This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the securities laws of any such jurisdiction.

NEW ISSUE BOOK-ENTRY-ONLY

Rating: S&P: "Applied For"
(See "OTHER PERTINENT INFORMATION - Rating", herein)

PRELIMINARY OFFICIAL STATEMENT
Dated: May 10, 2022

In the opinion of McCall, Parkhurst & Horton, L.L.P., Bond Counsel to the City, interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings, and court decisions existing on the date of the initial delivery of the Bonds, subject to the matters described under "TAX MATTERS" herein.

$23,700,000*
CITY OF SAGINAW, TEXAS
(Tarrant County)
GENERAL OBLIGATION BONDS, SERIES 2022

Dated Date: June 1, 2022 **Due: September 1, as shown on page ii**

The City of Saginaw, Texas (the "City") $23,700,000* General Obligation Bonds, Series 2022 (the "Bonds") by the City of Saginaw, Texas (the "City") pursuant to the Constitution and general laws of the State of Texas, particularly Chapter 1331 Texas Government Code, as amended, an election held in the City on May 1, 2021, and an ordinance (the "Ordinance") to be adopted by the City Council of the City on the sale date of the Bonds. See "THE BONDS – Authority for Issuance".

The Bonds constitute direct obligations of the City payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the City. See "THE BONDS – Security and Source of Payment" and "THE BONDS – Tax Rate Limitations" herein. Interest on the Bonds will accrue from the Dated Date (defined herein) and will be payable March 1 and September 1 of each year until stated maturity or prior redemption, commencing March 1, 2023, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Bonds will be issued only as fully registered obligations in denominations of $5,000 or any integral multiple thereof within a stated maturity.

The definitive Bonds will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository (the "Securities Depository"). Book-entry interests in the Bond will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof within a stated maturity. Purchasers of the Bond ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Bond purchased. So long as DTC or its nominee is the registered owner of the Bond, the principal of and interest on the Bond will be payable by BOKF, NA, Dallas, Texas, as Paying Agent/Registrar, to DTC, which will in turn remit such principal and interest to its Participants, which will in turn remit such principal and interest to the Beneficial Owners of the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Proceeds from the sale of the Bonds will be used to pay all or a portion of the City's contractual obligations incurred in connection with (i) designing, constructing and equipping improvements and additions to City parks, including trails, sports recreational facilities, senior center, parking, and related infrastructure, and the acquisition of land and interests in land necessary therefore; (ii) designing, constructing and equipping a municipal library, along with related landscaping, parking and infrastructure, and the acquisition of land and interest in land necessary therefor; and (iii) legal, fiscal and engineering fees in connection with such projects and the Bonds. (See "THE BONDS - Use of Bond Proceeds" herein.)

The City reserves the right to redeem the Bonds maturing on and after September 1, 2033, on September 1, 2032, or any date thereafter, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, at the redemption price of par plus accrued interest as further described herein. The Bonds may also be subject to mandatory sinking fund redemption in the event the Underwriters elect to aggregate two or more consecutive serial maturities as one or more "Term Bonds". (See "THE BOND - Redemption Provisions" herein.)

STATED MATURITY SCHEDULE
(On Page ii)

The Bonds are offered for delivery when, as and if issued and received by the initial purchasers thereof named below (the "Underwriters") and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel (see "APPENDIX C - Form of Legal Opinion of Bond Counsel" herein). Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas. It is expected that the Bonds will be available for delivery through the services of DTC on or about June 15, 2022 (the "Delivery Date").

ESTRADA HINOJOSA & COMPANY, INC. ***STIFEL***

* *Preliminary, subject to change.*

STATED MATURITY SCHEDULE
(Due September 1)
Base CUSIP – 786820[(a)]

Stated Maturity September 1	Principal Amount*	Interest Rate (%)	Initial Yield (%)	CUSIP Suffix[(a)]
2023	$ 375,000			
2024	500,000			
2025	500,000			
2026	500,000			
2027	500,000			
2028	1,105,000			
2029	1,145,000			
2030	1,185,000			
2031	1,225,000			
2032	1,265,000			
2033	1,310,000			
2034	1,360,000			
2035	1,405,000			
2036	1,455,000			
2037	1,505,000			
2038	1,560,000			
2039	1,615,000			
2040	1,670,000			
2041	1,730,000			
2042	1,790,000			

(Interest to accrue from the Dated Date)

The City reserves the right to redeem the Bonds maturing on and after September 1, 2033, on September 1, 2032, or any date thereafter, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, at the redemption price of par plus accrued interest as further described herein. The Bonds may also be subject to mandatory sinking fund redemption in the event the Underwriters elect to aggregate two or more consecutive serial maturities as one or more "Term Bonds". (See "THE BONDS - Redemption Provisions" herein.)

[(a)] *CUSIP numbers are included solely for the convenience of the owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems, Inc. on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the City, Financial Advisor, or Underwriters is responsible for the selection or correctness of the CUSIP numbers set forth herein.*

* *Preliminary, subject to change.*

CITY OF SAGINAW, TEXAS
333 McLeroy Blvd.
Saginaw, Texas 76179
817-232-4640

ELECTED OFFICIALS

Name	Position	On Council Since	Term Expires May	Occupation
Todd Flippo	Mayor	2008	2024	Scientist – Alcon Labs
Valerie Tankersley-Junkersfield	Mayor Pro-Tem, Place 3	2014	2022	Day Care Owner
Charles Beasley	Council Member, Place 1	2019	2022	IT Software Developer
Nicky Lawson	Council Member, Place 2	2021	2024	Electrical Engineer
Charles Tucker	Council Member, Place 4	2018	2023	Retired
Cindy Bighorse	Council Member, Place 5	2017	2022	Retired
Mary Copeland	Council Member, Place 6	2017	2023	Retired

ADMINISTRATION

Name	Position	Years With The City
Gabe Reaume	City Manager	4 years
Lee Howell	Assistant City Manager	4 years
Kim Quin	Finance Director	10 years
Janice England	City Secretary	38 years
Rick Trice	Director of Public Works	5 years
Russell Ragsdale	Police Chief	13 years
Doug Spears	Fire Chief	27 years

CONSULTANTS AND ADVISORS

Bond Counsel	McCall, Parkhurst & Horton L.L.P. Dallas, Texas
Certified Public Accountants	Weaver and Tidwell, L.L.P. Dallas, Texas
Financial Advisor	SAMCO Capital Markets, Inc. San Antonio, Texas

For Additional Information Please Contact:

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Finance Director
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USE OF INFORMATION IN THE OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the Securities Exchange Commission (the "Rule"), this document constitutes a preliminary official statement of the City with respect to the Bonds that has been "deemed final" by the City as of its date except for the omission of no more than the information permitted by the Rule.

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

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

Certain information set forth herein has been provided by sources other than the City that the City believes to be reliable, but the City makes no representation as to the accuracy of such information. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

The Underwriters have provided the following statement for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement pursuant to their respective responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

NONE OF THE CITY, THE FINANCIAL ADVISOR, OR THE UNDERWRITERS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC") OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION HAS BEEN PROVIDED BY DTC.

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

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES AND EXCHANGE ACT OF 1934, 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 THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

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The cover page, subsequent pages hereof and appendices attached hereto, are part of this Official Statement.

SELECTED DATA FROM THE OFFICIAL STATEMENT

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

The City	The City of Saginaw, Texas (the "City"), located in Tarrant County is a political subdivision of the State of Texas (the "State") and operates under a Mayor-Council-Manager form of government with a City Council comprised of seven members including the Mayor. All seven Council members are elected at-large for three year staggered terms. The City's current estimated population is 25,813. (See "Appendix B - General Information Regarding the City of Saginaw and Tarrant County, Texas" herein.)
Paying Agent/Registrar	The initial Paying Agent/Registrar for the Bonds is BOKF, NA, Dallas, Texas.
Security	The Bonds constitute direct obligations of the City, payable from the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City. (see "THE BONDS – Security for Payment").
Redemption Provision	The City reserves the right, at its sole option, to redeem Bonds stated to mature on and after September 1, 2033, on September 1, 2032, or any date thereafter, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, at the price of par plus accrued interest to the date fixed for redemption. The Bonds may also be subject to mandatory sinking fund redemption in the event the Underwriters elect to aggregate two or more consecutive serial maturities as one or more "Term Bonds". (See "THE BONDS - Redemption Provisions" herein.)
Tax Matters	In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal tax purposes under statutes, regulations, published rulings and court decisions existing on the date of the initial delivery of the Bonds, subject to the matters described under "TAX MATTERS" herein. (See "TAX MATTERS" for a discussion of the Opinion of Bond Counsel and "APPENDIX C - FORM OF LEGAL OPINION OF BOND COUNSEL" herein.)
Use of Bond Proceeds	Proceeds from the sale of the Bonds will be used to pay all or a portion of the City's contractual obligations incurred in connection with (i) designing, constructing and equipping improvements and additions to City parks, including trails, sports recreational facilities, senior center, parking, and related infrastructure, and the acquisition of land and interests in land necessary therefore; (ii) designing, constructing and equipping a municipal library, along with related landscaping, parking and infrastructure, and the acquisition of land and interest in land necessary therefor; and (iii) legal, fiscal and engineering fees in connection with such projects and the Bonds. (See "THE BONDS - Use of Bond Proceeds" herein.)
Book-Entry-Only System	The City intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York ("DTC") described herein. No physical delivery of the Bonds will be made to the beneficial owners of the Bonds. Such Book-Entry-Only System may affect the method and timing of payments on the Bonds and the manner the Bonds may be transferred. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)
Rating	A municipal bond rating application has been made to S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of such rating may be obtained from S&P. (See "OTHER PERTINENT INFORMATION - Rating" herein.)
Issuance of Additional Debt	The City is considering additional CO's this summer or fall for other projects.
Payment Record	The City has never defaulted on the payment of its general obligation or revenue debt.
Delivery	When issued, anticipated on or about June 15, 2022.
Legality	Delivery of the Bonds is subject to the approval by the Attorney General of the State and the rendering of an opinion as to legality by McCall, Parkhurst & Horton L.L.P., Bond Counsel, Dallas, Texas.

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INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by the City of Saginaw, Texas (the "City") of its $23,700,000* General Obligation Bonds, Series 2022 (the "Bonds") identified on the cover page hereof.

The City is a political subdivision of the State of Texas (the "State") and operates as a home-rule municipality under the statutes and the constitution of the State. The Bonds are being issued pursuant to the Constitution and general laws of the State, an ordinance (the "Ordinance") to be adopted by the City Council of the City (the "City Council") authorizing the issuance of the Bonds, and the City's Home Rule Charter. (See "THE BONDS - Authority for Issuance" herein.)

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Ordinance. Included in this Official Statement are descriptions of the Bonds and certain information about the City and its finances. ***ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT***. Copies of such documents may be obtained from the City or the Financial Advisor noted on page iii hereof.

INFECTIOUS DISEASE OUTBREAK – COVID-19

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

On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State in response to the Pandemic which has been subsequently extended and remains in effect. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a State agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness and mitigation. However, on March 2, 2021 (but effective as of March 10, 2021), the Governor issued Executive Order GA-34, which supersedes most of the executive orders relating to COVID-19 and provides, generally, for the reopening of the State to 100%, ends the COVID-19 mask mandate, and supersedes any conflicting order issued by local officials in response to COVID-19, among other things and subject to certain limitations. Executive Order GA-34 remains in place until amended, rescinded, or superseded by the Governor. On May 18, 2021, the Governor issued Executive Order GA-36, which rescinds certain provisions of GA-34 and provides that no governmental entity, including the City, may require any person to wear a face covering or to mandate that another person wear a face covering. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

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

The full extent of the ongoing impact of COVID-19 on the City's longer-term operational and financial performance will depend on future developments, many of which are outside of its control, including the effectiveness of the mitigation strategies discussed above, the duration and spread of COVID-19, and future governmental actions, all of which are highly uncertain and cannot be predicted. The City continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of the Pandemic upon the City. While the potential impact of the Pandemic on City cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the City's operations and financial condition.

* *Preliminary, subject to change.*

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the City. The financial and operating data contained herein are the latest available but are for the dates and the periods stated herein, which are for periods prior to the economic impact of the Pandemic and efforts to slow it. It is unclear at this time what effect, if any, COVID-19 and resulting economic disruption may have on future collections of certain revenues securing the Bonds.

THE BONDS

General

The Bonds will be dated June 1, 2022 (the "Dated Date"). The Bonds are stated to mature on September 1 in the years and in the principal amounts set forth on page ii hereof. The Bonds shall bear interest from their Dated Date on the unpaid principal amounts, and the amount of interest to be paid with respect to each payment period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Bonds will be payable on March 1, 2023, and on each September 1 or March 1 thereafter until maturity or prior redemption. Principal is payable at the designated offices of the "Paying Agent/Registrar" for the Bonds, initially BOKF, NA, Dallas, Texas. Interest on the Bonds shall be paid to the registered owners whose names appear on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (as hereinafter defined) and shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to be closed, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

Initially, the Bonds will be registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described below. No physical delivery of the Bonds will be made to the Beneficial Owners. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will distribute the amounts received to the appropriate DTC Participants, who shall in turn make payment to the Beneficial Owners of the Bonds. Such Book-Entry-Only System may change the method and timing of payment for the Bonds and the method of transfer. See "BOOK-ENTRY-ONLY SYSTEM" below for a more complete description of such System.

Authority for Issuance

The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapter 1331 Texas Government Code, as amended, an election held in the City on May 1, 2021, and an ordinance (the "Ordinance") to be adopted by the City Council of the City on the sale date of the Bonds.

Security for Payment

The Bonds constitute direct obligations of the City, payable from the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City. (See "CITY APPLICATION OF THE PROPERTY TAX CODE" herein.)

Tax Rate Limitations

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, annual direct ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limit prescribed by law. Article XI, Section 5, of the Texas Constitution applicable to home-rule cities is applicable to the City, and limits the maximum ad valorem tax rate of the City to $2.50 per $100 taxable assessed valuation for all City purposes. The City's Home Rule Charter places a limit on the total ad valorem tax rate which may be levied for both operating and debt purposes of $1.50 per $100 taxable assessed valuation.

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

Use of Bond Proceeds

Proceeds from the sale of the Bonds will be used to pay all or a portion of the City's contractual obligations incurred in connection with (i) designing, constructing and equipping improvements and additions to City parks, including trails, sports recreational facilities, senior center, parking, and related infrastructure, and the acquisition of land and interests in land necessary therefore; (ii) designing, constructing and equipping a municipal library, along with related landscaping, parking and infrastructure, and the acquisition of land and interest in land necessary therefor; and (iii) legal, fiscal and engineering fees in connection with such projects and the Bonds. (See "THE BONDS - Use of Bond Proceeds" herein.)

Redemption Provisions

Optional Redemption: The City reserves the right, at its option, to redeem the Bonds maturing on and after September 1, 2033 on September 1, 2032, or any date thereafter, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof (and, if within a stated maturity, selected at random and by lot by the Paying Agent/Registrar), at the redemption price of par plus accrued interest to the date fixed for redemption.

Not less than thirty (30) days prior to a redemption date for the Bonds, the City shall cause a notice of such redemption to be sent by United States mail, first-class postage prepaid, to the registered owners of each Bond or a portion thereof to be redeemed at its address as it appeared on the registration books of the Paying Agent/Registrar on the day such notice of redemption is mailed. ANY NOTICE OF REDEMPTION SO MAILED TO THE REGISTERED OWNERS WILL BE DEEMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER ONE OR MORE OF THE REGISTERED OWNERS FAILED TO RECEIVE SUCH NOTICE. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such notice of redemption is given and any other condition to redemption satisfied, all as provided above, the Bonds or portion thereof which are to be redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

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

The Paying Agent/Registrar and the City, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Bonds or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the Beneficial Owner, will not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the City will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bonds held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC direct participants and indirect participants may implement a redemption of such Bonds from the Beneficial Owners. Any such selection of Bonds the City has called for redemption will not be governed by the Ordinance and will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Bonds or the providing of notice to DTC direct participants, indirect participants, or Beneficial Owners of the selection of portions of the Bonds for redemption. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Mandatory Sinking Fund Redemption: In the event the Underwriters elect to combine two or more consecutive serial maturities into one or more Term Bonds, each such Term Bond will be subject to mandatory sinking fund redemption commencing on September 1 of the first year which has been combined to form such Term Bond and continuing on September 1 in each year thereafter until the stated maturity date of that Term Bond. In the event the Underwriters elect to create Term Bonds, the final Official Statement will be updated to reflect the mandatory sinking fund redemption schedules and provisions.

Payment Record

The City has never defaulted on the payment of its general obligation or revenue debt.

Legality

The Bonds are offered when, as and if issued, subject to the approvals of legality by the Attorney General of the State and McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel. A form of the legal opinion of Bond Counsel appears in Appendix C attached hereto.

Defeasance

The Ordinance provides for the defeasance of the Bonds when the payment of the principal of and premium, if any, on the Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or otherwise) is provided by irrevocably depositing with the Paying Agent/Registrar or authorized escrow agent, in trust (1) money sufficient to make such payment and/or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times to ensure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds. The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other 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.

The Ordinance provides that "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Bonds. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the City authorizes the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that, on the date the City authorizes the defeasance of the Bonds, have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Ordinance does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used for defeasance purposes or that for any other Defeasance Security will be maintained at any particular rating category.

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

Amendments

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

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

Default and Remedies

The Ordinance establishes specific events of default with respect to the Bonds. If the City defaults in the payment of the principal of or interest on the Bonds when due or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City, the failure to perform which materially, adversely affects the rights of the owners of the Bonds, including but not limited to, their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the Ordinance provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Bonds or the Ordinance and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year.

The Ordinance does not provide for the appointment of a trustee to represent the interest of the holders of the Bonds 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 Bonds may not be able to bring such a suit against the City for breach of the covenants in the Bonds 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 Bonds. 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 Bonds may exercise the remedy of mandamus to enforce the obligations of the City under the Ordinance. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract).

Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors, holders of the Bonds of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the duties of DTC with regard to ownership of the Bonds. Initially, the only registered owner of the Bonds will be Cede & Co., as DTC's nominee.

SOURCES AND USES OF FUNDS

The proceeds from the sale of the Bonds will be applied approximately as follows:

Sources of Funds	**The Bonds**
Par Amount	
Original Issue Reoffering Premium	
Accrued Interest	
Issuer Contribution	
Total Sources of Funds	
Uses of Funds	
Deposit to Escrow Fund for the Refunded Obligations	
Cost of Issuance	
Underwriter's Discount	
Accrued Interest Deposit to Interest and Sinking Fund	
Total Uses of Funds	

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar for the Bonds is BOKF, NA, Dallas, Texas. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the City, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar, selected at the sole discretion of the City, shall be a bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. Upon a change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause written notice thereof to be sent to each registered owner of the Bonds by United States mail, first-class, postage prepaid.

The Bonds will be issued in fully registered form in multiples of $5,000 for any one stated maturity, and principal and semiannual interest will be paid by the Paying Agent/Registrar. Interest will be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar on the Record Date (as defined below) by check or draft mailed on March 1, 2023, and on each September 1 and March 1 thereafter until maturity or prior redemption of the Bonds, by the Paying Agent/Registrar to the last known address of the registered owner as it appears on the Paying Agent/Registrar's books or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner. Principal of a Bond will be paid to the registered owner at its stated maturity or its prior redemption upon presentation to the Paying Agent/Registrar. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the designated payment/transfer office of 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 Bonds, payments of principal of and interest on the Bonds will be made as described in "BOOK-ENTRY-ONLY SYSTEM" herein.

Record Date

The record date ("Record Date") for interest payable to the registered owner of a Bond on any interest payment date means the fifteenth day of the month next preceding such Interest Payment Date.

In the event of a non-payment of interest on an interest payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (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 appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Future Registration

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

Limitation on Transfer or Exchange of Bonds

The Paying Agent/Registrar shall not be required to transfer or exchange any Bonds or any portion thereof during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date or with respect to any Bond or portion called for redemption prior to maturity, within 45 days prior to its redemption date, provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond called for redemption.

Replacement Bonds

In the Ordinance, provision is made for the replacement of mutilated, destroyed, lost, or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, or the receipt of satisfactory evidence of destruction, loss, or theft, and the receipt by the City and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The City may require payment of taxes, governmental charges, and other expenses in connection with any such replacement.

BOOK-ENTRY-ONLY SYSTEM

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

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission (the "SEC"), and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). Direct Participants and Indirect Participants are jointly referred to as "Participants". DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment on the Bonds 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 Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered. The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered.

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

Use of Certain Terms in Other Sections of this Official Statement

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

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE CITY

The City invests funds in instruments authorized by Texas law, specifically the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "PFIA"), in accordance with and investment policies approved by the City Council. The City Council appoints the Finance Director as the "Investment officer" of the City. Both State law and the City's investment policies are subject to change.

Under Texas 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 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 (the "FDIC") 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 FDIC or the National Credit Union Share Insurance Fund (the "NCUSIF") or their respective successors; (8) interest-bearing banking deposits, other than those described in clause (7), that (i) are invested through a broker or institution with a main office or branch office in this state and selected by the City in compliance with the PFIA, (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the City's account, (iii) 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 (iv) the City appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (8)(i) above, a bank, or a broker-dealer; (9) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8), above, or secured in accordance with Chapter 2257, Texas Government Code, 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 a broker or institution that has a main office or branch office in the State and selected by the City in compliance with the PFIA, (b) the broker or institution arranges for the deposit of the funds 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, in compliance with the PFIA, the institution in clause (9)(ii)(a) above, a bank, or broker-dealer as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described by clauses (1) or (12), 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) certain bankers' acceptances with a stated maturity of 270 days or less, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least A-1 or P-1 or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission and complies with Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the City is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract; and (16) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent, or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool, (iv) the terms of a loan made under the program require that the securities being held as collateral be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party designated by the City, (v) 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 (vi) the agreement to lend securities has a term of one year or less.

If specifically authorized in the authorizing document, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations 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.

City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or Aaam or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

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

Under Texas 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 or 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; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

Authorized Investments

The City maintains portfolios which utilize specific investment strategy consideration, designed to address the unique characteristics of the following fund groups represented in the investment portfolios:

- Operating Funds and Commingled Pools Containing Operating Funds
- Debt Service Funds
- Debt Service Reserve Funds
- Capital Projects and Special Purpose Funds

All investment instruments must be approved by resolution of the City Council. Assets of funds of the City may be invested in the following instruments:

- US Treasury obligations with stated maturities not to exceed three (3) years and not to exceed 100% of the overall portfolio;
- Obligations of US Government agencies and instrumentalities with stated maturities not to exceed three (3) years and not to exceed 60% of the overall portfolio;
- Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities with stated maturity not to exceed three years;
- Repurchase agreements and reverse repurchase agreements as defined by PFIA and collateralized by US Government Obligations and obligations of US Government Agencies and Instrumentalities, undertaken under an executed Master Repurchase Agreement with primary dealer and not to exceed six (6) months. The portfolio may not contain more than 40% repurchase agreements;
- Certificates of deposit issued by state and national banks domiciled in Texas that are guaranteed or insured by the FDIC or secured by obligation that are described in investment vehicles above and not to exceed 40% of the overall portfolio;
- Constant dollar investment pools as defined by the PFIA rated no lower than AAA or AAA-m or its equivalent by at least one national rating agency and with a weighted average maturity not to exceed sixty (60) days. All investment pools must be approved by resolution from the City Council; and
- No-load money market mutual funds as permitted by the PFIA.

Current Investments

State law does not require the City to periodically mark its investments to market price, and the City does not do so, other than annually upon the conclusion of each fiscal year, for the purpose of compliance with applicable accounting policies concerning the contents of the City's audited financial statements. Given the nature of its investments, the City does not believe that the market value of its investments differs materially from book value.

As of March 31, 2022 all the City's investable funds in the amount of $60,523,805 were invested in TexPool Money Market Accounts.

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

The Texas State Comptroller of Public Accounts exercises oversight responsibility over the Texas Local Government Investment Pool ("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 both of participants in TexPool and of the other persons who do not have a business relationship with TexPool. The advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAA by S&P. TexPool operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. As such, TexPool uses amortized cost to report net assets and share prices since that amount approximates fair value.

DEFINED BENEFIT PENSION PLAN

Plan Description

The City 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 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. 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 includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by the System. This report may be obtained at www.tmrs.com.

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

For more information see the Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2021, Note 8 and Note 9, pages 47 through 54.

AD VALOREM TAX PROCEDURES

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. 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 Tarrant 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 years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property (the "10% Homestead Cap"). See "Table 1 – Assessed Valuation" for the reduction in taxable valuation attributable to the 10% Homestead Cap.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity ("Productivity Value"). The same land may not be qualified as both agricultural and open-space land. See "Table 1 – Assessed Valuation" for the reduction in taxable valuation attributable to valuation by Productivity Value.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates. See "AD VALOREM TAX PROCEDURES – 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. See "Table 1 – Assessed Valuation" for the reduction, if any, attributable to state mandated homestead exemptions.

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 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. See “Table 1 – Assessed Valuation” for the reduction, if any, attributable to local option homestead exemptions.

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. See “Table 1 – Assessed Valuation” for the reduction, if any, attributable to the local option freeze for the elderly and disabled.

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.

See “Table 1 – Assessed Valuation” for the reduction, if any, attributable to Freeport Property and/or Goods-in-Transit exemptions.

Other Exempt Property

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

Tax Increment Financing Zones

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

Tax Abatement Agreements

Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or

part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. See “CITY APPLICATION OF THE PROPERTY TAX CODE” for descriptions of any of the City’s tax abatement agreements.

For a discussion of how the various exemptions described above are applied by the City, See “CITY APPLICATION OF THE PROPERTY TAX CODE” herein.

Public Hearing and Maintenance and Operation Tax Rate Limitations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

City and Taxpayer Remedies

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

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

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

City's Rights in the Event of Tax Delinquencies

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

Penalties and Interest

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

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

[(a)] *After July, the penalty remains at 12% and interest accrues at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid. A delinquent tax continues to accrue interest as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest penalty is to compensate the taxing unit for revenue lost because of the delinquency. In addition the taxing unit may contract with an attorney for the collection of delinquent taxes and the amount of compensation as set forth in such contract may not provide for a fee not to exceed 20% of the amount of delinquent tax, penalty, and interest collected. 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.*

CITY APPLICATION OF THE PROPERTY TAX CODE

The City grants an exemption of $50,000 to the market value of the residence homestead of persons 65 years of age or older and exemption of $30,000 for the disabled. See Appendix A – Table 10, Page A-5 for a listing of the amounts of these exemptions.

The City does not grant an additional exemption of up to 20% of the market value of residence homesteads (minimum exemption of $5,000).

The City does not tax non-business personal property.

The City has contracted with the Tarrant County Tax Assessor/Collector for the collection of the City's property taxes.

Tarrant County does permit split payments, but discounts are not allowed.

The City does grant the Freeport Property exemption.

The City does grant an exemption for "Goods-in-Transit".

In November, 2021 the City, along with Tarrant County and the Tarrant County College District agreed to create Reinvestment Zone Number One, City of Saginaw Texas with a term of 30 years.

The City has not adopted the tax freeze for citizens who are disabled or are 65 years of age or older, which became a local option and subject to local referendum on January 1, 2004, as described above under "AD VALOREM TAX PROCEDURES – Local Option Freeze for the Elderly and Disabled" herein.

The City has no tax abatement agreements. The City had 5 active 380 agreements of which two have been satisfied with a total of $45,332 in payments this fiscal year. The estimated total of the three remaining agreements is $2,036,500 which may be partially paid by the end of the fiscal year. Businesses with which the City has current 380 agreements are: CTI Beanmaker, AB & JK Development LLC, and Farmers Insurance.

ADDITIONAL TAX COLLECTIONS

Municipal Sales Tax Collections

The City has adopted the provisions of Chapter 34 of the Tax Code, as amended, which provides for the maximum levy of a one percent sales tax which may be used by the City for any lawful purpose except that the City may not pledge any of the anticipated sales tax revenue to secure the payment of the Bonds or other indebtedness. Net collections on a fiscal year basis are shown in Table 15 of Appendix A – Financial Information of the City.

Optional Sales Tax

The Tax Code provides certain cities and counties the option of assessing a maximum one-half percent (1/2%) sales 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 tax is approved and levied, the ad valorem property tax levy must be reduced by the amount of the estimated sales tax revenues to be generated in the current year. Further the Tax Code provides certain cities the option of assessing a maximum one-half percent (1/2%) sales tax on retail sales of taxable items for economic development purposes, if approved by a majority of the voters in a local option election.

At an election held on November 2, 1993, registered voters of the City approved the imposition of a one-half percent (1/2%) additional sales tax for property tax reduction. Levy of the ad valorem tax reduction sales tax began in October 1994.

At an election held in November 1997, registered voters of the City approved the creation of a Crime Control and Prevention District ("CCPD") and authorized the imposition of a one-half percent (½%) additional sales tax for crime prevention for five years. This authorization was renewed for an additional five years in May 2002. Levy of the original ½% crime prevention sales tax began in April 1998 and after initial renewal extended until April 2008.

On May 12, 2007, the City had an election in which registered voters approved the imposition of a three-eighths percent (3/8%) additional sales tax for crime prevention for ten years (a reduction from the original ½% authorized) and a one-eighth percent (1/8%) additional sales tax for street maintenance. Levy of these additional sales tax collections began in April 2008 and were extended until April 2028 for CCPD and April 2023 for Street Maintenance. See Table 15, page A-7 for the City's sales tax collections.

The City has not held an election regarding an additional sales tax for economic development purposes in accordance with provisions of Chapters 501, 502, 504 or 505, Texas Local Government Code, as amended.

TAX MATTERS

Opinion

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

In rendering its opinion, Bond Counsel to the City will rely upon (a) the City's federal tax certificate, and (b) covenants of the City with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Failure of the City to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

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

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

A ruling was not sought from the Internal Revenue Service by the City with respect to the Bonds or the facilities financed or refinanced with the proceeds of the Bonds. Bond Counsel’s opinion represents its legal judgment based upon its review of Existing Law and the representations of the City that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

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

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

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

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

the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

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

Collateral Federal Income Tax Consequences

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

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

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

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

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

State, Local and Foreign Taxes

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

Information Reporting and Backup Withholding

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

Future and Proposed Legislation

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

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB").

Annual Reports

The City will provide certain updated financial information and operating data to the MSRB on an annual basis. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1, 2, 3, 11, 12, 13, 14, and 19 of Appendix A. The City will update and provide this information within six (6) months after the end of each fiscal year ending in and after 2022. The City will additionally provide audited financial statements when and if available, and in any event, within twelve (12) months after the end of each fiscal year ending in or after 2022. If the audit of such financial statements is not complete within twelve (12) months after any such fiscal year end, then the City will file unaudited financial statements within such 12 - month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix D or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation.

The City's current fiscal year end is September 30. Accordingly, the City must provide updated information included in the above-referenced tables by the last day of March in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) must be provided by September 30 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the City otherwise would be required to provide financial information and operating data as set forth above.

All financial information, operating data, financial statements and notices required to be provided to the MSRB shall be provided in an electronic format and be accompanied by identifying information prescribed by the MSRB. Financial information and operating data to be provided as set forth above may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

Notice of Certain Events

The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties. In addition, the City will provide timely notice of any failure by the City to provide annual financial information or operating data in accordance with their agreement described above under "Annual Reports".

For these purposes, any event described in (12) of the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

For the purposes of the above described event notices (15) and (16), the term "financial obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned

debt obligation, or (iii) a guarantee of (i) or (ii); provided however, that a "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

Availability of Information from MSRB

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

The City may amend its agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The City may also repeal or amend its agreement if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but in either case only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the City amends its agreement, it must include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and data provided.

Compliance with Prior Agreements

During the last five years, the City has complied in all material respects with all continuing disclosure undertakings made by it in accordance with the Rule, except as follows: the City did not timely file defeasance notices in connection with the refunding of the City's Waterworks and Sewer System Revenue Bonds, Series 2006, Combination Tax and Revenue Certificates of Obligation, Series 2007, and Combination Tax and Revenue Certificates of Obligation, Series 2010. The Defeasance notice was filed July 31, 2020 and the Notice of Failure to File Material Event was filed on August 3, 2020.

OTHER PERTINENT INFORMATION

Registration and Qualification of Bonds for Sale

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

Litigation

In the opinion of the City Attorney, the City is party to one pending litigation. The City has a pending litigation matter that, if decided adversely to the City, could result in damages from $100,000 to $350,000. A statutory damage amount limitation of $250,000 is applied to this case. Texas Municipal League Intergovernmental Risk Pool is providing a defense in this case, per its agreement with the City.

Future Debt Issuance

The City is considering issuing certificates of obligation this summer or fall for other projects.

Legal Investments and Eligibility to Secure Public Funds in Texas

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are real 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 Bonds by municipalities or other political subdivisions or public agencies of the State, the PFIA requires that the Bonds be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "OTHER PERTINENT INFORMATION - Rating" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivision, and are legal security for those deposits to the extent of their fair market value. No review by the City has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

No representation is made that the Bonds 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 Bonds for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Bonds for such purposes.

Legal Matters

The City will furnish to the Underwriters a complete transcript of proceedings incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinions of the Attorney General of the State of Texas to the effect that the Bonds are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the approving legal opinions of McCall, Parkhurst & Horton L.L.P., Bond Counsel, with respect to the Bonds being issued in compliance with the provisions of applicable law. The form of Bond Counsel's opinion is attached hereto as Appendix C.

Though it may represent the Financial Advisor and the Underwriters from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel was engaged by, and only represents, the City. Except as noted below, Bond Counsel did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein except that in its capacity as Bond Counsel, such firm has reviewed the information appearing under captions and subcaptions "THE BONDS" (excluding the information under the subcaptions "Payment Record", "Book-Entry-Only System" and "Default and Remedies"), "TAX MATTERS", "CONTINUING DISCLOSURE OF INFORMATION" (excluding the information under the subcaption "Compliance with Prior Undertakings"), "OTHER PERTINENT INFORMATION - Registration and Qualification of Bonds for Sale", "OTHER INFORMATION - Legal Investments and Eligibility to Secure Public Funds in Texas", and "OTHER INFORMATION - Legal Matters" (excluding the last sentence of the second paragraph thereof) in the Official Statement and such firm is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the provisions of the Ordinance. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas, whose legal fees are contingent upon the sale and delivery of the Bonds.

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

Rating

A municipal bond rating application has been made to S&P Global Ratings ("S&P"). Currently the City has an underlying rating of "AA" on its general obligation debt from S&P. An explanation of the significance of such rating may be obtained from the rating agency. A rating by a rating agency reflects only the view of such company at the time the rating is given, and the City makes no representations as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by S&P, if, in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

Financial Advisor

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

Underwriting

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the City, at a price equal to the initial offering prices to the public, as shown on page ii of this Official Statement, less an underwriting discount of $_____, plus accrued interest from the Dated Date to the date of initial delivery. The Underwriters will be obligated to purchase all of the Bonds, if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement pursuant to their respective responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

Links to Websites

The City has provided links to websites in this Official Statement to allow investors independent access to information or expertise that may be of value. INFORMATION ON SUCH WEBSITES IS NOT INCORPORATED INTO THIS OFFICIAL STATEMENT BY REFERENCE OR OTHERWISE. The inclusion of any links does not imply a recommendation or endorsement of the information or views expressed within a website. The City has not participated in the preparation, compilation or selection of information or views in any website referenced in this Official Statement, and assumes no responsibility or liability for the information or views, or accuracy or completeness thereof, in any website referenced herein.

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' 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.

Concluding Statement

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

This Official Statement will be approved by the City Council for distribution in accordance with the provisions of the Rule.

CITY OF SAGINAW, TEXAS

_____
Mayor
City of Saginaw, Texas

ATTEST:

_____
City Secretary
City of Saginaw, Texas

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APPENDIX A

FINANCIAL INFORMATION OF THE CITY

(This appendix contains quantitative financial information and operating data with respect to the City. The information is only a partial representation and does not purport to be complete. For further and more complete information, reference should be made to the original documents, which can be obtained from various sources, as noted.)

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FINANCIAL INFORMATION OF THE CITY

ASSESSED VALUATION			TABLE 1
2021 Total Appraised Value of Taxable Property (100% of Actual)[a]		$	2,811,157,806
Less Exemptions / Value Loss:			
Absolute Exemptions	181,037,079		
Nominal Value	37,602		
Disabled Vets	29,446,601		
Freeport Inventory	45,481,453		
Over 65-Local	67,971,808		
Disabled-Local	5,625,000		
Polution Control/Solar/Wind	121,028		
Misc Personal Property	9,060,347		
Comm Hse Dev	396,809		
Incomplete Accounts/Under ARB Review	207,938,479		
	Total Exemptions		547,116,206
2021 Certified Net Taxable Assessed Valuation		$	2,264,041,600

[a] *See "AD VALOREM TAX PROCEDURES" and "CITY APPLICATION OF THE TEXAS TAX CODE" in the Official Statement for a description of the City's taxation procedures.*

Source: Tarrant Appraisal District - September certified values and the City.

GENERAL OBLIGATION BONDED DEBT			TABLE 2
General Obligation Debt Principal Outstanding: (As of September 30, 2021)			
General Obligation Refunding and Improvement Bonds, Series 2013		$	5,620,000
General Obligation Refunding Bonds, Series 2014			760,000
General Obligation Bonds, Series 2015			5,760,000
General Obligation Refunding Bonds, Series 2015			935,000
General Obligation Refunding Bonds, Series 2016			2,655,000
General Obligation Bonds, Series 2017			6,645,000
Tax Notes, Series 2019			1,160,000
General Obligation Refunding Bonds, Series 2019			1,060,000
General Obligation Refunding Bonds, Series 2020			1,030,000
Combination Tax & Revenue Certificates of Obligation, Series 2020			17,310,000
General Obligation Bonds, Series 2021			8,435,000
Total Gross General Obligation Debt Principal Outstanding:		$	51,370,000
Current Issue General Obligation Debt Principal:			
General Obligation Bonds, Series 2022 (the "Bonds")		$	23,700,000 *
Total **Gross** General Obligation Debt Principal Outstanding Following the Issuance of the Bonds		$	75,070,000 *
Less: Self-Supporting General Obligation Debt Principal			
General Obligation Refunding Bonds, Series 2014 (Approx. 9.86% UF)		$	75,000
General Obligation Refunding Bonds, Series 2015 (100% UF)			935,000
Total Self-Supporting General Obligation Debt Principal		$	1,010,000
Total **Net** General Obligation Debt Outstanding (Following the issuance of the Obligations):		$	74,060,000 *
General Obligation Interest and Sinking Fund Balance as of March 31, 2022.		$	4,639,025
Ratio of General Obligation Debt Principal to 2021 Certified Net Taxable Assessed Valuation			3.32% *
2021 Certified Net Taxable Assessed Valuation[a]		$	2,264,041,600
Population: 1990 - 8,551; 2000 - 12,374; 2010 - 19,806; 2020 - 24,860; Current Estimate			25,813
Per Capita 2021 Certified Net Taxable Assessed Valuation -		$	87,709
Per Capita **Gross** General Obligation Debt Principal -		$	2,908 *
Per Capita **Net** General Obligation Debt Principal -		$	2,869 *

[a] *See "AD VALOREM TAX PROCEDURES" and "CITY APPLICATION OF THE TEXAS TAX CODE" in the Official Statement for a description of the City's taxation procedures.*

* *Preliminary, subject to change.*

OTHER OBLIGATIONS — TABLE 3

Capital Lease Obligations

The City has no capital lease obligations at September 30, 2021.

Source: The City's Annual Comprehensive Financial Reports

NET TAXABLE ASSESSED VALUATION FOR TAX YEARS 2012-2021 — TABLE 4

Year	Net Taxable Assessed Valuation	Change From Preceding Year Amount ($)	Change From Preceding Year Percent
2012-13	1,164,124,528	(28,575,497)	-2.40%
2013-14	1,219,320,151	55,195,623	4.74%
2014-15	1,275,728,662	56,408,511	4.63%
2015-16	1,316,353,549	40,624,887	3.18%
2016-17	1,441,352,872	124,999,323	9.50%
2017-18	1,570,202,200	128,849,328	8.94%
2018-19	1,843,931,670	273,729,470	17.43%
2019-20	2,046,012,112	202,080,442	10.96%
2020-21	2,054,763,191	8,751,079	0.43%
2021-22	2,264,041,600	209,278,409	10.19%

Source: Tarrant Appraisal District and the City of Saginaw.

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS — TABLE 5

Fiscal Year 30-Sep	Currently Outstanding Debt Service	The Bonds* Principal	The Bonds* Interest	The Bonds* Total	Combined Debt Service[a]*	Less: Debt Paid from Utility Fund[b]	Net General Obligation Debt Service[c]*
2022	$ 4,977,730	$ -	$ -	$ -	$ 4,977,730	$ 240,006	$ 4,737,724
2023	4,656,585	375,000	1,036,875	1,411,875	6,068,460	165,642	5,902,818
2024	4,658,454	500,000	816,375	1,316,375	5,974,829	167,672	5,807,157
2025	4,685,706	500,000	798,875	1,298,875	5,984,581	169,603	5,814,978
2026	4,571,135	500,000	781,375	1,281,375	5,852,510	166,435	5,686,075
2027	4,231,818	500,000	763,875	1,263,875	5,495,693	168,267	5,327,426
2028	3,683,102	1,105,000	746,375	1,851,375	5,534,477	-	5,534,477
2029	3,675,370	1,145,000	707,700	1,852,700	5,528,070	-	5,528,070
2030	3,670,188	1,185,000	667,625	1,852,625	5,522,813	-	5,522,813
2031	3,553,576	1,225,000	626,150	1,851,150	5,404,726	-	5,404,726
2032	3,563,474	1,265,000	583,275	1,848,275	5,411,749	-	5,411,749
2033	3,556,149	1,310,000	539,000	1,849,000	5,405,149	-	5,405,149
2034	2,984,970	1,360,000	493,150	1,853,150	4,838,120	-	4,838,120
2035	2,983,650	1,405,000	445,550	1,850,550	4,834,200	-	4,834,200
2036	2,482,850	1,455,000	396,375	1,851,375	4,334,225	-	4,334,225
2037	2,476,550	1,505,000	345,450	1,850,450	4,327,000	-	4,327,000
2038	1,948,000	1,560,000	292,775	1,852,775	3,800,775	-	3,800,775
2039	1,952,700	1,615,000	238,175	1,853,175	3,805,875	-	3,805,875
2040	1,945,000	1,670,000	181,650	1,851,650	3,796,650	-	3,796,650
2041	525,300	1,730,000	123,200	1,853,200	2,378,500	-	2,378,500
2042	-	1,790,000	62,650	1,852,650	1,852,650	-	1,852,650
	$ 66,782,308	$ 23,700,000	$ 10,646,475	$ 34,346,475	$ 101,128,783	$ 1,077,625	$ 100,051,158

[a] *Includes general obligation self-supporting debt.*

[b] *Includes debt being paid from water and sewer system revenues. See Table 2, page A-1 for more detailed information.*

[c] *Excludes debt service paid from water and sewer revenues.*

* *Preliminary, subject to change. Interest calculated at an assumed rate for illustration purposes only.*

TAX ADEQUACY (Includes Self-Supporting Debt) — TABLE 6

2021 Certified Net Taxable Assessed Valuation	$ 2,264,041,600	
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-23*)	$ 6,068,460	*
Indicated Maximum Interest and Sinking Fund Tax Rate at 98% Collections	$ 0.27351	*

* *Preliminary, subject to change.*

TAX ADEQUACY (Excludes Self-Supporting Debt) — TABLE 7

2021 Certified Net Taxable Assessed Valuation	$ 2,264,041,600	
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-23*)	$ 5,902,818	*
Indicated Maximum Interest and Sinking Fund Tax Rate at 98% Collections	$ 0.26604	*

* *Preliminary, subject to change.*

INTEREST AND SINKING FUND MANAGEMENT INDEX — TABLE 8

Interest and Sinking Fund Balance, Fiscal Year Ended September 30, 2021	$ 1,082,134
2021 Interest and Sinking (I&S) Fund Tax Levy of $0.19450 at 99% Collections Produces [(a)]	4,359,525
Total Available for Debt Service	$ 5,441,659
Less: Net General Obligation Debt Service Requirements, Fiscal Year Ending 9-30-22	4,737,724
Estimated Surplus at Fiscal Year Ending 9-30-22	$ 703,935

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

GENERAL OBLIGATION DEBT PRINCIPAL REPAYMENT SCHEDULE — TABLE 9

	Principal Repayment Schedule				
Fiscal Year Ending 9-30	**Outstanding Debt**	**The Bonds***	**Total ***	**Debt Unpaid at End of Year***	**Percent of Principal Retired (%)***
2022	$ 3,380,000	$ -	$ 3,380,000	$ 71,690,000	4.50%
2023	3,160,000	375,000	3,535,000	68,155,000	9.21%
2024	3,235,000	500,000	3,735,000	64,420,000	14.19%
2025	3,340,000	500,000	3,840,000	60,580,000	19.30%
2026	3,305,000	500,000	3,805,000	56,775,000	24.37%
2027	3,055,000	500,000	3,555,000	53,220,000	29.11%
2028	2,595,000	1,105,000	3,700,000	49,520,000	34.03%
2029	2,670,000	1,145,000	3,815,000	45,705,000	39.12%
2030	2,760,000	1,185,000	3,945,000	41,760,000	44.37%
2031	2,745,000	1,225,000	3,970,000	37,790,000	49.66%
2032	2,855,000	1,265,000	4,120,000	33,670,000	55.15%
2033	2,945,000	1,310,000	4,255,000	29,415,000	60.82%
2034	2,475,000	1,360,000	3,835,000	25,580,000	65.93%
2035	2,555,000	1,405,000	3,960,000	21,620,000	71.20%
2036	2,140,000	1,455,000	3,595,000	18,025,000	75.99%
2037	2,205,000	1,505,000	3,710,000	14,315,000	80.93%
2038	1,750,000	1,560,000	3,310,000	11,005,000	85.34%
2039	1,815,000	1,615,000	3,430,000	7,575,000	89.91%
2040	1,870,000	1,670,000	3,540,000	4,035,000	94.63%
2041	515,000	1,730,000	2,245,000	1,790,000	97.62%
2042	-	1,790,000	1,790,000	-	100.00%
	$ 51,370,000	$ 23,700,000	$ 75,070,000		

** Preliminary, subject to change.*

CLASSIFICATION OF ASSESSED VALUATION **TABLE 10**

Category	2021	% of Total	2020	% of Total	2019	% of Total	2018	% of Total	2017	% of Total
Real Estate Residential	$ 1,701,277,286	60.52%	$ 1,550,330,737	59.30%	$ 1,430,402,813	57.74%	$ 1,239,942,980	55.37%	$ 1,090,500,844	55.19%
Real Estate Commercial	472,709,881	16.82%	463,658,516	17.73%	427,950,002	17.27%	403,024,081	18.00%	379,797,170	19.22%
Real Estate Industrial	110,996,492	3.95%	115,714,121	4.43%	117,173,523	4.73%	103,321,188	4.61%	72,638,204	3.68%
Personal Prop Commercial	372,543,862	13.25%	350,801,162	13.42%	363,828,827	14.69%	346,372,096	15.47%	293,133,844	14.84%
Personal Prop Industrial	153,174,622	5.45%	133,435,553	5.10%	137,378,032	5.55%	146,195,411	6.53%	139,354,876	7.05%
Mineral Lease Property	400,050	0.01%	535,580	0.02%	698,360	0.03%	410,340	0.02%	354,050	0.02%
Agricultural Property	55,613	0.00%	57,386	0.00%	60,297	0.00%	50,681	0.00%	55,591	0.00%
Total Appraised Value	$ 2,811,157,806	100.00%	$ 2,614,533,055	100.00%	$ 2,477,491,854	100.00%	$ 2,239,316,777	100.00%	$ 1,975,834,579	100.00%
Less Exemptions/Value Loss:										
Absolute Exemptions	$ 181,037,079		$ 185,837,846		$ 119,631,325		$ 169,752,822		$ 172,861,126	
Abatements	-		-		-		36,229,653		2,134,376	
Nominal Value	37,602		40,887		52,087		26,115		21,825	
Disabled Vets	29,446,601		23,108,508		19,009,247		14,123,011		9,770,666	
Freeport Inventory	45,481,453		37,088,819		51,446,181		52,541,801		48,758,513	
Over 65-Local	67,971,808		64,162,328		63,182,928		58,059,648		51,439,123	
Disabled-Local	5,625,000		5,050,000		4,170,000		3,669,999		3,210,000	
Pollution Control/Solar/Wind/Other	121,028		136,660		350,802		310,218		349,304	
Misc Personal Property	9,060,347		9,703,371		13,737,003		3,250,105		1,030,901	
Comm Hse Dev	396,809		-		-		-		-	
Incomplete Accounts / Under ARB Review	207,938,479		234,641,445		159,900,169		57,421,735		116,056,545	
Total Exemptions	$ 547,116,206		$ 559,769,864		$ 431,479,742		$ 395,385,107		$ 405,632,379	
Certified Net Taxable Valuation	$ 2,264,041,600		$ 2,054,763,191		$ 2,046,012,112		$ 1,843,931,670		$ 1,570,202,200	

Note: Assessed Valuations shown are Certified Values and may change during the year due to various supplements and protests. Valuations on a later date or in other tables of this Official Statement may not match those shown on this table.

Source: Tarrant Appraisal District (Certified September 1 Totals) and the City.

PRINCIPAL TAXPAYERS 2021 — TABLE 11

Name	Type of Business	2021 Taxable Assessed Valuation	% of Total 2021 Assessed Valuation
Miller Milling Company LLC	Grain Elavator/Mill	$ 60,890,666	2.69%
Ardent Mills LLC	Food Service / Processing	52,842,131	2.33%
Ventura Foods LLC	Food Packaging/Processing	49,497,335	2.19%
CTI Foods Inc./CTI Saginaw I LLC	Food Packaging/Processing	33,362,682	1.47%
Trinity Industries Inc.	Industrial Manufacturing	30,224,890	1.33%
Gavilon Grain LLC	Grain Elavator/Mill	23,132,207	1.02%
Oncor Electrc Delivery Co. LLC	Electric Utility/Power Plant	22,047,750	0.97%
UFP Saginaw LLC/UFP Real Estate LLC	Real Estate	21,984,820	0.97%
Wal-Mart Real Estate Business Trust	Retail Store	18,404,094	0.81%
Norton Metal Products Inc.	Manufacturing	11,963,617	0.53%
	Total	$ 324,350,192	14.33%

Based on a 2021 Certified Net Taxable Assessed Valuation of $2,264,041,600

Source: Tarrant Appraisal District

PROPERTY TAX RATES AND COLLECTIONS [a] — TABLE 12

Tax Year	Net Taxable Assessed Valuation	Tax Rate	Tax Levy	% Collections Current	% Collections Total	Year Ended
2012	$ 1,164,124,528	$ 0.490000	$ 5,739,750	99.39%	99.93%	9/30/2013
2013	1,219,320,151	0.510000	6,223,951	99.37%	99.90%	9/30/2014
2014	1,275,728,662	0.510000	6,484,972	99.43%	99.94%	9/30/2015
2015	1,316,353,549	0.544000	7,175,560	99.53%	99.93%	9/30/2016
2016	1,441,352,872	0.513000	7,557,636	99.42%	99.89%	9/30/2017
2017	1,570,202,200	0.495000	8,075,537	99.40%	99.73%	9/30/2018
2018	1,843,931,670	0.471800	8,893,539	99.51%	99.83%	9/30/2019
2019	2,046,012,112	0.459000	9,671,868	99.52%	99.66%	9/30/2020
2020	2,054,763,191	0.461579	10,438,401	99.44%	99.44%	9/30/2021
2021	2,264,041,600	0.479516	11,707,166	96.24%	96.43% [b]	9/30/2022

[a] *See "AD VALOREM TAX PROCEDURES" and "CITY APPLICATION OF THE TEXAS TAX CODE" in the Official Statement for a description of the City's taxation procedures.*

[b] *Collections as of March 31, 2022.*

Source: Tarrant Appraisal District and the City of Saginaw.

TAX RATE DISTRIBUTION — TABLE 13

	2021	2020	2019	2018	2017
General Fund	$0.285058	$0.284238	$0.281655	$0.291129	$0.284186
I & S Fund	0.194458	0.177341	0.177345	0.180671	0.210814
TOTAL	$0.479516	$0.461579	$0.459000	$0.471800	$0.495000

Source: Tarrant Appraisal District and the City.

FUND BALANCES — TABLE 14

(As of March 31, 2022. unaudited)

General Operating Fund (Undesignated)	$ 10,391,593
General Obligation Debt Service (I&S) Fund	4,639,025
Special Revenue Fund	9,293,148
Capital Projects Fund	20,451,548
Enterprise Fund (Undesignated)	3,586,132
Revenue Bond Reserve	158,636
Revenue Bond Debt Service (I&S) Reserve	29,500
General Fund Emergency Reserve	4,550,000
Enterprise Fund Emergency Reserve	2,450,000
Enterprise Fund (Designated)	2,373,171
General Fund (Designated)	4,914,264
Total	$ 62,837,017

MUNICIPAL SALES TAX — TABLE 15

The table below shows total sales tax collections for the City. At an election held on November 2, 1993, registered voters of the City approved the imposition of a one-half percent (½%) additional sales tax for property tax reduction. Levy of the ad valorem tax reduction sales tax began in October 1994. At an election held in November 1997, registered voters of the City approved the creation of a Crime Control and Prevention District ("CCPD") and authorized the imposition of a one-half percent (½%) additional sales tax for crime prevention for five years. This authorization was renewed for an additional five years in May 2002. Levy of the original ½% crime prevention sales tax began in April 1998 and after initial renewal extended until April 2008. On May 12, 2007, the City had an election in which registered voters approved the imposition of a three-eighths percent (3/8%) additional sales tax for crime prevention for ten years (a reduction from the original ½% authorized) and a one-eighth percent (1/8%) additional sales tax for street maintenance. Levy of these additional sales tax collections began in April 2008 and was extended until April 2028. The City has not held an election regarding an additional sales tax for economic development purposes in accordance with provisions of Chapters 501, 502, 504 or 505, Texas Local Government Code, as amended. Municipal sales taxes ARE NOT pledged for the payment of principal and interest on the Bonds.

Calendar Year	2.000% Total Collections	1.500% General Fund	0.125% Streets	% of Ad Valorem Tax Levy	($) Equivalent of Ad Valorem Tax Rate	0.375% Crime Prevention
2013	$ 4,587,385.01	$ 4,255,423.55	$ 354,618.65	80.32%	0.3936	$ 978,768.96
2014	4,723,354.11	4,348,467.29	362,372.26	75.69%	0.3860	1,001,732.03
2015	4,776,688.27	4,404,317.83	367,026.50	73.58%	0.3752	1,017,191.14
2016	4,774,061.64	4,398,046.86	366,503.90	66.40%	0.3612	1,028,497.42
2017	5,095,225.76	3,679,163.54	306,596.96	52.74%	0.2705	1,109,465.26
2018	5,257,738.16	3,802,628.06	316,885.67	51.01%	0.2525	1,138,224.43
2019	5,642,609.85	4,063,325.88	338,610.49	49.50%	0.2335	1,240,673.48
2020	5,935,359.92	4,278,664.38	356,555.37	47.92%	0.2200	1,300,140.17
2021	7,328,008.40	5,250,095.23	437,507.94	54.49%	0.2515	1,640,405.23
2022*	2,325,801.57	1,657,717.16	138,143.10	15.34%	0.0736	529,941.31

* As of April 2022.

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

Note: The Comptroller's website figures list sales tax revenues in the month they are delivered to the City, which is two months after they are generated/collected. The City accrues sales tax revenues to the month in which they are earned.

OVERLAPPING DEBT DATA AND INFORMATION — TABLE 16

(As of March 31, 2022)

Taxing Body	Gross Debt Principal Outstanding	% Overlapping	Amount Overlapping
Tarrant County	$ 213,675,000	0.98%	$ 2,094,015
Tarrant County Hospital District	12,825,000	0.98%	125,685
Eagle Mountain-Saginaw Independent School District	924,255,608	17.20%	158,971,965
Tarrant County College District	255,995,000	0.98%	2,508,751
Total Gross Overlapping Debt			$ 163,700,416
City of Saginaw	75,070,000 [(a)]	100.00%	75,070,000 [(a)]
Total **Gross** Direct and Overlapping Debt			$ 238,770,416 [(a)]
Ratio of Direct and Overlapping Debt Principal to 2021 Certified Net Taxable Assessed Valuation			10.55% [(a)]
Ratio of Direct and Overlapping Debt Principal to 2021 Actual Total Assessed Valuation			8.49% [(a)]
Per Capita Direct and Overlapping Debt			$ 9,250 [(a)]

[(a)] *Includes the Bonds. Preliminary, subject to change.*

Source: The most recent Texas Municipal Report published by the Municipal Advisory Council of Texas

ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ENTITIES **TABLE 17**

Governmental Entity	2021 Assessed Valuation	% of Actual	2021 Tax Rate
Tarrant County	$ 232,087,545,175	100%	$ 0.234000
Tarrant County Hospital District	232,505,993,849	100%	0.224000
Tarrant County College District	234,225,984,717	100%	0.130000
Eagle Mountain-Saginaw ISD	12,723,289,879	100%	1.496000

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

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS OF OVERLAPPING GOVERNMENTAL ENTITIES **TABLE 18**

Taxing Body	Date of Authorization	Purpose	Amount Authorized	Issued To Date	Unissued
Tarrant County	8/8/98	Justice Center	$ 70,600,000	$ 63,100,000	$ 7,500,000
	8/8/98	Healthcare Facility	9,100,000	1,000,000	8,100,000
	5/13/06	County Buildings	62,300,000	47,300,000	15,000,000
		Total	$ 142,000,000	$ 111,400,000	$ 30,600,000
Eagle Mountain-Saginaw Independent School District	11/7/2017	School Buildings	$ 524,755,000	$ 325,825,000	$ 198,930,000
Tarrant County College District	11/5/2019	School Buildings	$ 825,000,000	$ 300,000,000	$ 525,000,000
Tarrant County Hospital District	None				
City of Saginaw	5/1/2021	Streets & Roads	$ 37,550,000	$ 6,800,000	$ 30,750,000
		Parks/Senior Center [1]	11,200,000	11,200,000	-
		Library [1]	18,700,000	18,700,000	-
		Total	$ 67,450,000	$ 36,700,000	$ 30,750,000

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

[1] Includes the Bonds.

GENERAL FUND COMBINED STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES **TABLE 19**

	Fiscal Year Ended September 30				
	2021	**2020**	**2019**	**2018**	**2017**
Revenues:					
Taxes	$ 14,703,088	$13,071,890	$ 12,454,203	$ 11,206,947	$ 10,761,311
Licenses and Permits	668,169	773,813	858,901	951,542	929,188
Charges for Services	97,020	94,815	87,150	84,000	84,000
Fines and Fees	1,092,420	517,883	509,672	505,110	518,907
Interest Income	6,911	113,140	295,148	191,974	84,195
Recreation Income	163,056	162,412	524,686	520,798	496,969
Intergovernmental	229,848	1,423,032	216,779	135,821	156,018
Miscellaneous Revenues	170,872	182,049	224,606	601,504	122,222
Total Revenues	$ 17,131,384	$ 16,339,034	$ 15,171,145	$ 14,197,696	$ 13,152,810
Expenditures:					
Current:					
General Administrative Offices	$ 2,601,057	$ 1,798,896	$ 1,846,648	$ 1,774,678	$ 1,647,854
Municipal Court	191,718	187,064	212,743	168,421	187,886
Fire	3,864,642	3,965,267	3,826,258	3,982,620	3,280,597
Police	5,018,523	5,001,254	5,284,720	4,546,478	4,144,841
Public Works	1,652,954	1,916,939	1,835,898	1,609,303	1,354,767
Parks	337,404	538,609	379,478	339,015	352,766
Community services	645,986	811,155	998,499	959,782	990,618
Library	626,724	568,571	601,026	569,005	568,246
Inspection	716,646	625,717	600,849	579,082	849,217
Animal Services *	471,758	389,122	329,854	398,633	-
Fleet Maintenance	457,527	392,030	434,837	456,219	471,007
Economic Development	140,178	176,840	243,050	567,978	46,520
Information Technology **	398,731	427,319	327,680	-	-
Total Expenditures	$ 17,123,848	$ 16,798,783	$ 16,921,540	$ 15,951,214	$ 13,894,319
Excess (Deficit) of Revenues Over Expenditures	$ 7,536	$ (459,749)	$ (1,750,395)	$ (1,753,518)	$ (741,509)
Other Financing Sources (Uses):					
Operating Transfers In	1,956,513	1,884,758	1,797,112	1,705,322	1,697,052
Operating Transfers Out	(2,874,681)	(72,735)	(42,970)	-	-
Total Other Financing Sources (Uses)	$ (918,168)	$ 1,812,023	$ 1,754,142	$ 1,705,322	$ 1,697,052
Excess (Deficit) of Revenues/Other Sources Sources Over Expenditures/Other Uses	(910,632)	1,352,274	3,747	(48,196)	955,543
Fund Balance - Beginning of Year	12,956,413	11,604,139	11,600,392	11,648,588	10,693,045
Fund Balance - September 30	$ 12,045,781	$ 12,956,413	$ 11,604,139	$ 11,600,392	$ 11,648,588

Source: The City's Annual Comprehensive Financial Reports

* Prior to 2018 Animal Services was included in Inspections

** Prior to 2019 Information Technology was included in General Administrative Office

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APPENDIX B

GENERAL INFORMATION REGARDING THE CITY OF SAGINAW AND TARRANT COUNTY, TEXAS

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GENERAL INFORMATION REGARDING THE CITY OF SAGINAW AND TARRANT COUNTY, TEXAS

CITY OF SAGINAW, TEXAS

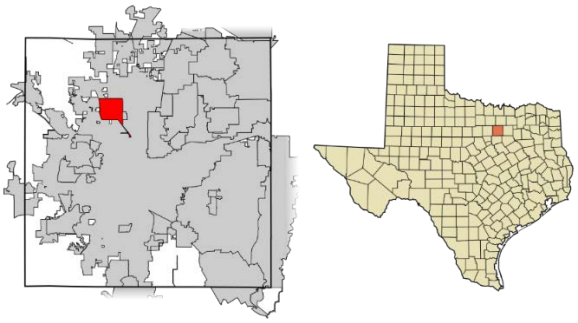
General

The City of Saginaw sits solidly in the heart of the Dallas-Fort Worth Metroplex. Saginaw remains an agribusiness center for much of Texas with some of the largest grain storage facilities in the United States.

The City of Saginaw is located in Tarrant County, nine miles north of downtown Fort Worth and 37 miles west of Dallas. The Fort Worth Federal Bureau of Printing and Engraving facility is located six-tenths of a mile from Saginaw. The Alliance Airport and Texas Motor Speedway are also located just north of Saginaw (within 14 miles). The City's corporate boundaries comprise a total of approximately 7.75 square miles. Saginaw's population from the 2000 Census was 12,374; the 2010 Census was 19,806; and the 2020 Census was 24,860 (a 26% increase in the last ten years).

Management

The City was incorporated in 1949 and is operating under a Charter adopted on January 19, 1988. The City has a Council/Manager form of government, with the City Council comprised of seven members including the Mayor. All seven Council Members are elected by place and number and at large for three-year staggered terms. The City Council is responsible for adopting ordinances and regulations governing the City, adopting the budget, determining policies, and appointing the City Manager, City Attorney, City Secretary, and Judge of the Municipal Court, as well as members of boards and commissions. The City Manager is responsible to the Council for appointing and supervising employees of the City (except for those appointed by the Council), and for preparing and administering the annual budget and capital improvement programs.



Population:

Census Report	City of Saginaw	Tarrant County
Current Estimate	25,813	2,126,477
2020	24,860	2,110,640
2010	19,806	1,809,034
2000	12,374	1,446,219
1990	8,551	1,170,103
1980	5,736	860,880

_____

Sources: United States Bureau of the Census, Texas Municipal Reports, and the North Central Texas Council of Governments

Principal Employers within the City for 2021

Employer	Type of Business	Approximate Number of Employees 2021
Eagle Mountain-Saginaw ISD	Public Education	2,813
Ventura Foods	Food Processing	398
Wal Mart Supercenter #5316	Retail Sales	393
Trinity N. American Freight Car, Inc.	Rail Car Manufacturing & Repair	370
CTI Beanmaker & Chefco Foods	Food Processing	356
Amazon.com Services LLC	Distribution	320
Anchor Fabrication Corp	Metal Fabrication	290
BANA Incorporated	Pallet and Crate Manufacturing	218
Ranger Fire Inc	Fire Sprinkler Systems	200
Russo Corporation	Food Processing	200

Source: City's 2021 Annual Comprehensive Financial Report

Economic Condition and Outlook

The local economy in Saginaw remained strong through the fiscal year. Saginaw has seen very little effect from the coronavirus associated shut-downs due to our diverse business demographics. Our industrial base is composed of food manufacturer/processors, building material suppliers, transportation, flour milling and other essential businesses that have continued to operate. The real estate market continues to see high demand with a tight inventory. For 2021/2022 the City had $39 million (mostly residential) in added value from new construction. New businesses include two insurance agencies, a print shop business, a day care center, two fast food restaurants, and a fitness center. Sales tax collections for the current fiscal year to date are 22% higher than last year.

Source: City's 2021 Annual Comprehensive Financial Report

TARRANT COUNTY, TEXAS

General

Tarrant County (the "County") was created in 1849 from Navarro County. The County is located in north Texas and is a component of the Dallas-Fort Worth Consolidated Metropolitan Statistical Area (CMSA), the most populous metropolitan area in Texas. The City of Fort Worth is the county seat. The County's 2010 census population was 1,809,034, an increase of 25.09% over the 2000 census population of 1,446,219. The County's current population estimate is 2,144,653.

Historically, the County's economic environment has been characterized by steady, yet modest growth. This has been in part because of the diverse nature of the business sectors making up the local economy, without an overwhelming dominance by any one industry. Similarly, local real estate values have demonstrated steady yet modest increases over the past decade.

Other segments of the local economy include aircraft, automobile and electronic manufacturing, tourism, entertainment, livestock and agri-business, transportation including major railroad services, financial services and tourism. Because of this diversity, the outlook for stable economic conditions seems favorable.

**Source: Tarrant County 2021 ACFR.*

Labor Force Statistics

	Tarrant County		DFW-Fort Worth-Arlington MSA	
	February 2022	February 2021	February 2022	February 2021
Civilian Labor Force	1,123,557	1,091,277	4,209,405	4,055,702
Total Employed	1,075,955	1,020,458	4,037,209	3,805,340
Total Unemployed	47,602	70,819	172,196	250,362
% Unemployed	4.2%	6.5%	4.1%	6.2%
% Unemployed (Texas)	4.7%	6.8%		
% Unemployed (United States)	4.1%	6.6%		

Source: Texas Workforce Commission, Labor Market Information Department.

APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

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PROPOSED FORM OF OPINION OF BOND COUNSEL

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

CITY OF SAGINAW, TEXAS
GENERAL OBLIGATION BONDS, SERIES 2022
IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____

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

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

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

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code").

IN EXPRESSING THE AFOREMENTIONED OPINIONS, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the Issuer to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

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

receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

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

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

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

Respectfully,

APPENDIX D

CITY'S GENERAL PURPOSE AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED SEPTEMBER 30, 2021

(Independent Auditor's Report, Management Discussion and Analysis, General Financial Statements and Notes to the Financial Statements - not intended to be a complete statement of the City's financial condition. Reference is made to the complete Comprehensive Annual Financial Report for further information.)

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City of Saginaw, Texas

Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2021

weaver
Assurance • Tax • Advisory

City of Saginaw

Prepared By
The City of Saginaw, Texas
Finance Department

City of Saginaw

City of Saginaw, Texas

Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2021
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Annual Comprehensive Financial Report
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Introductory Section

City of Saginaw

City of Saginaw

City of Saginaw

333 West McLeroy
P.O. Box 79070
Saginaw, Texas 76179
817-232-4640
Fax 817-232-4644
www.ci.saginaw.tx.us

January 18, 2022
Honorable Mayor Todd Flippo,
Members of the City Council,
City of Saginaw, Texas

The Saginaw City staff is pleased to submit the Annual Comprehensive Financial Report of the City of Saginaw, Texas, for the fiscal year ended September 30, 2021. The purpose of the report is to provide the Council, management, staff, public and other interested parties with detailed information reflecting the City's financial condition.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data is accurate in all material respects and is presented in a manner that fairly sets forth the financial position and results of operations of the City. We also believe that all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs have been included. The financial statements included in the report were prepared by the General Administrative Office in accordance with generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Board (GASB).

Weaver and Tidwell, LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City's financial statements for the year ended September 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

The Financial Section includes the Management's Discussion and Analysis (MD&A). The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement and should be read in conjunction with the MD&A.

The Reporting Entity

The City of Saginaw sits solidly in the heart of the Dallas-Fort Worth Metroplex. Saginaw remains an agribusiness center for much of Texas with some of the largest grain storage facilities in the United States.

The City of Saginaw is located in Tarrant County, nine miles north of downtown Fort Worth and 37 miles west of Dallas. The Fort Worth Federal Bureau of Printing and Engraving facility is located six-tenths of a mile from Saginaw. The Alliance Airport and Texas Motor Speedway are also located just north of Saginaw (within 14 miles). The City's corporate boundaries comprise a total of approximately 7.75 square miles. Saginaw's population from the 2000 Census was 12,374; the 2010 Census was 19,806; and the 2020 Census was 24,860 (a 26% increase in the last ten years).

The City was incorporated in 1949 and is operating under a Charter adopted on January 19, 1988 and amended May 4, 2019. The City has a Council/Manager form of government, with the City Council comprised of seven members including the Mayor. All seven Council members are elected by place number and at large for three year staggered terms. The City Council is responsible for adopting ordinances and regulations governing the City, adopting the budget, determining policies, and appointing the City Manager, City Attorney, City Secretary, and Judge of the Municipal Court, as well as members of boards and commissions. The City Manager is responsible to the Council, for appointing and supervising employees of the City (except for those appointed by the Council) and for preparing and administering the annual budget and capital improvements program.

Services Provided

The City provides a full range of municipal services including general government, police and fire protection, street maintenance, building inspection services, library services, recreation, animal services, parks operation and maintenance, and maintenance and operation of City-owned buildings. The City of Saginaw contracts with the City of Fort Worth for water purchase and wastewater treatment. A franchise has been granted to a privately-owned firm for solid waste collection, disposal, and recycling services. Commercial customers contract directly with the firm while residential customers contract through the City, with fees added to their municipal utility bills.

This report includes the financial statements of the funds required to account for those activities, organizations and functions which are related to the City and are controlled by or dependent upon the City's governing body, the City Council. The criteria used by the City for including activities in preparing its financial statements are set forth by the GASB. Based on these criteria, all municipal services listed are included in the City's 2020-2021 financial statements.

Basis of Accounting

The City's accounting records for general governmental operations are maintained on a modified accrual basis. Under this method of accounting, expenditures are recognized when the services or goods are received and the liability is incurred. Revenues are recognized when measurable and available. Accounting records for the City's Water and Wastewater Enterprise Fund are maintained on the accrual basis. Expenses are recognized when a commitment is made and revenues are recognized when they are earned and due to the City.

Budgetary Controls

The City Charter requires that the City Manager prepare and submit a proposed budget for the fiscal year beginning October 1st to the City Council at least 45 days prior to the beginning of the fiscal year. The operating budget includes proposed expenditures and the means of financing them. Public hearings are held, and the budget is adopted at a regular or special meeting prior to the first day of the fiscal year.

Following adoption of the budget by the City Council, the City Manager and department heads monitor expenditures and revenues throughout the year to ensure that the integrity of the budget is maintained. The Charter requires City Council approval for a transfer of funds from one department to another. Any revisions that alter the total expenditures of any fund must be approved by ordinance of the City Council.

Internal Controls

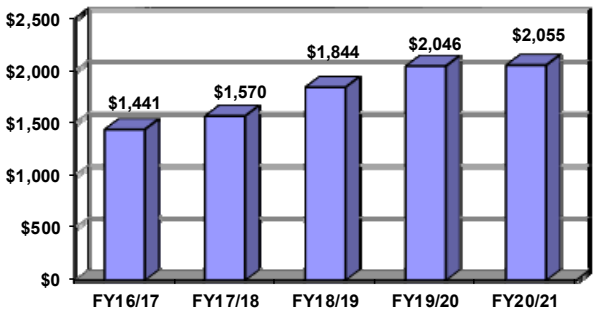
One of the objectives of the City's financial accounting system is to provide an internal control structure designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe the City's internal control structure adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

ECONOMIC OUTLOOK AND FINANCIAL CONDITION

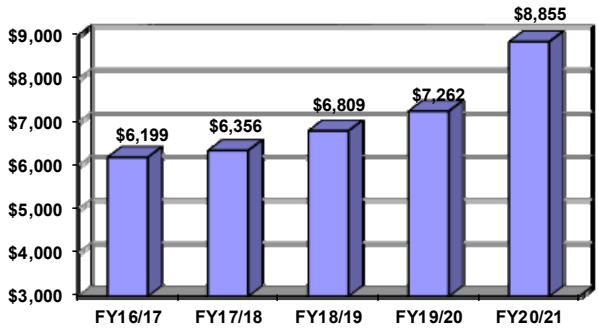
Summary of Local Economy

The local economy in Saginaw remained strong through the fiscal year. Saginaw has seen very little effect from the coronavirus associated shut-downs due to our diverse business demographics. Our industrial base is composed of food manufacturer/processors, building material suppliers, transportation, flour milling and other essential businesses that have continued to operate. The real estate market continues to see high demand with a tight inventory. For 2021/2022 the City had $39 million (mostly residential) in added value from new construction. New businesses include two insurance agencies, a print shop business, a day care center, two fast food restaurants, and a fitness center. Sales tax collections for the current fiscal year to date are 22% higher than last year.

TAXABLE PROPERTY VALUES
(in millions)



SALES TAX COLLECTIONS
(in thousands)



Economic Prospects for the Future

Three mixed used developments, a rehabilitation/extended care nursing facility, a senior independent living facility, All Storage climate controlled mini warehouses, an office complex, and a 7-11 convenience store are under construction. These projects which include residential, office, commercial, retail, and restaurants will continue to add to the City’s tax base. Saginaw remains an attractive place for new homes and businesses due to our location, land availability, easy freeway access, good schools, low tax rates, and the general quality of life.

Long Term Financial Planning

The current General Fund Reserve Policy states "The City will maintain an Emergency Reserve Fund balance in the General Fund of 25% of the operating budget." The Enterprise Fund Emergency Reserve needs to be sufficient to operate the Water Department for 90 days. Both of these funds are to be used only in an emergency and only with Council approval. We are currently in compliance with both of these policies.

The City's Comprehensive Master Plan and the five-year Capital Improvement Plan was updated in 2016. The plan's theme is "Preparing for Build-out". The plan focuses on completing infrastructure to support development, rehabilitating aging infrastructure, and maintaining existing infrastructure. The capital improvements plan is funded with 2020 Certificate of Obligations, 2021 General Obligation bonds, fund balances, and revenues from the Street Maintenance Fund, and the Drainage Utility Fund.

Certificates of Obligation ($20.5 million) were issued in 2020 for the design and construction of a new central fire station, and design for Knowles Drive and Old Decatur Road North. The Fire Station is under construction and is on schedule to be completed in fall of 2022. Design for Phase 1 of Knowles Drive is complete and will begin construction in 2022. Voters approved all three bond propositions (Street and Roadway improvements, Parks improvements and new Senior Center, and a new Library) in the May, 2021 election. General Obligation bonds ($9 million) were issued in 2021 for the construction of Knowles Drive Phase 1 and design of a Library and Senior Activity Center. As design progresses, the operating impact of these projects will be refined and considered in the budget process.

OTHER INFORMATION

Independent Audit

Article XII, Section 12.06 of the City Charter requires an annual audit by independent certified public accountants. The annual audit must be available for public inspection no later than one hundred eighty days after the close of the City's fiscal year. The accounting firm of Weaver and Tidwell, L.L.P. was selected by the City Council. The independent auditors' report on the general purpose financial statements and supplemental statements and schedules is included in the financial section of this report.

Certificate of Achievement

The City of Saginaw was awarded a Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2020 from the Government Finance Officers Association of the United States and Canada (GFOA). This certificate is awarded to governmental units who publish easily readable and efficiently organized annual reports which satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate is valid for a one year period. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA. The City also received GFOA's Award for Distinguished Budget Presentation for its 2020-2021 annual budget document. In order to qualify for the Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning, and organization. Together the Budget Award, along with the previously mentioned award are evidence of the Finance Department's dedication to producing documents that effectively communicate the City's financial condition to the elected officials, city management and the general public.

Acknowledgments

The preparation of this Annual Comprehensive Financial Report was made possible by the dedicated service of the entire staff of the General Administrative Office and our independent auditors. We would like to express our sincere appreciation to all of our employees who contributed to the preparation.

In closing, we would also like to thank the Mayor and City Council for their leadership and support in planning and conducting the financial operations of the City.

Respectfully submitted,

Gabe Reaume, City Manager

City of Saginaw, Texas

Principal Officials

September 30, 2021

GOVERNING BODY

Todd Flippo	Mayor
Valerie Junkersfeld	Mayor Pro-Tem, Councilmember, Place 3
Charles Beasley	Councilmember, Place 1
Nicky Lawson	Councilmember, Place 2
Charles Tucker	Councilmember, Place 4
Cindy Bighorse	Councilmember, Place 5
Mary Copeland	Councilmember, Place 6

ADMINISTRATION

Gabriel Reaume	City Manager
Dolph Johnson	Assistant City Manager
Kim Quin	Finance Director
Janice England	City Secretary
Lorraine Irby	Municipal Court Judge
Lee Howell	Police Chief
Doug Spears	Fire Chief
Rick Trice	Director of Public Works
Keith Rinehart	Director of Community and Economic Development
Ellen Ritchie	Library Director
Greg Clayton	Director of Information Technology
Melanie McManus	Director of Human Resources
Bryn Meredith	City Attorney
Andrew Simonsen	City Engineer

CITY OF SAGINAW

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Saginaw
Texas

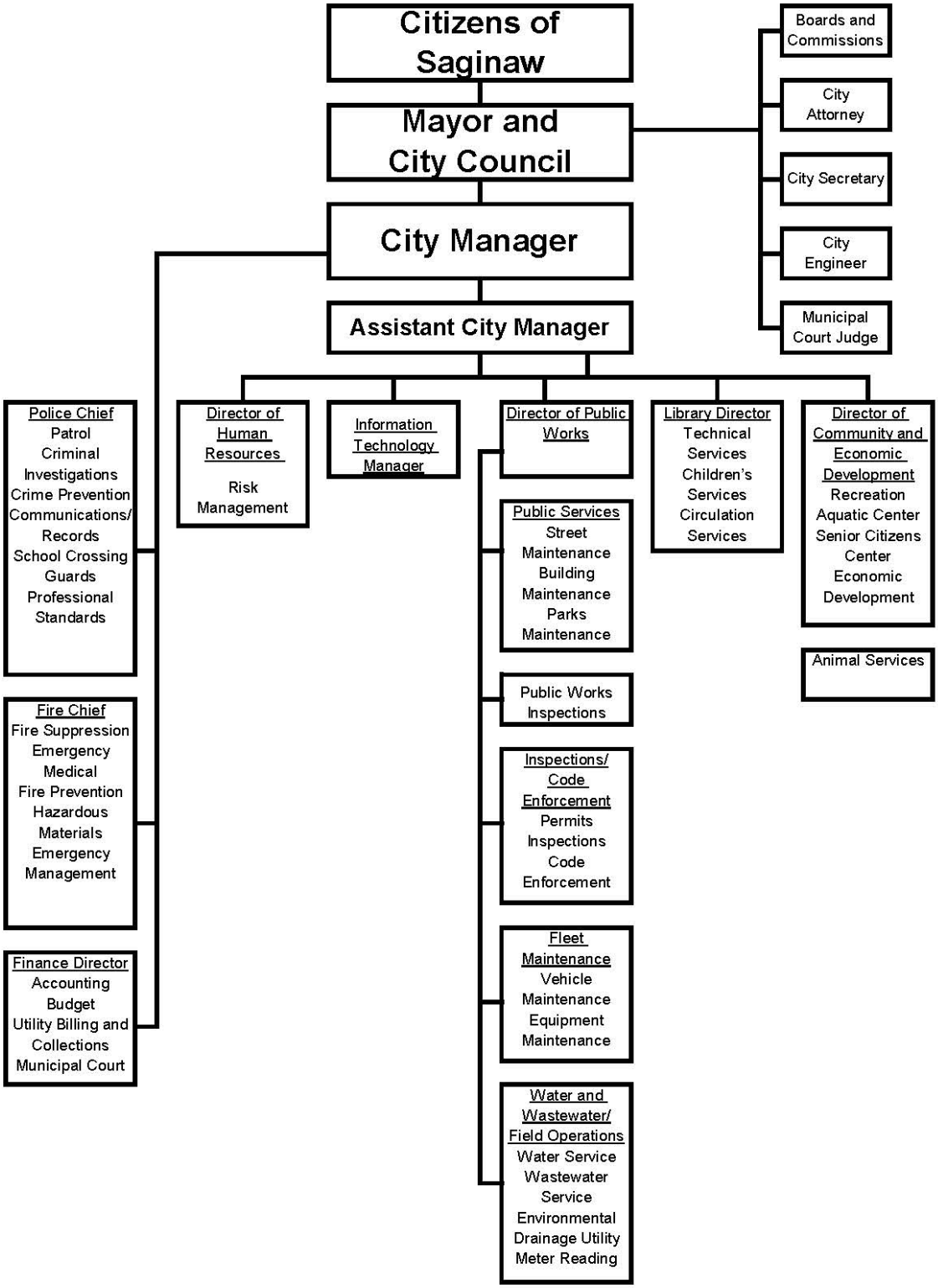
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morrill

Executive Director/CEO

CITY OF SAGINAW
ORGANIZATIONAL CHART
2020-2021



City of Saginaw

Financial Section

City of Saginaw

Independent Auditor's Report

To the Honorable Mayor Todd Flippo
and Members of the City Council of the
City of Saginaw, Texas

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

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.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, 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.

The Honorable Mayor Todd Flippo
and the Members of the City Council of the
City of Saginaw, Texas

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Texas Municipal Retirement System pension schedules, Texas Municipal Retirement System OPEB schedule, and budgetary comparison information on pages 5 through 12 and 61 through 64 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 introductory section, combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
January 13, 2022

CITY OF SAGINAW, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED SEPTEMBER 30, 2021
(UNAUDITED)

As management of the City of Saginaw, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - v of this report.

IN BRIEF

- The assets and deferred outflows of resources of the City of Saginaw exceeded its liabilities and deferred inflow of resources at the close of the most recent fiscal year by $133,177,219 (net position). This number must be viewed in the context that the vast majority of the City's net position is net investment in capital assets of $114,059,928 (86%) and that most capital assets of a government do not directly generate revenue nor can they be sold to generate liquid capital. The net position restricted for specific purposes totals $9,298,050 (7%). The remaining $9,819,241 (7%) is the unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.

- The City's total net position increased by $9,133,684. Increases in current, other, and capital assets are partially offset by a decrease in deferred outflows related to pension. Increases in long term liabilities due to the issuance of debt are partially offset by a decrease in deferred inflows related to pension.

- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of $46,069,060. Within this total $33,508,881 is restricted by specific legal requirements and $2,415,823 has been committed and assigned to specific types of expenditures. About 22% of this total amount, or $10,144,356 is unassigned and available for use with the City's fund designation and policies.

- At the end of the current year, unassigned fund balance for the general fund of $10,144,356 is 59% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the City'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, deferred outflows/inflows, and liabilities, with the difference between these 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.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g. uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from 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 and administration, municipal court, fire, police, public services, parks, library, community services, fleet maintenance, inspections, animal services, information technology, and economic development. The business-type activities of the City include water and wastewater services. The government-wide financial statements can be found on pages 17-19 of this report.

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

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial 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 funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains eight governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, six Special Revenue, Debt Service, and Capital Projects funds. The basic governmental funds financial statements can be found on pages 22-25.

Proprietary Funds – The City maintains one type of proprietary fund. The Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for its water and wastewater operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 28-31 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because those funds are not available to support the City's programs. The City is the trustee, or fiduciary, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The City does not currently have fiduciary activities to report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-58.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2021, the City of Saginaw's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $133,177,219.

The largest portion of the City's net position (86%) reflects its investments in capital assets (e.g., land, buildings, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service 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 resources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Saginaw's Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	$ 54,213,575	$ 47,998,167	$ 10,802,690	$ 11,109,988	$ 65,016,265	$ 59,108,155
Capital assets	114,716,232	102,317,130	30,055,542	29,390,990	144,771,774	131,708,120
Total assets	168,929,807	150,315,297	40,858,232	40,500,978	209,788,039	190,816,275
Deferred outflows of resources	1,694,296	1,745,292	183,960	189,746	1,878,256	1,935,038
Long term liabilities	64,983,416	56,148,673	1,952,228	2,211,057	66,935,644	58,359,730
Other liabilities	8,220,687	6,713,581	1,630,431	1,541,995	9,851,118	8,255,576
Total liabilities	73,204,103	62,862,254	3,582,659	3,753,052	76,786,762	66,615,306
Deferred inflows of resources	1,510,240	1,857,481	192,074	234,991	1,702,314	2,092,472
Net Position						
Net Investment in capital assets	84,992,122	77,862,666	29,067,806	28,198,820	114,059,928	106,061,486
Restricted	9,112,393	7,491,338	185,657	185,900	9,298,050	7,677,238
Unrestricted	1,805,245	1,986,850	8,013,996	8,317,961	9,819,241	10,304,811
Total net position	$ 95,909,760	$ 87,340,854	$ 37,267,459	$ 36,702,681	$ 133,177,219	$ 124,043,535

An additional portion of the City's net position $9,298,050 (7%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of $9,819,241 (7%) may be used to meet the City's ongoing obligation to citizens and creditors.

The $9,133,684 increase in net position is a result of increased investment in capital assets and certificates of obligation proceeds partially offset by a decrease in deferred outflows and a decrease in deferred inflows both related to pension. Long term liabilities increased due to the increased debt partially offset by a decrease in net pension liability. As of September 30, 2021, the City is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Analysis of the City's Operations – The following table provides a summary of the City's operations for the year ended September 30, 2021. Overall the City had an increase in net position of $9,133,684. Total City revenues decreased by $2,912,663. Revenue decreases are due to CARES Act funding in fiscal year 2020 that did not occur in 2021, a decline in interest earnings, and contributed assets of Basswood Crossing Phase 2 and Bar C Ranch Phases 1 and 2 in fiscal year 2020. The revenue decreases are partially offset by increases in ad valorem tax, sales tax, fines and fees, and construction inspection fees. Ad valorem taxes increased due to an increase in property values and an increased tax rate to cover projected increased operating costs. Sales tax collections and construction inspection fees increased due to a strong local economy and continued construction activity. Fines and fees increased due to increased staffing at the Police Department which allowed for more traffic patrol

City of Saginaw's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues						
Fees, fines and charges for services	$ 3,376,592	$ 2,707,019	$ 10,672,524	$ 10,798,406	$ 14,049,116	$ 13,505,425
Operating grants and contributions	276,878	1,761,389	-	-	276,878	1,761,389
Capital grants and contributions	5,422,862	6,883,535	43,434	2,706,220	5,466,296	9,589,755
General revenues						
Ad valorem taxes	10,451,254	9,670,822	-	-	10,451,254	9,670,822
Sales taxes	8,855,456	7,262,055	-	-	8,855,456	7,262,055
Franchise taxes	1,561,343	1,612,023	-	-	1,561,343	1,612,023
Other taxes	109,813	77,679	-	-	109,813	77,679
Penalties and interest	10,590	12,581	90,214	83,008	100,804	95,589
Interest income	22,000	255,256	4,846	97,645	26,846	352,901
Miscellaneous	298,496	183,708	58,964	56,583	357,460	240,291
Total revenues	30,385,284	30,426,067	10,869,982	13,741,862	41,255,266	44,167,929
Expenses						
General administrative office	2,660,420	2,801,551	-	-	2,660,420	2,801,551
Municipal court	187,686	187,789	-	-	187,686	187,789
Fire	3,833,378	3,824,006	-	-	3,833,378	3,824,006
Police	5,290,475	5,419,054	-	-	5,290,475	5,419,054
Public works	5,033,117	5,104,334	-	-	5,033,117	5,104,334
Parks	468,390	356,963	-	-	468,390	356,963
Community services	802,551	993,452	-	-	802,551	993,452
Library	645,186	607,455	-	-	645,186	607,455
Inspections	698,321	633,836	-	-	698,321	633,836
Animal services	396,348	374,204	-	-	396,348	374,204
Fleet maintenance	492,762	434,270	-	-	492,762	434,270
Economic development	140,178	176,295	-	-	140,178	176,295
Information technology	389,186	374,852	-	-	389,186	374,852
Interest on long term debt	1,403,680	892,956	-	-	1,403,680	892,956
Water and wastewater	-	-	9,679,904	10,969,259	9,679,904	10,969,259
Total expenses	22,441,678	22,181,017	9,679,904	10,969,259	32,121,582	33,150,276
Increases (decreases) in net position before transfers	7,943,606	8,245,050	1,190,078	2,772,603	9,133,684	11,017,653
Transfers	625,300	607,645	(625,300)	(607,645)	-	-
Increase in net position	8,568,906	8,852,695	564,778	2,164,958	9,133,684	11,017,653
Net position - October 1	87,340,854	78,488,159	36,702,681	34,537,723	124,043,535	113,025,882
Net position - September 30	$ 95,909,760	$ 87,340,854	$ 37,267,459	$ 36,702,681	$ 133,177,219	$ 124,043,535

Total City expenses decreased by $1,028,694. The decrease in General Administration pension expense is partially offset by costs associated with an additional management analyst position. The Fire Department increase is primarily due to increased overtime expense to maintain minimum staffing during unplanned absences. The Police Department decrease is due to savings in health insurance expense due to new hires not opting for dependent coverage and a payment in 2020 for the firing range that was not made in 2021. Public Works decreases are due to sidewalk and street repair and supplies expenses being down because of work crew staffing shortages. The decrease is partially offset by increases for the mowing contract and an increase due to the replacement of two air conditioning units at Station 2. Parks increases are due to the mowing contract, utilities, and supplies for park maintenance. Reductions in Community Services is due to the vacancy savings with a reassignment of duties and savings related to not staffing and operating the Aquatic Center which was under repair. Library increases are due to operating expenses increasing as programming increased from the previous year. Inspections increases are due to property abatement and an additional position added for rental inspection program administration. These increases are partially offset by the elimination of a contract inspector. The increase in Animal Services is due to the new Adoption and Rescue Coordinator position added mid-year. Fleet Maintenance had an increase in fuel expense due to both the cost of fuel and usage being up from the previous year. There was also an increase in outside repairs. Economic Development had a reduction due to a full year of savings from the reassignment of economic development responsibilities. Increases in Information Technology are related to phone and finance system security evaluations that were conducted in 2021. Increase in interest is related to the sale of certificates of obligation in 2020. The decrease in the Enterprise Fund is due to expenses for inflow and infiltration repairs, FM 156 utility relocation, and Fairmont Sewer rehabilitation in 2020.

City Governmental activities increased net position by $8,568,906 and Enterprise Fund activities increased net position by $564,778.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

At the end of the current fiscal year, the City of Saginaw's governmental funds reported combined ending fund balances of $46,069,060. Approximately 22% of this total ($10,144,356) constitutes unassigned fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed for other purposes. The General Fund decreased by $910,632. The planned use of fund balance for the Bailey Boswell Overpass project and other capital items was less than originally budgeted due to increased sales tax, ad valorem tax, construction inspection fees, and fines. The $103,267 decrease of fund balance in the Debt Service Fund reflects debt issuance costs. The increase of $1,049,862 in the Capital Projects Fund reflects the use of previously issued certificates of obligations for the design and construction of a fire station and design for street projects offset by the issuance of general obligation bonds for the construction of the first phase of Knowles Drive and design of the Library and Senior Activity Center. The planned use of Crime Control and Prevention District fund balance for the replacement of patrol vehicles was not necessary to due to increased sales tax collections; instead the fund balance increased by $325,118. The Drainage Utility fund balance increased by $537,567. The planned decrease in the Drainage Utility Fund did not occur due to the delay of the East Cement Creek drainage improvement project. The Street Maintenance Fund balance increase of $537,567 is due to the delay of the Burlington Road reconstruction project, other street maintenance projects, and increased sales tax collections. There was an increase in the General Escrow Fund balance of $716,503 due to developer contributions for future improvements to Old Decatur Road, and the transfer from General Fund for future equipment replacement, health insurance rate stabilization, and economic development incentives.

Proprietary Fund – The City's proprietary fund statements provide the same type of information found in the government-wide statements. Unrestricted net position of the Enterprise Fund is $8,013,996. Total net position of the Enterprise Fund increased by $564,778 from fiscal year 2020 to fiscal year 2021. The increase is due to increased water sales and wastewater fees which are partially offset by the increased cost of water and wastewater service.

Budgetary Highlights – The City Council approved revisions to the original budget appropriations. General Fund revenues were increased by $1,675,125 or 9.8%. Increased revenues were due increased sales tax collections, ad valorem taxes, fines, building permits, and construction inspections fees. These increases were partially offset by decreases in recreation fees. General Fund expenditure appropriations increased by $164,225 or 0.8% for the purchase of land at the south end of Willow Creek Park and funding for a comprehensive plan. The increases were partially offset by salary savings due to vacancies.

CAPITAL ASSETS

The City of Saginaw's investment in capital assets for its governmental and business-type activities as of September 30, 2021 amounts to $144,771,774 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, improvements, infrastructure and construction in progress.

Major capital asset events during the fiscal year included the following:

- Land purchase at the SW corner of Willow Creek Park ($487,380).
- Continued construction of the Bailey Boswell Overpass ($10,982,575).
- Improvements at Willow Creek Park ($83,573).
- Construction of the Saginaw Boulevard 16" water line Phase 2 ($985,436).
- Design for the NW and Belt Mill booster pump stations ($72,125).
- Replacement of the Park Center Outdoor Warning Siren ($27,586).
- Continued design for East Cement Creek Drainage Phase 2 ($18,252).
- Construction of traffic signal at Bailey Boswell and Knowles ($136,770).
- Completion of East McLeroy curb and gutter and repaving ($324,758).
- Blue Mound Rd/Industrial intersection improvements ($12,600).
- Fire dispatch equipment ($50,727).
- Design for North Old Decatur Road improvements ($62,250)
- Design for Knowles Drive improvements ($581,970).
- Additions to the holiday light display ($27,616).
- City-wide equipment replacement ($380,712) and sanitation equipment ($12,685).
- Water meter replacements ($589,296).
- Sidewalk improvements ($193,208).
- Intersection improvements at WJ Boaz and Old Decatur Rd ($841,744).
- Completed design and began construction for new fire station ($2,820,453)

Capital Assets at Year End
Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	$ 19,229,293	$ 18,741,913	$ 16,657	$ 16,657	$ 19,245,950	$ 18,758,570
Improvements	2,906,510	2,497,588	-	-	2,906,510	2,497,588
Buildings	19,784,753	19,784,753	154,587	154,587	19,939,340	19,939,340
Equipment	11,397,955	10,452,258	1,621,137	1,591,260	13,019,092	12,043,518
Infrastructure	121,918,215	121,180,527	42,188,854	41,599,558	164,107,069	162,780,085
Construction in progress	20,767,124	6,331,829	1,231,522	173,961	21,998,646	6,505,790
Accumulated depreciation	(81,287,618)	(76,671,738)	(15,157,215)	(14,145,033)	(96,444,833)	(90,816,771)
Total	$ 114,716,232	$ 102,317,130	$ 30,055,542	$ 29,390,990	$ 144,771,774	$ 131,708,120

Additional information on the City of Saginaw's capital assets can be found in Note 5 on pages 42-43.

DEBT ADMINISTRATION

At the end of the fiscal year, the City had a total bonded debt of $55,640,201.

Outstanding Bond Debt at Year End

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligations	$ 31,890,000	$ 25,735,000	$ 1,010,000	$ 1,220,000	$ 32,900,000	$ 26,955,000
Certificates of obligation	17,310,000	17,345,000	-	-	17,310,000	17,345,000
Revenue bonds payable	-	-	-	-	-	-
Tax notes	1,160,000	1,570,000	-	-	1,160,000	1,570,000
Premiums on bonds	4,270,201	3,764,136	-	-	4,270,201	3,764,136
Total	$ 54,630,201	$ 48,414,136	$ 1,010,000	$ 1,220,000	$ 55,640,201	$ 49,634,136

During the fiscal year, the City's total debt increased by $6,006,065 or 12%. Enterprise Fund principal payments of $210,000 and General Fund principal payments of $2,725,000 were made. The City's General Obligation Bonds, and Certificates of Obligation have a Standard and Poor's Ratings Services rating of AA/Stable and a Moody's Investor Service rating of Aa3. The Revenue bonds have a Standard and Poor's Rating of AA/Stable and a Moody's rating of Aa3.

Additional information on the City of Saginaw's long-term debt can be found on pages 44-46 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In the 2021-2022 budget, General Fund revenues and transfers in are budgeted to decrease by $553,440 (3%) from the 2020-2021 revised budget due to a one-time audit adjustment to sales tax collections in 2020-2021 that will not be recurring. General Fund revenues are comprised of 38% property tax, 32% sales tax, and 30% fees and transfers. Estimated net taxable value increased 8.5% from the preceding year with $39.2 million in added value. Budgeted property tax revenues are $6,805,960 in the General Fund and $4,642,825 in the Debt Service Fund. General Fund expenditures and transfers decreased by $23,965 or 0.1% due to the $2.6 million use of General Fund balance for the Bailey Boswell overpass project in 2021 partially offset by a budgeted $1.4 million use of fund balance in 2022 for "The Square" developer's incentive agreement. Funding is provided for salary adjustments to remain competitive in the labor market; most employees will receive a 3% salary increase. A Human Resource Generalist position, a part-time Animal Services Technician, and overtime for special events is added in 2022. One-time expenses include an inspection vehicle, the replacement of recreation equipment, fall protection material at all city owned play grounds, funding for the start-up of a police narcotics dog program, Phase 4A of the Americans with Disabilities Act plan update, an awning at the fleet maintenance facility, and funding for Saginaw Boulevard/Industrial redevelopment.

The 2021-2022 budget includes a 10% increase in water rates and a 5% increase in wastewater rates based on the change in rates charged by our water and wastewater service provider, the City of Fort Worth. The Enterprise Fund budget has been balanced with the use of $517,935 from fund balance for "The Square" developer's agreement payment.

REQUEST FOR INFORMATION

This 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 P.O. Box 79070, Saginaw, Texas 76179, or call (817) 232-4640.

Basic Financial Statements

City of Saginaw

Government-wide Financial Statements

City of Saginaw

City of Saginaw, Texas
Statement of Net Position
September 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Deposits and investments	$ 24,607,174	$ 8,570,766	$ 33,177,940
Receivables:			
Taxes, net of allowance	1,644,303	-	1,644,303
Accounts, net of allowance	83,670	1,322,628	1,406,298
Other	3,075,836	-	3,075,836
Notes receivable	1,000	-	1,000
Restricted assets:			
Deposits and investments	24,801,592	909,296	25,710,888
Capital assets:			
Land	19,229,293	16,657	19,245,950
Improvements	2,906,510	-	2,906,510
Buildings	19,784,753	154,587	19,939,340
Equipment	11,397,955	1,621,137	13,019,092
Infrastructure	121,918,215	42,188,854	164,107,069
Construction in progress	20,767,124	1,231,522	21,998,646
Accumulated depreciation	(81,287,618)	(15,157,215)	(96,444,833)
Total assets	168,929,807	40,858,232	209,788,039
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge for refunding	192,198	22,264	214,462
Related to TMRS pension	1,405,530	149,498	1,555,028
Related to TMRS OPEB	96,568	12,198	108,766
Total deferred outflows of resources	1,694,296	183,960	1,878,256
LIABILITIES			
Accounts payable and accrued liabilities	2,018,650	685,125	2,703,775
Accrued interest payable	134,359	1,667	136,026
Unearned revenue	3,298,289	-	3,298,289
Payable from restricted assets:			
Contracts payable	2,769,389	-	2,769,389
Current portion of revenue bonds payable	-	220,000	220,000
Customer deposits	-	723,639	723,639
Noncurrent liabilities:			
Debt due within one year	3,160,000	-	3,160,000
Debt due in more than one year	51,470,201	790,000	52,260,201
Net pension liability	9,911,218	1,107,478	11,018,696
Total OPEB liability	441,997	54,750	496,747
Total liabilities	73,204,103	3,582,659	76,786,762
DEFERRED INFLOWS OF RESOURCES			
Related to TMRS pension	1,485,883	189,209	1,675,092
Related to TMRS OPEB	24,357	2,865	27,222
Total deferred inflows of resources	1,510,240	192,074	1,702,314
NET POSITION			
Net investment in capital assets	84,992,122	29,067,806	114,059,928
Restricted for:			
Debt service	970,131	185,657	1,155,788
Street maintenance	1,746,242	-	1,746,242
Crime prevention	858,108	-	858,108
Drainage	3,179,644	-	3,179,644
Other special revenue	2,358,268	-	2,358,268
Unrestricted	1,805,245	8,013,996	9,819,241
TOTAL NET POSITION	$ 95,909,760	$ 37,267,459	$ 133,177,219

The Notes to Basic Financial Statements are an integral part of these statements.

City of Saginaw, Texas
Statement of Activities
For the Fiscal Year Ended September 30, 2021

Program Activities	Expenses	Program Revenues: Fees, Fines and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities:				
General administrative offices	$ 2,660,420	$ 216,266	$ -	$ -
Municipal court	187,686	464,072	1,033	-
Fire	3,833,378	97,020	100,690	-
Police	5,290,475	3,174	163,999	-
Public works	5,033,117	823,078	3,982	5,422,862
Parks	468,390	-	-	-
Community services	802,551	455,009	1,739	-
Library	645,186	6,886	-	-
Inspection	698,321	1,278,968	-	-
Animal services	396,348	32,119	449	-
City garage	492,762	-	-	-
Economic development	140,178	-	-	-
Information technology	389,186	-	4,986	-
Interest on long term debt	1,403,680	-	-	-
Total governmental activities	22,441,678	3,376,592	276,878	5,422,862
Business-type activities:				
Water and wastewater	9,679,904	10,672,524	-	43,434
Total business-type activities	9,679,904	10,672,524	-	43,434
TOTAL GOVERNMENT	$ 32,121,582	$ 14,049,116	$ 276,878	$ 5,466,296

General revenues
Taxes
Ad valorem
Sales
Franchise taxes
Other taxes
Penalties and interest
Interest income
Miscellaneous revenues
Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

The Notes to Basic Financial Statements are an integral part of these statements.

Net (Expenses) Revenue and Changes in Net Position		
Governmental Activities	Business- type Activities	Total
$ (2,444,154)	$ -	$ (2,444,154)
277,419	-	277,419
(3,635,668)	-	(3,635,668)
(5,123,302)	-	(5,123,302)
1,216,805	-	1,216,805
(468,390)	-	(468,390)
(345,803)	-	(345,803)
(638,300)	-	(638,300)
580,647	-	580,647
(363,780)	-	(363,780)
(492,762)	-	(492,762)
(140,178)	-	(140,178)
(384,200)	-	(384,200)
(1,403,680)	-	(1,403,680)
(13,365,346)	-	(13,365,346)
-	1,036,054	1,036,054
-	1,036,054	1,036,054
$ (13,365,346)	$ 1,036,054	$ (12,329,292)
$ 10,451,254	$ -	$ 10,451,254
8,855,456	-	8,855,456
1,561,343	-	1,561,343
109,813	-	109,813
10,590	90,214	100,804
22,000	4,846	26,846
298,496	58,964	357,460
625,300	(625,300)	-
21,934,252	(471,276)	21,462,976
8,568,906	564,778	9,133,684
87,340,854	36,702,681	124,043,535
$ 95,909,760	$ 37,267,459	$ 133,177,219

City of Saginaw

Fund Financial Statements
Governmental Funds

City of Saginaw, Texas
Balance Sheet - Governmental Funds
September 30, 2021

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Deposits and investments	$ 15,329,821	$ 1,082,134	$ -	$ 8,195,219	$ 24,607,174
Receivables:					
Taxes, net of allowance	1,231,379	22,356	-	390,568	1,644,303
Accounts	83,670	-	-	-	83,670
Other	71,099	-	2,876,287	128,450	3,075,836
Due from other funds	624,005	-	-	-	624,005
Note receivable	1,000	-	-	-	1,000
Restricted assets					
Deposits and investments	-	-	24,801,592	-	24,801,592
TOTAL ASSETS	$ 17,340,974	$ 1,104,490	$ 27,677,879	$ 8,714,237	$ 54,837,580
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued liabilities	$ 1,989,154	$ -	$ -	$ 29,496	$ 2,018,650
Payable from restricted assets:					
Contracts payable	-	-	2,769,389	-	2,769,389
Due to other funds	-	-	624,005		624,005
Unearned revenue	3,270,208	-	-	28,081	3,298,289
Total liabilities	5,259,362	-	3,393,394	57,577	8,710,333
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	35,831	22,356	-	-	58,187
Total deferred inflows of resources	35,831	22,356	-	-	58,187
FUND BALANCES					
Restricted:					
Debt service	-	1,082,134	-	-	1,082,134
Capital projects	-	-	24,284,485	-	24,284,485
Street maintenance	-	-	-	1,746,242	1,746,242
Crime prevention	-	-	-	858,108	858,108
Drainage	-	-	-	3,179,644	3,179,644
Other special revenue	-	-	-	2,358,268	2,358,268
Committed:					
Donations	-	-	-	514,398	514,398
Assigned	1,901,425	-	-	-	1,901,425
Unassigned	10,144,356	-	-	-	10,144,356
Total fund balances	12,045,781	1,082,134	24,284,485	8,656,660	46,069,060
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 17,340,974	$ 1,104,490	$ 27,677,879	$ 8,714,237	$ 54,837,580

The Notes to Basic Financial Statements are an integral part of these statements.

City of Saginaw, Texas
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2021

TOTAL FUND BALANCE - GOVERNMENTAL FUND	$	46,069,060
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet		114,716,232
Interest payable on long term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.		(134,359)
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.		58,187
Long-term liabilities, including bonds payable and capital leases are not due and payable in the current period and therefore are not reported in the fund financial statements. A deferred charge on an advanced refunding of bonds payable of $192,198 is reflected as a deferred outflow of resources on the Statement of Net Position.		(54,438,003)
Included in noncurrent liabilities is the recognition of the City's net pension liability required by GASB 68 in the amount of $9,911,218, a deferred resource outflow related to TMRS of $1,405,530, and a deferred resource inflow related to TMRS of $1,485,883. This resulted in a decrease in net position.		(9,991,571)
Included in noncurrent liabilities is the recognition of the City's total OPEB liability required by GASB 75 in the amount of $441,997, a deferred resource outflow related to TMRS of $96,568, and a deferred resource inflow related to TMRS of $24,357. This resulted in a decrease in net position.		(369,786)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	$	95,909,760

The Notes to Basic Financial Statements are an integral part of these statements.

City Of Saginaw, Texas

Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For The Year Ended September 30, 2021

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 14,703,088	$ 4,014,866	$ -	$ 2,258,458	$ 20,976,412
Licenses and permits	668,169	-	-	-	668,169
Charges for services	97,020	-	-	823,078	920,098
Fines and fees	1,092,420	-	-	24,630	1,117,050
Interest income	6,911	941	11,000	3,148	22,000
Recreation income	163,056	-	-	-	163,056
Intergovernmental	229,848	-	5,094,996	1,290	5,326,134
Miscellaneous revenues	170,872	4,440	-	879,583	1,054,895
Total revenues	17,131,384	4,020,247	5,105,996	3,990,187	30,247,814
EXPENDITURES					
Current:					
General administrative office	2,601,057	-	-	472,257	3,073,314
Municipal court	191,718	-	-	-	191,718
Fire	3,864,642	-	-	-	3,864,642
Police	5,018,523	-	-	84,709	5,103,232
Public works	1,652,954	-	-	-	1,652,954
Parks	337,404	-	-	-	337,404
Community services	645,986	-	-	-	645,986
Library	626,724	-	-	-	626,724
Inspection	716,646	-	-	-	716,646
Animal services	471,758	-	-	-	471,758
City garage	457,527	-	-	-	457,527
Economic development	140,178	-	-	-	140,178
Information technology	398,731	-	-	-	398,731
Capital outlay	-	-	15,656,134	634,353	16,290,487
Principal retirement	-	2,725,000	-	-	2,725,000
Interest charges	-	1,391,033	-	-	1,391,033
Fiscal agent's fees and debt issuance costs	-	7,481	186,487	-	193,968
Total expenditures	17,123,848	4,123,514	15,842,621	1,191,319	38,281,302
Excess (deficiency) of revenues over (under) expenditures	7,536	(103,267)	(10,736,625)	2,798,868	(8,033,488)
OTHER FINANCING SOURCES (USES)					
Transfers in	1,956,513	-	2,600,000	274,681	4,831,194
Transfers out	(2,874,681)	-	-	(1,331,213)	(4,205,894)
Issuance of debt	-	-	8,435,000	-	8,435,000
Premium on bond issuance	-	-	751,487	-	751,487
Total other financing sources (uses)	(918,168)	-	11,786,487	(1,056,532)	9,811,787
Net change in fund balances	(910,632)	(103,267)	1,049,862	1,742,336	1,778,299
Fund Balance, beginning	12,956,413	1,185,401	23,234,623	6,914,324	44,290,761
FUND BALANCE, ending	$ 12,045,781	$ 1,082,134	$ 24,284,485	$ 8,656,660	$ 46,069,060

The Notes to Basic Financial Statements are an integral part of these statements.

City of Saginaw, Texas

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities

For the Fiscal Year Ended September 30, 2021

TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND	$	1,778,299
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.		16,984,318
Governmental funds do not recognize assets contributed by developers or grantors, or donated to the City. However, in the statement of activities the fair market value of those assets are recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense.		174,323
Depreciation expense on capital assets is reported in the statement of activities and does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds.		(4,710,642)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(48,897)
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. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are capitalized and amortized in the statement of activities. This amount consists of an issuance in the amount of $8,435,000, premium on issuance of $751,487, repayments of $2,725,000 and amortization of $196,203 for premiums and deferred charges on refundings, which is the net effect of these differences in the treatment of long-term debt and related items.		(6,265,284)
Current year changes in the net pension liability, deferred inflows of resources and the deferred outflows of resources of the pension plan. The net effect of these items increased net position.		696,559
Current year changes in the total OPEB liability and the deferred outflows of resources of the pension plan. The net effect of these items decreased net position.		(36,932)
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		(14,882)
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.		12,044
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	$	8,568,906

The Notes to Basic Financial Statements are an integral part of these statements.

City of Saginaw

Fund Financial Statements
Proprietary Funds

City of Saginaw, Texas
Statement of Net Position
Proprietary Funds
September 30, 2021

	Enterprise Fund
ASSETS	
Current assets:	
Deposits and investments	$ 8,570,766
Deposits and investments-restricted	185,657
Receivables:	
Accounts receivable, net of allowance of $58,722	685,360
Unbilled accounts	637,268
Total current assets	10,079,051
Noncurrent assets:	
Capital assets, at cost:	
Land and land improvements	16,657
Buildings and improvements	154,587
Waterworks and sewer system	42,188,854
Machinery and equipment	1,621,137
Construction in progress	1,231,522
Accumulated depreciation	(15,157,215)
Total capital assets, net of accumulated depreciation	30,055,542
Deposits and investments-restricted	723,639
Total noncurrent assets	30,779,181
Total assets	40,858,232
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge for refunding	22,264
Related to the TMRS pension	149,498
Related to the TMRS OPEB	12,198
Total deferred outflows of resources	183,960
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	685,125
Accrued interest	1,667
Revenue bonds payable	220,000
Total current liabilities	906,792
Noncurrent liabilities:	
Revenue bonds payable	790,000
Customer deposits	723,639
Net pension liability	1,107,478
Total OPEB liability	54,750
Total noncurrent liabilities	2,675,867
Total liabilities	3,582,659
DEFERRED INFLOWS OF RESOURCES	
Related to the TMRS pension	189,209
Related to the TMRS OPEB	2,865
Total deferred inflows of resources	192,074
NET POSITION	
Net investment in capital assets	29,067,806
Restricted for revenue bond retirement	185,657
Unrestricted	8,013,996
TOTAL NET POSITION	$ 37,267,459

The Notes to the Basic Financial Statements are an integral part of these statements.

City of Saginaw, Texas
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2021

	Enterprise Fund
OPERATING REVENUES	
Water and sewer sales	$ 9,112,882
Penalties	90,214
Surcharges	1,559,642
Miscellaneous	58,964
Total operating revenue	10,821,702
OPERATING EXPENSES	
Cost of sales and services	6,473,184
Administrative	2,146,607
Depreciation	1,029,835
Total operating expenses	9,649,626
Operating income	1,172,076
NONOPERATING REVENUES (EXPENSES)	
Investment income	4,846
Gain on sale of machinery and equipment	3,960
Interest expense and agent fees	(34,238)
Total nonoperating revenues (expenses)	(25,432)
Income before capital contributions and transfers	1,146,644
CAPITAL CONTRIBUTIONS AND TRANSFERS	
Impact and tap fees	43,434
Transfers out	(716,430)
Transfers in	91,130
Total capital contributions and transfers	(581,866)
Change in net position	564,778
Net position, beginning of year	36,702,681
NET POSITION, end of year	$ 37,267,459

The Notes to the Basic Financial Statements are an integral part of these statements.

City of Saginaw, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2021

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 10,903,149
Cash paid to employees	(1,150,212)
Cash paid to suppliers	(7,497,670)
Net cash provided by operating activities	2,255,267
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers out to other funds	(716,430)
Transfers from other funds	91,130
Net cash used in noncapital financing activities	(625,300)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from sale of machinery and equipment	3,960
Impact and tap fees	43,434
Principal paid on bonds	(210,000)
Purchase of capital assets	(1,694,387)
Interest and fees paid on debt issuance	(29,019)
Net cash used in capital and related financing activities	(1,886,012)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	4,846
Net cash provided by investing activities	4,846
Net change in cash	(251,199)
CASH AND CASH EQUIVALENTS, beginning of year	9,731,261
CASH AND CASH EQUIVALENTS, end of year	$ 9,480,062

The Notes to the Basic Financial Statements are an integral part of these statements.

City of Saginaw, Texas
Statement of Cash Flows – Continued
Proprietary Funds
For the Fiscal Year Ended September 30, 2021

	Current Assets	Enterprise Fund Restricted Assets Current	Enterprise Fund Restricted Assets Noncurrent	Statement of Cash Flows Totals
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION				
Cash and cash equivalents - beginning	$ 8,847,070	$ 185,900	$ 698,291	$ 9,731,261
Net increase (decrease)	(276,304)	(243)	25,348	(251,199)
Cash and cash equivalents - ending	$ 8,570,766	$ 185,657	$ 723,639	$ 9,480,062
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income				$ 1,172,076
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation				1,029,835
(Increase) Decrease in accounts receivable				56,099
(Increase) Decrease in deferred outflows of resources-pension				6,065
(Increase) Decrease in deferred outflows of resources-OPEB				(5,845)
Increase (Decrease) in accounts payable and accrued expenses				53,435
Increase (Decrease) in customer deposits				25,348
Increase (Decrease) in net pension liability				(50,152)
Increase (Decrease) in total OPEB liability				11,323
Increase (Decrease) in deferred inflows of resources-pension				(42,917)
Net cash provided by operating activities				$ 2,255,267
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING, CAPITAL AND INVESTING ACTIVITIES				
Capital asset contributions from developers				$ -

The Notes to the Basic Financial Statements are an integral part of these statements.

City of Saginaw

Note 1. Summary of Significant Accounting Policies

A. General Statement

The City of Saginaw (the City) was incorporated in 1949. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: general government, court, police and fire protection, street maintenance, building inspection services, library services, animal services, recreation, parks operation and maintenance, and maintenance and operation of City-owned buildings. The City contracts with the City of Fort Worth for water purchases and wastewater service but owns the waterworks and wastewater systems within the City.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the City are described below.

B. Financial Reporting Entity

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 there is ongoing financial benefit or burden or operational responsibility. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has operational responsibility for 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. Complete financial statements for the individual component units may be obtained at the City’s office.

The following entity was found to be a component unit of the City and is included in the combined financial statements:

Blended Component Unit – The Saginaw Crime Control and Prevention District (CCPD) serves all the citizens of the City and is used to account for the accumulation and use of resources to add law enforcement officers and purchase additional equipment for law enforcement purposes. The governing body of the Saginaw CCPD Fund is the same as that of the primary government and the primary government has operational responsibility. The Saginaw CCPD is reported as a governmental activity in the government-wide financial statements and as a Special Revenue Fund in the governmental financial statements.

C. Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City, except for fiduciary funds. The effect of interfund activity, within the governmental and business-type activities columns, have been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Fund Financial Statements
The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

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

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

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

Capital Projects Fund. The capital projects fund is used to account for funds received and expended for the construction and renovation of thoroughfares, arterial streets and drainage improvements in the City and construction, renovation, expansion and major improvement of various City facilities, acquisition of land and other large nonrecurring projects.

Proprietary Funds are those funds for activities supported by user fees and charges. The accounting objectives are determinations of net income, financial position and cash flow. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included on the Statement of Net Position. The City has presented the following major proprietary fund:

Enterprise Fund. The Enterprise Fund is used to account for the provision of water and wastewater services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and wastewater 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 wastewater debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

The economic resources measurement focus means all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and wastewater services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for services, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

E. Budgetary Control

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to October 1, the City administration 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 October 1, the budget is legally enacted through passage of a resolution.
4. Any revisions that alter the total expenditures of any fund must be approved by the City Council. The City Council amended the budget during the year.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Saginaw CCPD Fund, Enterprise Fund and Debt Service Fund. A budget is legally adopted for the General Fund, Saginaw CCPD Fund, Drainage Utility Fund, Street Maintenance Fund, Donations Funds, Escrow Fund, and Debt Service Fund.

Budgets for the General Fund, Saginaw CCPD Fund, Drainage Utility Fund, Street Maintenance Fund, Donations Funds, Escrow Fund, and Debt Service Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

All appropriations lapse on September 30 of the fiscal year.

Budgeted amounts are as originally adopted or as amended by the City Council.

F. Cash and Investments

Cash of all funds, including restricted cash, is pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. An individual fund's pooled cash and investments are available upon demand and are considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities not included in the common pooled accounts that are purchased with a maturity of ninety days or less are also considered "cash equivalents."

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

State statutes authorize the City to invest in obligations of the U.S. Government or its agencies; obligations of the State of Texas or its agencies; and certain other obligations, repurchase agreements, money market mutual funds and certificates of deposits within established criterion.

G. Interfund Receivables and Payables

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

H. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are reported at acquisition value. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized, not including infrastructure assets, have an original cost of $5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	40 Years
Water and Wastewater System	50 Years
Infrastructure	10-50 Years
Equipment	5-25 Years
Improvements	20 Years

I. Accumulated Vacation, Compensatory Time and Sick Leave

City employees earn vacation leave and compensatory time off for holidays worked. All annual vacation leave must be taken within one year after it is earned unless an exception has been granted by the City Manager. All earned vacation leave not taken within one year of its accumulation will be forfeited. Unused sick leave accumulated during the year is carried over into the next year with a maximum accrual of forty working days or twenty shifts. At the time of resignation or retirement, employees with ten or more years of service will be paid for unused sick leave. The compensated absences liability increased $962 over the course of the fiscal year and ended September 30, 2021 with a liability of $1,192,339.

J. Nature and Purpose of Designations of Fund Balance

The City follows Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) for classification of fund balances. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

Fund balance categories under GASB 54 are Nonspendable and Spendable. Classifications under the Spendable category are Restricted, Committed, Assigned and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

In accordance with GASB 54, the City classifies governmental fund balances in its financial statements, as follows:

1. Nonspendable Fund Balance

Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements. Examples include inventories, long-term receivables, endowment principal, and/or prepaid/deferred items.

2. Spendable Fund Balance

a. Restricted Fund Balance – Includes amounts that can be spent only for the specific purposes as imposed by law, or imposed by creditors, grantors, contributors, or other governments' laws and regulations. Examples include federal and state grant programs, retirement of long-term debt, and construction.

   i. The aggregate fund balance of the debt service fund is legally restricted for payment of bonded indebtedness and is not available for other purposes until all bonded indebtedness is liquidated.

   ii. The fund balance of the capital projects fund reflects an amount restricted for construction and major renovation projects, and it usually represents unexpended proceeds from the sale of bonds, which primarily have restricted use.

   iii. The proceeds of specific revenue sources that is restricted to expenditures for specified purposes as designated by grantors, contributors, by vote of citizens, or governmental entities over state or local program grants.

b. Committed Fund Balance – Includes amounts that can be used only for the specific purposes as determined by the governing body by use of a resolution, recorded in the minutes of the governing body. Commitments may be changed or lifted only by the governing body taking the same formal action that imposed the constraint originally. Examples include, but not specifically limited to, council action regarding construction, claims, and judgments, retirement of loans/notes payable, and capital expenditures. The City Council must take action to commit funds for a specific purpose prior to the end of the fiscal year, but the amount of the commitment may be determined after the end of the fiscal year.

c. Assigned Fund Balance – Includes amounts intended to be used by the City for specific purposes. Pursuant to GASB 54, this intent can be expressed by an official or body to which the governing body delegates that authority. Through a resolution, the City has delegated the City Manager to determine and define the amounts of those components of fund balance that are classified as Assigned. Examples take on the similar appearance as those enumerated for committed fund balance, including the appropriation of existing fund balance to eliminate a deficit in next year's budget.

d. Unassigned Fund Balance – Includes the residual classification of the General Fund and includes all amounts not contained in other classifications. By accounting for amounts in other funds, the City has implicitly assigned the funds for the purposes of those particular funds.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be extended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly unassigned fund balance.

At the end of each fiscal year, the General Fund should maintain unassigned fund balance that is no less than 25% of the subsequent year's General Fund appropriated operating expenditure budget. This target amount has been established in order to provide a reasonable level of assurance that the City's day-to-day operations will be able to continue even if circumstances occur where revenues are insufficient to cover expenditures.

K. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. In circumstances where an expense is to be made for a purpose for which amounts are available in multiple net position classifications, restricted position will be fully utilized first followed by unrestricted as necessary.

L. 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. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

Pension liabilities are generally liquidated with resources of the general fund and enterprise fund.

M. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information has been determined based on the City's actuary report. For this purpose, OPEB expense recognized each fiscal year is equal to the change in the total OPEB liability from the beginning of the year to the end of the year, adjusted for deferred recognition of certain changes in the liability. Benefit payments are treated as being equal to the employer's yearly contributions for retirees. Information regarding the City's total OPEB liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

OPEB liabilities are generally liquidated with resources of the general fund and enterprise fund.

N. Management's Use of 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 at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates. The assumptions utilized for purposes of measuring the net pension liability, total OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension/OPEB expense for a year can and does vary from actual results.

Note 2. Cash and Investments

Cash and investments as of September 30, 2021 consist of the following:

Deposits with financial institutions	$	1,900,931
Investments		56,987,897
	$	58,888,828

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 30 days thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no specific limitations with respect to this metric.

As of September 30, 2021, the City had the following investments:

Investment Type		Weighted Average Amount	Maturity
TexPool	$	56,987,897	34 days

As of September 30, 2021, the City did not invest in any securities which are highly sensitive to interest rate fluctuations.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type		Amount	Minimum Legal Rating	Rating as of September 30, 2021
TexPool	$	56,987,897	AAA	AAAm

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. As of September 30, 2021, other than external investment pools, the City did not have 5% or more of its investments with one issuer.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The Public Funds Investment Act and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

At September 30, 2021, the carrying amount of the City's cash on hand and deposits were $1,900,931 and the bank balance was $2,718,015. $250,000 of the bank balance was covered by depository insurance under the FDIC, with the remaining $2,468,015 secured with securities held by pledging financial institutions.

Investment in State Investment Pools

The Texpool investment pool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, the investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pool transacts at a net asset value of $1.00 per share, has weighted average maturities of 60 days or less and weighted average lives of 120 days or less, investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. Texpool has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity. Texpool is subject to regulatory oversight by the State Treasurer, although it is not registered with the Securities and Exchange Commission.

Note 3. Restricted Assets

Restricted assets in the Enterprise Fund are held for the following purposes in accordance with bond ordinances or other legal restrictions:

Debt Service - Interest and Sinking Fund		
Cash and investments	$	185,657
Refundable water and wastewater deposits		723,639
Total	$	909,296

Note 4. Notes Receivable

During the year ended September 30, 2018, the City loaned $460,000 to a residential developer to construct the Mariposa Apartment Homes at Spring Hollow. The purpose of the Loan was to assist Spring Hollow in meeting the requirements for a federal tax credit. As of September 30, 2021, the outstanding balance was $1,000. The remaining balance is due over a 15 year term, bearing an interest rate of 3%.

Note 5. Capital Assets

Capital asset activity for the year ended September 30, 2021, was as follows:

	Balance, October 1, 2020	Additions/ Completions	Retirements/ Adjustments	Balance, September 30, 2021
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 18,741,913	$ 487,380	$ -	$ 19,229,293
Construction in progress	6,331,829	16,010,437	(1,575,142)	20,767,124
Total capital assets, not being depreciated	25,073,742	16,497,817	(1,575,142)	39,996,417
Capital assets being depreciated:				
Buildings	19,784,753	-	-	19,784,753
Improvements	2,497,588	459,175	(50,253)	2,906,510
Infrastructure	121,180,527	737,688	-	121,918,215
Equipment	10,452,258	1,039,103	(93,406)	11,397,955
Total capital assets, being depreciated	153,915,126	2,235,966	(143,659)	156,007,433
Less accumulated depreciation for:				
Buildings	8,140,337	494,506	-	8,634,843
Improvements	1,122,536	122,730	(1,356)	1,243,910
Infrastructure	61,436,917	3,267,289	-	64,704,206
Equipment	5,971,948	826,117	(93,406)	6,704,659
Total accumulated depreciation	76,671,738	4,710,642	(94,762)	81,287,618
Total capital assets being depreciated, net	77,243,388	(2,474,676)	(48,897)	74,719,815
Governmental activities capital assets, net	$ 102,317,130	$ 14,023,141	$ (1,624,039)	$ 114,716,232

	Balance, October 1, 2020	Additions/ Completions	Retirements/ Adjustments	Balance, September 30, 2021
Business-type Activities:				
Capital assets, not being depreciated:				
Land	$ 16,657	$ -	$ -	$ 16,657
Construction in progress	173,961	1,057,561	-	1,231,522
Total capital assets, not being depreciated	190,618	1,057,561	-	1,248,179
Capital assets, being depreciated:				
Buildings	154,587	-	-	154,587
Water and wastewater system	41,599,558	589,296	-	42,188,854
Equipment	1,591,260	47,530	(17,653)	1,621,137
Total capital assets, being depreciated	43,345,405	636,826	(17,653)	43,964,578
Less accumulated depreciation				
Buildings	78,988	3,540	-	82,528
Water and wastewater system	12,940,241	884,569	-	13,824,810
Equipment	1,125,804	141,726	(17,653)	1,249,877
Total accumulated depreciation	14,145,033	1,029,835	(17,653)	15,157,215
Total capital assets being depreciated, net	29,200,372	(393,009)	-	28,807,363
Business-type activities capital assets, net	$ 29,390,990	$ 664,552	$ -	$ 30,055,542

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

Governmental activities:	
General administrative office	$ 135,596
Municipal court	2,163
Fire	237,448
Police	432,740
Public works	3,454,068
Community services	177,293
Library	44,492
Inspections/code enforcement	14,654
Animal services	11,104
Fleet maintenance	44,614
Parks	150,599
Information technology	5,871
	$ 4,710,642
Business-type activities:	
Water and wastewater	$ 1,029,835

The City has active construction projects as of September 30, 2021. Total accumulated commitments for capital projects are $11,129,677 for the Capital Projects Fund and $125,562 for the Enterprise Fund.

Note 6. Long-Term Debt

At September 30, 2021, the City's bonds payable consisted of the following:

	Governmental	Business-type
2013 General Obligation Refunding Bonds, dated August 29, 2013, due in annual installments through September 1, 2033, bearing interest rates of 2% to 4.1%.	$ 5,620,000	$ -
2014 General Obligation Refunding Bonds, dated April 8, 2014, due in annual installments through September 1, 2024, bearing an interest rate of 1.99%.	685,000	75,000
2015 General Obligation Bonds, dated September 7, 2015, due in annual installments through September 1, 2035, bearing an interest rate of 1.00% through 3.50%.	5,760,000	-
2015 General Obligation Refunding Bonds, dated December 22, 2015, due in annual installments through September 1, 2027, bearing an interest rate of 1.98%.	-	935,000
2016 General Obligation Refunding Bonds, dated June 21, 2016, due in annual installments through September 1, 2027, bearing an interest rate of 1.69%.	2,655,000	-
2017 General Obligation Bonds, dated June 1, 2017, due in annual installments through September 1, 2037, bearing an interest rate of 3.00%.	6,645,000	-
2019 Tax Notes, dated September 17, 2019, due in annual installments through March 1, 2026, bearing an interest rate of 1.40%.	1,160,000	-
2019 General Obligation Refunding Bonds, dated November 13, 2019, due in annual installments through September 1, 2025, bearing an interest rate of 1.63%.	1,060,000	-
2020 General Obligation Refunding Bonds, dated June 1, 2020, due in annual installments through September 1, 2030, bearing an interest rate of 1.11%.	1,030,000	-
2020 Certificates of Obligation Bonds, dated August 15, 2020, due in annual installments through September 1, 2040, bearing interest rates of 2% to 4%.	17,310,000	-
2021 General Obligation Bonds, dated August 1, 2021, due in annual installments through September 1, 2041, bearing an interest rate of 2% to 4%.	8,435,000	-
Premium on bonds	4,270,201	-
Total bonds payable	$ 54,630,201	$ 1,010,000

During 2021, The City issued $8,435,000 of Series 2021 General Obligation Bonds. The debt was issued to pay the costs of capital projects. The Bonds have an annual interest rate ranging from 2% to 4% and the obligations are payable over the next 20 years.

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2021:

	Balance, October 1, 2020	Increases	Decreases	Balance, September 30, 2021	Due Within One Year
Governmental activities:					
General obligation bonds	$ 25,735,000	$ 8,435,000	$ (2,280,000)	$ 31,890,000	$ 2,835,000
Certificates of obligation	17,345,000	-	(35,000)	17,310,000	100,000
Tax notes	1,570,000	-	(410,000)	1,160,000	225,000
Premiums on bonds	3,764,136	751,487	(245,422)	4,270,201	-
Net pension liability	10,316,997	-	(405,779)	9,911,218	-
Total OPEB liability	350,382	91,615	-	441,997	-
Total governmental activities	$ 59,081,515	$ 9,278,102	$ (3,376,201)	$ 64,983,416	$ 3,160,000
Business-type activities:					
General obligation bonds	$ 1,220,000	$ -	$ (210,000)	$ 1,010,000	$ 220,000
Net pension liability	1,157,630	-	(50,152)	1,107,478	-
Total OPEB liability	43,427	11,323	-	54,750	-
Total business-type activities	$ 2,421,057	$ 11,323	$ (260,152)	$ 2,172,228	$ 220,000

The City issues general obligation bonds and certificates of obligation. General obligation bonds and certificates of obligation are direct obligations of the City and pledge the full faith and credit of the City.

The annual requirements to amortize all debts outstanding as of September 30, 2021, are as follows:

General Obligation Bonds

Due Fiscal Year Ending September 30,	Governmental Activities Principal	Interest	Total
2022	$ 2,835,000	$ 922,361	$ 3,757,361
2023	2,680,000	831,763	3,511,763
2024	2,425,000	767,823	3,192,823
2025	2,145,000	704,898	2,849,898
2026	2,090,000	647,820	2,737,820
2027-2031	9,180,000	2,343,888	11,523,888
2032-2036	7,545,000	900,093	8,445,093
2037-2041	2,990,000	165,950	3,155,950
Totals	$ 31,890,000	$ 7,284,596	$ 39,174,596

Certificates of Obligation

Due Fiscal Year Ending September 30,	Governmental Activities Principal	Interest	Total
2022	$ 100,000	$ 640,700	$ 740,700
2023	100,000	637,700	737,700
2024	425,000	634,700	1,059,700
2025	800,000	626,200	1,426,200
2026	815,000	610,200	1,425,200
2027-2031	4,480,000	2,641,900	7,121,900
2032-2036	5,425,000	1,701,000	7,126,000
2037-2041	5,165,000	526,600	5,691,600
Totals	$ 17,310,000	$ 8,019,000	$ 25,329,000

Tax Notes

Due Fiscal Year Ending September 30,	Governmental Activities Principal	Interest	Total
2022	$ 225,000	$ 14,665	$ 239,665
2023	230,000	11,480	241,480
2024	230,000	8,260	238,260
2025	235,000	5,005	240,005
2026	240,000	1,680	241,680
Totals	$ 1,160,000	$ 41,090	$ 1,201,090

General Obligation Bonds

Due Fiscal Year Ending September 30,	Business-type Activities Principal	Interest	Total
2022	$ 220,000	$ 20,004	$ 240,004
2023	150,000	15,642	165,642
2024	155,000	12,672	167,672
2025	160,000	9,603	169,603
2026	160,000	6,435	166,435
2027-2031	165,000	3,267	168,267
Totals	$ 1,010,000	$ 67,623	$ 1,077,623

Note 7. Property Tax

Property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business property located in the City. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the City Council.

Taxes are due on October 1, the levy date, and are delinquent after the following January 31. Tax assessments are automatic on January 1, each year. Penalties and interest are included for any payment received after January 31. Penalties start at 6% of the outstanding balance, respectively and increase to 12% for payments received after July 1. Interest increases 1% for each month the balance is outstanding after January 31.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual have been recognized as revenue. Property taxes are recorded net of the allowance for uncollectible taxes ($164,471 for the General Fund and $147,841 for the Debt Service Fund). The allowance is evaluated annually based upon analysis of historical trends, current economic conditions and other pertinent factors. Uncollectible personal property taxes are written off upon expiration of the five year statute of limitations.

Note 8. Pension Plan

Plan Description

The City of Saginaw participates as one of 895 plans in the defined benefit cash balance 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 employees of Texas participating cities. The TMRS Act places the general administration and management of the System with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. 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.

Benefits

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 Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

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

Employee deposit rate	7%
Matching ratio (City to employee)	2-1
A member is vested after	5 years
Updated service credit	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating

Members can retire at certain ages, based on the years of service with the City. The Service Retirement Eligibilities for the City are 5 years at 60 years of age or 20 years at any age.

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	70
Inactive employees entitled to but not yet receiving benefits	89
Active employees	147
	306

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of the Member's total compensation, 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 city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City of Saginaw were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Saginaw were 21.67% and 21.11% in calendar years 2020 and 2021, respectively. The city's contributions to TMRS for the year ended September 30, 2021, were $2,043,664 and were equal to the required contributions.

Net Pension Liability

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, adjusted down for population declines, if any
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 are 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 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 arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	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 Member 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 Members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2019	$ 46,553,789	$ 35,079,162	$ 11,474,627
Changes for the year:			
Service cost	1,762,184	-	1,762,184
Interest	3,152,810	-	3,152,810
Change of benefit terms	-	-	-
Difference between expected and actual experience	(1,584)	-	(1,584)
Changes of assumptions	-	-	-
Contributions - employer	-	2,057,464	(2,057,464)
Contributions - employee	-	664,617	(664,617)
Net investment income	-	2,665,162	(2,665,162)
Benefit payments, including refunds of employee contributions	(1,453,169)	(1,453,169)	-
Administrative expense	-	(17,230)	17,230
Other changes	-	(672)	672
Net changes	3,460,241	3,916,172	(455,931)
Balance at December 31, 2020	$ 50,014,030	$ 38,995,334	$ 11,018,696

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 18,519,844	$ 11,018,696	$ 4,896,991

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2021, the City recognized pension expense of $1,261,013.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ (683,052)
Changes in actuarial assumptions	97,418	-
Difference between projected and actual investment earnings	-	(992,040)
Contributions subsequent to the measurement date	1,457,610	-
Totals	$ 1,555,028	$ (1,675,092)

$1,457,610 was reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ending December 30, 2021 (i.e. recognized in the City's financial statements for the year ended 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	$ (581,695)
2022	(178,002)
2023	(709,492)
2024	(108,437)
2025	(48)
Totals	$ (1,577,674)

Note 9. Postemployment Benefits Other Than Pensions

Plan Description

The City participates in a single employer, defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF) administered by the Texas Municipal Retirement System (TMRS). 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 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan.

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 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.

Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of $7,500.

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	56
Inactive employees entitled to but not yet receiving benefits	18
Active employees	147
	221

Total OPEB Liability

The City's total OPEB liability of $496,747 was measured as of December 31, 2020, and 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 applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Overall payroll growth	3.5% to 11.5%, including inflation
Discount Rate	2.00%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables and due to the size of the City, rates are multiplied by an additional factor of 100%. . The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the mortality tables for healthy retirees is used with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor. Mortality rates for pre-retirement were based on the PUB(10) mortality tables, with the Public Safety table used for males and General Employee table used for females. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements.

Discount Rate

The discount rate was to measure the total OPEB liability was 2.00%. The discount rate was based on Fidelity Index's "20-Year Municipal GO AA Index" rate as of the measurement date.

	Total OPEB Liability
Balance at December 31, 2019	$ 393,809
Changes for the year:	
Service cost	22,787
Interest	11,104
Change of benefit terms	-
Difference between expected and actual experience	2,855
Changes of assumptions or other inputs	69,040
Benefit payments	(2,848)
Net changes	102,938
Balance at December 31, 2020	$ 496,747

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.00%, 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 in Discount Rate (1.00%)	Discount Rate (2.00%)	1% Increase in Discount Rate (3.00%)
City's OPEB liability	$ 613,588	$ 496,747	$ 407,695

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 $47,141.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ (27,222)
Changes in actuarial assumptions	103,933	-
Contributions subsequent to the measurement date	4,833	-
Total	$ 108,766	$ (27,222)

$4,833 was reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability for the measurement year ending December 30, 2021 (i.e. recognized in the City's financial statements for the year ended September 30, 2022). Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31,		
2021	$	13,250
2022		13,250
2023		13,250
2024		11,447
2025		12,160
Thereafter		13,354
Total	$	76,711

Note 10. Commitments

The City renewed a twenty (20) year contract in 2017 with the City of Fort Worth for the treatment and transportation of wastewater. Payments under this contract are on a strength and volume basis per month. Also, there is a twenty-five dollar ($25) per meter monthly service charge.

The City renewed a twenty (20) year contract in 2010 with the City of Fort Worth for the delivery of treated water. Payments under this contract are on a volume and rate of use basis per month. There is also a twenty-five dollar ($25) per meter monthly service charge.

The City entered into an agreement in 2019, under Chapter 380 of the Texas Local Government Code, for the reimbursement of $2,000,000 for the development costs for property development and roadway improvements. As of September 30, 2021, no costs have been incurred or reimbursed.

Note 11. Interfund Balances and Transfers

Interfund balances reflect payments made by one fund on behalf of another fund for which cash settlement has not been made as of the end of the accounting period. Amounts due to and from other funds will be settled within the next accounting period. As of September 30, 2021, interfund balances outstanding were between the General Fund and the Capital Projects Fund as follows:

	Due From Capital Projects Fund	Total
Due To		
General Fund	$ 624,005	$ 624,005
Total	$ 624,005	$ 624,005

The due to General Fund from the Capital Projects Fund is the result of the General Fund funding a capital project prior to fiscal year end.

All interfund transfers between the various funds are approved supplements to the operations of those funds.

Receivable Fund	Payable Fund	Amount
General Fund	Enterprise Fund	$ 716,430
General Fund	Crime Control and Prevention District	1,034,065
General Fund	Donations Fund	16,120
General Fund	Escrow Fund	71,383
General Fund	Drainage Utility Fund	118,515
Capital Projects Fund	General Fund	2,600,000
Enterprise Fund	Drainage Utility Fund	91,130
Escrow Fund	General Fund	274,681
		$ 4,922,324

Transfers are primarily used to move funds from:

- The Enterprise Fund to the General Fund for vehicle maintenance expenses and operating expenses.
- The Saginaw CCPD Fund to the General Fund for salaries and related expenses for ten Police Officers, one Public Services Officer, one Dispatcher, and half (1/2) of one of the School Resource Officers.
- The Donations Fund to the General Fund for two seasonal part-time Library Pages.
- The Escrow Fund to the General Fund for police over-time for bailiff duty.
- The Drainage Utility Fund to the General Fund for salaries and related expenses.
- The General Fund to the Capital Projects Fund for the Bailey Boswell Overpass project.
- The Drainage Utility Fund to the Enterprise Fund for half (1/2) of the cost of the Environmental Specialist and Environmental Assistant.
- The General Fund to the Escrow Fund for the annual contribution to the equipment replacement escrow.

Note 12. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City insures its buildings and contents, law enforcement liability, public officials' liability, general liability and auto liability under a renewable one year policy with the Texas Municipal League. The City insures its workers compensation risk by participating in the Texas Municipal League Intergovernmental Risk Pool which is a self-insurance policy mechanism for political subdivisions in Texas. Rates are set by the State Insurance Board. Each participant's contribution to the pool is adjusted based on its workers' compensation history. The City is responsible only to the extent of premiums paid and contributions made to Texas Municipal League and the Intergovernmental Risk Pool. There have been no significant changes in insurance coverage as compared to last year and settlements have not exceeded coverage in each of the past three fiscal years.

Note 13. Tax Abatements and Economic Incentive Agreements

Tax Abatements under Chapter 312 of the Texas Tax Code and economic incentive agreements under Chapter 380 of the Texas Tax Code allow the City to negotiate tax abatement agreements and economic incentive agreements with applicants. These agreements authorize the appraisal districts to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. There were no property taxes abated under these programs in fiscal year 2021.

Note 14. New Accounting Pronouncements

The GASB pronouncements effective in fiscal years 2021 and 2022 are listed as follows:

The GASB issued Statement No. 84, Fiduciary Activities, which was effective for fiscal year 2021. The objective of this Statement is to establish standards of accounting and financial reporting for fiduciary activities. This Statement applies to all state and governmental entities. The City implemented this standard in fiscal year 2021 but it had no impact on the City.

The GASB issued Statement No. 87, Leases – This statement changes the recognition requirements for certain lease assets and liabilities for leases that are currently classified as operating leases. This statement will become effective for the City in fiscal year 2022.

The GASB issued Statement No. 90, Majority Equity Interests, An Amendment of GASB Statements No. 14 and 16, which was effective for fiscal year 2021. The objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement applies to all state and governmental entities. The City implemented this standard in fiscal year 2021 but it had no impact on the City.

The GASB issued Statement No. 92, Omnibus 2020. This Statement establishes accounting and financial reporting requirements for specific issues related to leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. This statement will become effective for the City in fiscal year 2022.

The GASB issued Statement No. 93, Replacement of Interbank Offered Rates. This Statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. This statement will become effective for the City in fiscal year 2021/2022.

The GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. This Statement modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. This statement will become effective for the City in fiscal year 2022/immediately.

The GASB issued Statement No. 98, The Annual Comprehensive Financial Report. This Statement was issued in October 2021 and establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The City implemented this standard in fiscal year 2021. The implementation of this standard changed the report name to the Annual Comprehensive Financial Report.

Note 15. Subsequent Events

The City has evaluated all events and transactions that occurred after September 30, 2021 through January 13, 2022, the date the financial statements were issued.

City of Saginaw

Required Supplementary Information

City of Saginaw

City of Saginaw, Texas

Schedule of Changes in Net Pension Liability and Related Ratios
Texas Municipal Retirement System

	Year Ended December 31						
	2014	2015	2016	2017	2018	2019	2020
TOTAL PENSION LIABILITY							
Service cost	$ 1,094,648	$ 1,192,902	$ 1,237,546	$ 1,287,912	$ 1,567,813	$ 1,671,277	$ 1,762,184
Interest (on the total pension liability)	2,004,340	2,134,257	2,224,580	2,372,294	2,777,269	2,979,679	3,152,810
Changes of benefit terms	-	-	-	-	3,431,070	-	-
Difference between expected and actual experience	(494,746)	(194,482)	(306,070)	(93,610)	(144,360)	(819,741)	(1,584)
Change of assumptions	-	89,204	-	-	-	147,074	-
Benefit payments, including refunds of employee contributions	(793,956)	(800,864)	(752,837)	(1,232,910)	(1,043,059)	(1,464,519)	(1,453,169)
Net change in total pension liability	1,810,286	2,421,017	2,403,219	2,333,686	6,588,733	2,513,770	3,460,241
Total pension liability, beginning	28,483,078	30,293,364	32,714,381	35,117,600	37,451,286	44,040,019	46,553,789
TOTAL PENSION LIABILITY, ending (a)	$ 30,293,364	$ 32,714,381	$ 35,117,600	$ 37,451,286	$ 44,040,019	$ 46,553,789	$ 50,014,030
PLAN FIDUCIARY NET POSITION							
Contributions - employer	$ 1,247,471	$ 1,351,553	$ 1,404,336	$ 1,427,850	$ 1,491,686	$ 1,924,856	$ 2,057,464
Contributions - employee	433,652	453,288	472,046	488,154	513,196	631,692	664,617
Net investment income	1,120,846	31,855	1,527,402	3,497,782	(880,810)	4,556,996	2,665,162
Benefit payments, including refunds of employee contributions	(793,956)	(800,864)	(752,837)	(1,232,910)	(1,043,059)	(1,464,519)	(1,453,169)
Administrative expense	(11,699)	(19,398)	(17,251)	(18,123)	(17,017)	(25,732)	(17,230)
Other	(962)	(958)	(929)	(920)	(889)	(773)	(672)
Net change in plan fiduciary net position	1,995,352	1,015,476	2,632,767	4,161,833	63,107	5,622,520	3,916,172
Plan fiduciary net position, beginning	19,588,107	21,583,459	22,598,935	25,231,702	29,393,535	29,456,642	35,079,162
PLAN FIDUCIARY NET POSITION, ending (b)	$ 21,583,459	$ 22,598,935	$ 25,231,702	$ 29,393,535	$ 29,456,642	$ 35,079,162	$ 38,995,334
NET PENSION LIABILITY/ (ASSET), ending (a) - (b)	$ 8,709,905	$ 10,115,446	$ 9,885,898	$ 8,057,751	$ 14,583,377	$ 11,474,627	$ 11,018,696
Plan fiduciary net position as a percentage of total pension liability	71.25%	69.08%	71.85%	78.48%	66.89%	75.35%	77.97%
Covered payroll	$ 7,227,528	$ 7,554,795	$ 7,867,428	$ 8,135,894	$ 8,553,265	$ 9,024,174	$ 9,494,529
Net pension liability as a percentage of covered payroll	120.51%	133.89%	125.66%	99.04%	170.50%	127.15%	116.05%

Other Information:

Notes

There were no benefit changes during the year.

Only seven years of data is presented in accordance with GASB 68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

City of Saginaw, Texas
Schedule of Contributions
Texas Municipal Retirement System

	Year Ended September 30						
	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	$ 1,247,471	$ 1,351,553	$ 1,404,336	$ 1,427,850	$ 1,491,686	$ 1,924,856	$ 2,057,164
Contributions in relation to the actuarially determined contribution	1,327,755	1,416,758	1,437,537	1,488,506	1,819,055	1,943,565	2,060,541
Contribution deficiency (excess)	$ (80,284)	$ (65,205)	$ (33,201)	$ (60,656)	$ (327,369)	$ (18,709)	$ (3,377)
Covered payroll	$ 7,431,617	$ 8,101,429	$ 8,085,355	$ 8,444,346	$ 8,911,253	$ 9,003,652	$ 9,609,280
Contributions as a percentage of covered payroll	17.87%	17.49%	17.78%	17.63%	20.41%	21.59%	21.44%

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method Level	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes	There were no benefit changes during the year.
	Only seven years of data is presented in accordance with GASB 68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

City of Saginaw, Texas

Schedule of Changes in Total OPEB Liability and Related Ratios
Texas Municipal Retirement System

	Year Ended December 31			
	2017	2018	2019	2020
TOTAL OPEB LIABILITY				
Service cost	$ 14,645	$ 17,962	$ 17,146	$ 22,787
Interest	11,297	11,619	12,605	11,104
Change of benefit terms	-	-	-	-
Difference between expected and actual experience	-	(13,397)	(29,760)	2,855
Changes of assumptions or other inputs	27,069	(24,428)	63,993	69,040
Benefit payments*	(2,441)	(2,566)	(2,707)	(2,848)
Net change in total OPEB liability	50,570	(10,810)	61,277	102,938
Total OPEB liability, beginning	292,772	343,342	332,532	393,809
Total OPEB LIABILITY, ending	$ 343,342	$ 332,532	$ 393,809	$ 496,747
Covered-employee payroll	$ 8,135,894	$ 8,553,265	$ 9,024,174	$ 9,494,529
Total OPEB liability as a percentage of covered payroll	4.22%	3.89%	4.36%	5.23%

Other Information:

Notes: GASB 75, Paragraph 97, requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date of December 31, 2020 - the period from January 30, 2020 - December 31, 2020.

Only four years of data is presented in accordance with GASB 75 paragraph 245. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

There are no assets accumulated in a trust that meets the criteria for GASB codification P22.101 or P52.1010 to pay related benefits for the OPEB plan.

City of Saginaw, Texas

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund
For the Fiscal Year Ended September 30, 2021

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over / (Under)
	Original	Final		
REVENUES				
Taxes	$ 13,262,195	$ 14,508,040	$ 14,703,088	$ 195,048
Licenses and permits	323,465	672,665	668,169	(4,496)
Charges for services	97,020	97,020	97,020	-
Fines and fees	561,750	945,600	1,092,420	146,820
Interest income	36,000	6,875	6,911	36
Recreation income	500,000	156,395	163,056	6,661
Intergovernmental	266,165	270,640	229,848	(40,792)
Miscellaneous revenues	125,000	120,970	170,872	49,902
Total revenues	15,171,595	16,778,205	17,131,384	353,179
EXPENDITURES				
Current:				
General administrative office	1,968,095	2,654,355	2,601,057	(53,298)
Municipal court	209,375	203,070	191,718	(11,352)
Fire	3,865,690	3,849,985	3,864,642	14,657
Police	5,332,000	5,014,690	5,018,523	3,833
Public works	1,551,570	1,670,015	1,652,954	(17,061)
Parks	379,570	364,455	337,404	(27,051)
Community services	1,080,960	662,005	645,986	(16,019)
Library	621,540	630,955	626,724	(4,231)
Inspections/code enforcement	692,230	705,655	716,646	10,991
Animal services	359,755	461,325	471,758	10,433
City garage	517,495	446,940	457,527	10,587
Economic development	320,950	146,650	140,178	(6,472)
Information technology	389,505	416,300	398,731	(17,569)
Total expenditures	17,288,735	17,226,400	17,123,848	(102,552)
EXCESS (DEFICENCY) OF REVENUES OVER EXPENDITURES	(2,117,140)	(448,195)	7,536	455,731
OTHER FINANCING SOURCES (USES)				
Transfers in	1,882,330	1,950,845	1,956,513	5,668
Transfers out	(2,648,040)	(2,874,600)	(2,874,681)	(81)
Total other financing sources (uses)	(765,710)	(923,755)	(918,168)	5,587
Net change in fund balance	(2,882,850)	(1,371,950)	(910,632)	461,318
FUND BALANCES, beginning of year	12,956,413	12,956,413	12,956,413	-
FUND BALANCES, end of year	$ 10,073,563	$ 11,584,463	$ 12,045,781	$ 461,318

Combining and Individual Fund Statements and Schedules

City of Saginaw

Non-Major Governmental Funds

City of Saginaw, Texas
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2021

	Special Revenue						
	Police Fund	Saginaw CCPD Fund	Drainage Utility Fund	Street Maintenance Fund	Donations Fund	Escrow Fund	Total Other Governmental Funds
ASSETS							
Deposits and investments	$ 15,410	$ 556,325	$ 3,112,103	$ 1,646,846	$ 526,434	$ 2,338,101	$ 8,195,219
Receivables							
Other	-	1,290	70,898	-	27,161	29,101	128,450
Taxes	-	290,939	-	99,629	-	-	390,568
TOTAL ASSETS	$ 15,410	$ 848,554	$ 3,183,001	$ 1,746,475	$ 553,595	$ 2,367,202	$ 8,714,237
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	$ -	$ 5,856	$ 3,357	$ 233	$ 11,116	$ 8,934	$ 29,496
Unearned revenue	-	-	-	-	28,081	-	28,081
Total liabilities	-	5,856	3,357	233	39,197	8,934	57,577
Fund balances:							
Restricted:							
Street maintenance	-	-	-	1,746,242	-	-	1,746,242
Crime prevention	15,410	842,698	-	-	-	-	858,108
Drainage	-	-	3,179,644	-	-	-	3,179,644
Other special revenue	-	-	-	-	-	2,358,268	2,358,268
Committed:							
Donations	-	-	-	-	514,398	-	514,398
Total fund balances	15,410	842,698	3,179,644	1,746,242	514,398	2,358,268	8,656,660
TOTAL LIABILITIES AND FUND BALANCES	$ 15,410	$ 848,554	$ 3,183,001	$ 1,746,475	$ 553,595	$ 2,367,202	$ 8,714,237

City of Saginaw, Texas

Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Non-Major Governmental Funds
For the Fiscal Year Ended September 30, 2021

	Special Revenue						
	Police Fund	Saginaw CCPD Fund	Drainage Utility Fund	Street Maintenance Fund	Donations Fund	Escrow Fund	Total Other Governmental Funds
REVENUES							
Taxes	$ -	$ 1,618,874	$ -	$ 556,660	$ -	$ 82,924	$ 2,258,458
Fines and fees	-	-	-	-	-	24,630	24,630
Intergovernmental	-	1,290	-	-	-	-	1,290
Miscellaneous	3,681	-	-	-	292,768	583,134	879,583
Interest income	8	172	1,284	741	159	784	3,148
Charges for services	-	-	823,078	-	-	-	823,078
Total revenues	3,689	1,620,336	824,362	557,401	292,927	691,472	3,990,187
EXPENDITURES							
Current:							
General operating	-	-	58,898	61,675	179,717	171,967	472,257
Police	-	84,709	-	-	-	-	84,709
Capital outlay	-	176,444	18,252	343,926	89,431	6,300	634,353
Total expenditures	-	261,153	77,150	405,601	269,148	178,267	1,191,319
EXCESS OF REVENUES OVER EXPENDITURES	3,689	1,359,183	747,212	151,800	23,779	513,205	2,798,868
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	274,681	274,681
Transfers out	-	(1,034,065)	(209,645)	-	(16,120)	(71,383)	(1,331,213)
Total other financing sources (uses)	-	(1,034,065)	(209,645)	-	(16,120)	203,298	(1,056,532)
Net change in fund balances	3,689	325,118	537,567	151,800	7,659	716,503	1,742,336
Fund balances, beginning of year	11,721	517,580	2,642,077	1,594,442	506,739	1,641,765	6,914,324
FUND BALANCES, end of year	$ 15,410	$ 842,698	$ 3,179,644	$ 1,746,242	$ 514,398	$ 2,358,268	$ 8,656,660

City of Saginaw

Special Revenue Funds

The following funds have legally adopted budgets:

Saginaw Crime Control and Prevention District Fund – Used to account for funds to be used to address crime control and prevention.

Drainage Utility Fund – Used to account for fees assessed on properties based on the amount of storm water runoff they produce and the costs of operating the storm drainage system.

Street Maintenance Fund – Used to account for the sales tax revenues restricted for the purpose of street maintenance and repairs.

Donations Fund – Used to account for donations received by the City committed for specific purposes.

Escrow Fund – Used to account for hotel/motel taxes, court technology and security fees, gas production proceeds, and insurance settlements received by the City.

City of Saginaw, Texas
Comparative Balance Sheets
Saginaw Crime Control and Prevention District Fund
September 30, 2021 and 2020

	2021	2020
ASSETS		
Deposits and investments	$ 556,325	$ 295,190
Receivables		
Other	1,290	-
Taxes, net of allowance	290,939	227,145
TOTAL ASSETS	$ 848,554	$ 522,335
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable and accrued liabilities	$ 5,856	$ 4,755
Total liabilities	5,856	4,755
FUND BLANCES		
Restricted for crime prevention	842,698	517,580
Total fund balances	842,698	517,580
TOTAL LIABILITIES AND FUND BALANCES	$ 848,554	$ 522,335

City of Saginaw, Texas

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Saginaw Crime Control and Prevention District Fund
For the Fiscal Year Ended September 30, 2021 and 2020

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis 2020
	Original	Final			
REVENUE					
Taxes	$ 1,264,050	$ 1,555,080	$ 1,618,874	$ 63,794	$ 1,304,250
Intergovernmental	4,880	-	1,290	1,290	2,247
Interest income	960	960	172	(788)	3,633
Total revenues	1,269,890	1,556,040	1,620,336	64,296	1,310,130
EXPENDITURES					
Uniforms	7,100	7,100	10,761	(3,661)	7,319
Data processing	48,000	48,000	61,119	(13,119)	36,495
Officer supplies and equipment	2,000	2,000	457	1,543	14,492
Books	4,080	4,080	4,202	(122)	4,080
Crime prevention supplies	2,000	2,000	1,667	333	910
Maintenance and repairs	-	-	-	-	-
Tactical employee training	13,500	13,500	6,503	6,997	8,212
Capital outlay	213,860	213,860	176,444	37,416	151,499
Total expenditures	290,540	290,540	261,153	29,387	223,007
EXCESS OF REVENUES OVER EXPENDITURES	979,350	1,265,500	1,359,183	93,683	1,087,123
OTHER FINANCING SOURCES (USES)					
Transfers out	(1,034,065)	(1,034,065)	(1,034,065)	-	(1,047,305)
Total other financing sources (uses)	(1,034,065)	(1,034,065)	(1,034,065)	-	(1,047,305)
NET CHANGE IN FUND BALANCES	(54,715)	231,435	325,118	93,683	39,818
FUND BALANCES, beginning of year	517,580	517,580	517,580	-	477,762
FUND BALANCES, end of year	$ 462,865	$ 749,015	$ 842,698	$ 93,683	$ 517,580

City of Saginaw, Texas
Comparative Balance Sheets
Drainage Utility Fund
September 30, 2021 and 2020

	2021	2020
ASSETS		
Deposits and investments	$ 3,112,103	$ 2,579,261
Receivables		
Other	70,898	77,644
TOTAL ASSETS	$ 3,183,001	$ 2,656,905
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable and accrued liabilities	$ 3,357	$ 14,828
Total liabilities	3,357	14,828
FUND BALANCES		
Restricted for drainage	3,179,644	2,642,077
Total fund balances	3,179,644	2,642,077
TOTAL LIABILITIES AND FUND BALANCES	$ 3,183,001	$ 2,656,905

City of Saginaw, Texas

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Drainage Utility Fund
For the Fiscal Year Ended September 30, 2021 And 2020

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis 2020
	Original	Final			
REVENUE					
Interest income	$ 6,000	$ 1,270	$ 1,284	$ 14	$ 23,503
Charges for services	816,000	822,990	823,078	88	815,726
Total revenues	822,000	824,260	824,362	102	839,229
EXPENDITURES					
Uniforms	1,200	1,200	691	509	846
Officer supplies and equipment	45,000	45,000	42,554	2,446	21,686
Disposal costs	10,000	10,000	240	9,760	6,000
Maintenance and repairs	-	-	10,500	(10,500)	271,898
Tactical employee training	1,000	1,000	1,120	(120)	799
Other	1,500	1,500	3,793	(2,293)	5,390
Capital outlay	1,478,100	29,000	18,252	10,748	310,658
Total expenditures	1,536,800	87,700	77,150	10,550	617,277
EXCESS OF REVENUES OVER EXPENDITURES	(714,800)	736,560	747,212	10,652	221,952
OTHER FINANCING SOURCES (USES)					
Transfers out	(209,645)	(209,645)	(209,645)	-	(215,960)
Total other financing sources (uses)	(209,645)	(209,645)	(209,645)	-	(215,960)
NET CHANGE IN FUND BALANCES	(924,445)	526,915	537,567	10,652	5,992
FUND BALANCES, beginning of year	2,642,077	2,642,077	2,642,077	-	2,636,085
FUND BALANCES, end of year	$ 1,717,632	$ 3,168,992	$ 3,179,644	$ 10,652	$ 2,642,077

City of Saginaw, Texas
Comparative Balance Sheets
Street Maintenance Fund
September 30, 2021 and 2020

	2021	2020
ASSETS		
Deposits and investments	$ 1,646,846	$ 1,581,675
Receivables		
Taxes	99,629	80,666
TOTAL ASSETS	$ 1,746,475	$ 1,662,341
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable and accrued liabilities	$ 233	$ 67,899
Total liabilities	233	67,899
FUND BALANCES		
Restricted for street maintenance	1,746,242	1,594,442
Total fund balances	1,746,242	1,594,442
TOTAL LIABILITIES AND FUND BALANCES	$ 1,746,475	$ 1,662,341

City of Saginaw, Texas

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Street Maintenance Fund
For the Fiscal Year Ended September 30, 2021 And 2020

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis 2020
	Original	Final			
REVENUE					
Taxes	$ 446,125	$ 537,700	$ 556,660	$ 18,960	$ 458,293
Interest income	4,800	735	741	6	15,548
Total revenues	450,925	538,435	557,401	18,966	473,841
EXPENDITURES					
Maintenance and repairs	230,000	60,000	61,675	(1,675)	276,362
Capital outlay	434,480	354,025	343,926	10,099	369,952
Total expenditures	664,480	414,025	405,601	8,424	646,314
EXCESS (DEFICENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(213,555)	124,410	151,800	27,390	(172,473)
FUND BALANCES, beginning of year	1,594,442	1,594,442	1,594,442	-	1,766,915
FUND BALANCES, end of year	$ 1,380,887	$ 1,718,852	$ 1,746,242	$ 27,390	$ 1,594,442

City of Saginaw, Texas
Comparative Balance Sheets
Donations Fund
September 30, 2021 and 2020

	2021	2020
ASSETS		
Deposits and investments	$ 526,434	$ 508,125
Receivables		
Other	27,161	30,843
TOTAL ASSETS	$ 553,595	$ 538,968
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable and accrued liabilities	$ 11,116	$ 465
Unearned revenue	28,081	31,764
Total liabilities	39,197	32,229
FUND BALANCES		
Committed	514,398	506,739
Total fund balances	514,398	506,739
TOTAL LIABILITIES AND FUND BALANCES	$ 553,595	$ 538,968

City of Saginaw, Texas

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Donations Fund
For the Fiscal Year Ended September 30, 2021 and 2020

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis 2020
	Original	Final			
REVENUE					
Miscellaneous	$ 301,195	$ 294,125	$ 292,768	$ (1,357)	$ 284,754
Interest income	840	840	159	(681)	2,525
Total revenues	302,035	294,965	292,927	(2,038)	287,279
EXPENDITURES					
Contract services	60,250	69,250	58,779	10,471	35,754
Data processing	12,000	12,000	3,090	8,910	7,951
Animal services	6,500	6,500	-	6,500	11,901
Supplies and equipment	82,950	82,950	101,383	(18,433)	83,012
Special programs	10,000	15,540	15,540	-	20,455
Other	1,000	1,000	925	75	2,511
Capital outlay	25,000	143,965	89,431	54,534	40,000
Total expenditures	197,700	331,205	269,148	62,057	201,584
EXCESS (DEFICENCY) OF REVENUES OVER (UNDER) EXPENDITURES	104,335	(36,240)	23,779	60,019	85,695
OTHER FINANCING SOURCES (USES)					
Transfers out	(8,120)	(16,120)	(16,120)	-	(8,120)
Total other financing sources (uses)	(8,120)	(16,120)	(16,120)	-	(8,120)
NET CHANGE IN FUND BALANCES	96,215	(52,360)	7,659	60,019	77,575
FUND BALANCES, beginning of year	506,739	506,739	506,739	-	429,164
FUND BALANCES, end of year	$ 602,954	$ 454,379	$ 514,398	$ 60,019	$ 506,739

City of Saginaw, Texas
Comparative Balance Sheets
Escrow Fund
September 30, 2021 and 2020

	2021	2020
ASSETS		
Deposits and investments	$ 2,338,101	$ 1,635,946
Receivables		
Other	29,101	5,819
TOTAL ASSETS	$ 2,367,202	$ 1,641,765
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable and accrued liabilities	$ 8,934	$ -
Total liabilities	8,934	-
FUND BALANCES		
Restricted	2,358,268	1,641,765
Total fund balances	2,358,268	1,641,765
TOTAL LIABILITIES AND FUND BALANCES	$ 2,367,202	$ 1,641,765

City of Saginaw, Texas

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Escrow Fund
For the Fiscal Year Ended September 30, 2021 and 2020

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis 2020
	Original	Final			
REVENUE					
Taxes	$ 50,210	$ 67,940	$ 82,924	$ 14,984	$ 57,678
Fines and fees	12,320	22,590	24,630	2,040	18,590
Miscellaneous revenues	40,000	514,515	583,134	68,619	42,410
Interest income	2,655	51,650	784	(50,866)	13,331
Total revenues	105,185	656,695	691,472	34,777	132,009
EXPENDITURES					
Data processing	-	-	405	(405)	735
Entertainment	10,000	10,000	11,000	(1,000)	8,850
Insurance	5,000	5,000	-	5,000	-
Supplies and equipment	-	-	-	-	80,690
Maintenance and repairs	35,000	120,800	123,496	(2,696)	35,904
Other	7,500	37,065	37,066	(1)	21,250
Capital outlay	10,000	112,995	6,300	106,695	22,227
Total expenditures	67,500	285,860	178,267	107,593	169,656
EXCESS (DEFICENCY) OF REVENUES OVER (UNDER) EXPENDITURES	37,685	370,835	513,205	142,370	(37,647)
OTHER FINANCING SOURCES (USES)					
Transfers in	48,040	274,600	274,681	(81)	72,735
Transfers out	(5,200)	(65,715)	(71,383)	5,668	(5,728)
Total other financing sources (uses)	42,840	208,885	203,298	5,587	67,007
NET CHANGE IN FUND BALANCES	80,525	579,720	716,503	(136,783)	29,360
FUND BALANCES, beginning of year	1,641,765	1,641,765	1,641,765	-	1,612,405
FUND BALANCES, end of year	$ 1,722,290	$ 2,221,485	$ 2,358,268	$ (136,783)	$ 1,641,765

City of Saginaw

Debt Service Fund

Used to account for the accumulation of resources for, and the payment of, general obligation long-term debt principal and interest.

City of Saginaw, Texas
Comparative Balance Sheets
Debt Service Fund
September 30, 2021 and 2020

	2021	2020
ASSETS		
Deposits and investments	$ 1,082,134	$ 1,185,400
Receivables		
Taxes, net of allowance	22,356	17,829
TOTAL ASSETS	$ 1,104,490	$ 1,203,229
DEFERRED INFLOWS AND FUND BALANCES		
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	$ 22,356	$ 17,828
Total deferred inflows of resources	22,356	17,828
FUND BALANCES		
Restricted for debt service	1,082,134	1,185,401
Total fund balances	1,082,134	1,185,401
TOTAL DEFERRED INFLOWS AND FUND BALANCES	$ 1,104,490	$ 1,203,229

City of Saginaw, Texas

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Debt Service Fund
For the Fiscal Year Ended September 30, 2021 and 2020

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis 2020
	Original	Final			
REVENUES					
Current and delinquent general property tax - debt service portion	$ 3,908,855	$ 4,015,905	$ 4,010,896	$ (5,009)	$ 3,736,300
Penalties, interest and fees on delinquent taxes	7,000	3,850	3,970	120	4,064
Interest income	15,000	1,000	941	(59)	22,227
Miscellaneous	-	4,440	4,440	-	-
Total revenues	3,930,855	4,025,195	4,020,247	(4,948)	3,762,591
EXPENDITURES					
Bond principal payments	2,725,000	2,725,000	2,725,000	-	3,015,000
Total principal payments	2,725,000	2,725,000	2,725,000	-	3,015,000
Bond interest	1,402,320	1,391,030	1,391,033	(3)	741,720
Fiscal charges and debt issuance costs	13,000	13,000	7,481	5,519	121,028
Total interest payments	1,415,320	1,404,030	1,398,514	5,516	862,748
Total expenditures	4,140,320	4,129,030	4,123,514	5,516	3,877,748
EXCESS (DEFICENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(209,465)	(103,835)	(103,267)	568	(115,157)
OTHER FINANCING SOURCES (USES)					
Proceeds from bond refunding	-	-	-	-	3,015,000
Payment on bond refunding	-	-	-	-	(2,924,412)
Total other financing sources (uses)	-	-	-	-	90,588
Net change in fund balances	(209,465)	(103,835)	(103,267)	568	(24,569)
Fund balances, beginning of year	1,185,401	1,185,401	1,185,401	-	1,209,970
FUND BALANCES, end of year	$ 975,936	$ 1,081,566	$ 1,082,134	$ 568	$ 1,185,401

City of Saginaw

Enterprise Fund

Used to account for operations of the City's water and wastewater activities that are financed and operated in a manner similar to those of private business enterprises. Services of this fund are intended to be self-supporting through user charges.

City of Saginaw, Texas
Comparative Statements of Net Position
Enterprise Fund
September 30, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Deposits and investments	$ 8,570,766	$ 8,847,070
Deposits and investments-restricted	185,657	185,900
Receivables:		
Accounts receivable, net of allowance of $58,722 in 2021 and $81,020 in 2020	685,360	804,376
Unbilled accounts	637,268	574,351
Total current assets	10,079,051	10,411,697
NONCURRENT ASSETS		
Capital assets, at cost:		
Land and land improvements	16,657	16,657
Buildings and improvements	154,587	154,587
Waterworks and wastewater system	42,188,854	41,599,558
Machinery and equipment	1,621,137	1,591,260
Construction in progress	1,231,522	173,961
Accumulated depreciation	(15,157,215)	(14,145,033)
Total capital assets, net of accumulated depreciation	30,055,542	29,390,990
Deposits and investments-restricted	723,639	698,291
Total noncurrent assets	30,779,181	30,089,281
Total assets	40,858,232	40,500,978
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge for refunding	22,264	27,830
Related to the TMRS pension	149,498	155,563
Related to the TMRS OPEB	12,198	6,353
Total deferred outflows of resources	183,960	189,746
LIABILITIES AND NET POSITION		
CURRENT LIABILTIES		
Accounts payable and accrued liabilities	685,125	631,690
Accrued interest	1,667	2,014
Revenue bonds payable	220,000	210,000
Total current liabilities	906,792	843,704
NONCURRENT LIABILITIES		
Revenue bonds payable	790,000	1,010,000
Customer deposits	723,639	698,291
Net pension liability	1,107,478	1,157,630
Total OPEB liability	54,750	43,427
Total noncurrent liabilities	2,675,867	2,909,348
Total liabilities	3,582,659	3,753,052
DEFERRED INFLOWS OF RESOURCES		
Related to the TMRS pension	189,209	231,213
Related to the TMRS OPEB	2,865	3,778
Total deferred inflows of resources	192,074	234,991
NET POSITION		
Net investment in capital assets	29,067,806	28,198,820
Restricted for		
Revenue bond retirement	185,657	185,900
Unrestricted	8,013,996	8,317,961
Total net position	$ 37,267,459	$ 36,702,681

City of Saginaw, Texas
Comparative Statements of Revenues, Expenses and Changes in Net Position
Enterprise Fund
For the Fiscal Years Ended September 30, 2021 and 2020

	2021	2020
OPERATING REVENUE		
Water and sewer sales	$ 9,112,882	$ 9,100,141
Penalties	90,214	83,008
Surcharges	1,559,642	1,698,265
Miscellaneous	58,964	56,583
Total operating revenue	10,821,702	10,937,997
OPERATING EXPENSES		
Cost of sales and services	6,473,184	6,294,884
Administrative	2,146,607	3,730,232
Depreciation	1,029,835	899,217
Total operating expenses	9,649,626	10,924,333
Operating income	1,172,076	13,664
NONOPERATING REVENUES (EXPENSES)		
Investment income	4,846	97,645
Gain on sale of machinery and equipment	3,960	2,070
Interest expense and agent fees	(34,238)	(46,996)
Total nonoperating revenues (expenses)	(25,432)	52,719
Income before capital contributions and transfers	1,146,644	66,383
CAPITAL CONTRIBUTIONS AND TRANSFERS		
Capital contributions	-	2,376,954
Impact and tap fees	43,434	329,266
Transfers out	(716,430)	(693,830)
Transfers in	91,130	86,185
Total capital contributions and transfers	(581,866)	2,098,575
Changes in net position	564,778	2,164,958
NET POSITION, beginning of year	36,702,681	34,537,723
NET POSITION, end of year	$ 37,267,459	$ 36,702,681

City of Saginaw, Texas
Comparative Statements of Cash Flows
Enterprise Fund
For the Fiscal Years Ended September 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 10,903,149	$ 11,031,487
Cash paid to employees	(1,150,212)	(1,003,766)
Cash paid to suppliers	(7,497,670)	(9,279,286)
Net cash provided by operating activities	2,255,267	748,435
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers out to other funds	(716,430)	(693,830)
Transfers from other funds	91,130	86,185
Net cash used in noncapital financing activities	(625,300)	(607,645)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of machinery and equipment	3,960	2,070
Impact and tap fees	43,434	329,266
Principal paid on bonds	(210,000)	(250,000)
Purchase of capital assets	(1,694,387)	(1,799,283)
Interest	(29,019)	(31,593)
Fiscal agent fees	-	750
Net cash used in capital and related financing activities	(1,886,012)	(1,748,790)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	4,846	97,645
Net cash provided by investing activities	4,846	97,645
Net change in cash	(251,199)	(1,510,355)
CASH AND CASH EQUIVALENTS, beginning of year	9,731,261	11,241,616
CASH AND CASH EQUIVALENTS, end of year	$ 9,480,062	$ 9,731,261

City of Saginaw, Texas
Comparative Statements of Cash Flows – Continued
Enterprise Fund
For the Fiscal Years Ended September 30, 2021 and 2020

	Current Assets	Restricted Assets	2021 Statement of Cash Flows Totals	2020 Statement of Cash Flows Totals
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION				
Cash and cash equivalents, beginning of year	$ 8,847,070	$ 884,191	$ 9,731,261	$ 11,241,616
Net increase (decrease)	(276,304)	25,105	(251,199)	(1,510,355)
CASH AND CASH EQUIVALENTS, end of year	$ 8,570,766	$ 909,296	$ 9,480,062	$ 9,731,261
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income			$ 1,172,076	$ 13,664
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation			1,029,835	899,217
(Increase) Decrease in accounts receivable			56,099	53,200
(Increase) Decrease in deferred outflows of resources-pension			6,065	152,424
(Increase) Decrease in deferred outflows of resources-OPEB			(5,845)	(5,894)
Increase (Decrease) in accounts payable and accrued expenses			53,435	(239,474)
Increase (Decrease) in customer deposits			25,348	40,290
Increase (Decrease) in net pension liability			(50,152)	(341,963)
Increase (Decrease) in total OPEB liability			11,323	6,740
Increase (Decrease) in deferred inflows of resources-pension			(42,917)	170,231
Net cash provided by operating activities			$ 2,255,267	$ 748,435
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING, CAPITAL AND INVESTING ACTIVITIES				
Capital asset contributions from developers			$ -	$ 2,376,954

City of Saginaw

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