1. Introduction and Summary of Significant Accounting Policies - continued

Celina Community Development Corporation (CCDC) - CCDC serves all citizens of the government and is governed by a board appointed by the City Council. The City Council may remove the CCDC board for cause. CCDC is a nonprofit corporation governed by Section 4B of the Texas Development Corporation Act of 1979 and organized for the public purpose of the promotion and development of industrial and manufacturing enterprises to promote and encourage employment and the public welfare of the City of Celina, Texas.

Neither CEDC nor CCDC prepare separate financial statements.

(B) Government-Wide and Fund Financial Statements

Government-wide financial statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole excluding fiduciary activities. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund financial statements

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental funds and proprietary funds are reported in separate columns with composite columns for non-major funds.

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

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

1. **Introduction and Summary of Significant Accounting Policies - continued**

The government-wide statements are prepared using the *economic resources measurement focus* and the *accrual basis of accounting* generally including the reclassification or elimination of internal activity (between or within funds). Proprietary fund financial statements and financial statements of City component units also report using this same measurement focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements are prepared using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond and capital lease principal and interest which are reported as expenditures in the year due.

Major revenues sources susceptible to accrual include: sales and use taxes, property taxes, franchise taxes, grant revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for the proprietary fund are charges to customers for water and sewer sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as *non-operating* in the financial statements.

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

(D) Fund Types and Major Funds

Governmental Funds

The City reports the following major governmental funds:

General Fund - reports as the primary operating fund of the City. This fund is used to account for all financial resources not reported in other funds.

Debt Service Fund - accounts for the accumulation of financial resources for the payment of principal and interest on the City's general obligation debt. The City annually levies ad valorem taxes restricted for the retirement of general obligation bonds, capital leases, and interest. This fund reports all such ad valorem taxes collected.

Street Construction Fund -- accounts for the financing and acquisition of major capital street projects. Fund resources are provided primarily through bond sales and interest earnings.

1. **Introduction and Summary of Significant Accounting Policies - continued**

Parkland Fees Fund – accounts for the financing and acquisition of major capital park projects. Fund resources are provided primarily through developer park contributions and grants.

Facilities Improvement Fund – accounts for the financing and acquisition of major capital facilities improvement projects. Fund resources are provided primarily through bond sales and interest earnings.

Additionally, the City maintains the following non-major governmental funds:

Fire Improvement Fund – accounts for the financing and acquisition of capital fire improvement projects. Fund resources are provided primarily through bond sales and interest earnings.

Roadway Fees Fund – accounts for the receipt and expenditure of roadway fees paid to the City.

Public Safety Capital Fund – accounts for the financing and acquisition of capital public safety projects. Fund resources are provided primarily through fire and police fees.

Proprietary Funds

The City reports the following major Proprietary fund:

Water and Sewer Fund - accounts for the operating activities of the City's water and sewer utilities services.

(E) Assets, Liabilities and Net Position or Equity

Cash and Investments

The City maintains cash and investment pools which are shared by the various governmental funds. In addition, non-pooled cash and investments are separately held and reflected in the respective individual funds. These pooled and non-pooled cash and investment pools are displayed on its respective balance sheet as "cash and cash equivalents" and "investment in TexPool."

Investments are stated at fair value within the fair value hierarchy established by generally accepted accounting principles.

Bank certificates of deposit are carried at cost which approximates fair value.

The City reporting entity considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

1. Introduction and Summary of Significant Accounting Policies - continued

Inventories and Prepaids

Inventories consisting of expendable supplies held for consumption in governmental funds are reported using the expenditure method. Under this method, amounts paid for these items are reported as expenditures when purchased. Inventories, when material, are recorded at cost stated on a first-in, first-out basis in the government-wide financial statements.

Prepaid items record payments to vendors that benefit future reporting periods and are reported on the consumption basis at cost. Prepaid items are similarly reported in government-wide and fund financial statements.

Deferred Inflows and Outflows of Resources

Deferred inflows of resources represent the acquisition of resources that apply to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred outflows of resources represent a consumption of resources that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time.

Capital Assets, Depreciation, and Amortization

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost, or if historical cost is not available, they are stated at estimated historical cost. These assets are comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with a cost of $5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	40
Road infrastructure	15 - 50
Water & sewer infrastructure & rights	20 - 40
Vehicles	5
Furniture, machinery, and equipment	5

The City has not capitalized any interest costs in the carrying value of capital assets.

1. Introduction and Summary of Significant Accounting Policies – continued

Long-term Debt, Deferred Bond Credits, and Bond Discounts/Premiums

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums are capitalized and amortized over the terms of the respective bonds using a method that approximates the straight-line method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

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.

Compensated Absences

Full-time employees earn vacation leave for each month of work performed. Progressive accrual of vacation leave is based on the number of years the individual is employed by the City. After completion of a probationary period of employment, accrued vacation leave is paid upon termination of employment. Full-time employees also earn sick leave time. Unused sick leave is not paid upon termination of employment.

Compensated absences are reported as accrued in the government-wide, proprietary and component unit financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees. These are included in wages and benefits payable.

Fund Equity

The City implemented GASB Statement 54 standards for the classification of fund balances in the governmental funds. The fund balances of governmental funds are defined as follows:

Non-spendable - amounts that cannot be spent either because they are in non-spendable form, such as inventory or prepaid items or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

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

1. **Introduction and Summary of Significant Accounting Policies – continued**

Assigned - amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council's delegation of this responsibility to City management through the budgetary process. The City has no assigned fund balance at September 30, 2016.

Unassigned - all other spendable amounts in the general fund.

The City Council delegates the responsibility to assign funds to the City Manager, Director of Finance, or other designee as determined by the Council.

When expenditures are incurred for which both restricted and unrestricted fund balance is available the City considers restricted funds to have been spent first. Similarly, committed funds are considered to have been spent first when there is a choice for the use of less restricted funds, then assigned and then unassigned funds.

(F) 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 is a participant in the Texas Municipal League (TML) Employees Health Insurance Fund, Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of individual governmental units located within Texas. The agreement provides that the trust established by TML will be self-sustaining through member premiums. The City pays annual premiums to TML for worker's compensation, general and auto liability, property damage, employee dishonesty, public officials liability, and law enforcement professional liability coverage. The City does not anticipate any material additional insurance cost assessments as a result of participation in this risk management pool. There were no reductions in insurance coverage from the prior year. Settlements have not exceeded insurance coverage during any of the past three fiscal years.

(G) Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

2. **Stewardship, Compliance, and Accountability**

Budgetary Information

The City Manager submits an annual budget to the City Council in accordance with the laws of the State of Texas and the city charter. The budget is presented to the City Council for review, budget workshops are held with the various City department officials, and public hearings are held to address priorities and the allocation of resources. Generally in August, the City Council adopts the annual fiscal year budgets for all City operating funds. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

2. Stewardship, Compliance, and Accountability – continued

Each fund's approved budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personnel services and related fringe benefits, supplies, other services and charges, capital outlay, transfers, and debt service. Expenditures may not exceed appropriations at the department level. Within this control level, management may transfer appropriations between line items. Budget revisions and line item transfers are subject to final review by the City Council. Revisions to the budget were made throughout the year.

The budgets for the operating funds are prepared on the cash and expenditure basis. Revenues are budgeted in the year receipt is expected; and expenditures, which do not include encumbrances, are budgeted in the year that the liability is to be incurred. The Debt Service Fund budget is prepared to provide funding for general obligation debt service when liabilities are due for payment. The budget and actual required supplementary information is presented on these bases. Unexpended appropriations for annually budgeted funds lapse at fiscal year-end.

3. Deposits and Investments

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy requires deposits to be fully secured by collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation (FDIC) insurance. Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health. Collateral agreements must be approved prior to deposit of funds. The City Council approves authorized depository institutions based on the recommendations of City management.

Deposits of City of Celina, Texas (primary government) and its component unit, CEDC, are fully insured or collateralized with securities held by the City or component unit, its agent, or by the pledging financial institution's trust department or agent in the name of the City or component unit, respectively. At September 30, 2016, the City of Celina, Texas' component unit, CCDC, had $42,325 in deposits with financial institutions which were in excess of FDIC insurance coverage amounts.

Investments

Investments, when applicable, are stated at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At year-end, the City had no investments subject to the fair value hierarchy established by generally accepted accounting principles. For investments in local government pools, the reported value of the pool is the same as the fair value of the pool shares.

	Fair Value	Weighted Average Maturity (Days)
TexPool	$ 5,565	44 days
Total Investments	$ 5,565	

3. **Deposits and Investments – continued**

TexPool is a public funds investment pool overseen by the Texas State Comptroller of Public Accounts acting by and through its full service provider, Federated Investors is empowered to invest funds and act as custodian of investments purchased with local investment funds. Authorized investments of TexPool include obligations of the United States of America or its agencies, direct obligations of the State of Texas or its agencies, certificates of deposit and repurchase agreements. TexPool is rated for credit risk as AAAm.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the City's investing activities are managed under the custody of the Treasurer (in his absence the City Manager). Investing is performed in accordance with investment policies adopted by the City Council in compliance with the Public Funds Investment Act (PFIA). City investment policy and the PFIA generally permit the City to invest in FDIC insured or fully collateralized certificates of deposit, fully collateralized repurchase agreements, public funds investment pools, obligations of the United States of America or its agencies, direct obligations of the State of Texas, and obligations of agencies, counties, cities and other political subdivisions of Texas having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent. During the year ended September 30, 2016, the City did not own any types of securities other than those permitted by the City investment policy or the Public Funds Investment Act.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. City policy generally requires investment maturities to correspond to anticipated cash flow needs. City policy further states that volatile investment instruments shall be avoided and that nonmarketable instruments with maturities beyond one month shall not exceed 30 percent of the portfolio. In addition, investment maturities shall not exceed the following limits:

Operating funds - 30 days
Capital project funds - corresponding draw schedules
Debt service funds - corresponding payment dates, not to exceed (6) six months
Bond reserve funds - (5) five years

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. City policy requires that the risk of principal loss in the portfolio as a whole shall be minimized by diversifying investment types to eliminate the risk of loss from over-concentration of assets in a specific issuer, or a specific class of securities.

For investments, **custodial credit risk** is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The City's policy on safekeeping and custody requires that investments shall be secured through safekeeping agreements. All investment funds shall be placed directly with qualified financial institutions selected through the City's banking procurement process. All transactions shall be executed on a delivery versus payment basis.

4. Receivables, Uncollectible Accounts, and Unearned Revenue

Proprietary Fund Receivables, Uncollectible Accounts and Unearned Revenue

Significant receivables include amounts due from customers primarily for utility services. These receivables are due within one year. The Proprietary Fund reports accounts receivable net of an allowance for uncollectible accounts and revenues net of uncollectible amounts. The allowance amount is estimated using accounts receivable past due more than 60 to 90 days. Following is the detail of the Proprietary Fund receivables and the related allowance for uncollectible accounts:

Accounts receivable, gross	$ 974,093
Less: allowance for uncollectible accounts	(16,529)
Net accounts receivable	$ 957,564

The City has recorded unearned revenue of $2,250,762 water and sewer impact fees and sewer capacity fees that have been collected, but are awaiting expenditure for the designated purpose.

Property Taxes Receivable, Unearned Revenues, and the Property Tax Calendar

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real property located within the City. Appraised values are established by the Collin County Central Appraisal District at 100% of market value.

The property tax rate for the year ended September 30, 2016 was .645 per $100 of the assessed valuation on taxable property. Following is a summary of the overall tax rate as levied by fund:

Maintenance and operations-General Fund	.4335
Debt Service Fund	.2115
Total tax rate	.6450

In the governmental fund financial statements, property taxes are recorded as receivables in each of the respective funds on the tax levy date with appropriate allowances for estimated uncollectible amounts. At fiscal year-end, property tax receivables represent delinquent taxes. If delinquent taxes are not paid within 60 days of year-end, they are recorded as deferred inflows of resources.

In the government-wide financial statements, property taxes receivable and related revenue include all amounts due the City with a 10% allowance for estimated uncollectible amounts regardless of when cash is received. Over time substantially all property taxes are collected.

The City's full year property tax calendar is as follows:

October 1-Full year tax levy assessed for the current fiscal year-taxes are due and payable.
January 1-Tax lien is attached to property to secure the payment of taxes, and penalty and interest as applicable.
February 1-Penalty and interest charges begin to accrue on unpaid past due taxes.
July 1-Taxes become delinquent and are subject to attorney fees incurred for collection.

4. Receivables, Uncollectible Accounts, and Unearned Revenue - continued

Allowance for Uncollectible Taxes

The City records an allowance for uncollectible property taxes in order to estimate the amount of taxes that will ultimately prove to be uncollectible. Management has determined that an allowance in the amount of ten percent (10%) of the property taxes receivable in each of the applicable fund types should be adequate to provide for uncollectible property taxes. No provisions are made for uncollectible sales tax receivables, or grants receivable as management estimates that these amounts will be fully collectible.

Fines and Court Costs Receivable and Related Allowances

In the governmental fund financial statements, fines and court costs are recognized as revenue on the cash basis.

In the government-wide financial statements, the City records fines and court costs receivable net of amounts estimated to be uncollectible and net of any amounts that would be due to other governmental entities as a result of collection. Management has determined the estimate of uncollectible fines and court costs through an analysis of actual amounts collected subsequent to year end. Amounts due to other governmental entities have been determined based on distribution requirements of the State of Texas.

Grants Receivable

Grants receivable were collected within 60 days of the end of the fiscal year, accordingly, no allowance for uncollectible amounts has been recorded. These amounts are recorded similarly in both the governmental fund statements and the government-wide financial statements. Grant revenues are recorded as earned when eligibility requirements are met. Grant revenues received prior to meeting grant eligibility requirements are recorded as unearned revenue.

5. Capital Assets

The table on the following page provides a summary of changes in capital assets, including assets recorded under capital leases:

	Beginning	Increases	Decreases	Ending
Governmental Activities:				
Nondepreciable capital assets:				
Land	$ 2,295,651	$ 1,351,146	$ -	$ 3,646,797
Construction in progress	1,227,615	2,071,524	-	3,299,139
Total nondepreciable capital assets	3,523,266	3,422,670	-	6,945,936
Depreciable capital assets:				
Buildings and improvements	5,504,550	648,879	-	6,153,429
Parks	10,044,406	2,195,875	-	12,240,281
Road infrastructure	11,238,642	1,458,881	-	12,697,523
Furniture and equipment	1,437,492	364,352	172,620	1,629,224
Vehicles	1,294,908	451,879	172,085	1,574,702
Total depreciable capital assets	29,519,998	5,119,866	344,705	34,295,159
Total capital assets	33,043,264	8,542,536	344,705	41,241,095
Less: accumulated depreciation				
Buildings and improvements	192,045	146,002		338,047
Parks	1,568,394	222,641		1,791,035
Road infrastructure	3,523,849	211,300		3,735,149
Furniture and equipment	718,901	225,106	172,620	771,387
Vehicles	848,287	162,337	138,649	871,975
Total accumulated depreciation	6,851,476	967,386	311,269	7,507,593
Capital assets, net	$ 26,191,788	$ 7,575,150	$ 33,436	$ 33,733,502
Business-Type Activities:				
Nondepreciable capital assets:				
Land	$ 304,115	$ -	$ -	$ 304,115
Construction in progress	1,677,529	11,341,903	95,813	12,923,619
Total nondepreciable capital assets	1,981,644	11,341,903	95,813	13,227,734
Depreciable capital assets:				
Buildings and improvements	43,769	-	-	43,769
Water & sewer infrastructure	23,209,161	95,813	-	23,304,974
Vehicles	275,049	58,600	58,799	274,850
Equipment	1,457,664	-	64,336	1,393,328
Total depreciable capital assets	24,985,643	154,413	123,135	25,016,921
Total capital assets	26,967,287	11,496,316	218,948	38,244,655
Less: accumulated depreciation				
Buildings and improvements	24,620	1,094		25,714
Water & sewer infrastructure	6,874,335	600,245		7,474,580
Vehicles	150,361	43,039	58,799	134,601
Equipment	186,700	58,572	64,336	180,936
Total accumulated depreciation	7,236,016	702,950	123,135	7,815,831
Capital assets, net	$ 19,731,271	$ 10,793,366	$ 95,813	$ 30,428,824

5. Capital Assets - continued

Depreciation expense for governmental activities was charged to functions of the City as follows:

Administration	$138,063
Fire and emergency services	213,119
Road infrastructure	211,300
Public works	48,781
Parks	261,970
Police department	93,935
Court	218
Total	$967,386

Depreciation expense recorded in business-type activities and the Proprietary Fund was $702,950.

The gross amount of assets included in the equipment category above recorded under capital lease obligations is $56,833. Accumulated amortization of these assets is $10,825. Amortization expense is included in depreciation expense. Capital lease obligations are secured by the equipment purchased.

6. Long-Term Obligations

Long-term Obligations Supporting Governmental Activities

Certificates of obligation bonds issued by the City are backed by the full faith and credit of the City. These bonds are to be repaid with property taxes levied for debt service and recorded in the Debt Service Fund. The City's borrowing capacity is restrained by maintaining the City's debt at a responsible level. Other debt issued to support governmental activities are capital lease obligations which are primarily paid from the General Fund.

Interest expense for governmental activities was $710,249 and is reported as a separate line item in the statement of activities.

Business-type Activities - Revenue Bonds

Revenue bonds consist of debt issued to support activities of the Proprietary (water and sewer) Fund. In addition to being backed by the full faith and credit of the City, revenue bonds are secured by a lien on and a pledge of the surplus revenues of the water and sewer system.

Interest expense for business-type activities and the Proprietary (water and sewer) Fund was $745,895 for the year.

The following pages contain a summary of changes in bonds payable and capital lease obligations for the year:

Governmental Activities:	Beginning	Increases	Decreases	Ending	Due in One Year
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2004, 4.625%-5.0%, 2004-2029	$ 1,101,317	$ -	$ 4,292	$ 1,097,025	$ 3,451
General Obligation Refunding Bonds Series 2007, 4.0%-4.25%, 2008-2021	456,322		81,832	374,490	79,059
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2011, 3.0%-4.125%, 2012-2031	1,285,000		35,000	1,250,000	60,000
General Obligation Refunding Bonds Series 2012, 2.0%-3.0%, 2013-2023	100,000		5,000	95,000	15,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2012, 2.0%-4.0%, 2013-2032	3,545,000		150,000	3,395,000	155,000
General Obligation Refunding Bonds Series 2013, 2.0%-3.5%, 2015-2027	4,050,000		270,000	3,780,000	275,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2013, 2.0%-4.0%, 2015-2033	5,290,000		65,000	5,225,000	40,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2014, 2.0%-4.0%, 2015-2034	2,990,000		140,000	2,850,000	140,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2015, 2.0%-5.0%, 2015-2035	-	2,260,000	90,000	2,170,000	80,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2016, 2.0%-4.0%, 2016-2036	-	2,250,000		2,250,000	135,000
Unamortized Bond Premiums	364,698		23,173	341,525	23,173
Capital Lease Obligations	-			-	-
Total Governmental Activities	$ 18,817,639	$ 4,510,000	$ 864,297	$ 22,828,040	$ 1,005,683

Business-type Activities:	Beginning	Increases	Decreases	Ending	Due in One Year
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2004, 4.625%-5.0%, 2004-2029	$ 293,682		$ 15,707	$ 277,975	$ 16,550
General Obligation Refunding Bonds Series 2007, 4.0%-4.25%, 2008-2021	1,188,678		213,168	975,510	205,940
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2007, 2.60%-3.60%, 2009-2028	910,000		205,000	705,000	210,000
General Obligation Refunding Bonds Series 2012, 2.0%-3.0%, 2013-2023	3,370,000		380,000	2,990,000	400,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2012, 2.0%-4.0%, 2013-2032	635,000		30,000	605,000	30,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2014, 2.0%-4.0%, 2015-2034	2,315,000		5,000	2,310,000	10,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2014A, 2.65%, 2017-2024	1,645,000			1,645,000	20,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2015, 2.0%-5.0%, 2015-2035	-	13,020,000		13,020,000	140,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2016, 2.0%-4.0%, 2016-2036	-	7,485,000		7,485,000	-
Unamortized Bond Premiums	313,752	2,497,073	179,239	2,631,586	218,787
Capital Lease Obligations	45,957		27,253	18,704	18,704
Total Business-type Activities	$ 10,717,069	$ 23,002,073	$ 1,055,367	$ 32,663,775	$ 1,269,981

The City's general obligation bonds are guaranteed by the full faith and credit of the City. The bond issues are approved by the voters and repaid with property taxes recorded in the Debt Service Fund. Current requirements for principal and interest of these obligations are accounted for in the Debt Service Fund.

6. **Long-Term Obligations - continued**

Capital lease agreements represent general obligations of the City, and are secured by the equipment acquired by the capital lease proceeds. Current requirements for principal and interest of capital lease obligations are accounted for in the appropriate fund for which the liability was incurred.

Compensated absences are paid from the fund responsible for the employee's compensation with significant liabilities payable from the General Fund.

Debt Service Requirements to Maturity

The annual debt service requirements to maturity for bonded debt and capital lease obligations are as follows at year-end:

Governmental Activities

Year ending September 30	Bond principal	Bond interest	Capital lease principal	Capital lease interest	Total Required
2017	$ 982,510	$ 805,428			$ 1,787,938
2018	1,146,110	778,807			1,924,917
2019	1,238,333	751,701			1,990,034
2020	1,273,320	719,951			1,993,271
2021	1,309,738	685,511			1,995,249
2022-2026	6,685,044	2,760,926			9,445,970
2027-2031	6,816,460	1,462,650			8,279,110
2032-2036	3,035,000	236,175			3,271,175
Totals	$ 22,486,515	$ 8,201,149	$ -	$ -	$ 30,687,664

Business-type Activities

Year ending September 30	Bond principal	Bond interest	Capital lease principal	Capital lease interest	Total Required
2017	$ 1,032,490	$ 1,147,758	18,704	247	$ 2,199,199
2018	1,338,890	1,107,266			2,446,156
2019	1,376,667	1,071,820			2,448,487
2020	1,426,680	1,029,480			2,456,160
2021	1,465,262	985,465			2,450,727
2022-2026	7,509,956	4,138,933			11,648,889
2027-2031	7,998,540	2,612,444			10,610,984
2032-2036	7,865,000	868,775			8,733,775
Totals	$ 30,013,485	$ 12,961,941	$ 18,704	$ 247	$ 42,994,377

6. Long-Term Obligations - continued

In addition to the bonds and capital leases above, the City also has the following long-term obligations:

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences	$ 184,228	$ 191,450	$ 184,228	$ 191,450	$ 191,450

It is anticipated that the liability for compensated absences described above will be paid from the General Fund when due.

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Business-type Activities:					
Obligation due to Celina ISD	$ 404,554	$	$ 109,110	$ 295,444	$ 106,270

The obligation due to Celina ISD is a result of the school district funding the cost for the installation of a new water line that provides service to school facilities. The obligation is non-interest bearing however, the City has discounted the debt to estimated present value using the assumption of a 5.5% annual interest rate. The agreement with Celina ISD is that the City will not bill the school for water use until such time as the cumulative billings are equal to the cost of installing the water line. At the current rate of water use by Celina ISD, City management estimates approximately $120,000 of gross billings for annual water use will be credited to this obligation over each of the next four years.

Special Assessment Revenue Bonds

In 2014, the City issued Special Assessment Revenue Bonds, Series 2014 (Creeks of Legacy Public Improvement District Phase #1 Project) in the amount of $8,750,000 and Special Assessment Revenue Bonds, Series 2014 (Creeks of Legacy Public Improvement District Phases #2-3 Major Improvement Project) in the amount of $6,575,000. In 2016, the City issued Special Assessment Revenue Bonds, Series 2016 (Glen Crossing Public Improvement District Phase #1 Project) in the amount of $3,550,000, Special Assessment Revenue Bonds, Series 2016 (Wells North Public Improvement District Major Improvement Area Project) in the amount of $3,235,000, and Special Assessment Revenue Bonds, Series 2016 (Wells North Public Improvement District Neighborhood Improvement Area #1 Project) in the amount of $6,425,000. Total bond principal outstanding for these issues is $28,535,000 at year-end.

Proceeds of the bonds were deposited into trust accounts with U.S. Bank N.A. (U.S. Bank) for the purpose of funding improvements in the projects described above. U.S. Bank serves as trustee, for the benefit of the bond holders, for these funds as well as any and all other property or money of every name and nature, which is, from time to time hereafter by delivery or in writing of any kind, conveyed, pledged, assigned or transferred to the trustee.

The City is not obligated in any manner for this special assessment debt, but merely acts as the property owner's agent in handling the debt service transactions by collecting any special assessment tax collections and forwarding them to the bondholders. These collections have not yet begun.

7. Defined Benefit Pension Plans

Plan Description

The City of Celina, Texas participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

Benefits Provided

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

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

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

Employee deposit rate	7.0%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated service credit	0%
Annuity increase (to retirees)	0% of CPI

Employees covered by benefit terms

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	34
Active employees	77
	113

7. Defined Benefit Pension Plans - continued

Contributions

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

Employees for the City of Celina, Texas were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rates for the City of Celina, Texas were 5.24% and 5.32% in calendar years 2015 and 2016, respectively. The City's contributions to TMRS for the year ended September 30, 2016, were $237,763, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, 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, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

7. Defined Benefit Pension Plans – continued

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. 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). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.65%
Real Return	10.00%	4.03%
Real Estate	10.00%	5.00%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	8.00%
Total	100.00%	

Discount Rate

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

7. Defined Benefit Pension Plans – continued

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 12/31/2014	$ 3,295,227	$ 3,789,670	$ (494,443)
Changes for the year:			
Service cost	477,763		477,763
Interest	246,793		246,793
Change of benefit terms	-		-
Difference between expected and actual experience	(33,873)		(33,873)
Changes of assumptions	164,970		164,970
Contributions - employer		188,960	(188,960)
Contributions – employee		258,850	(258,850)
Net investment income		5,594	(5,594)
Benefit payments, including refunds of employee contributions	(16,986)	(16,986)	-
Administrative expense		(3,406)	3,406
Other changes		(168)	168
Net changes	$ 838,667	$ 432,844	$ 405,823
Balance at 12/31/2015	$ 4,133,894	$ 4,222,514	$ (88,620)

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	$ 665,420	$ (88,620)	$ (690,918)

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, 2016, the City recognized pension expense of $285,795.

7. **Defined Benefit Pension Plans – continued**

At September 30, 2016, 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	$ 7,885	$ 28,787
Changes in actuarial assumptions	140,200	
Difference between projected and actual investment earnings	233,266	
Contributions subsequent to the measurement date	176,663	
Total	$ 558,014	$ 28,787

$176,663 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended Dec 31:	
2016	$ 81,792
2017	81,792
2018	81,791
2019	73,283
2020	20,913
Thereafter	12,993
Total	$352,564

8. **Litigation**

From time to time, the City is involved in litigation in the ordinary course of business. City management considers the likelihood of any material liability resulting from this litigation to be remote.

9. **Contingencies**

The City participates in various state and federal grant programs and contracts which are subject to financial and compliance audits by the grantors or their representatives. Audits of these programs for the year ended September 30, 2016 have not been conducted. Accordingly, the City's compliance with applicable grant and contract requirements will be established at some future date. The City expects that costs disallowed by these various awarding agencies, if any, would be minimal.

10. Balances and Transfers/Payments Within the Reporting Entity

Receivables and Payables

Generally, outstanding balances between funds reported as "due to/from other funds" in the governmental fund financial statements include outstanding charges by one fund to another for services or goods, and other miscellaneous receivables/payables between funds. Activity between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are described as "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). The following schedule reports receivables and payables within the reporting entity at year-end:

	Receivable	Payable
General Fund	$ 49,994	$ -0-
Component units		49,994
	$ 49,994	$ 49,994

Transfers and Payments

Transfers and payments within the reporting entity are substantially for the purposes of funding capital projects and asset acquisitions, transferring bond proceeds between funds, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs. The following schedule reports transfers and payments within the reporting entity:

Fund	Transfers In	Transfers Out
General Fund	$ 2,254,747	$ 30,000
Debt Service Fund	30,000	
Street Construction Fund	292,000	
Facilities Improvement Fund	310,000	509,978
Proprietary Fund	509,978	2,856,747
	$ 3,396,725	$ 3,396,725

The transfer out from the Proprietary Fund provided the General Fund with supplementary revenue for the year. In addition to the above transfers, the component units contributed $200,000 to the debt service fund in order to supplement debt service payments for the year.

11. Operating Leases

The City has entered into lease agreements for copier machines. Following is a summary of the annual minimum lease requirements under these agreements:

Year ending 9/30	Annual lease requirement
2017	16,944
2018	16,944
2019	14,345
2020	5,589
2021	-
Total required	$ 53,822

Lease expense for the year ending September 30, 2016 was $33,439.

12. UTRWD Facilities Charges

The City has entered into a Participating Member Contract with Upper Trinity Regional Water District (UTRWD) for the use of sewer capacity in the Northeast Regional Water Reclamation System (Doe Branch Plant). Following is a summary of these contractual agreements:

1) In return for the utilization of 600,000 gallons of capacity in the Northeast Regional Water Reclamation System (Doe Branch Plant) the City will pay annual facilities charges to UTRWD ranging from $550,209 to $837,728 beginning in FY 2016 and continuing through FY 2038.

2) In return for the utilization of Doe Branch Interceptor Project in the Northeast Regional Water Reclamation System (Doe Branch Plant) the City will pay annual facilities charges to UTRWD in the amount of $347,496 over five years beginning in FY 2017 and ending in FY 2022.

3) In return for the utilization of 65,000 gallons of capacity in the Northeast Regional Water Reclamation System (Doe Branch Plant) the City paid UTRWD $1,310,078 during FY 2016. This payment represented the facilities charges for the use of this capacity through FY 2019. These costs are being amortized by the City over the period ending in FY 2019.

Following is a summary of the City's contractual requirements for future payments under the agreements with UTRWD by year for the first five years and in total thereafter:

Year ending 9/30	Annual requirement
2017	$ 819,020
2018	1,182,363
2019	1,186,333
2020	1,184,229
2021	1,185,062
Thereafter	13,456,653
Total required	$19,013,660

13. Economic Dependence

City operations are funded by taxes and revenues provided by the residents of the City of Celina, Texas. Accordingly, the City is economically dependent on the property values and local economy of City of Celina, Texas and the surrounding area.

14. Post-Employment Benefits

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

14. Post-Employment Benefits – continued

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

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contributions to the TMRS SDBF for the years ended 2016, 2015 and 2014 were $5,833, $4,405, and $3,570, respectively, which equaled the required contributions each year.

15. Subsequent Events

Subsequent to year-end, the City Council passed a resolution to issue new bonded debt in an amount not to exceed 16 million dollars. Management estimates that the actual debt issued will not exceed 10 million dollars. As of the date of this report, no additional bonds have been issued.

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APPENDIX C

FORM OF BOND COUNSEL'S OPINION

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[Closing Date]

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IN REGARD to the authorization and issuance of the "City of Celina, Texas, Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2017," dated August 1, 2017, in the principal amount of $9,500,000 (the "Certificates"), we have examined into their issuance by the City of Celina, Texas (the "City"), solely to express legal opinions as to the validity of the Certificates and the exclusion of the interest on the Certificates from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Certificates, or the sufficiency of the security for or the value or marketability of the Certificates.

THE CERTIFICATES are issued in fully registered form only and in denominations of $5,000 or any integral multiple thereof (within a maturity). The Certificates mature on September 1 in each of the years specified in the ordinance adopted by the City Council of the City authorizing the issuance of the Certificates (the "Ordinance"), unless redeemed prior to maturity in accordance with the terms stated on the Certificates. The Certificates accrue interest from the dates, at the rates, and in the manner and interest is payable on the dates, all as provided in the Ordinance.

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

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

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

 28520557.1/11606579

moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with the general principles of equity.

2. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance relating to sections 141 through 150 of the Code, interest on the Certificates for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of individuals or, except as hereinafter described, corporations. Interest on the Certificates owned by a corporation will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporations, other than an S corporation, a qualified mutual fund, a real estate mortgage investment conduit, a real estate investment trust, or a financial asset securitization investment trust ("FASIT"). A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code will be computed.

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

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

Financial Advisory Services
Provided By

FirstSouthwest
A Division of Hilltop Securities.

HTSContinuingDisclosureServices
A Division of Hilltop Securities

OFFICIAL STATEMENT

Dated August 13, 2019

Rating:
S&P: "AA"
Moody's: "Aa3"
(see "OTHER INFORMATION – Ratings" herein)

NEW ISSUE - **Book-Entry-Only**

In the opinion of Bond Counsel, interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" herein

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

$34,665,000
CITY OF CELINA, TEXAS
(Collin and Denton Counties)
TAX AND WATERWORKS AND SEWER SYSTEM (LIMITED PLEDGE) REVENUE CERTIFICATES OF OBLIGATION, SERIES 2019

Dated Date: August 1, 2019
Interest accrues from date of delivery

Due: September 1, as shown on page 2

PAYMENT TERMS. . . Interest on the $34,665,000 City of Celina, Texas, Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2019 (the "Certificates") will accrue from the date of delivery (anticipated to be September 12, 2019), and will be payable March 1 and September 1 of each year commencing March 1, 2020, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. No physical delivery of the Certificates will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see "THE CERTIFICATES - Book-Entry-Only System" herein). The initial Paying Agent/Registrar is U.S. Bank National Association, Dallas, Texas (see "THE CERTIFICATES - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Certificates are issued pursuant to the City's Home Rule Charter, the Constitution and general laws of the State of Texas (the "State"), particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and constitute direct obligations of the City of Celina, Texas (the "City"), payable from a combination of (i) the levy and collection of an annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and (ii) a limited pledge (not to exceed $1,000) of the Net Revenues from the operation of the City's Waterworks and Sewer System, as provided in the ordinance authorizing the issuance of the Certificates (the "Certificate Ordinance") (see "THE CERTIFICATES – Authority for Issuance of the Certificates").

PURPOSE. . . Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) constructing, equipping and improving public safety facilities, including the acquisition of land therefor (ii)constructing street improvements, including drainage, landscaping, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage and traffic signalization and the acquisition of land and rights-of-way therefor, (iii) constructing, equipping and improving existing municipal buildings,(iv) acquiring, constructing, improving and equipping park and recreation facilities, including the acquisition of land therfor,, (v) improving and extending the City's combined waterworks and sewer system, including the acquisition of land and rights-of-way therfor, and vi) professional services rendered in connection with such projects and the financing thereof (together, the "Project").

CUSIP PREFIX: 151141
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page 2

LEGALITY . . . The Certificates are offered for delivery when, as and if issued and received by the Initial Purchaser and subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Bond Counsel, Dallas, Texas, (see Appendix C, "Form of Bond Counsel's Opinion").

DELIVERY. . . It is expected that the Certificates will be available for delivery through DTC on September 12, 2019.

CUSIP Prefix: 151141[1]

MATURITY SCHEDULE

Principal Amount	Maturity 1-Sept	Interest Rate	Initial Yield	CUSIP Suffix [1]
$ 480,000	2020	2.000%	1.000%	WF1
480,000	2021	2.000%	1.000%	WG9
490,000	2022	3.000%	1.020%	WH7
1,520,000	2023	3.000%	1.050%	WJ3
1,565,000	2024	4.000%	1.060%	WK0
1,620,000	2025	2.000%	1.120%	WL8
1,655,000	2026	4.000%	1.220%	WM6
1,725,000	2027	4.000%	1.320%	WN4
1,795,000	2028	4.000%	1.420%	WP9
1,865,000	2029	3.000%	1.500% [2]	WQ7
1,920,000	2030	3.000%	1.750% [2]	WR5
1,980,000	2031	2.000%	2.000%	WS3
2,015,000	2032	2.000%	2.080%	WT1
2,060,000	2033	2.125%	2.200%	WU8
2,100,000	2034	2.250%	2.300%	WV6
2,150,000	2035	3.000%	2.300% [2]	WW4
2,215,000	2036	3.000%	2.400% [2]	WX2
2,280,000	2037	3.000%	2.450% [2]	WY0
2,345,000	2038	2.500%	2.540% [2]	WZ7
2,405,000	2039	2.500%	2.560%	XA1

(Interest to accrue from the date of delivery.)

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data set forth herein is provided by CUSIP Global Services managed by S&P Global Market Intelligence on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP services. Neither the City, the Financial Advisor nor the Purchasers shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

(2) Yield shown is yield to first call date, September 1, 2028.

Optional Redemption . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on or after September 1, 2029, in whole or in part, in principal amounts of $5,000, or any integral multiple thereof, on September 1, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE CERTIFICATES – Optional Redemption").

No dealer, broker, salesman or other person has been authorized by the City or the Initial Purchaser to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Initial Purchaser. This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell, nor is it to be used in connection with an offer to sell or the solicitation of an offer to buy, the Certificates in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

Certain information set forth herein has been obtained from the City and other sources that the City and the Initial Purchaser believe to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Financial Advisor or the Initial Purchaser. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

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

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

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

NONE OF THE CITY, THE INITIAL PURCHASER, OR THE FINANCIAL ADVISOR MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC"), AS SUCH INFORMATION HAS BEEN PROVIDED BY DTC.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE, AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

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

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

OFFICIAL STATEMENT SUMMARY

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

THE CITY .... The City of Celina, Texas (the "City") is a political subdivision of the State of Texas (the "State"), and is a home rule municipality located in Collin and Denton Counties, Texas. The City covers approximately 78 square miles (see "INTRODUCTION - Description of the City").

THE CERTIFICATES .... The Certificates are issued as $34,665,000 Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2019 (the "Certificates"). The Certificates are issued as serial certificates maturing September 1 in the years 2020 through 2039 (see "THE CERTIFICATES - Description of the Certificates").

PAYMENT OF INTEREST .... Interest on the Certificates accrues from the date of delivery (anticipated to be September 12, 2019), and is payable March 1 and September 1 of each year, commencing March 1, 2020, until maturity or prior redemption (see "THE CERTIFICATES - Description of the Certificates").

AUTHORITY FOR ISSUANCE .... The Certificates are issued pursuant to the City's Home Rule Charter, the Constitution and general laws of the State, including particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and a Certificate Ordinance (the "Ordinance") passed by the City Council (see "THE CERTIFICATES - Authority for Issuance ").

SECURITY FOR THE CERTIFICATES .... The Certificates constitute direct obligations of the City, payable from a combination of (i) the levy and collection of an annual ad valorem tax, within the limits prescribed by law, on all taxable property located within the City, and (ii) a limited pledge (not to exceed $1,000) of the Net Revenues from the operation of the City's Waterworks and Sewer System, as provided in the Ordinance (see "THE CERTIFICATES – Security and Source of Payment").

OPTIONAL REDEMPTION .... The City reserves the right, at its option, to redeem Certificates having stated maturities on or after September 1, 2029, in whole or in part, in principal amounts of $5,000, or any integral multiple thereof, on September 1, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE CERTIFICATES – Optional Redemption").

TAX EXEMPTION.......................... In the opinion of Bond Counsel, the interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption "TAX MATTERS".

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS .... The City will not designate the Certificates as "Qualified Tax-Exempt Bonds" for financial institutions.

USE OF PROCEEDS FOR THE CERTIFICATES .... Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) constructing, equipping and improving public safety facilities, including the acquisition of land therefor, (ii) constructing street improvements, including drainage, landscaping, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage and traffic signalization and the acquisition of land and rights-of-way therefor, (iii) constructing, equipping and improving existing municipal buildings, (iv) acquiring, constructing, improving and equipping park and recreation facilities, including the acquisition of land therfor,, (v) improving and extending the City's combined waterworks and sewer system, including the acquisition of land and rights-of-way therfor, and (vi) professional services rendered in connection with such projects and the financing thereof (together, the "Project").

RATINGS .... The Certificates and the presently outstanding tax-supported debt of the City are rated "AA" by S&P Global Ratings, a division of S&P Global Inc. ("S&P") and "Aa3" by Moody's Investor Services ("Moody's"), without regard to credit enhancement (see "OTHER INFORMATON – Ratings").

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

PAYMENT RECORD .... The City has never defaulted in payment of its general obligation bonds since 1939 when all bonds were refunded at par with a reduction in interest rate. The City has never defaulted on its revenue bonds.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated Population[1]	Taxable Assessed Valuation [2]	Net G.O. Tax Debt Outstanding at End of Year [3]	Taxable Assessed Valuation Per Capita	Ratio of G.O. Tax Debt to Taxable Assessed Valuation	G.O. Tax Debt Per Capita	% Total Collections
2015	8,756	$ 554,892,312	$ 18,817,640	$ 63,373	3.39%	$ 2,149	106.07%
2016	9,028	660,868,270	20,236,515	73,202	3.06%	2,242	107.06%
2017	11,871	872,961,920	25,894,005	73,537	2.97%	2,181	108.98%
2018	14,515	1,108,101,685	45,890,000	76,342	4.14%	3,162	100.31%
2019	17,000	1,504,563,522	54,660,000	88,504	3.63%	3,215	105.03% [4]

(1) Provided by City staff.
(2) As reported by the Collin and Denton Central Appraisal Districts on City's annual State Property Tax Board Reports; subject to change during the ensuing year.
(3) Excludes self-supporting debt. See Table 10 – Computation of Self-Supporting Debt.
(4) Partial year collections as of May 31, 2019.

For additional information regarding the City, please contact:

City of Celina		Hilltop Securities		Hilltop Securities
Jay Toutounchian		Jason L. Hughes		Nick Bulaich
Director of Finance/City Treasurer		Managing Director		Managing Director
142 N. Ohio Street	or	1201 Elm Street, Suite 3500	or	777 Main Street, Suite 1200
Celina, Texas 75009		Dallas, Texas 75270		Fort Worth, Texas 76102
(972) 382-2682		(214) 953-4000		(817) 332-9710
jtoutounchian@celina-tx.gov		jason.hughes@hilltopsecurities.com		nick.bulaich@hilltopsecurities.com

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

Name	Position	On Council Since	Term Expires May
Sean Terry	Mayor	2008	2020
Justin Steiner	Council Member	2019	2022
Wayne Nabors	Council Member	2007	2021
Andy Hopkins	Council Member	2015	2021
Carmen Roberts	Council Member	2011	2020
Mindy Koehne	Council Member	2014	2020
Chad Anderson	Mayor Pro-Tem, Council Member	2013	2022

SELECTED ADMINISTRATIVE STAFF

Name	Position	Years with the City
Jason W. Laumer	City Manager	2
Jay Toutounchian	City Director of Finance/ City Treasurer	14
Lance Vanzant	City Attorney	15
Vicki Faulkner	City Secretary	24
Alan Fourmentin	Director of Public Works	4

CONSULTANTS AND ADVISORS

Auditors .... Scott, Singleton, Fincher and Company, P.C.
Greenville, Texas

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

Financial Advisor.. Hilltop Securities Inc.
Dallas, Texas

OFFICIAL STATEMENT

RELATING TO

$34,665,000
CITY OF CELINA, TEXAS
TAX AND WATERWORKS AND SEWER SYSTEM (LIMITED PLEDGE) REVENUE CERTIFICATES OF OBLIGATION, SERIES 2019

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of the $34,665,000 City of Celina, Texas, Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2019 (the "Certificates"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance to adopted on the date of sale of the Certificate which authorized the issuance of the Certificates (the "Ordinance"), except as otherwise indicated herein.

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

Description of the City. . . The City is a political subdivision and is a home rule municipality of the State of Texas, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City adopted a Home Rule Charter on May 12, 2007. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Councilmembers who are elected for staggered three-year terms. The City Council formulates operating policy for the City while the City Manager is the chief administration officer. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, water and sanitary sewer utilities, public improvements, planning and zoning, and general administrative services. The 2010 Census population for the City was 6,028, while the estimated 2019 estimated population is 17,000. The City covers approximately 78 square miles.

PLAN OF FINANCING

Purpose

The Certificates . . . Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) constructing, equipping and improving public safety facilities, including the acquisition of land therefor, (ii) constructing street improvements, including drainage, landscaping, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage and traffic signalization and the acquisition of land and rights-of-way therefor, (iii) constructing, equipping and improving existing municipal buildings, (iv) acquiring, constructing, improving and equipping park and recreation facilities, including the acquisition of land therfor,, (v) improving and extending the City's combined waterworks and sewer system, including the acquisition of land and rights-of-way therfor, and (vi) professional services rendered in connection with such projects and the financing thereof (together, the "Project").

THE CERTIFICATES

Description of the Certificates. . . The Certificates are dated August 1, 2019 (the "Dated Date"), and mature on September 1 in each of the years and in the amounts shown on page 2. Interest will accrue from the date of delivery of the Certificates (anticipated to be September 12, 2019), will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on March 1 and September 1 of each year commencing March 1, 2020 until maturity or prior redemption. The definitive Certificates will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. No physical delivery of the Certificates will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see "THE CERTIFICATES - Book-Entry-Only System").

Authority for Issuance. . . The Certificates are being issued pursuant to the City's Home Rule Charter, the Constitution and general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government, as amended, and the Ordinance.

SECURITY AND SOURCE OF PAYMENT OF THE CERTIFICATES. . . The Certificates are payable from the proceeds of an annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City. Additionally the Certificates are payable from a limited pledge of the Net Revenues (as defined in the Ordinance) of the City's combined Waterworks and Sewer System (the "System"), such pledge being limited to an amount not in excess of $1,000.

TAX RATE LIMITATION. . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and provides for a maximum ad valorem tax rate of $2.50 per $100 Taxable Assessed Valuation for all City purposes. The Home Rule Charter of the City authorizes the constitutional maximum tax rate of $2.50 per $100 Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of the $1.50 of the $2.50 maximum tax rate for all general obligation debt service, as calculated at the time of issuance based on a 90% collection factor.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on or after September 1, 2029, in whole or in part, in principal amounts of $5,000, or any integral multiple thereof, on September 1, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Certificates are to be redeemed, the City may select the maturities of such Certificates to be redeemed. If less than all the Certificates of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) shall determine by lot the Certificates, or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

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

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

DEFEASANCE. . . The Ordinance provides for the defeasance of the Certificates when the payment of the principal of and premium, if any, on the Certificates, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent or other authorized escrow agent, in trust (1) money sufficient to make such payment or (2) Government Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money, together with monies deposited therewith, if any, to make such payment. The Certificates provide that "Government Securities" means (a) direct, noncallable obligations of the United States of America, including obligations the principal and interest on which are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated, on the date of their acquisition or purchase by the City, as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that are rated, on the date of their acquisition or purchase by the City, as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (d) any other then authorized securities or obligations that may be used to defease obligations such as the Certificates under the then applicable laws of the State of Texas. Upon making such deposit in the manner described, such defeased obligations shall no longer be deemed outstanding obligations secured by the Ordinance, but will be payable only from the funds and Government Securities deposited into escrow and will not be considered debt of the City for purposes of taxation or applying any limitation on the City's ability to issue debt for any other purpose. If any of such Certificates are to be redeemed prior to their dates of maturity, provision must have been made for giving notice of redemption as provided in the Certificates.

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

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

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

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

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

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

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

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

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

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

Principal and interest payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Paying Agent/Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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

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

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

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

TRANSFER, EXCHANGE AND REGISTRATION. . . In the event the Book-Entry-Only System should be discontinued, printed certificates will be delivered to the registered owners of the Certificates and thereafter the Certificates may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender of such printed certificates to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Certificates may be assigned by the execution of an assignment form on the respective Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Certificates will be delivered by the Paying Agent/Registrar, in lieu of the Certificates being transferred or exchanged, at the principal office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Certificates to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in denominations of $5,000 or integral multiples thereof for any one maturity and for a like aggregate principal amount as the Certificates surrendered for exchange or transfer. See "THE CERTIFICATES - Book-Entry-Only System" for a description of the system to be utilized initially in regard to ownership and transferability of the Certificates. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificates called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation on transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Certificate.

RECORD DATE FOR INTEREST PAYMENT. . . The record date (the "Record Date") for the interest payable on the Certificates on any interest payment date means the close of business on the fifteenth (15th) day of the month next proceeding.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (the "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of a Certificate appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

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

CERTIFICATEHOLDERS' REMEDIES. . . The Ordinance does not specify events of default with respect to the Certificates. If the City defaults in the payment of principal, interest or redemption price on the Certificates when due, or if it fails to make payments into any fund or funds created in the Ordinance, or defaults in the observation or performance of any other covenants, conditions or obligations set forth in the Ordinance, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Certificates if there is no other available remedy at law to compel performance of the Certificates or the Ordinance and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Certificates do not provide for the appointment of a trustee to represent the interest of the holders of the Certificates upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and, accordingly, all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. V. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) ("Wasson") that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. The Texas Supreme Court reviewed Wasson again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore in regard to municipal contract cases (as in tort claims) it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory 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 the authority or for the benefit of the state. If sovereign immunity is determined by a court to exist then the Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W. 3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, holders of the Certificates may not be able to bring such a suit against the City for breach of the Certificates or the Ordinance covenants. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates.

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

AMENDMENTS ... The City may amend the Ordinance without the consent of or notice to any registered owner in any manner not detrimental to the interest of the registered owners, including the curing of any ambiguity, inconsistency, formal defect, or omission therein. In addition, the City may, with the written consent of the holders of a majority in aggregate principal amount of the Certificates then outstanding and affected thereby, amend, add to, or rescind any of the provisions of the Ordinance; except that, without the consent of the registered owners of all of the Certificates then outstanding, no such amendment, addition, or rescission may (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Certificates, reduce the principal amount thereof, the redemption price, therefor, or the rate of interest thereon, or in any other way modify the terms of the payment of the principal of, premium, if any, or interest on the Certificates; (2) give any preference to any Certificate over any other Certificate, or (3) reduce the aggregate principal amount of the Certificates required to be held by the registered owners for consent to any such amendment, addition, or rescission.

SOURCES AND USES OF PROCEEDS . . . The proceeds from the sale of the Certificates are expected to be expended as follows:

SOURCES OF FUNDS:	
Par Amount	$ 34,665,000.00
Net Premium	2,179,409.65
TOTAL SOURCES	$ 36,844,409.65
USES OF FUNDS:	
Deposit to Project Fund	$ 36,103,000.00
Costs of Issuance	195,812.60
Underwriter's Discount	545,597.05
TOTAL USES	$ 36,844,409.65

TAX INFORMATION

AD VALOREM TAX LAW. . . The appraisal of property within the City is the responsibility of the Collin Central Appraisal District and the Denton Central Appraisal District (collectively, the "Appraisal District"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under Title I of the Texas Tax Code (the "Property Tax Code") 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, different methods of appraisal may be used including the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and the method considered most appropriate by the chief appraiser is to be used. State law requires the appraised value of a residence homestead to be based solely on the property's value as a residence 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 residence homestead for a tax year to an amount that would not exceed the lesser of (1) the property's market value in the most recent tax year in which the market value was determined by the appraisal district or (2) the sum of (a) 10% of the property's appraised value in the preceding tax year, plus (b) the property's appraised value the preceding tax year, plus (c) the market value of all new improvements to the property. The value placed upon property by the Appraisal District is subject to review by the Appraisal Review Board, consisting of members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District at least every three years. The City may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the City by petition filed with the Appraisal Review Board.

Reference is made to the Property Tax Code for identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Article VIII of the Texas Constitution ("Article VIII") and State law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value, and the exemption of certain personal property from ad valorem taxation. Unless otherwise indicated references to sections and articles below are references to those provisions found in the Texas Constitution.

Under Section 1-b, Article VIII, and State law, the governing body of a political subdivision, at its option, may grant either or both of the following exemption of not less than $3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision. Once authorized, such exemption may be repealed or decreased or increased in amount (i) by the governing body of the political subdivision or (ii) by a favorable vote of a majority of the qualified voters at an election called by the governing body of the political subdivision, which election must be called upon receipt of a petition signed by at least 20% of the number of qualified voters who voted in the preceding election of the political subdivision. In the case of a decrease, the amount of the exemption may not be reduced to less than $3,000 of the market value.

The surviving spouse of an individual who qualifies for the foregoing exemption for the residence homestead of a person 65 or older (but not the disabled) is entitled to an exemption for the same property in an amount equal to that of the exemption for which the deceased spouse qualified if (i) the deceased spouse died in a year in which the deceased spouse qualified for the exemption, (ii) the surviving spouse was at least 55 years of age at the time of the death of the individual's spouse and (iii) the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse.

In addition to any other exemptions provided by the Property Tax Code, the governing body of a political subdivision, at its option, may grant an exemption of up to 20% of the market value of residence homesteads, with a minimum exemption of $5,000.

In the case of residence homestead exemptions granted under Section 1-b, Article VIII, ad valorem taxes may continue to be levied against the value of homesteads exempted where ad valorem taxes have been previously pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created.

Under Article VIII and State law, the governing body of a county, municipality or junior college district, may freeze the total amount of ad valorem taxes levied on the residence homestead of a disabled person or persons 65 years of age or older to the amount of taxes imposed in the year such residence qualified for such exemption. Also, upon receipt of a petition signed by five percent of the registered voters of the county, municipality or junior college district, an election must be held to determine by majority vote whether to establish such a limitation on taxes paid on residence homesteads of persons 65 years of age or who are disabled. Upon providing for such exemption, such freeze on ad valorem taxes is transferable to a different residence homestead. Also, a surviving spouse of a taxpayer who qualifies for the freeze on ad valorem taxes is entitled to the same exemption so long as the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse and the spouse was at least 55 years of age at the time of the death of the individual's spouse. If improvements (other than maintenance, repairs or improvements required to comply with governmental requirements) are made to the property, the value of the improvements is taxed at the then current tax rate, and the total amount of taxes imposed is increased to reflect the new improvements with the new amount of taxes then serving as the ceiling on taxes for the following years. Once established, the tax rate limitation may not be repealed or rescinded.

State law and Section 2, Article VIII, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from $5,000 to a maximum of $12,000; provided, however, a disabled veteran who receives from the from the United States Department of Veterans Affairs or its successor 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead. Additionally, effective January 1, 2012, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied.

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Section 1-d and 1-d-1.

Nonbusiness personal property, such as automobiles or light trucks, is exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats owned as nonbusiness property are exempt from ad valorem taxation.

Article VIII, Section 1-j, provides for "freeport property" to be exempted from ad valorem taxation. Freeport property is defined as goods detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. Notwithstanding such exemption, counties, school districts, junior college districts and cities may tax such tangible personal property provided official action to tax the same was taken before April 1, 1990. Decisions to continue to tax may be reversed in the future; decisions to exempt freeport property are not subject to reversal.

Article VIII, Section 1-n of the Texas Constitution provides for the exemption from taxation of "goods-in-transit." Section 11.253 of the Property Tax Code defines "goods-in-transit" as personal property acquired or imported into Texas and transported to another location in the State or outside of the State within 175 days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out board motor, heavy equipment and manufactured housing inventory. Section 11.253 of the Property Tax Code permits local governmental entities, on a local option basis, to take official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax goods-in-transit during the following year. A taxpayer may receive only one of the freeport exemptions or one of the goods-in-transit exemptions, but not both, for items of personal property.

A city may utilize tax increment financing ("TIF"), pursuant to the Tax Increment Financing Act, Texas Tax Code, Chapter 311, to encourage development and redevelopment within a designated reinvestment zone. Taxes collected from increases in valuation above the base value (the "captured appraised value") by each taxing unit that levies ad valorem taxes on real property in the reinvestment zone may be used to pay costs of infrastructure or other public improvements in the reinvestment zone and to supplement or act as a catalyst for private development in the defined area of the reinvestment zone. The tax increment base value for a taxing unit is the total appraised value of all real property taxable by the taxing unit and located in the reinvestment zone as of January 1 of the year in which the city created the reinvestment zone. Each taxing unit can choose to dedicate all, any portion or none of its taxes collected from the captured appraised value to the costs of improvements in the reinvestment zone. The amount of a taxing unit's tax increment for a year is the amount of property taxes levied by the taxing unit for that year on the captured appraised value of real property taxable by the taxing unit and located in the reinvestment zone, multiplied by the taxing unit's percentage level of participation. The City also may enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The City 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.

The City is authorized, pursuant to Chapter 380, Texas Local Government Code, as amended ("Chapter 380"), to establish programs to promote state or local economic development and to stimulate business and commercial activity in the City. In accordance with a program established pursuant to Chapter 380, the City may make loans or grants of public funds for economic development purposes, however no obligations secured by ad valorem taxes may be issued for such purposes unless approved by voters of the City. The City may contract with the federal government, the State, another political subdivision, a nonprofit organization or any other entity, including private entities, for the administration of such a program.

Effective Tax Rate and Rollback Tax Rate . . . By each September 1 or as soon thereafter as practicable, the City Council adopts a tax rate per $100 taxable value for the current year. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditure, and (2) a rate for debt service.

Under the Property Tax Code, the City must annually calculate and publicize its "effective tax rate" and "rollback tax rate". A tax rate cannot be adopted by the City Council that exceeds the lower of the rollback tax rate or the effective tax rate until two public hearings are held on the proposed tax rate following a notice of such public hearings (including the requirement that notice be posted on the City's website if the City owns, operates or controls an internet website and public notice be given by television if the City has free access to a television channel) and the City Council has otherwise complied with the legal requirements for the adoption of such tax rate. If the adopted tax rate exceeds the rollback tax rate the qualified voters of the City by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

"Effective tax rate" means the rate that will produce last year's total tax levy (adjusted) from this year's total taxable values (adjusted). "Adjusted" means lost values are not included in the calculation of last year's taxes and new values are not included in this year's taxable values.

"Rollback tax rate" means the rate that will produce last year's maintenance and operation tax levy (adjusted) from this year's values (adjusted) multiplied by 1.08 plus a rate that will produce this year's debt service from this year's values (unadjusted) divided by the anticipated tax collection rate. See 2019 Legislative Session below for information regarding recently enacted changes to the roll back rate by the Texas Legislature.

The Property Tax Code provides that certain cities and counties in the State may submit a proposition to the voters to authorize an additional one-half cent sales tax on retail sales of taxable items. If the additional tax is levied, the effective tax rate and the rollback tax rate calculations are required to be offset by the revenue that will be generated by the sales tax in the current year. Reference is made to the Property Tax Code and Tex.S.B.2, 86th Leg., RS (2019) for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

2019 LEGISLATIVE SESSION... The 86th Regular Legislative Session convened on January 8, 2019 and adjourned on May 27, 2019. Legislation that changes current laws affecting ad valorem tax matters, including calculation of the rollback tax rate and rollback election process for maintenance tax increases, was adopted on May 27, 2019 and signed by the Texas Governor on June 12, 2019. This legislation will impact the City's future budgeting and the levy and collection of ad valorem taxes for maintenance and operations purposes. At this time, the City has not undertaken a comprehensive review of this legislation to determine the extent of this impact on its maintenance and operations budget. The City does not anticipate that this legislation will impact its ability to levy and collect ad valorem taxes for debt service purposes.

PROPERTY ASSESSMENT AND TAX PAYMENT... Property within the City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Effective January 1, 2012, oil and gas reserves are assessed on the basis of a valuation process which uses pricing information contained in the most recently published Early Release Overview of the Annual Energy Outlook published by the United States Energy Information Administration, as well as appraisal formulas developed by the State Comptroller of Public Accounts. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances.

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

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

(1) Interest continues to accrue after July 1 at the rate of 1% per month until paid

After July, penalty remains at 12%, and interest increases at the rate of one-percent (1%) for each month or portion of a month the tax remains unpaid. A delinquent tax continues to incur interest as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest is to compensate the taxing unit for revenue lost because of the delinquency. In addition, if an account is delinquent in July, an attorney's collection fee of up to 20% may be added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

CITY APPLICATION OF PROPERTY TAX CODE... The City grants an exemption of $5,000 to the market value of the residence homestead of persons 65 years of age or older and the disabled.

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

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

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

The City 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.

The City does not tax "non-business" leased vehicles; and Collin County Tax Collector collects taxes for the City.

The City does not permit split payments of taxes, and discounts for early payment of taxes are not allowed.

The City does not tax Freeport property.

The City does not tax "goods-in-transit".

The City does participate in a Tax Increment Reinvestment Zone.

The City has adopted a tax abatement policy, and reviews applications for abatements on a case by case basis and currently has no abatement agreements in effect.

ECONOMIC DEVELOPMENT INITIATIVES

The City of Celina is located within Collin County, which is rapidly developing county in the State of Texas. The growing population directly influences the local housing industry and commercial properties, and ultimately the City's property tax base, sales tax revenues, franchise fees, permits and licenses, and other revenues of the City. Additionally, the City encompasses a vast area of raw land that makes it attractive to residential developers. The City has implemented various means to manage and continue this growth while maintaining a stable property tax rate.

The City has created several public improvement districts, which are briefly described below. The City established the public improvement districts to undertake improvement projects that confer a special benefit on property located within the particular public improvement district, whether located within the City limits or the City's extraterritorial jurisdiction. The City may levy and collect special assessments on property in the particular public improvement district based on the benefit conferred by an improvement project to pay all or part of its cost. To the extent bonds have been issued to finance such public improvements, detailed information on these developments may be obtained from the City or from disclosure documents for such bonds filed at www.emma.msrb.org.

Creeks of Legacy Public Improvement District

The Creeks of Legacy Public Improvement District ("Creeks PID") was created by the City on April 29, 2014 and is an approximately 322 acre master planned project located within the City limits on the corner of Legacy and Frontier Parkway. The Creeks PID is located in a fast growing development area situated directly between the City and the City of Prosper. The Creeks PID is expected to be developed in approximately three phases over a 7 year period and is expected to include road, water, sewer and storm drainage infrastructure and community improvements (such as amenities, parks, trails, and lakes) and residential lots. Upon completion, the Creeks PID is expected is expected to have approximately 1,021 single family homes.

In July 2014, the City issued $15,325,000 in bonds secured by the special assessments levied on property within the Creeks PID to commence development of roadway, water, wastewater and drainage improvements. The bonds are not a debt of the general credit or taxing power of the City and are secured only by special assessments levied within the Creeks PID as described above.

On May 22, 2014, the City created a tax increment reinvestment zone to overlay the Creeks PID ("Creeks TIRZ") and the Creeks TIRZ is coterminous with the boundaries of the Creeks PID. The tax increment base of Creeks TIRZ is the total taxable value of all real property taxable by the City located in the Creeks TIRZ as of January 1, 2014 (the "Tax Increment Base"). To pay a portion of debt service on bonds issued for improvements in the Creeks PID, the City has agreed to set aside an amount equal to 47.63% of the Tax Increment for each year, which consists of property taxes levied, assessed, and collected by the City for that year on the captured appraised value of real property taxable by City and located in the Creeks TIRZ (the "Tax Increment"); however, these funds are not pledged to the bonds issued to construct improvements for the Creeks PID. The "captured appraised value" of real property for a year is the total appraised value of all real property taxable by the City and located in the Creeks TIRZ for that year less the Tax Increment Base. Currently, there are no other taxing units participating in the Creeks TIRZ. The term of the Creeks TIRZ is the earlier of 27 years from the date the Creeks TRIZ was created or when the amount of Tax Increment revenue collected and transferred by the City to pay the costs of improvements equals $22,218,846.

The Lakes at Mustang Ranch Public Improvement District

The Lakes at Mustang Ranch Public Improvement District ("Lakes PID") was created by the City on March 10, 2008 and is an approximately 682 acre master planned community located within the City limits and situated in the northwest quadrant of the intersection of FM 2478 and FM 1461. The Lakes PID is located in a rapidly growing area in the southeastern quadrant of the City and is located approximately two miles east of Preston Road and approximately three miles north of US 380, and just north of the City of Prosper. The Lakes PID is expected to be developed in approximately nine phases over an approximately 10 year period and is expected to include road, water, sewer and storm drainage infrastructure and community improvements (such as amenities, parks, trails, and lakes) and residential lots. Upon completion, the Lakes PID is expected to have approximately 1,799 single family homes.

In January 2015, the City issued $22,150,000 in bonds, secured by the special assessments levied on property within the Lakes PID, to commence development of roadway, water, wastewater and drainage improvements. The bonds are not a debt of the general credit or taxing power of the City and are secured only by special assessments levied within the Lakes PID as described above.

The City expects to construct and install certain permanent public improvements that benefit the entire Lakes PID, including certain water, wastewater, and drainage improvements mostly outside of the boundaries of the Lakes PID but which will benefit the property within the Lakes PID. The special assessment levied on parcels within the Lakes PID includes an additional component attributable to a portion of debt service related to City general obligation debt issued in part to improvements benefitting the Lakes PID. Such additional component is not pledged to the payment of the City general obligation debt, and is reduced up to the corresponding amount of ad valorem taxes paid by owners of the property in the Lakes PID each year pursuant to a 380 Grant Agreement between the City, the developer of the Lakes PID and the developer of the Parks PID.

The Parks at Wilson Creek Public Improvement District

The Parks at Wilson Creek Public Improvement District ("Parks PID") was created by the City on November 11, 2014 and is an approximately 540 acre master planned community located in the City's extra territorial jurisdiction southeast of the City. The Parks PID is located in a development area situated between the City and the City of Prosper. The Parks PID is expected to be developed in approximately nine phases and is expected to include road, water, sewer and storm drainage infrastructure and community improvements (such as amenities, parks, trails, and lakes) and residential lots. Upon completion, the Parks PID is expected to have approximately 1,874 single family homes. To date, no bonds have been issued to fund projects within the Parks PID. The City has, however, levied a special assessment on property within the Parks PID consisting of the portion of debt service related to City general obligation debt issued relating to improvements benefitting the Parks PID. Such assessment is not pledged to the payment of the City general obligation debt, and is reduced up to the corresponding amount of ad valorem taxes paid by owners of the property in the Parks PID each year pursuant to a 380 Grant Agreement between the City, the developer of the Lakes PID and the developer of the Parks PID.

Wells South Public Improvement District

The Wells South Public Improvement District ("Wells South PID") was created by the City on July 14, 2015 and is an approximately 400 acre master planned project located in a fast growing development area in the southeastern portion of the City. The Wells South PID will consist of primarily residential homesites and parcels to be used for commercial businesses and mixed-use residential/retail development (with approximately 135 townhomes). Wells South PID is expected to be developed in approximately five phases with the initial phase consisting of the infrastructure improvements to serve the entire Wells South PID as well as the first neighborhood of residential sites followed by three subsequent phases of improvements in smaller neighborhood areas. The public improvements will include road, water, sewer and storm drainage infrastructure and community improvements (such as amenities, parks, trails, and lakes) and residential lots. Upon completion, the Wells South PID is expected to have approximately 1,236 single family homes in addition to the commercial and mixed-use properties discussed above.

In December 2015, the City issued $13,830,000 in bonds secured by the special assessments levied on property within the Wells South PID to commence development of roadway, water, wastewater and drainage improvements for the entire Wells South PID as well as commence constructing similar infrastructure for the first neighborhood of residential homesites. The bonds are not a debt of the general credit or taxing power of the City and are secured only by special assessments levied within the Wells South PID. It is expected that additional bonds will be issued in the future for improvements within each of the four remaining neighborhood residential tracts.

The City expects to construct and install certain permanent public improvements that benefit the Wells South PID, including water, wastewater, and drainage improvements mostly located outside of the boundaries of the Wells South PID but which will benefit the property within the Wells South PID. The City issued its Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2014A in December of 2014 and its Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2015 in October of 2015 to fund such improvements. The City may issue future obligations to finance the costs of the city improvements as more neighborhood areas of Wells South PID are developed. The special assessment levied on parcels within the Wells South PID includes an additional component attributable to a portion of debt service related to City ad valorem tax debt issued to finance improvements benefitting the Wells South PID. However, assessments that are allocable to the City's ad valorem tax debt for such improvements are offset each year by a credit equal to the ad valorem taxes collected by the City from the each property in the Wells South PID during the previous year to be used for reducing the annual special assessments installments allocable to the City-financed improvements, thus lowering the net effective tax rate of property owners in Wells South PID.

Wells North Public Improvement District

The Wells North Public Improvement District ("Wells North PID") was created by the City on February 9, 2016 and is an approximately 244 acre master planned project located in a fast growing development area in the southeastern portion of the City. The Wells North PID will consist of primarily residential homesites and parcels to be used for commercial businesses and mixed-use residential/retail development as well as approximately 12 acres reserved for a public elementary school. Wells North PID is expected to be developed in approximately four phases with the initial phase consisting of the infrastructure improvements to serve the entire Wells North PID as well as the first neighborhood of residential sites followed by three subsequent phases of improvements in smaller neighborhood areas. The public improvements will include road, water, sewer and storm drainage infrastructure and community improvements (such as amenities, parks, trails, and lakes) and residential lots. Upon completion, the

Wells North PID is expected to have approximately 846 single family homes in addition to the commercial and mixed-use properties discussed above.

In April 2016, the City issued $9,660,000 in bonds secured by the special assessments levied on property within the Wells North PID to commence development of roadway, water, wastewater and drainage improvements for the entire Wells North PID as well as commence constructing similar infrastructure for the first neighborhood of residential homesites. The bonds are not a debt of the general credit or taxing power of the City and are secured only by special assessments levied within the Wells North PID as described above. It is expected that additional bonds will be issued in the future for improvements within each of the three remaining neighborhood residential tracts.

Sutton Fields II Public Improvement District

The Sutton Fields Public Improvement District ("Sutton Fields PID") was created by the City on October 13, 2015 and is an approximately 622 acre master planned project located in a fast growing development area of the City located directly north of the City of Prosper. The Sutton Fields PID will consist of primarily residential homesites. Sutton Fields PID is expected to be developed in approximately five phases over nine years with the initial phase consisting of the infrastructure improvements to serve the entire Sutton Fields PID as well as the first neighborhood of residential sites followed by three subsequent phases of improvements in smaller neighborhood areas. The public improvements will include road, water, sewer and storm drainage infrastructure and community improvements (such as amenities, parks, trails, and lakes) and residential lots. Upon completion, the Sutton Fields PID is expected to have approximately 2,247 single family homes.

In December 2015, the City issued $28,385,000 in bonds secured by the special assessments levied on property within the Sutton Fields PID to commence development of roadway, water, wastewater and drainage improvements for the entire Sutton Fields PID as well as commence constructing similar infrastructure for the first neighborhood of residential homesites. The bonds are not a debt of the general credit or taxing power of the City and are secured only by special assessments levied within the Sutton Fields PID as described above. It is expected that additional bonds will be issued in the future for improvements within each of the four remaining neighborhood residential tracts.

380 Agreement for Parks PID and Lakes PID

Pursuant to a separate 380 Grant Agreement between the City, the developer of the Lakes PID and the developer of the Parks PID, the City has agreed to provide grant payments from lawfully available funds in each of the years 2021, 2022 and 2023 to each developer for completion of homes within the Lakes PID and the Parks PID. Such grant payments will be determined based on the number of homes completed in the respective PID by July 25th of 2020, 2021 and 2022 and will be apportioned to the developer based on a fixed percentage.

Ownsby Farms Public Improvement District

The Ownsby Farms Public Improvement District ("Ownsby Farms PID") was created by the City on June 9, 2015 and is an approximately 113.5 acre master planned project located in a fast growing development area of the City located near the intersection of Preston Road and CR 53. The Ownsby Farms PID will consist of primarily residential homesites. Ownsby Farms PID is expected to be developed in approximately two phases over five years with the initial phase consisting of the infrastructure improvements to serve the entire Ownsby Farms PID as well as the first neighborhood of residential sites followed by subsequent phases of improvements. The public improvements will include road, water, sewer and storm drainage infrastructure and residential lots. Upon completion, the Ownsby Farms PID is expected to have approximately 372 single family homes.

In January 2017, the City issued $6,230,000 in bonds secured by the special assessments levied on property within the Ownsby Farms PID to commence development of roadway, water, wastewater and drainage improvements for the entire Ownsby Farms PID as well as commence constructing similar infrastructure for the first neighborhood of residential homesites. The bonds are not a debt of the general credit or taxing power of the City and are secured only by special assessments levied within the Ownsby Farms PID as described above. It is expected that additional bonds will be issued in the future for improvements.

On September 13, 2016, the City created a tax increment reinvestment zone to overlay the Ownsby Farms PID ("Ownsby Farms TIRZ") and the Ownsby Farms TIRZ is coterminous with the boundaries of the Ownsby Farms PID. The tax increment base of Ownsby Farms TIRZ is the total taxable value of all real property taxable by the City located in the Ownsby Farms TIRZ as of January 1, 2016 (the "Tax Increment Base"). To pay a portion of debt service on bonds issued for improvements in the Ownsby Farms PID, the City has agreed to set aside an amount equal to $0.2232 per $100 assessed valuation of the Tax Increment for each year, which consists of property taxes levied, assessed, and collected by the City for that year on the captured appraised value of real property taxable by City and located in the Ownsby Farms TIRZ (the "Tax Increment"); however, these funds are not pledged to the bonds issued to construct improvements for the Ownsby Farms PID. The "captured appraised value" of real property for a year is the total appraised value of all real property taxable by the City and located in the Ownsby Farms TIRZ for that year less the Tax Increment Base. Currently, there are no other taxing units participating in the Ownsby Farms TIRZ. The term of the Ownsby Farms TIRZ is the earlier 2045 or when the amount of Tax Increment revenue collected and transferred by the City to pay the costs of improvements equals $1,850,912.

Chalk Hill Public Improvement District

The Chalk Hill Public Improvement District ("Chalk Hill PID") was created by the City on December 12, 2017 and is an approximately 94.8 acre master planned project located in a fast growing development area of the City located near the intersection of Legacy Drive and Preston Road. The Chalk Hill PID will consist of primarily residential homesites. Chalk Hill PID is expected to be developed in approximately three phases over five years with the initial phase consisting of the infrastructure improvements to serve the entire Chalk Hill PID as well as the first neighborhood of residential sites followed by subsequent phases of improvements. The public improvements will include road, water, sewer and storm drainage infrastructure and residential lots. Upon completion, the Chalk Hill PID is expected to have approximately 441 single family homes.

In April 2018, the City issued $8,015,000 in bonds secured by the special assessments levied on property within the Chalk Hill PID to commence development of roadway, water, wastewater and drainage improvements for the entire Chalk Hill PID as well as commence constructing similar infrastructure for the first neighborhood of residential homesites. The bonds are not a debt of the general credit or taxing power of the City and are secured only by special assessments levied within the Chalk Hill PID as described above. It is expected that additional bonds will be issued in the future for improvements.

On November 14, 2017, the City created a tax increment reinvestment zone to overlay the Chalk Hill PID ("Chalk Hill TIRZ") and the Chalk Hill TIRZ is coterminous with the boundaries of the Chalk Hill PID. The tax increment base of Chalk Hill TIRZ is the total taxable value of all real property taxable by the City located in the Chalk Hill TIRZ as of January 1, 2017 (the "Tax Increment Base"). To pay a portion of debt service on bonds issued for improvements in the Chalk Hill PID, the City has agreed to set aside an amount equal to 34.2% of the Tax Increment for each year, which consists of property taxes levied, assessed, and collected by the City for that year on the captured appraised value of real property taxable by City and located in the Chalk Hill TIRZ (the "Tax Increment"); however, these funds are not pledged to the bonds issued to construct improvements for the Chalk Hill PID. The "captured appraised value" of real property for a year is the total appraised value of all real property taxable by the City and located in the Chalk Hill TIRZ for that year less the Tax Increment Base. Currently, there are no other taxing units participating in the Chalk Hill TIRZ. The term of the Chalk Hill TIRZ is the earlier 2048 or when the amount of Tax Increment revenue collected and transferred by the City to pay the costs of improvements equals $10,770,317.

The Columns Public Improvement District

The Columns Public Improvement District ("The Columns PID") was created by the City on November 14, 2017 and is an approximately 48.7 acre master planned project located in a fast growing development area of the City located near the intersection of Light Farms Way and CR 51. The Columns PID will consist of primarily residential homesites. The Columns PID is expected to be developed in one phase over two years. The public improvements will include road, water, sewer and storm drainage infrastructure and residential lots. Upon completion, The Columns PID is expected to have approximately 261 single family homes.

In May 2018, the City issued $6,470,000 in bonds secured by the special assessments levied on property within The Columns PID to commence development of roadway, water, wastewater and drainage improvements for the entire The Columns PID as well as commence constructing similar infrastructure for the first neighborhood of residential homesites. The bonds are not a debt of the general credit or taxing power of the City and are secured only by special assessments levied within The Columns PID as described above.

On November 14, 2017, the City created a tax increment reinvestment zone to overlay The Columns PID ("The Columns TIRZ") and The Columns TIRZ is coterminous with the boundaries of The Columns PID. The tax increment base of The Columns TIRZ is the total taxable value of all real property taxable by the City located in The Columns TIRZ as of January 1, 2017 (the "Tax Increment Base"). To pay a portion of debt service on bonds issued for improvements in The Columns PID, the City has agreed to set aside an amount equal to 34.2% of the Tax Increment for each year, which consists of property taxes levied, assessed, and collected by the City for that year on the captured appraised value of real property taxable by City and located in The Columns TIRZ (the "Tax Increment"); however, these funds are not pledged to the bonds issued to construct improvements for The Columns PID. The "captured appraised value" of real property for a year is the total appraised value of all real property taxable by the City and located in The Columns TIRZ for that year less the Tax Increment Base. Currently, there are no other taxing units participating in The Columns TIRZ. The term of The Columns TIRZ is the earlier 2048 or when the amount of Tax Increment revenue collected and transferred by the City to pay the costs of improvements equals $6,403,309.

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TABLE 1 – ASSESSED VALUATION AND EXEMPTIONS

2018/2019 Market Valuation Established by the Collin Central Appraisal District (excludes totally exempt property)		$ 2,318,096,673
Less Exemptions/Reductions at 100% Market Value:		
Local Over 65/Disabled Homestread Exemption	13,381,774	
Disabled/Deceased Veterans	11,186,907	
Agricultural Productivity Value Loss	763,494,108	
10% Value Cap Loss	25,352,310	
Other (Pollution Control)	118,052	813,533,151
2018/2019 Taxable Assessed Valuation		$ 1,504,563,522
General Obligation Debt Principal Outstanding (As of 6/15/2019)		
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2011		1,125,000
General Obligation Refunding Bonds, Series 2012		2,255,000
General Obligation Refunding Bonds, Series 2013		3,175,000
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2013		5,060,000
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2014		4,865,000
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2014A		1,530,000
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2015		14,615,000
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2016		9,365,000
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2017		9,030,000
General Obligation Refunding Bonds, Series 2018		5,785,000
Tax & Waterworks & Swer System (Limited Pledge) Revenue Certificates of Obligation, Series 2018		50,890,000
Total Gross General Obligation Debt Oustanding		$ 107,695,000
Plus:		
The Certificates		$ 34,665,000
Less: Self-Supporting General Obligation Debt Principal [1]		
General Obligation Refunding Bonds, Series 2012 (W&S)		2,185,000
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2014 (W&S)		2,285,000
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2014A (PID)		505,000
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2014A (W&S)		1,025,000
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2015 (PID)		4,640,000
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2015 (W&S)		7,965,000
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2016 (PID)		1,410,000
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2016 (W&S)		6,005,000
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2017 (W&S)		4,930,000
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2018 (W&S)		30,855,000
The Certificates (W&S)		17,715,000
Total Self-Supporting General Obligation Debt Principal		$ 79,520,000
Total Net General Obligation Debt Principal Outstanding:		$ 62,840,000
General Obligation Interest and Sinking Fund Balance as June 1, 2019		$ 4,764,844
Ratio of Gross General Obligation Debt Principal to FY 2019 Certified Net Taxable Assessed Valuation		7.16%
Ratio of Net General Obligation Debt Principal to FY 2019 Certified Net Taxable Assessed Valuation		4.18%
FY 2019 Certified Net Taxable Assessed Valuation		$ 1,504,563,522

2019 Population (Estimate)		17,000
Per Capita Certified Net Taxable Assessed Valuation	$	88,504
Per Capita Gross General Obligation Debt Principal	$	6,335
Per Capita Net General Obligation Debt Principal	$	3,696

(1) General Obligation debt in the amount shown for which repayment is provided from revenues from enterprise funds of the City. The amount of self-supporting debt is based on the revenue support as shown in Tables 8 and 10. It is the City's current policy to provide these payments *from enterprise fund revenues, but this policy is subject to change in the future and, if changed to reduce the amount of revenue support of* tax-supported debt, the City would be required to increase its debt service tax to compensate for the reduction in revenue support or to use other legally available funds to pay the principal of and interest on the debt.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2019		2018		2017	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 1,098,085,093	47.37%	$ 839,968,624	46.52%	$ 654,045,135	47.81%
Real, Residential, Multi-Family	5,794,924	0.25%	5,561,634	0.31%	4,059,391	0.30%
Real, Vacant Lots/Tracts	35,666,602	1.54%	24,417,348	1.35%	24,125,161	1.76%
Real, Acreage (Land Only)	766,504,868	33.07%	640,344,608	35.47%	456,693,560	33.39%
Real, Farm and Ranch Improvements	88,491,253	3.82%	67,569,178	3.74%	95,727,065	7.00%
Real, Commercial	74,708,792	3.22%	54,687,017	3.03%	54,316,403	3.97%
Real, Industrial	23,926,146	1.03%	18,874,916	1.05%	15,334,639	1.12%
Real and Tangible Personal, Utilities	13,575,968	0.59%	10,263,277	0.57%	8,987,843	0.66%
Tangible Personal, Commercial	35,354,269	1.53%	33,061,796	1.83%	24,804,963	1.81%
Tangible Personal, Other	15,179	0.00%	6,969	0.00%	6,200	0.00%
Real Property, Inventory	175,971,804	7.59%	110,789,095	6.14%	29,783,538	2.18%
Special Inventory	1,775	0.00%	-	0.00%	-	0.00%
Total Appraised Value Before Exemptions	$ 2,318,096,673	100.00%	$ 1,805,544,462	100.00%	$ 1,367,883,898	100.00%
Less: Total Exemptions/Reductions	813,533,151		697,442,777		494,061,576	
Adjustment	-		-		(860,402)	
Taxable Assessed Value	$ 1,504,563,522		$ 1,108,101,685		$ 872,961,920	

	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2016		2015	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 518,723,878	47.89%	$ 438,792,784	47.91%
Real, Residential, Multi-Family	4,107,838	0.38%	3,851,836	0.42%
Real, Vacant Lots/Tracts	20,090,554	1.85%	18,706,460	2.04%
Real, Acreage (Land Only)	401,909,707	37.11%	347,903,979	37.98%
Real, Farm and Ranch Improvements	42,873,683	3.96%	19,994,142	2.18%
Real, Commercial	45,532,125	4.20%	39,389,591	4.30%
Real, Industrial	11,718,140	1.08%	10,666,475	1.16%
Real and Tangible Personal, Utilities	7,955,761	0.73%	7,889,040	0.86%
Tangible Personal, Commercial	23,493,818	2.17%	19,771,132	2.16%
Tangible Personal, Other	6,016	0.00%	3,075	0.00%
Real Property, Inventory	6,754,091	0.62%	8,954,249	0.98%
Special Inventory	-	0.00%	-	0.00%
Total Appraised Value Before Exemptions	$ 1,083,165,611	100.00%	$ 915,922,763	100.00%
Less: Total Exemptions/Reductions	421,495,519		365,644,470	
Adjustment	(801,822)		4,614,019	
Taxable Assessed Value	$ 660,868,270		$ 554,892,312	

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

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TABLE 3 – VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population[(1)]	Taxable Assessed Valuation [(2)]	Net G.O. Tax Debt Outstanding at End of Year [(3)]	Taxable Assessed Valuation Per Capita	Ratio of G.O. Tax Debt to Taxable Assessed Valuation	G.O. Tax Debt Per Capita
2015	8,756	$ 554,892,312	$ 18,817,640	$ 63,373	3.39%	$ 2,149
2016	9,028	660,868,270	20,236,515	73,202	3.06%	2,242
2017	11,871	872,961,920	25,894,005	73,537	2.97%	2,181
2018	14,515	1,108,101,685	45,890,000	76,342	4.14%	3,162
2019	17,000	1,504,563,522	54,660,000	88,504	3.63%	3,215

(1) Provided by City staff.
(2) As reported by the Appraisal District on the City's annual State Property Tax Board Reports; subject to change during the ensuing year.
(3) Excludes self-supporting debt. See Table 10 – *Computation of Self-Supporting Debt.*

TABLE 4 – TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2015	$ 0.6450	$ 0.4327	$ 0.2123	$ 3,549,295	102.25%	106.07%
2016	0.6450	0.4335	0.2115	4,164,231	102.34%	107.06%
2017	0.6450	0.4233	0.2217	5,064,321	106.56%	108.97%
2018	0.6450	0.4278	0.2172	7,147,256	98.14%	100.31%
2019	0.6450	0.3854	0.2596	9,704,435	102.71% [(1)]	105.03% [(1)]

(1) Partial year collections as of May 31, 2019.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2018/2019 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Celina 682 Partners LP	Developer	$ 19,675,531	1.31%
First Texas Homes Inc.	Home Builder	12,435,678	0.83%
Calatlantic Homes of Texas Inc.	Home Builder	12,160,602	0.81%
CADG Ownsby Farms LLC	Developer	10,960,945	0.73%
Highland Homes - Dallas LLC	Home Builder	10,844,245	0.72%
Lennar Homes of Texas	Home Builder	9,500,489	0.63%
W/J CR 55 LP	Developer	8,666,585	0.58%
TXI Operations LP	Manufacturing	6,690,027	0.44%
Celina Town Center Ltd.	Shopping Center/Mall	6,643,593	0.44%
Chemtrade Sulfate Chemicals Inc.	Chemical Plant	6,233,918	0.41%
		$ 103,811,613	6.90%

GENERAL OBLIGATION DEBT LIMITATION. . . No general obligation debt limitation is imposed on the City under current State law or the City's Home Rule Charter (see "THE CERTIFICATES - Tax Rate Limitation").

TABLE 6 - TAX ADEQUACY [1]

Net Principal and Interest Requirements for Fiscal Year 2019	$	2,892,205
$0.2367 Tax Rate at 98.5% Collection Produces	$	2,892,854
Average Net Annual Principal and Interest Requirements, 2019-2039	$	3,716,363
$0.2964 Tax Rate at 98.5% Collection Produces	$	3,716,844
Maximum Net Principal and Interest Requirements, 2024	$	4,424,907
$0.3519 Tax Rate at 98.5% Collection Produces	$	4,425,237

(1) Based on Tax Year 2018 Certified Taxable Assessed Valuation. Excludes self-supporting debt and accounts for budgeted transfers from the City's development corporations. (See Table 8 - Pro-Forma General Obligation Debt Service Requirements.) The data above includes the Certificates.

TABLE 7 - ESTIMATED OVERLAPPING DEBT

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

Taxing Jurisdiction	2018/2019 Taxable Assessed Valuation [1]	2018/2019 Tax Rate [1]	G.O. Debt 5/31/2019	Estimated Percent Applicable [1]	Overlapping G.O. Debt as of 5/31/2019
City of Celina	$ 1,504,563,522	$ 0.6450	$ 62,840,000 [2]	100.00%	$ 62,840,000
Celina ISD	1,255,681,448	1.6400	106,624,276	60.85%	64,880,872
Collin County	138,427,326,503	0.1810	392,565,000	0.67%	2,630,186
Collin County CCD	141,317,314,667	0.0810	246,415,000	0.67%	1,650,981
Denton County	9,844,492,384	0.2260	622,085,000	0.06%	373,251
Prosper ISD	7,841,678,274	1.6700	791,564,002	6.48%	51,293,347

Total Direct and Overlapping Debt	$ 183,668,636
Ratio of Direct and Overlapping Debt to City's Taxable Assessed Valuation	12.21%
Per Capital Overlapping GO Debt	$ 10,804.04

(1) As reported by the Appraisal District and the Municipal Advisory Council of Texas.
(2) Excludes self-supporting debt and includes the Certificates.

DEBT INFORMATION

TABLE 8 – GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 30-Sep	Outstanding Debt Service Principal	Outstanding Debt Service Interest	Outstanding Debt Service Total D/S	The Certificates[1] Principal	The Certificates[1] Interest	The Certificates[1] Total D/S	Total General Obligation Debt Service	Less: W&S Net Revs Supported Debt Service[2]	Less: PID Assessments Supported Debt Service[3]	Less: Budgeted Transfers from Celina CDC & EDC[4]	Net General Obligation Debt Service	% of Principal Retired
2019	$ 3,050,000	$ 4,163,906	$ 7,213,906	$ -	$ -	$ -	$ 7,213,906	$ 3,483,161	$ 638,539	$ 200,000	$ 2,892,205	
2020	4,700,000	4,143,160	8,843,160	480,000	954,006	1,434,006	10,277,166	5,057,997	739,169	200,000	4,280,000	
2021	4,820,000	3,963,858	8,783,858	480,000	974,475	1,454,475	10,238,333	5,070,944	731,967	200,000	4,235,422	
2022	4,975,000	3,775,790	8,750,790	490,000	964,875	1,454,875	10,205,665	5,076,754	736,814	200,000	4,192,097	
2023	5,165,000	3,576,678	8,741,678	1,520,000	950,175	2,470,175	11,211,853	5,884,394	720,812	200,000	4,406,647	18.04%
2024	5,420,000	3,364,843	8,784,843	1,565,000	904,575	2,469,575	11,254,418	5,896,251	733,259	200,000	4,424,907	
2025	5,340,000	3,127,968	8,467,968	1,620,000	841,975	2,461,975	10,929,943	5,569,344	739,257	200,000	4,421,342	
2026	5,590,000	2,889,813	8,479,813	1,655,000	809,575	2,464,575	10,944,388	5,583,044	737,107	200,000	4,424,237	
2027	5,700,000	2,639,438	8,339,438	1,725,000	743,375	2,468,375	10,807,813	5,572,381	728,957	200,000	4,306,475	
2028	5,945,000	2,395,250	8,340,250	1,795,000	674,375	2,469,375	10,809,625	5,575,506	726,757	200,000	4,307,362	43.58%
2029	6,200,000	2,147,194	8,347,194	1,865,000	602,575	2,467,575	10,814,769	5,581,069	723,450	200,000	4,310,250	
2030	6,275,000	1,886,031	8,161,031	1,920,000	546,625	2,466,625	10,627,656	5,547,644	729,038	-	4,350,975	
2031	6,520,000	1,642,850	8,162,850	1,980,000	489,025	2,469,025	10,631,875	5,554,575	729,419	-	4,347,881	
2032	6,640,000	1,417,113	8,057,113	2,015,000	449,425	2,464,425	10,521,538	5,557,625	735,069	-	4,228,844	
2033	6,585,000	1,157,363	7,742,363	2,060,000	409,125	2,469,125	10,211,488	5,507,925	737,994	-	3,965,569	73.12%
2034	6,085,000	917,588	7,002,588	2,100,000	365,350	2,465,350	9,467,938	5,504,588	725,207	-	3,238,143	
2035	6,015,000	673,338	6,688,338	2,150,000	318,100	2,468,100	9,156,438	5,394,838	740,557	-	3,021,043	
2036	4,665,000	452,631	5,117,631	2,215,000	253,600	2,468,600	7,586,231	4,572,156	-	-	3,014,075	
2037	4,250,000	277,831	4,527,831	2,280,000	187,150	2,467,150	6,994,981	4,011,356	-	-	2,983,625	
2038	3,755,000	131,425	3,886,425	2,345,000	118,750	2,463,750	6,350,175	3,657,650	-	-	2,692,525	98.31%
2039	-	-	-	2,405,000	60,125	2,465,125	2,465,125	1,317,125	-	-	-	100.00%
	$ 107,695,000	$ 44,744,063	$ 152,439,063	$ 34,665,000	$ 11,617,256	$ 46,282,256	$ 198,721,319	$ 104,976,327	$ 12,353,369	$ 2,200,000	$ 78,043,624	

(1) Average life of the Certificates – 12.198 years.
(2) Includes the System revenue expected to be used to support a portion the Certificates. There is no pledge of the System Revenues other than the limited pledge of the Net Revenues of the System.
(3) Includes assessment revenue (the "Assessment Revenue") expected to be collected in certain public improvement districts within the City. Such Assessment Revenue is not pledged to the payment of the Certificates. See Table 10 - Computation of Self-Supporting Debt.
(4) Transfers from Celina Community Development Corporation and Celina Economic Development Corporation are subject to appropriation at the discretion of the respective corporation.

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TABLE 9 – FUND BALANCES (1)

		As Of 6/30/2019
General Fund Money Market Acct.		$ 9,589,781
General Operating Fund		1,578,461
General Obligation Debt Service Fund		4,817,612
Capital Projects Fund		35,506,331
Water & Sewer Operating Fund		11,334,711
	Total	$ 62,826,896

(1) As reported by the City.

TABLE 10 – COMPUTATION OF SELF-SUPPORTING DEBT

Waterworks and Sewer System Revenue Supported Debt	
Fiscal Year Ended 9/30/2018 Net W&S System Revenues Available for Debt Service(1)	$6,164,523
Less: Requirement for Fiscal Year 2019 Revenue Bonds	-
Balance Available for Other Purposes	$6,164,523
Requirement for Fiscal Year 2019 General Obligation Debt Paid from W&S System Revenues(2)	$2,952,981
Percentage of W&S System General Obligation Debt Self-Supporting	100%

Public Improvement District Assessment Revenue Supported Debt	
Fiscal Year 2018 Public Improvement District Assessment Levy for payment of general obligation debt	
The Lakes at Mustang Ranch Public Improvement District	$ -
Parks at Wilson Creek Public Improvement District	158,052
Wells South Public Improvement District	135,387
Total Assessments Levied	$ 293,439
Total Public Improvement District Assessment Revenue Collected as of June 1, 2019 for payment of general obligation debt(2)	$ 273,212
Fiscal Year 2019 Public Improvement District Assessment Revenue Supported general obligation debt requirements	$ 638,538

(1) Exclusive of garbage fees and expenses.
(2) The City considers a portion of the general obligation debt shown in "Table 8 – General Obligation Debt Service Requirements" to be self-supporting due to the transfer of certain revenues of the City. See Table 1 – Assessed Valuation and Exemptions and Table 8 – Pro Forma General Obligation Debt Service Requirements. The transfers of such revenues and funds to make debt service payments on such general obligation debt is discretionary and may be discontinued by the City, in whole or in part, at any time. In the event the City chooses to discontinue such transfers for such general obligation debt, the City will be required to levy ad valorem taxes or to appropriate other lawfully available funds of the City in amounts sufficient to pay debt service on such general obligation debt.

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TABLE 11 – AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Purpose	Date Authorized	Amount Authorized	Unissued Balance
Fire	5/8/2010	$ 2,475,000	$ 2,475,000
Information Technology	5/8/2010	685,000	685,000
Drainage Improvements	5/8/2010	3,100,000	3,100,000
Street	5/8/2010	2,000,000	2,000,000
Parks & Recreation	5/8/2010	1,375,000	1,375,000
Public Works	5/8/2010	400,000	400,000
		$ 10,035,000	$ 10,035,000

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

TABLE 12 – OTHER OBLIGATIONS

The City has entered into lease agreements for copier machines. The following is a summary of the annual minimum lease requirements under these agreements:

Fiscal Year Ending 9-30	Annual Lease Requirement
2019	$ 31,867
2020	17,715
2021	13,360
2022	881
Total Required	$ 63,823

Lease expense for the year ending September 30, 2018 was $48,659.

UTRWD Facilities Charges

The City has entered into a Participating Member Contract with Upper Trinity Regional Water District (UTRWD) for the use of sewer capacity in the Northeast Regional Water Reclamation System (Doe Branch Plant). Following is a summary of these contractual agreements:

(1) In return for the utilization of 600,000 gallons of capacity in the Northeast Regional Water Reclamation System (Doe Branch Plant) the City will pay annual facilities charges to UTRWD ranging from $550,209 to $837,728 beginning in FY 2016 and continuing through FY 2038.

(2) In return for the utilization of Doe Branch Interceptor Project in the Northeast Regional Water Reclamation System (Doe Branch Plant) the City will pay annual facilities charges to UTRWD in the amount of $347,496 over five years beginning in FY 2017 and ending in FY 2022.

(3) In return for the utilization of 65,000 gallons of capacity in the Northeast Regional Water Reclamation System (Doe Branch Plant) the City paid UTRWD $1,310,078 during FY 2016. This payment represented the facilities charges for the use of this capacity through FY 2019. These costs are being amortized by the City over the period ending in FY 2019.

Following is a summary of the City's contractual requirements for future payments under the agreements with UTRWD by year for the first five years and in total thereafter:

Fiscal Year Ending 9-30	Annual Requirement
2019	$ 1,186,333
2020	1,184,229
2021	1,185,062
2022	837,728
2023	835,698
Thereafter	11,783,227
Total Required	$ 17,012,277

PENSION FUND. . . In addition to City employee participation in the U.S. Social Security Program, the City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined contribution plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The TMRS is a contributory, annuity-purchase type plan, which is covered by the State statute and is administered by six trustees appointed by the Governor of the State of Texas. The TMRS operates independently of its member cities.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years, but he must leave his accumulated contributions in the plan. If a member withdraws his own money, he is not entitled to the employer-financed monetary credits, even if he was vested. 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.

The contribution rate for the employees is 7%, and the City matching ratio is currently 2 to 1, both as adopted by the City Council. When an employee terminates and withdraws his contribution, the City's portion remains in the fund. Credit is allowed annually toward reducing the City's contribution rate to maintain a two-to-one matching balance.

The City's contribution rates were 6.51% and 6.34% in calendar years 2017 and 2018, respectively. Both the City and the covered employees made the required contributions, with the City's estimated contribution amounting to $459,895.

For more detailed information concerning the City's retirement plan for Fiscal Year 2018 see "APPENDIX B – EXCERPTS FROM THE CITY'S AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018" – Note 8.

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FINANCIAL INFORMATION

TABLE 13 - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended September 30,				
	2018	2017	2016	2015	2014
Revenues:					
Ad Valorem Taxes	$ 4,899,354	$ 3,486,892	$ 3,020,039	$ 2,537,123	$ 2,377,555
Franchise Taxes	420,352	370,949	429,102	364,763	320,805
Sales Taxes	1,150,663	958,350	733,881	603,949	505,221
Permits and Inspection Fees	5,982,027	3,959,914	2,357,289	1,767,856	1,321,510
Fire Departmdnet and EMS Fees	1,031,818	817,691	239,480	241,005	196,753
Park Fees and Donations	183,034	166,403	206,773	602,626	169,000
Development Fees	119,344	1,245,943	509,870	924,249	239,739
Fines	142,332	209,806	283,758	254,370	155,962
Other Income	155,777	88,480	76,950	92,349	296,867
Special Events and donations	81,695	-	-	-	-
Collin County Road Contribution	-	-	-	120,000	-
Donations	-	179,417	373,421	221,696	305,430
Interest	142,169	58,199	45,935	40,609	27,419
Federal and State Grants	-	-	18,784	314,114	1,165
Total Revenues	$ 14,308,565	$ 11,542,044	$ 8,295,282	$ 8,084,709	$ 5,917,426
Expenditures:					
Administration	$ 3,029,913	$ 2,411,180	$ 1,458,673	$ 1,133,574	$ 1,106,865
Library	230,090	165,768	153,752	140,857	135,315
Judicial	172,610	153,213	99,803	84,853	88,531
Fire and Emergency Services	2,435,746	2,040,917	1,723,720	1,316,275	1,083,464
Development Services	1,787,306	868,862	675,267	524,712	702,862
Public Works	1,120,923	832,539	1,023,572	806,788	505,659
Police Department	2,367,180	1,682,946	1,414,488	1,046,160	770,254
Parks and Recreation	802,479	729,343	688,539	667,908	443,625
Main Street Project	-	-	65,279	70,510	26,869
Capital Outlay	-	175,927	732,355	1,122,728	529,439
Debt Service	-	74,569	-	-	17,042
Total Expenditures	$ 11,946,247	$ 9,135,264	$ 8,035,448	$ 6,914,365	$ 5,409,925
Excess (deficit) of Revenues Over Expenditures	$ 2,362,318	$ 2,406,780	$ 259,834	$ 1,170,344	$ 507,501
Other Financing Sources (Uses):					
Operating Transfers In (Out)	$ (16,997)	$ (3,086,894)	$ 2,224,747	$ 365,000	$ 348,050
Proceeds of Capital Leases	-	39,165	-	-	-
Proceeds from Issuance of Bonds	-	74,569	-	-	-
Bond Issuance Costs	-	-	-	-	-
Proceeds from Sale of Assets	-	-	41,825	12,525	15,279
Transfers for Debt Service	-	-	-	-	-
Total Other Financing Sources (Uses)	$ (16,997)	$ (2,973,160)	$ 2,266,572	$ 377,525	$ 363,329
Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other Uses	$ 2,345,321	$ (566,380)	$ 2,526,406	$ 1,547,869	$ 870,830
Beginning Fund Balance	6,565,855	7,132,235	4,605,829	3,057,960	2,187,131 (1)
Ending Fund Balance	$ 8,911,176	$ 6,565,855	$ 7,132,235	$ 4,605,829	$ 3,057,960

(1) Restated. Capital Project Fund was reported separately in FY 2012.

TABLE 14 – DEBT SERVICE FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended September 30,				
	2018	2017	2016	2015	2014
Beginning Fund Balance	$ 1,369,343	$ 901,524	$ 646,075	$ 541,370	$ 515,274
Revenues:					
Current Tax Collections	$ 2,555,174	$ 1,887,996	$ 1,433,823	$ 1,217,693	$ 937,036
Delinquent Tax Collections	-	-	-	-	-
Penalty and Interest	-	-	-	-	-
Fines	-	-	-	-	-
Donations / EDC Contributions	200,000	200,000	200,000	200,000	170,000
Other Income	-	154,688	150,000	-	-
Interest	33,139	13,073	6,775	4,858	3,763
Total Revenues	$ 2,788,313	$ 2,255,757	$ 1,790,598	$ 1,422,551	$ 1,110,799
Expenditures:					
Debt Service					
Principal Retirement	$ 1,436,110	$ 1,005,685	$ 841,124	$ 678,366	$ 495,593
Interest & Fiscal Charges	908,016	782,253	724,025	669,480	589,110
Bond Issuance Costs	146,002	-	-	-	-
Total Expenditures	$ 2,490,128	$ 1,787,938	$ 1,565,149	$ 1,347,846	$ 1,084,703
Excess (Deficit) of Revenues Over Expenditures	$ 298,185	$ 467,819	$ 225,449	$ 74,705	$ 26,096
Other Financing Sources (Uses):					
Sale of Fixed Assets	$ -	$ -	$ -	$ -	$ -
Lease Purchase Proceeds	-	-	-	-	-
Operating Transfer In (Out)	(1,622,105)	-	30,000	30,000	-
Proceeds of Refunding Bonds	6,105,287	-	-	-	-
Payment to Bond Refunding Agency	(6,022,090)	-	-	-	-
Bond Issuance Cost	1,684,910	-	-	-	-
Transfers Out for Debt Service	-	-	-	-	-
Total Other Financing Sources (Uses)	$ 146,002	$ -	$ 30,000	$ 30,000	$ -
Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other Uses	$ 444,187	$ 467,819	$ 255,449	$ 104,705	$ 26,096
Ending Fund Balance	$ 1,813,530	$ 1,369,343	$ 901,524	$ 646,075	$ 541,370

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Table 15 – Water Rates (Effective January 19, 2018)

Residential Usage	In City Limits Rates		Outside City Limits Rates	
0 - 2,000 Gallons (Minimum)				
5/8 and 3/4 inch meters	$	23.84	$	35.76
1 inch meter		40.10		60.15
1 1/2 inch meter		80.21		120.31
2 inch meter		128.33		192.49
2,001 - 10,000 Gallons per 1K	$	2.21	$	7.82
10,001 - 20,000 Gallons per 1K		7.89		11.83
20,001 - 30,000 Gallons per 1K		9.29		13.94
30,001 Gallons and above per 1K		13.41		20.12

Commercial Usage	In City Limits Rates		Outside City Limits Rates	
0 - 2,000 Gallons (Minimum)				
5/8 and 3/4 inch meters	$	28.64	$	42.97
1 inch meter		50.13		75.20
1 1/2 inch meter		100.26		150.39
2 inch meter		160.41		240.62
3 inch meter		240.61		360.91
4 inch meter		401.02		601.53
2,001 - 10,000 Gallons per 1K	$	5.21	$	7.82
10,001 - 20,000 Gallons per 1K		7.89		11.84
20,001 - 30,000 Gallons per 1K		9.29		13.94
30,001 Gallons and above per 1K		13.41		20.12

Table 16 – Waste Water Rates (Effective January 19, 2018)

Residential Usage	In City Limits Rates		Outside City Limits Rates	
0 - 2,000 Gallons (Minimum)				
5/8 and 3/4 inch meters	$	23.44	$	35.15
1 inch meter		42.11		63.17
1 1/2 inch meter		78.59		117.88
2 inch meter		134.72		202.09
2,001 - 10,000 Gallons per 1K	$	7.23	$	10.85
Usage fees cap at 14,000 Gallons		129.14		193.76

Commercial Usage	In City Limits Rates		Outside City Limits Rates	
0 - 2,000 Gallons (Minimum)				
5/8 and 3/4 inch meters	$	28.07	$	42.10
1 inch meter		52.64		78.95
1 1/2 inch meter		98.24		147.36
2 inch meter		168.41		252.61
4 inch meter		421.01		631.52
2,001Gallons and up per 1K	$	6.37	$	9.55

TABLE 17 – WATER AND WASTEWATER CUSTOMERS

	2018	2017	2016	2015	2014
Number of Residential/Commercial Water Users with 3/4 inch meters	3,156	2,836	2,831	2,793	2,400
Number of Residential/Commercial Water Users with larger than 3/4 inch meters	2,671	2,403	1,085	689	406
Number of Residential/Commercial Sewer Users	4,323	3,455	3,335	2,727	2,226
Number of Residential/Commercial Water Users with larger than 4 inch meters	8	2	2	NA	N/A

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TABLE 18 – WATER AND WASTEWATER SYSTEM REVENUE AND EXPENDITURES

	Fiscal Year Ended September 30,				
	2018	2017	2016	2015	2014
Revenues					
Water Sales	$ 6,437,153	$ 5,132,245	$ 4,049,673	$ 3,489,083	$ 2,780,983
Sewer Sales	3,077,772	2,329,146	1,799,254	1,409,070	1,160,403
Garbage Fees	687,200	539,881	462,390	405,433	402,514
Penalties	171,515	122,432	97,765	73,654	58,682
Tap and Reconnect Fees	1,829,970	1,680,010	1,094,505	832,360	633,765
Water and Sewer Impact Fees	1,558,580	2,244,287	1,366,400	1,113,065	977,688
Other Revenues	2,744,217	1,542,653	1,187,126	195,666	140,276
Total Revenues	$ 16,506,407	$ 13,590,654	$ 10,057,113	$ 7,518,331	$ 6,154,311
Expenses					
Salaries	$ 1,143,707	$ 888,559	$ 740,428	$ 545,287	$ 373,648
Garbage fees	617,144	483,403	415,983	354,733	368,754
Lincenses and permits	-	-	-	-	-
Materials and suppplies	855,742	767,419	472,414	260,113	104,757
Engineering	-	-	-	-	-
Postage	47,055	38,723	34,827	29,282	30,120
Repairs and facility maintenance	329,156	300,479	284,682	182,113	177,015
General insurance	27,809	15,420	14,420	14,402	11,914
Vehicle expense	-	-	-	-	-
Utilities and telephone	259,098	293,716	296,418	254,778	252,189
Chemicals		-	-	-	-
Water purchases and related fees	2,800,976	2,970,312	1,943,073	1,606,698	1,344,283
UTRWD Faclities Charges	1,642,099	393,023	663,271	-	-
Impact fees expense	1,654,656	2,286,900	1,366,400	-	-
Depreciation & amortization	1,263,446	890,200	702,950	598,135	456,509
Bond issuance cost	600,022	89,126	514,633	-	-
Other expense	626,591	455,302	313,102	79,333	28,040
Total Expenses	$ 11,867,501	$ 9,872,582	$ 7,762,601	$ 3,924,874	$ 3,147,229
Non-Operating Revenues (Expenses)					
Interest Income	$ 332,227	$ 151,666	$ 114,067	$ 39,470	$ 10,153
Gain on sale of fixed assets	-	-	-	-	1,550
Bond issuance costs	-	-	-	(40,124)	-
Interest and fiscal charges	(1,019,574)	(938,891)	(745,895)	(319,811)	(349,553)
Total Nooperating Revenues (Expenses)	$ (687,347)	$ (787,225)	$ (631,828)	$ (320,465)	$ (337,850)
Capital grants	$ 3,432,870	$ -	$ 800,100	$ 45,289	$ -
Transfers in for debt service	-	-	-	-	-
Operating Transfer In (Out)	907,706	(492,000)	(2,346,769)	(395,000)	(348,050)
Change in Net Assets	8,292,135	2,438,847	116,015	2,923,281	2,321,182
Total net assets, October 1	16,250,662	13,811,815	13,695,800	10,693,409	8,372,227
Prior Period Adjustment	(5,264)	-	-	79,110	-
Total net assets, September 30	$ 24,537,533	$ 16,250,662	$ 13,811,815	$ 13,695,800	$ 10,693,409

TABLE 19 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, Texas Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Certificates. Additionally, the City's voters approved a sales and use tax of 1/2 of 1% for the Celina Economic Development Corporation (4A), effective October of 1995, and a sales and use tax of 1/2 of 1% for the Celina Community Development Corporation (4B), effective April of 2004. Collections and enforcements are effected through the offices of the State Comptroller of Public Accounts, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly.

Fiscal Year Ended 9/30	Total Collected (1)	1% Tax Collections (2)	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2015	$ 1,184,753	$ 592,376	16.69%	$ 0.2135	$135.31
2016	1,377,767	688,884	16.54%	0.2085	152.61
2017	1,869,603	934,801	18.46%	0.2142	128.80
2018	2,217,568	1,108,784	15.51%	0.2001	152.78
2019 (3)	1,827,138	913,569	9.41%	0.1214	88.94

(1) As reported by the Texas Comptroller of Public Accounts.
(2) Figures refer only to the City's 1% tax collections and exclude the ½% additional collection for each of 4A and 4B economic and community development (1% total additional collections.)
(3) Collections through June 2019.

FINANCIAL POLICIES

BASIS OF ACCOUNTING... All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt is recognized when due.

The more significant revenues which are treated as susceptible to accrual under the modified accrual basis are property taxes, intergovernmental revenues, charges for services, and interest. Other revenue sources are not considered measurable and available, and are not treated as susceptible to accrual.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

GENERAL FUND BALANCE... The City's goal is to maintain surplus and unencumbered funds equal to 15%-25% of expenditures in the General Fund. This allows the City to avoid interim borrowing pending tax receipts.

USE OF CERTIFICATE PROCEEDS... The City's policy is to use Certificate proceeds for capital expenditures related to the purposes specified in the Ordinance and for no other purpose. Such revenues are never to be used to fund City operations.

BUDGETARY PROCEDURES... The City Charter establishes the fiscal year as the twelve-month period beginning October 1. The departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year by the first of July. The City Manager subsequently submits a budget of estimated expenditures and revenues to the City Council by August 15. The City Council then holds a public hearing on the budget. The Council shall then make any changes in the budget as it deems advisable and shall adopt a budget prior to September 30.

FUND INVESTMENTS... The City investment policy parallels State law which governs investment of public funds. The City generally restricts investments to direct obligations of the United States Government and to insured or collateralized bank certificates of deposits. Both state law and the City's investment policies are subject to change.

INVESTMENTS

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

LEGAL INVESTMENTS. . . Available City funds are invested as authorized by Texas law and in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change. Under State law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025; or (ii) a depository institution with a main office or branch office in this State that the investing entity selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3); (9) certificates of deposit and share certificates (i) issued by a depository institution that has its main office or a branch office in the State of Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Insurance Fund or its successor, or are secured as to principal by obligations described in the clauses (1) through (8) or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less, (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (13) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (14) a no-load money market mutual fund registered with and regulated by the Securities and Exchange Commission that provides the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and complies with federal Securities and Exchange Commission Rule 2a-7, and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and have a duration of one year or more and are invested exclusively in obligations described in this paragraph or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

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

INVESTMENT POLICIES. . . Under State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except for 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 funds' investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

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

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

TABLE 20 - CURRENT INVESTMENTS

As of June 30, 2019, the City's investable funds were invested in the following categories:

Type of Investments	Book Value Amount	Percent
Interest Bearing Money Market Accounts	$ 86,266,305	99.99%
TexPool	5,791	0.01%
	$ 86,272,096	100.00%

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TAX MATTERS

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

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

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

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

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

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

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

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

The initial public offering price of certain Certificates (the "Premium Certificates") may be greater than the amount payable on such Certificates at maturity. An amount equal to the difference between the initial public offering price of a Premium Certificate (assuming that a substantial amount of the Certificates of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Certificates. The basis for federal income tax purposes of a Premium Certificate in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Certificate. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity.

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

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Certificates. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system to make such continuing disclosure available to investors free of charge. Investors may access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

ANNUAL REPORTS . . . The City will provide certain updated financial information and operating data to the MSRB annually. The City shall provide annually to the MSRB (1) within six months after the end of each fiscal year ending in or after 2019, financial information and operating data with respect to the City of the general type of information contained in Tables 1 through 6, 8 through 14, and 19 through 20 in the Official Statement, and (2) within twelve months after the end of each fiscal year ending in or after 2019, audited financial statements of the City. Any financial statements so provided shall be prepared in accordance with the accounting principles described in described in Appendix B to the Official Statement, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation. If audited financial statements are not available within 12 months after the end of any fiscal year, the City will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's internet web site or filed with the United States Securities and Exchange Commission (the "SEC") as permitted by the SEC Rule 15c2-12.

The City's current fiscal year end is September 30. Accordingly, it must provide updated information in the numbered tables above by March 31 in each year and audited financial statements (or unaudited financial statements if audited financial statements are not yet available) by September 30, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

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NOTICE OF CERTAIN EVENTS...The City will also provide the following to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the following events with respect to the Certificates: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed of final determinations of taxability, Notices of Proposed Issue (IRS Form 5702-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of holders of the Certificates, if material; (8) Certificate calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material; and (15) incurrence of a debt obligation or derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation of the City, or a guarantee of any such debt obligation or derivative instrument, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the City, any of which reflect financial difficulties. In addition, the City will provide to the MSRB, in a timely manner, notice of any failure by the City to provide the required annual financial information described above under "Annual Reports" and any notices of events in accordance with this section.

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

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

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of certain events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Certificates at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Certificates may seek a writ of mandamus to compel the City to comply with its agreement. The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Certificates in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the respective outstanding Certificates consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Certificates. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates. If the City so amends its continuing disclosure agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

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

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OTHER INFORMATION

Ratings

The Certificates and the presently outstanding tax-supported debt of the City are rated "AA" by S&P Global Ratings, a division of S&P Global Inc. ("S&P") and "Aa3" by Moody's Investor Services ("Moody's"), without regard to credit enhancement (see "OTHER INFORMATION – Ratings").

Litigation

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

Registration and Qualification of Certificates for Sale

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

Legal Investments and Eligibility to Secure Public Funds in Texas

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Certificates are negotiable instruments and investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Certificates by municipalities or other political subdivisions or public agencies of the State, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Certificates be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency (see "OTHER INFORMATION - Ratings" herein). In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

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

Legal Opinions and No Litigation Certificate

The City will furnish the Initial Purchaser a complete transcript of proceedings incident to the authorization and issuance of the Certificates, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Certificates and to the effect that the Certificates are valid and legally binding obligations of the City and, based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Certificates will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein. The customary closing papers, including a certificate of the City as described under "OTHER INFORMATION - Certification of the Official Statement" will also be furnished to the Initial Purchaser. Though it represents the Financial Advisor and investment banking firms such as the Initial Purchaser from time to time in matters unrelated to the issuance of the Certificates, Bond Counsel has been engaged by and only represents the City in connection with the issuance of the Certificates. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Certificates in the Official Statement to verify that such description 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 Certificates is contingent on the sale and delivery of the Certificates.

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

FINANCIAL ADVISOR

Hilltop Securities Inc., is employed as Financial Advisor to the City in connection with the issuance of the Certificates. The Financial Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. Hilltop Securities Inc., in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. In the normal course of business, the Financial Advisor may from time to time sell investment securities to the City for the investment of certificate proceeds or other funds of the City upon the request of the City.

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

INITIAL PURCHASER

After requesting competitive bids for the Certificates, the City accepted the bid of Robert W. Baird & Co., Inc. (the "Purchaser" or "Initial Purchaser") to purchase the Certificates at the interest rates shown on page 2 of the Official Statement at a price of (%) of par plus a cash premium (if any) of $1,633,812.60. The Initial Purchaser can give no assurance that any trading market will be developed for the Certificates after their sale by the City to the Initial Purchaser. The City has no control over the price at which the Certificates are subsequently sold and the initial yields at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Initial Purchaser.

On April 1, 2019, Baird Financial Corporation, the parent company of Robert W. Baird & Co., Inc., acquired HL Financial Services, LLC, its subsidiaries, affiliates and assigns (collectively "Hilliard Lyons"). As a result of such common control, Baird, Hilliard Lyons and Hilliard Lyons Trust Company are now affiliated. It is expected that Hilliard Lyons will merge with and into Baird later in 2019.

FORWARD-LOOKING STATEMENTS DISCLAIMER

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

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

CERTIFICATION OF THE OFFICIAL STATEMENT

At the time of payment for and delivery of the Certificates, the City will furnish the Purchasers a certificate, executed by an authorized representative of the City, acting in such person's representative capacity, to the effect that to the best of such person's knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in the Official Statement, and any addenda, supplement or amendment thereto, on the date of the Official Statement, on the date of sale of the Certificates and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the City, and their activities contained in the Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the

City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City since the date of the last audited financial statements of the City.

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

ATTEST:

/s/ SEAN TERRY
Mayor
City of Celina, Texas

/s/ VICKIE FAULKNER
City Secretary
City of Celina, Texas

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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THE CITY

LOCATION

The City of Celina is located in north central Collin and Denton Counties, thirty-five miles north of Dallas and fifteen miles south of the City of McKinney. Access to the City is provided by State Highway 289 and Farm Road 455. They City covers approximately 1.7 square miles. The City's location as part of the growing Dallas-Fort Worth Metroplex has resulted in rapid growth over the last several years. The City's 2010 census figure was 6,028. They City's current population estimate is 20,543.

ECONOMY

Major employers in the City are:

Employer	Type of Business	Employees
Celina ISD	Education	329
City of Celina	Government	124
Celina Ready-Mix Concrete	Cement Manufacturing	69
Brookshire	Retail Grocery	67
Fini Enterprises Inc.	Chemical Manufacturing	68
Independent Bank	Banking	18
Dickerson Construction	Construction	23

Source: City Officials.

EDUCATION

The City is served by the Celina Independent School District (the "District"). The District is comprised of six campuses, 1 primary school for grades pre-kindergarten through kindergarten, 2 elementary schools for grades first through fifth, 1 sixth grade center, 1 junior high school for grades seventh through eighth and 1 high school for grades ninth through twelfth. All campuses offer enriched curricula with special programs for gifted/talented students as well as students achieving below grade level, and all are equipped with computers and full cafeteria service. The District has 360 employees, 180 of whom are classroom teachers. The District's 2018-2019 active enrollment was 2,586 students.

RESIDENTIAL AND COMMERCIAL BUILDING CONSTRUCTION

	Residential		Commercial		Total	
Fiscal Year Ended 9-30	Number of Permits	Property Value $ Amount	Number of Permits	Property Value $ Amount	Number of Permits	Property Value $ Amount
2014	346	$ 122,602,573	3	$ 3,685,234	349	$ 126,287,807
2015	448	158,745,528	0	-	448	158,745,528
2016	562	233,428,383	3	184,736	565	233,613,119
2017	908	383,239,478	6	412,161	914	383,651,639
2018	1154	480,153,077	8	455,697	1162	480,608,774
2019 (1)	932	376,062,457	3	194,819	935	376,257,276

Source: City Staff.
(1) As of June 30, 2019.

HISTORICAL EMPLOYMENT (AVERAGE ANNUAL) (1)

Collin County

	Average Annual				
	2019(1)	2018	2017	2016	2015
Civilian Labor Force	556,374	545,243	532,717	513,282	489,029
Total Employed	538,528	527,191	514,292	495,148	471,301
Total Unemployed	17,846	18,052	18,425	18,134	17,728
Unemployment Rate	3.2%	3.3%	3.5%	3.5%	3.6%

(1) Source: Texas Workforce Commission.
(2) Averages through April 2019.

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APPENDIX B

EXCERPTS FROM THE

CITY OF CELINA, TEXAS

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2018

The information contained in this Appendix consists of excerpts from the City of Celina, Texas Annual Financial Report for the Year Ended September 30, 2018, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

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SCOTT, SINGLETON, FINCHER AND COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

4815-A KING STREET
TELEPHONE 903-455-4765
FAX 903-455-5312
GREENVILLE, TEXAS 75401

Tommy L. Nelson, CPA
Hannah C. Nelson-Rix, CPA

Members of:
American Institute of
Certified Public Accountants

Texas Society of
Certified Public Accountants

Independent Auditor's Report

To the City Council
City of Celina, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Celina, Texas ("City") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Celina, Texas as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of contributions, and schedule of changes in total OPEB liability and related ratios on pages 4 through 18, and pages 69 through 71, respectively, 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 of Celina, Texas basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major 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 non-major 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.

Respectfully submitted,

Scott, Singleton, Fincher and Company, PC

Scott, Singleton, Fincher and Company, PC
Certified Public Accountants
Greenville, Texas
March 27, 2019

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

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Management's Discussion and Analysis

The City of Celina presents the City's comprehensive annual financial report. This overview is an analysis of the financial activities of the City for the fiscal year ended September 30, 2018. This discussion should be read in conjunction with the financial statements and related notes. Comparative data is also presented for government-wide and fund financial statements at the end of this section.

FINANCIAL HIGHLIGHTS:

- Government-wide net position reported in the Statement of Net Position is $73,494,193. Of this amount $57,412,824 is invested in capital assets or restricted for debt service and capital projects, and the balance of $16,081,369 is available as unrestricted net position.
- Government-wide net position increased by $26,635,127 after implementation of GASB 75 which required a prior period adjustment of ($43,223).
- The City's fund financial statements reported changes in equity as follows:

General Fund – $2,345,321 increase
Debt Service Fund - $444,187 increase
Fire Improvement Fund - $6,634,630 increase
Street Construction Fund - $1,619,750 increase
Facilities Improvement Fund - $7,041,919 increase
Other Governmental Funds - $1,188,428 increase
Water & Sewer Fund - $8,286,871 increase

Changes in fund balances and explanation for original budget versus actuals:

The following details the increases in fund balances for each fund listed below:

- General Fund-increases in permit fees revenues and property tax revenues are a major contributing factor in an increase in General Fund balance. The City takes a conservative approach in budgeting for General Fund revenues, especially permitting fees and this explains the original budget versus the actuals.
- Debt Service Fund-an increase in assessed values contributed to an increase in revenues in this fund and thus an increase in fund balance. The City takes a conservative approach as it prepares to issue additional long-term debt, and thus plans for an adequate fund balance.
- Fire Improvement Fund-the City issued Certificates of Obligation during FY 2018 and this contributed to an increase in fund balance. The Fund will show Capital Project Expenditures during FY 2019.
- Street Construction Fund- the City issued Certificates of Obligation during FY 2018 and this contributed to an increase in fund balance. The Fund will show Capital Project Expenditures during FY 2019.
- Facilities Improvement Fund- the City issued Certificates of Obligation during FY 2018 and this contributed to an increase in fund balance. The Fund will show Capital Project Expenditures during FY 2019.

- Other Governmental Funds-an increase in fund balances is mostly due to increased building permits which include park fees, roadway impact fees, roadway capital recovery fees and an increase in other source contributions.
- Water & Sewer Fund-increases in fund equity are mostly due to increases in charges for services and conservative budgeting.

USING THIS ANNUAL REPORT:

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the City as a whole and present a long-term view of the City's financial condition. They reflect the *flow of total economic resources* in a manner similar to the financial reports of a business enterprise.

The fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. Governmental fund statements tell how services were financed in the short-term, as well as what resources remain for future spending. Governmental funds reflect the *flow of current financial resources*. Proprietary fund statements offer short and long term financial information about the activities the government operates like businesses, such as the water and sewer system. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosures for the government-wide statements and the fund financial statements.

REPORTING THE CITY AS A WHOLE – GOVERNMENT-WIDE FINANCIAL STATEMENTS:

The Statement of Net Position and the Statement of Activities

Government-wide financial statements provide an analysis of the City's overall financial condition and operations. The primary objective of these statements is to show whether the City's financial condition has improved or deteriorated as a result of the year's activities.

The Statement of Net Position includes all the City's assets and liabilities while the Statement of Activities includes all the revenue and expenses generated by the City's operations during the year. Government-wide statements utilize the *accrual basis of accounting*, which is the same method used by most private sector companies.

All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid. The City's revenue is divided into the following categories: 1) charges for services, 2) operating grants and contributions, 3) capital grants and contributions and 4) general revenues not associated with any specific program function. All of the City's assets are reported whether they serve the current year or future years. Liabilities are also reported regardless of whether they must be paid in the current or future years.

These two statements report the City's net position and the changes in it. The City's net position (the difference between assets and liabilities) provides one measure of the City's financial health or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City, you should consider non-financial factors as well, such as changes in the City's request for services from citizens and the condition of the City's facilities.

In the Statement of Net Position and the Statement of Activities, the City has two kinds of activities:
Governmental Activities – Most of the City's services are reported here, including, administration, judicial, fire and emergency services, public works, police, parks and recreation, infrastructure and the main street project. Property taxes and state and federal grants finance most of these activities.

Business-type Activities - The City charges fees to customers to help it cover the cost of certain services it provides. The City's water and sewer system operations and sanitation services are reported here.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS:

Fund Financial Statements
The fund financial statements provide detailed information about the most significant funds. The City's administration establishes funds to help it control and manage money for particular purposes. The City's two kinds of funds governmental funds and proprietary funds use different accounting approaches.

Governmental Funds – The City reports most of its basic services in governmental funds. Governmental funds use the *modified accrual basis of accounting* (a method that measures the receipt and disbursement of cash and other financial assets that can be readily converted to cash) and they report balances that are available for future spending. Governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the accounting differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules found at the bottom of each of the governmental fund financial statements.

Proprietary Funds The Proprietary/Enterprise fund is used to account for operations that are financed in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing water and sewer services to the general public on a continuing basis are financed through user charges.

CAPITAL ASSET AND DEBT ADMINISTRATION:

Capital Assets the City's investment in capital assets reported in governmental activities and business-type activities was $56,265,220 and $50,073,801, respectively. This investment in capital assets includes land, buildings and improvements, equipment and vehicles. The change in the City's investment in capital assets for the current fiscal year was $20,696,783 and $12,380,033 in each of the respective activities. Additional information on capital asset activity can be found in note 5 to the financial statements.

Long-term Debt at year-end the City had $114,483,748 in bonds and capital leases outstanding – an increase of $51,385,357. Additional information on long-term liabilities can be found in note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES:

The City of Celina continues to see strong population and economic growth. From 2010 to the projected population for 2018, the City of Celina has experienced a population growth of almost 17% over the past nine years. The leading driver of the City's population growth is a strong local housing market. The City issued 1,154 building permits, compared to 903 permits last year that represent an increase of 251 permits or 27.80%. Accordingly, permit fee collections have increased by $931,730 or 23.69% for the same period. For the fiscal year 2017-2018, the City collected $4,863,964 in permit fees compared with $3,932,234 for the same period last year. The increase in building permits and fees is a result of a strategic plan that was put in place in 2011. Although cities have various tools at their disposal to generate growth, the City of Celina, pursuant to the Public Improvement District Act, Texas Local Government Code, Chapter 372, as amended (the "PID Act"), has used this tool with greater frequency and entered into a negotiation with several developers that were interested in developing large housing developments in the southern border of the City. The PID strategy necessitates a continual partnership between the City, the developer and subsequent homeowners. Celina uses the PID to fund and maintain public infrastructure through assessments levied against each individual lot or parcel ultimately making the developer or homeowner responsible for payment. In 2014, the City created the first PID and issued its first Special Assessment Bonds for the district. As of September 30, 2018, the City of Celina has created eleven PIDs with a total bond principal outstanding of $147,590,000. In addition to the PID strategy, the City has developed a Tax Increment Reinvestment Zone ("TIRZ") that will assist with funding of infrastructure that is situated outside of PID boundaries and is a responsibility of the city.

The City is not obligated in any manner for this special assessment debt, but merely acts as the developer's agent in handling the debt service transactions by collecting any special assessment collections and forwarding them to the Trustee for payment to the bondholders.

The City understands that diversification of Celina's economy is a key to financial stability. The City of Celina's portion of sales tax collection increased from $958,350 in FY 2017 to $1,150,663 in FY 2018. This amounts to an increase of $192,313 or 20.07%. The increase follows the trend through the state. The reduction in unemployment in conjunction with the sales tax collection from internet purchases has contributed to the increase. The opening of new retail shops and restaurants played a role in the increase of sales tax revenue as well. Management anticipates a moderate increase through FY 2019.

Total assessed property value for the City of Celina increased from $1,101,528,213 in FY 2017 to $1,455,531,761 in FY 2018. With the exception of FY 2011, the City of Celina has enjoyed an increase in its property values since FY 2001. This increase is a result of new construction in housing developments and annexation of new parcels of land. Reviewing the history of the City's assessed property values provides evidence of the City's measurable growth in the last decade. By introducing progressive strategies and policies such as PIDs and TIRZ, the City of Celina will expedite and sustain this growth for a foreseeable future.

Fiscal Year	Assessed Value	% Change
2008	$ 418,824,688	
2009	$ 463,300,493	10.62%
2010	$ 455,200,487	-1.75%
2011	$ 461,849,745	1.46%
2012	$ 482,062,285	4.38%
2013	$ 507,835,848	5.35%
2014	$ 561,671,666	10.60%
2015	$ 660,868,270	17.66%
2016	$ 806,351,310	22.01%
2017	$ 1,101,528,213	36.61%
2018	$ 1,455,531,761	32.14%

Water

The City of Celina is currently experiencing a tremendous growth in its housing market. During FY 2018 the city has issued an average of 96 new water meters per month. This increase, coupled with climate changes, resulted in a water sales revenue increase of $1,304,908 or 25.43% over FY 2017.

A review of the history of the City's water sales over the past several years indicates a healthy trend. Although the challenge at hand is complex, the city adopted several policies to ensure both the availability and affordability of water for its residents. The City purchases 100% of its water from Upper Trinity Regional Water District. The governing body is negotiating with a second provider in the region to increase its water source in response to future growth.

Fiscal Year	Water Sales	% Change
2007	$ 1,298,932	
2008	$ 1,598,567	23.07%
2009	$ 1,602,364	0.24%
2010	$ 1,944,348	21.34%
2011	$ 2,549,933	31.15%
2012	$ 2,548,942	-0.04%
2013	$ 2,772,632	8.78%
2014	$ 2,780,983	0.30%
2015	$ 3,489,083	25.46%
2016	$ 4,049,673	16.07%
2017	$ 5,132,245	26.73%
2018	$ 6,437,153	25.43%

Wastewater

Since the use of wastewater is parallel to water usage, increases in revenue will follow the same trends. Total sewer revenue for FY 2018 increased by $748,626 or 32.14% over FY 2017. Based on the number of new water meters installed monthly, sewer sales revenues will continue to increase. Unprecedented growth puts enormous pressure on the City's infrastructures in general and wastewater in particular. Despite increases in revenue, a number of challenges remain to fund projects necessary to service population growth. The City of Celina currently owns and operates its water reclamation system and is a member of a regional facility. The City has invested in the construction of phase I of the regional plant that will allow it to use an assigned capacity. Celina needs to expand its owned and operated plant and participate in a phase II expansion of the regional plant. The City has completed its Capital Improvement Plan (CIP) for the next five years and secured the funding for these projects for FY 2018.

Fiscal Year	Sewer Sales	% Change
2007	$ 485,948	
2008	$ 546,556	12.47%
2009	$ 572,299	4.71%
2010	$ 774,022	35.25%
2011	$ 946,269	22.25%
2012	$ 994,332	5.08%
2013	$ 1,060,773	6.68%
2014	$ 1,160,403	9.39%
2015	$ 1,409,070	21.43%
2016	$ 1,799,254	27.69%
2017	$ 2,329,146	29.45%
2018	$ 3,077,772	32.14%

The property tax rate for fiscal year 2018 remains unchanged at $0.645 per $100 of assessed value. The City of Celina implemented a modest water and wastewater rate increase for fiscal year 2018. The City is currently conducting a rate study which will take into account the City's water and wastewater rates and if they are sufficient to cover necessary upgrades and additions to the City's water and sewer infrastructure.

Budget Highlights for FY 2019 Include:

- A balanced budget that provides for a financially sound city while maintaining high quality of services
- Property tax that remains unchanged at the current rate of $0.645 per $100 taxable value
- Water and sewer rates will experience a modest increase as the City concludes a water and wastewater rate study by the end of FY 2018
- Increase in the number of FTEs to 147 which includes 4 new police officers, 4 new firefighter and 8 new employees in Public Works, with the rest of the City's departments adding or eliminating positions to better serve the public and increase efficiency
- Upgrading the City's accounting system to improve accounting controls and 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 control should not exceed the benefits likely to derive and (2) the evaluation of costs and benefits require estimates and judgments by management. All internal control evaluations occur within the above framework
- The City of Celina implementing several plans in FY 2019. Comprehensive plan, Parks Master plan and Downtown Master plan schedule for completion in FY 2019 and 2020.
- The creation of two new departments: Finance and Human Resources (HR).
- Increased and sustained funding for equipment, facilities and infrastructure improvements

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Celina, Texas for its comprehensive annual financial report for the fiscal year ended September 30, 2017. This was the second year that the City has achieved this prestigious award. In order for the City to receive a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City of Celina also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the second year beginning October 1, 2017. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be proficient as a policy document, a financial plan, an operations guide and a communications device.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT:

This financial report designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions concerning this report or need for additional information, including financial information for the City's two component units, should be addressed to Jason Laumer, City Manager, or Jay Toutounchian, Director of Finance, by phone at (972) 382-2682 or by e-mail at jlaumer@celina-tx.gov or jtoutounchian@celina-tx.gov.

CITY OF CELINA, TEXAS
COMPARATIVE STATEMENTS OF NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	$ 51,174,147	$ 26,496,615	$ 52,272,997	$ 22,276,646	$ 103,447,144	$ 48,773,261
Capital assets, net	56,265,220	35,568,437	50,073,801	37,693,768	106,339,021	73,262,205
Total Assets	107,439,367	62,065,052	102,346,798	59,970,414	209,786,165	122,035,466
Deferred Outflows of Resources						
Deferred outflows of resources	401,603	480,335	57,788	68,329	459,391	548,664
Total Deferred Outflows of Resources	401,603	480,335	57,788	68,329	459,391	548,664
Liabilities						
Other liabilities	10,930,349	5,598,924	11,113,090	6,967,266	22,043,439	12,566,190
Long-term debt	47,756,541	26,284,924	66,727,207	36,813,467	114,483,748	63,098,391
Total Liabilities	58,686,890	31,883,848	77,840,297	43,780,733	136,527,187	75,664,581
Deferred Inflows of Resources						
Deferred inflows of resources	197,420	53,135	26,756	7,348	224,176	60,483
Total Deferred Inflows of Resources	197,420	53,135	26,756	7,348	224,176	60,483
Net Position						
Net investment in capital assets	32,376,605	13,184,763	18,675,162	13,079,265	51,051,767	26,264,028
Restricted for debt service	1,825,333	1,374,295			1,825,333	1,374,295
Restricted for capital projects	4,535,724	4,474,219	-	-	4,535,724	4,474,219
Unrestricted	10,218,998	11,575,127	5,862,371	3,171,397	16,081,369	14,746,524
Total Net Position	$ 48,956,660	$ 30,608,404	$ 24,537,533	$ 16,250,662	$ 73,494,193	$ 46,859,066

CITY OF CELINA, TEXAS
COMPARATIVE STATEMENTS OF ACTIVITIES

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program revenues:						
Charges for services	$ 7,865,830	$ 6,391,343	$ 16,506,407	$ 13,590,654	$ 24,372,237	$ 19,981,997
Operating grants/contributions	201,610	356,258			201,610	356,258
Capital grants/contributions	20,365,689	1,011,625	3,432,870		23,798,559	1,011,625
General revenues:						
Ad valorem taxes	7,464,462	5,362,919			7,464,462	5,362,919
Sales taxes	1,150,663	958,350			1,150,663	958,350
Franchise Taxes	420,352	370,949			420,352	370,949
Other	1,613,911	985,322	332,227	151,666	1,946,138	1,136,988
Total revenues	39,082,517	15,436,766	20,271,504	13,742,320	59,354,021	29,179,086
Expenses:						
Administration	3,305,724	2,550,349			3,305,724	2,550,349
Judicial	173,809	155,521			173,809	155,521
Fire and emergency services	2,898,525	2,414,778			2,898,525	2,414,778
Development services	1,812,852	887,990			1,812,852	887,990
Public works	5,760,436	1,104,523			5,760,436	1,104,523
Police department	2,598,590	1,877,574			2,598,590	1,877,574
Parks and recreation	1,284,123	1,263,538			1,284,123	1,263,538
Library	230,781	169,326			230,781	169,326
Infrastructure	823,826	353,119			823,826	353,119
Main street project	59,285	55,176			59,285	55,176
Bond issuance costs	-	74,569	600,022	89,126	600,022	163,695
Interest and fiscal charges	840,645	787,001			840,645	787,001
Water, Sewer and Sanitation Services			12,287,053	10,722,347	12,287,053	10,722,347
Total Expenses	19,788,596	11,693,464	12,887,075	10,811,473	32,675,671	22,504,937
Excess (deficiency) before transfers	19,293,921	3,743,302	7,384,429	2,930,847	26,678,350	6,674,149
Transfers	(907,706)	492,000	907,706	(492,000)	-	-
Change in Net Position	18,386,215	4,235,302	8,292,135	2,438,847	26,678,350	6,674,149
Net Position - October 1	30,608,404	26,373,102	16,250,662	13,811,815	46,859,066	40,184,917
Prior period adjustment	(37,959)	-	(5,264)	-	(43,223)	
Net Position - September 30	$ 48,956,660	$ 30,608,404	$ 24,537,533	$ 16,250,662	$ 73,494,193	$ 46,859,066

CITY OF CELINA, TEXAS
COMPARATIVE BALANCE SHEETS
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018 and 2017

	General Fund	Debt Service Fund	Street Construction Fund	Parkland Fees Fund	Facilities Improvement Fund	Other Governmental Funds	Total Governmental Funds 2018	Total Governmental Funds 2017
Assets								
Cash and cash equivalents	$ 10,254,515	$ 1,730,308	$ -	$ -	$ -	$ 624,099	$ 12,608,922	$ 9,071,806
Investment in Texpool	2,436						2,436	2,397
Cash and cash equivalents - restricted			7,777,105	12,233,501	7,978,823	9,706,630	37,696,059	16,850,301
Sales taxes receivable	203,665						203,665	166,159
Property taxes receivable, net	29,082	11,803					40,885	30,951
EMS receivable	44,906						44,906	30,586
Other receivables	131,368						131,368	120,429
Prepaid items	7,322						7,322	3,013
Due from component units	96,768						96,768	159,354
Due from other funds		83,375					83,375	879
Total Assets	$ 10,770,062	$ 1,825,486	$ 7,777,105	$ 12,233,501	$ 7,978,823	$ 10,330,729	$ 50,915,706	$ 26,435,875
Liabilities								
Accounts payable	298,083		177,505	126,944	128,310	77,138	807,980	483,201
Accrued salaries and benefits	312,335	153					312,488	309,245
Due to other funds	82,724					879	83,603	879
Escrowed funds	1,122,392						1,122,392	763,970
Unearned revenue	14,320			4,589,310		3,533,052	8,136,682	3,710,188
Total Liabilities	1,829,854	153	177,505	4,716,254	128,310	3,611,069	10,463,145	5,267,483
Deferred Inflows of Resources								
Unavailable property taxes receivable	29,032	11,803					40,835	30,901
Total Deferred Inflows of Resources	29,032	11,803	-	-	-	-	40,835	30,901
Fund Balances								
Nonspendable								
Prepaids	7,322						7,322	3,013
Restricted for:								
Capital improvements			7,599,600	7,517,247	7,850,513	6,096,504	29,063,864	13,033,951
Debt service		1,813,530					1,813,530	1,369,343
Assigned for use in specific funds						623,156	623,156	168,342
Unassigned	8,903,854						8,903,854	6,562,842
Total Fund Balances	8,911,176	1,813,530	7,599,600	7,517,247	7,850,513	6,719,660	40,411,726	21,137,491
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 10,770,062	$ 1,825,486	$ 7,777,105	$ 12,233,501	$ 7,978,823	$ 10,330,729	$ 50,915,706	$ 26,435,875

CITY OF CELINA, TEXAS
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Years Ending September 30, 2018 and 2017

	General Fund	Debt Service Fund	Street Construction Fund	Parkland Fees Fund	Facilities Improvement Fund	Other Governmental Funds	Total Governmental Funds 2018	Total Governmental Funds 2017
REVENUES:								
Ad valorem taxes	$ 4,899,354	$ 2,555,174	$ -	$ -	$ -	$ -	$ 7,454,528	$ 5,374,888
Franchise taxes	420,352						420,352	370,949
Sales tax	1,150,663						1,150,663	958,350
Permits and inspection fees	5,982,027						5,982,027	3,959,914
Component unit contributions		200,000					200,000	200,000
Development fees	119,344						119,344	1,245,943
Developer park contributions						1,441,125	1,441,125	1,011,625
Fire department, EMS, and police revenues	1,031,818						1,031,818	817,691
Fines	142,332						142,332	209,806
Special events and donations	81,695					83,493	165,188	250,214
Park fees and donations	183,034						183,034	166,403
Other income	155,777				25,000	1,246,240	1,427,017	508,311
Interest	142,169	33,139	23,692	93,568	18,205	125,244	436,017	183,077
Federal, state and local grants						1,610	1,610	1,570
Total Revenues	14,308,565	2,788,313	23,692	93,568	43,205	2,897,712	20,155,055	15,258,741
EXPENDITURES:								
Administration	3,029,913					6,288	3,036,201	2,433,180
Judicial	172,610						172,610	153,213
Fire and emergency services	2,435,746					9,467	2,445,213	2,041,407
Development services	1,787,306						1,787,306	868,862
Public works	1,120,923			4,355,918	10,152	117,037	5,604,030	943,895
Police department	2,367,180					6,857	2,374,037	1,688,094
Parks and recreation	802,479					176,000	978,479	959,343
Library	230,090						230,090	165,768
Main street project						59,285	59,285	55,176
Capital outlay			889,062	536,960	346,134	2,065,746	3,837,902	3,656,718
Debt Service:								
Principal retirement		1,436,110					1,436,110	1,005,685
Interest and fiscal charges		908,016					908,016	782,253
Bond issuance cost		146,002					146,002	74,569
Total Expenditures	11,946,247	2,490,128	889,062	4,892,878	356,286	2,440,680	23,015,281	14,828,163
Excess (Deficiency) of Revenues Over Expenditures	2,362,318	298,185	(865,370)	(4,799,310)	(313,081)	457,032	(2,860,226)	430,578
OTHER FINANCING SOURCES (USES):								
Proceeds from sale of capital assets							-	634,597
Issuance of bonds		1,684,910	7,500,000	6,419,060	7,355,000	-	22,958,970	4,462,569
Proceeds of refunding bonds		6,105,287					6,105,287	-
Payment to bond refunding agent		(6,022,090)					(6,022,090)	-
Transfers in (out)	(16,997)	(1,622,105)				731,396	(907,706)	492,000
Net Other Financing Sources (Uses)	(16,997)	146,002	7,500,000	6,419,060	7,355,000	731,396	22,134,461	5,589,166
Net change in fund balances	2,345,321	444,187	6,634,630	1,619,750	7,041,919	1,188,428	19,274,235	6,019,744
Fund balance, October 1	6,565,855	1,369,343	964,970	5,897,497	808,594	5,531,232	21,137,491	15,117,747
Fund balance, September 30	$ 8,911,176	$ 1,813,530	$ 7,599,600	$ 7,517,247	$ 7,850,513	$ 6,719,660	$ 40,411,726	$ 21,137,491

CITY OF CELINA, TEXAS
COMPARATIVE STATEMENTS OF FUND NET POSITION
PROPRIETARY FUND
September 30, 2018 and 2017

	2018 Enterprise Fund Water & Sewer Activities	2017 Enterprise Fund Water & Sewer Activities
Assets		
Cash and cash equivalents	$ 12,912,649	$ 7,303,543
Cash and cash equivalents - restricted for capital projects	1,733,621	830,443
Investment in TexPool	3,255	3,202
Accounts receivable, net	1,501,039	1,148,818
Prepaid UTRWD facilities charges	393,023	393,023
Total current assets	16,543,587	9,679,029
Noncurrent Assets:		
Cash and cash equivalents - restricted for capital projects	35,685,113	12,198,964
Prepaid UTRWD facilities charges	-	393,023
Net pension asset	44,297	5,630
Capital Assets:		
Non-depreciable land	1,328,043	1,328,043
Non-depreciable construction in progress	11,570,190	19,284,479
Depreciable capital assets, net	37,175,568	17,081,246
Capital Assets, net	50,073,801	37,693,768
Total noncurrent assets	85,803,211	50,291,385
Deferred outflows of resources:		
Deferred outflows - related to pensions	56,159	68,329
Deferred outflows - related to OPEB	1,629	-
Total deferred outflows of resources	57,788	68,329
Total assets and deferred outflows of resources	$ 102,404,586	$ 60,038,743
Liabilities		
Accounts payable	643,517	715,066
Accounts payable for capital projects	1,733,621	830,443
Accrued expenses	81,598	61,679
Bonds payable - current	1,520,733	1,744,829
Infrastructure advance from CISD - current	72,503	113,953
Accrued interest payable	105,278	105,278
Meter deposits payable	622,234	454,695
Total OPEB liability	8,533	-
Unearned revenue	7,918,309	4,800,105
Total current liabilities	12,706,326	8,826,048
Infrastructure advance from CISD - long-term	-	64,635
Bonds payable - long-term	65,133,971	34,890,050
Total non-current liabilities	65,133,971	34,954,685
Total liabilities	77,840,297	43,780,733
Deferred inflows of resources:		
Deferred inflows - related to pensions	26,756	7,348
Total deferred inflows of resources	26,756	7,348
Net Position		
Net investment in capital assets	18,675,162	13,079,265
Restricted for capital projects, net of related debt ($35,328,568 each, 2018) ($12,198,964 each, 2017)	-	-
Unrestricted	5,862,371	3,171,397
Total Net Position	$ 24,537,533	$ 16,250,662

CITY OF CELINA, TEXAS
Comparative Statements of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
Years Ended September 30, 2018 and 2017

	2018	2017
Operating Revenues:		
Water sales	$ 6,437,153	$ 5,132,245
Sewer sales	3,077,772	2,329,146
Garbage fees	687,200	539,881
Penalties	171,515	122,432
Tap and reconnect fees	1,829,970	1,680,010
Impact fees	1,558,580	2,244,287
Other revenues	2,744,217	1,542,653
Total Operating Revenues	**16,506,407**	**13,590,654**
Operating Expenses:		
Salaries and benefits	1,143,707	888,559
Garbage fees	617,144	483,403
Materials and supplies	855,742	767,419
Postage	47,055	38,723
Repairs and facility maintenance	329,156	300,479
General insurance	27,809	15,420
Utilities and telephone	259,098	293,716
Water purchases and related fees	2,800,976	2,970,312
UTRWD facilities charges	1,642,099	393,023
Impact fees expense	1,654,656	2,286,900
Depreciation & amortization	1,263,446	890,200
Bond issuance costs	600,022	89,126
Other expense	626,591	455,302
Total Operating Expenses	**11,867,501**	**9,872,582**
Operating Income	**$ 4,638,906**	**$ 3,718,072**

(Continued)

CITY OF CELINA, TEXAS
Comparative Statements of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
Years Ended September 30, 2018 and 2017

	2018	2017
Non-operating revenues (expenses):		
Interest income	$ 332,227	$ 151,666
Interest and fiscal charges	(1,019,574)	(938,891)
Total non-operating Revenues (Expenses)	(687,347)	(787,225)
Income before contributions and transfers	3,951,559	2,930,847
Capital contributions	3,432,870	-
Transfers out to other funds	907,706	(492,000)
Change in net position	8,292,135	2,438,847
Net position, October 1	16,250,662	13,811,815
Prior period adjustment	(5,264)	-
Net position, September 30	$ 24,537,533	$ 16,250,662

BASIC FINANCIAL STATEMENTS

GOVERNMENT WIDE FINANCIAL STATEMENTS