. The members of the Corporation's board are appointed by the City and are comprised of seven directors of which three shall be persons who are not employees, officers of the City or members of the City Council. The Corporation is presented as a governmental fund type and has a September 30 year end.

Separate financial reports are available for the EDC. The report may be obtained by contacting the following office: City of Hutchins, Texas, 321 North Main, Hutchins, Texas 75141.

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 discussed earlier, the government has one discretely presented component unit and is shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes 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, including its fiduciary funds and blended component units. 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 (excluding special revenue 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, public safety, public works, and cultural and recreation. This fund is considered to be a major fund.

Debt Service Fund

The debt service fund is used to account for the payment of interest and principal on all certificates of obligation, general obligation bonds, and other long-term debt of governmental funds. The primary source of revenue for debt service is local property taxes. This fund is considered to be a major fund.

Facilities Improvement Fund

This fund accounts for the resources provided and expended for the improvements to the multipurpose facility.

Street Construction Fund

This fund accounts for the resources provided and expended for the improvements to streets throughout the City.

The government reports the following major enterprise funds:

Utility Fund

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

The government reports the following fund types:

Special Revenue Funds

The City accounts for resources restricted to, or designated for, specific purposes in a special revenue fund. The City maintains eleven special revenue funds, all of which were presented as nonmajor governmental funds as of September 30, 2021.

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.

The proprietary, pension and other postemployment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

E. Assets, Liabilities, and Fund Equity or Net Position

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 Measurement

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 nonspendable fund balance 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. 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 of supplies are reported at cost using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized (the consumption method).

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and drainage/lighting systems) 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
Machinery and equipment	5 - 15 years
Infrastructure	20 years
Improvements	10 – 40 years
Buildings	15 - 30 years

6. 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. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

7. 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.

The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in the fund.

8. 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 finance director 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.

The City's goal is to maintain an unassigned fund balance/position of at least $300,000 in both governmental and proprietary fund types.

9. 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, unamortized premiums/discounts, and other notes payable.

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, discounts and issuance costs 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 reported as deferred charges.

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.

10. 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.

11. 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.

12. 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 (SDB) 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.

13. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results form 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, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

Property taxes are levied 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. 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.

3. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation-pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

II. 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 (GAAP) for the general, debt service, utility funds, and various special revenue funds. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the fund level. No funds can be transferred or added to a budgeted item without Council approval. Appropriations lapse at the end of the year. Supplemental budget appropriations were made during the year.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As stated in I.D.1., 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. The City's investments in 2a7-like pools, such as TexPool and TexStar) are included in this category. Although the City's investments are available for immediate withdrawal, disclosure of the pool's weighted average maturity and bond rating are required. As of September 30, 2021, the primary government had the following investments:

Investment Type	Value	Weighted Average Maturity	Credit Rating
External investment pools			
TexPool	$ 2,052,814	37 days	AAAm
TexSTAR	11,580,007	39 days	AAAm
Total fair value	$ 13,632,821		

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

Investment Type	Value	Weighted Average Maturity	Credit Rating
External investment pools			
TexPool	$ 951,009	37 days	AAAm
Total fair value	$ 951,009		

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 to an average of 90 days or less; 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. As of September 30, 2021, the City's investment in TexPool and TexStar was rated AAAm by Standard & Poor's.

Custodial credit risk – deposits In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. 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.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAm. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. At September 30, 2021, the fair value of the portion in TexPool approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

TexSTAR

TexSTAR has been established for governmental entities pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexSTAR's governing body is a five-member Board consisting of three representatives of participants and one member designated by each of the co-administrators. The Board holds legal title to all money, investments, and assets and has the authority to employ personnel, contract for services, and engage in other administrative activities necessary or convenient to accomplish the objectives of TexSTAR. Board oversight of TexSTAR is maintained through daily, weekly, and monthly reporting requirements. TexSTAR is rated AAAm by Standard & Poor's. The City's fair value position is stated at the value of the position upon withdrawal. There were no limitations or restrictions on withdrawals.

B. Receivables

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

	General	Debt Service	Nonmajor Governmental	Total Governmental
Property taxes	$ 235,247	$ 74,373	$ -	$ 309,620
Sales tax	617,811	-	-	617,811
Franchise taxes	6,056	-	-	6,056
Occupancy taxes	-	-	77,793	77,793
Intergovernmental	33,334	-	-	33,334
Other	80,189	-	3,483	83,672
Allowance	(55,573)	(15,225)	-	(70,798)
	$ 917,064	$ 59,148	$ 81,276	$ 1,057,488

	Water & Sewer	Nonmajor Proprietary	Total Proprietary
Accounts	$ 533,344	$ 54,518	587,862
Other	309	626	935
Allowance	(24,998)	-	(24,998)
	$ 508,655	$ 55,144	$ 563,799

The following comprise receivable balances of the component units at year end:

	Hutchins EDC	Total
Sales tax	$ 205,937	$ 205,937
	$ 205,937	$ 205,937

C. Note Receivables from Component Unit

The following summarizes the changes in note receivables from component unit of the primary government during the year.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Note receivable from component unit	$ 615,000	$ -	$ (115,000)	$ 500,000	$ 120,000
Total Governmental Activities	$ 615,000	$ -	$ (115,000)	$ 500,000	$ 120,000
Note Receivables Due in More than One Year				$ 380,000	

The Hutchins Economic Development Corporation, a discretely presented component unit of the City, is obligated to the City to cover the cost of the City's 2010 certificate of obligation.

D. Capital Assets

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

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 91,041	$ -	$ -	$ 91,041
Construction in progress	2,716,476	4,078,056	(122,061)	6,672,471
Total capital assets not being depreciated	2,807,517	4,078,056	(122,061)	6,763,512
Capital assets, being depreciated:				
Buildings	2,097,697	-	-	2,097,697
Machinery and equipment	4,882,501	761,689	-	5,644,190
Infrastructure	9,139,821	900,908	122,061	10,162,790
Total capital assets being depreciated	16,120,019	1,662,597	122,061	17,904,677
Less accumulated depreciation				
Buildings	1,333,471	89,400	-	1,422,871
Machinery and equipment	2,654,793	488,704	-	3,143,497
Infrastructure	2,130,941	309,693	-	2,440,634
Total accumulated depreciation	6,119,205	887,797	-	7,007,002
Net capital assets being depreciated	10,000,814	774,800	122,061	10,897,675
Total Capital Assets	$ 12,808,331	$ 4,852,856	$ -	$ 17,661,187

Depreciation was charged to governmental functions as follows:

General government	$ 18,968
Public safety	508,575
Public works	360,254
Total Governmental Activities Depreciation Expense	$ 887,797

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

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 19,526	$ 58,089	$ -	$ 77,615
Construction in progress	331,479	314,745	(230,097)	416,127
Total capital assets not being depreciated	351,005	372,834	(230,097)	493,742
Capital assets, being depreciated:				
Buildings	17,350	-	-	17,350
Improvements	19,242,867	-	230,097	19,472,964
Machinery and equipment	705,185	143,421	-	848,606
Total capital assets being depreciated	19,965,402	143,421	230,097	20,338,920
Less accumulated depreciation				
Buildings	11,639	868	-	12,507
Improvements	10,925,178	650,103	-	11,575,281
Machinery and equipment	463,509	66,628	-	530,137
Total accumulated depreciation	11,400,326	717,599	-	12,117,925
Net capital assets being depreciated	8,565,076	(574,178)	230,097	8,220,995
Total Capital Assets	$ 8,916,081	$ (201,344)	$ -	$ 8,714,737

Depreciation was charged to business-type activities as follows:

Water and sewer	$ 717,599
Total Business-Type Activities Depreciation Expense	$ 717,599

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

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, being depreciated:				
Building improvements	$ 23,928	$ -	$ -	$ 23,928
Machinery and equipment	36,950	-	-	36,950
Other improvements	14,260	-	-	14,260
Total capital assets being depreciated	75,138	-	-	75,138
Less accumulated depreciation				
Building improvements	8,586	743	-	9,329
Machinery and equipment	36,950	-	-	36,950
Other improvements	13,307	317	-	13,624
Total accumulated depreciation	58,843	1,060	-	59,903
Net capital assets being depreciated	16,295	(1,060)	-	15,235
Total Capital Assets	$ 16,295	$ (1,060)	$ -	$ 15,235

D. Other Long-term Liabilities

The following summarizes the changes in other long-term liabilities of the primary government during the year. 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	$ 159,033	$ -	$ (732)	$ 158,301	$ 142,471
Total Governmental Activities	$ 159,033	$ -	$ (732)	$ 158,301	$ 142,471
Other Long-term Liabilities Due in More than One Year				$ 15,830	
Business-Type Activities:					
Compensated Absences	$ 5,913	$ -	$ -	$ 5,913	$ 5,322
Total Business-Type Activities	$ 5,913	$ -	$ -	$ 5,913	$ 5,322
Other Long-term Liabilities Due in More than One Year				$ 591	
Component Unit Activities - EDC:					
Compensated Absences	$ 13,422	$ -	$ -	$ 13,422	$ 12,080
Total Component Unit Activities	$ 13,422	$ -	$ -	$ 13,422	$ 12,080

E. Long-term Debt

The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2021. In general, the City uses the debt service fund and general fund to liquidate governmental long-term liabilities and pension liabilities, respectively.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities:					
Certificates of Obligation	$ 5,705,000	$ -	$ (225,000)	$ 5,480,000	$ 230,000
Tax anticipation notes	2,178,000	2,908,000	(967,000)	4,119,000	1,196,000
Less deferred amounts:					
Premium	293,761	-	(32,628)	261,133	-
Total Governmental Activities	$ 8,176,761	$ 2,908,000	$ (1,224,628)	$ 9,860,133	$ 1,426,000
Long-term liabilities due in more than one year				$ 8,434,133	
Business-Type Activities:					
Certificates of Obligation	$ 7,210,000	$ -	$ (130,000)	$ 7,080,000	$ 130,000
General Obligation Refunding Bonds	3,030,000	-	(450,000)	2,580,000	465,000
Less deferred amounts:					
Premium	551,276	-	(41,309)	509,967	-
Total Business-Type Activities	$ 10,791,276	$ -	$ (621,309)	$ 10,169,967	$ 595,000
Long-term liabilities due in more than one year				$ 9,574,967	
Component Unit					
Note payable to City	$ 615,000	$ -	$ (115,000)	$ 500,000	$ 120,000
Total Component Unit Activities	$ 615,000	$ -	$ (115,000)	$ 500,000	$ 120,000
Long-term liabilities due in more than one year				$ 380,000	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The City intends to retire all of its general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the debt service fund as has been done in prior years. The proprietary fund type long-term debt will be repaid, plus accrued interest, from operating revenues of the respective fund.

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

Description	Maturity Date	Interest Rates	Original Balance	Current Balance
Governmental Activities:				
2010 Certificates of Obligation	2/15/2025	2.00-4.00%	$ 1,600,000	$ 500,000
2018 Certificates of Obligation	2/15/2030	3.00-4.00%	5,845,000	4,980,000
2017 Tax Notes	2/15/2024	1.89%	2,589,000	1,646,000
2020 Tax Notes	2/15/2023	2.16%	1,048,000	613,000
2021 Tax Notes	2/15/2026	1.24%	1,860,000	1,860,000
	Total Governmental Activities		$ 12,942,000	$ 9,599,000
Business-Type Activities:				
2012 General Obligation	2/15/2023	2.42%	$ 2,830,000	$ 680,000
2019 General Obligation	2/15/2030	3.00-4.00%	2,150,000	1,900,000
2019 Certificates of Obligation	2/15/2044	3.00-5.00%	7,340,000	7,080,000
	Total Business-Type Activities		$ 12,320,000	$ 9,660,000
Component Unit Activities:				
Note Payable owed to the City	2/15/2025	2.00-4.00%	$ 1,600,000	$ 500,000
	Total Component Unit Activities		$ 1,600,000	$ 500,000

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

Year ending	Certificates of Obligation		Tax Anticipation Notes	
September 30,	Principal	Interest	Principal	Interest
2022	$ 230,000	$ 202,175	$ 1,196,000	$ 39,845
2023	235,000	193,550	986,000	28,015
2024	245,000	184,050	1,070,000	14,989
2025	835,000	165,450	592,000	5,367
2026	730,000	126,250	275,000	1,293
2027 - 2030	3,205,000	211,925	-	-
Total	$ 5,480,000	$ 1,083,400	$ 4,119,000	$ 89,509

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

Year ending	General Obli. Refunding Bonds		Certificates of Obligation	
September 30,	**Principal**	**Interest**	**Principal**	**Interest**
2022	$ 465,000	$ 91,553	$ 130,000	$ 203,194
2023	480,000	76,700	130,000	199,375
2024	205,000	64,025	235,000	194,878
2025	210,000	53,650	240,000	189,388
2026	225,000	42,775	245,000	184,084
2027 - 2031	995,000	72,225	1,390,000	748,255
2032 - 2036	-	-	1,625,000	515,333
2037 - 2041	-	-	1,850,000	279,606
2042 - 2044	-	-	1,235,000	46,938
Total	$ 2,580,000	$ 400,928	$ 7,080,000	$ 2,561,051

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

Year ending	Certificates of Obligation	
September 30,	**Principal**	**Interest**
2022	$ 120,000	$ 21,725
2023	120,000	17,600
2024	125,000	12,800
2025	135,000	10,600
Total	$ 500,000	$ 62,725

F. Interfund Transactions

Transfers between the primary government funds during the 2021 year were as follows:

	Transfers In				
Transfers Out	**General**	**Debt Service**	**Facilities Improvement**	**Street Construction**	**Total**
General	$ -	$ -	$ -	$ 115,000	$ 115,000
Utility	279,032	-	-	-	279,032
Nonmajor govt.	-	41,489	449,800	1,522,606	2,013,895
Nonmajor proprietary	20,605	-	-	-	20,605
Total	$ 299,637	$ 41,489	$ 449,800	$ 1,637,606	$ 2,428,532

Transfers between funds were primarily to support debt service requirements and operation of funds.

During the year, the EDC discretely present component unit contributed $1,000,000 and $20,169 to the Street Construction and General funds, respectively, for operations and capital funding.

The compositions of interfund balances as of year end were as follows:

	Due from other funds (Receivable Fund):	
Due to other funds (Payable Fund):	**Street Construction**	**Total**
Facilities improvement	$ 819,672	819,672
Nonmajor governmental	678,046	678,046
Total	$ 1,497,718	$ 1,497,718

Interfund receivables and payables relate to various amounts used to cover operational and capital expenditures. All balances are expected to be resolved in the subsequent year.

H. Restricted Net Position

The City records restricted net position to indicate that a portion is legally restricted for a specific future use.

The following is a list of restricted net position of the City:

		Governmental Activities		Hutchins EDC
Restricted for:				
Debt service	$	476,354	$	-
* Public safety		266,283		-
Facility improvements		1,916,114		-
Impact fees		1,713,277		-
Economic development		-		2,348,730
Tourism		1,838,537		-
Total	$	6,210,565	$	2,348,730

* Restricted by enabling legislation

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 over 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.

GASB 62 defines probability of loss contingencies as the following:

> *Probable.* The future event or events are likely to occur.
> *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
> *Remote.* The chance of the future event or events occurring is slight.

Liabilities are recorded 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 is involved in lawsuits with other parties from time to time. While the ultimate result of these matters cannot be predicted with certainty, the City does not expect them to have a materially adverse effect on its Basic Financial Statements.

C. Pension Plans

1. Texas Municipal Retirement Systems

Plan Description

The City of Hutchins 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	7.0%	7.0%
Matching ratio (City to employee)	1.5 to 1	1.5 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	32
Inactive employees entitled to but not yet receiving benefits	65
Active employees	72
Total	169

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 Hutchins were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Hutchins were 9.07% and 9.05% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021, were $393,127, 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, including inflation
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, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

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

Sensitivity of the Net Pension Liability (Asset) 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 (asset) 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%
$ 2,031,489	$ 239,136	$ (1,190,247)

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	$ 9,528,392	$ 8,964,868	$ 563,524
Changes for the year:			
Service Cost	619,925	-	619,925
Interest	650,856	-	650,856
Difference between expected and actual experience	(246,055)	-	(246,055)
Changes of assumptions	-	-	-
Contributions – employer	-	380,079	(380,079)
Contributions – employee	-	293,406	(293,406)
Net investment income	-	680,204	(680,204)
Benefit payments, including refunds of emp. contributions	(392,095)	(392,095)	-
Administrative expense	-	(4,403)	4,403
Other changes	-	(172)	172
Net changes	632,631	957,019	(324,388)
Balance at 12/31/20	$ 10,161,023	$ 9,921,887	$ 239,136

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 of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2021, the City recognized pension expense of $303,751.

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between expected and actual economic experience	$ -	$ (179,102)
Changes in actuarial assumptions	14,419	-
Investment earnings	-	(249,860)
Contributions subsequent to the measurement date	290,032	-
Total	$ 304,451	$ (428,962)

The City reported $290,032 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	$ (119,862)
2022	(68,248)
2023	(207,188)
2024	(19,245)
2023	-
Thereafter	-
Total	(414,543)

Other Postemployment Benefits

The City also participates in a defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit," or OPEB. The SDBF covers both active and retiree benefits with no segregation of assets and, therefore, doesn't meet the definition of a trust under GASB No. 75, paragraph 4b, (i.e., no assets are accumulated for OPEB). As such, the SDBF is considered to be a single-employer unfunded OPEB plan (and not a cost sharing plan) with benefit payments treated as being equal to the employer's yearly contributions for retirees.

The City offers supplemental death to:	Plan Year 2019	Plan Year 2020
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

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

The City's contributions to the TMRS SDBF for the years ended 2021 and 2020 were $434 and $305, respectively, which equaled the required contributions each year.

Schedule of Contribution Rates
(RETIREE-only portion of the rate)

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2020	0.01%	0.01%	100.0%
2021	0.04%	0.04%	100.0%

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	14
Inactive employees entitled to but not yet receiving benefits	12
Active employees	72
Total	98

Total OPEB Liability

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 2.00%, 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 (1.00%) or 1-percentage-point higher (3.00%) than the current rate:

1% Decrease (1.00%)	Current Single Rate Assumption 2.00%	1% Increase (3.00%)
$ 207,351	$ 161,122	$ 126,938

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/2019	**$** 134,587
Changes for the year:	
Service Cost	12,155
Interest	3,863
Difference between expected and actual experience	(15,649)
Changes of assumptions	26,585
Benefit payments	(419)
Net changes	26,535
Balance at 12/31/2020	**$** 161,122

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 $21,250.

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

	Deferred Outflows of Resources		Deferred (Inflows) of Resources	
Assumption changes	$	41,451		-
Difference between expected and actual experience		-		(14,539)
Contributions subsequent to measurement date		320		-
Total	**$**	41,771	**$**	(14,539)

The City reported $320 as deferred outflows of resources related to OPEB resulting from 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 and inflows of resources related to OPEB will be recognized in pension expense as follows:

Year ended December 31:		
2021	$	5,232
2022		5,232
2023		5,232
2024		4,878
2025		4,324
Thereafter		2,014
	$	26,912

D. Tax Abatement Disclosures

The City is authorized by Texas Tax Code Chapter 312 Property Redevelopment and Tax Abatement Act (Tax Abatement Act) to enter into property tax abatement agreements as an economic development tool available to cities to attract new industries and to encourage the retention and development of existing businesses through property tax exemptions or reductions. Tax abatements may be established upon property in designated reinvestment zones within the City. No incentive shall be provided which abates taxes on real property or personal property by more than a total of seven hundred percent (700%) of investment in eligible property. The duration of an agreement shall not exceed ten (10) years or one-half (1/2) the economic life of the property, whichever is less. The threshold criteria used for the abatement include creating at least five new, full-time equivalent jobs and an investment of at least $350,000 in property improvements or in personal property. The City recaptures any and all property tax revenue lost as a result of the agreement if the owner of the property is in default of the agreement. The City Council establishes the criteria and guidelines that govern all tax abatement agreements including the percentage amount and duration of the tax abatement, which is not to exceed ten years. The market value of the property is reduced by the exempted amount under the agreement to arrive at the taxable value used to bill the property owner. The City abated $395,040 under the agreements during the current year.

E. Restatement

The City has restated beginning net position/fund balance within governmental activities, business-type activities, the general fund, utility fund, and nonmajor proprietary funds due to various accounting corrections and fund reclassifications occurring in the prior year. The restatement of beginning net position/fund balance is as follows:

	Governmental Activities	General
Prior year ending net position/fund balance, as reported	$ 17,439,811	$ 3,288,351
Corrections to sale tax receivable/revenue	(315,456)	(315,456)
Corrections to franchise tax receivable	(40,520)	(40,520)
Write-off inventory balances	(24,509)	(24,509)
To record note receivable from CU for debt service	615,000	-
Restated beginning net position/fund balance	$ 17,674,326	$ 2,907,866

	Business-Type Activities	Utility	Nonmajor Proprietary
Prior year ending net position/fund balance, as reported	$ 11,497,225	$ 10,420,761	$ 1,076,464
Reclassification of water/sewer impact fee fund	-	(482,352)	482,352
Write-off inventory balance	(45,875)	(45,875)	-
Restated beginning net position/fund balance	$ 11,451,350	$ 9,892,534	$ 1,558,816

	Component Unit Activities
Prior year ending net position, as reported	$ 3,044,728
To correct sales tax receivables/revenue	87,474
To record note payable to the City for debt services	(615,000)
To correct compensated absences	(13,422)
Restated beginning net position	$ 2,503,780

F. Subsequent Events

October 4, 2021, the City approved the purchase of a new Ford Ambulance in the amount of $259,175.

October 18, 2022, the City approved the purchase of three 2022 Chevrolet Tahoes for a total of $188,736.

There were no other material subsequent events through July 28, 2022, the date the financial statements were issued.

APPENDIX C

FORM OF BOND COUNSEL’S OPINION

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NORTON ROSE FULBRIGHT

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May 31, 2023

IN REGARD to the authorization and issuance of the "City of Hutchins, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2023," dated May 1, 2023, in the principal amount of $14,500,000 (the "Certificates"), we have examined into their issuance by the City of Hutchins, Texas (the "City"), solely to express legal opinions as to the validity of the Certificates and the exclusion of the interest on the Certificates from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Certificates, or the sufficiency of the security for or the value or marketability of the Certificates.

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

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Certificates, including the Ordinance and an examination of the initial Certificate executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Certificates and certain other funds of the City and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Certificates, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

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

1. The Certificates have been duly authorized by the City and, when issued in compliance with the provisions of the Ordinance, are valid, legally binding and enforceable obligations of the City, payable from an ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the City, and, together with the Previously Issued Certificates (identified and defined in the Ordinance), are additionally payable from and secured by a pledge of the Net Revenues (as defined in the Ordinance) of the City’s Waterworks and Sewer System in the manner and to the extent provided in the Ordinance, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting

creditors' rights or the exercise of judicial discretion in accordance with the general principles of equity.

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

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

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

APPENDIX D

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

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Financial Advisory Services
Provided By

HilltopSecurities
A Hilltop Holdings Company