

OFFICIAL STATEMENT

Dated April 21, 2016

Ratings:
S&P: "AA"
Moody's: "Aa2"
(see "Other Information –
Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "Tax Matters" herein, including the alternative minimum tax on corporations.

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

\$1,510,000
CITY OF CORINTH, TEXAS
(Denton County)
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016

Dated Date: April 15, 2016

Due: February 15, as shown on page 2

Interest to Accrue From Date of Delivery

PAYMENT TERMS . . . Interest on the \$1,510,000 City of Corinth, Texas, General Obligation Refunding Bonds, Series 2016 (the "Bonds"), will accrue from their date of delivery and will be payable August 15, 2016, and on each February 15 and August 15 thereafter until maturity. Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds 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 Bonds may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds 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 Bonds. See "The Obligations - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is Amegy Bank, a division of ZB, National Association, Plano, Texas (see "The Obligations - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapter 1207, Texas Government Code, as amended. The Bonds constitute direct obligations of the City of Corinth, Texas (the "City"), payable from a direct and continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the ordinance authorizing the Bonds (see "The Obligations - Authority for Issuance of the Bonds" and "The Obligations – Security and Source of Payment").

PURPOSE . . . Proceeds from the sale of the Bonds will be used to (i) refund a portion of the City's outstanding debt (the "Refunded Obligations") for debt service savings, and (ii) pay the costs associated with the issuance of the Bonds. See "Plan of Financing"; also see Schedule I attached hereto for a detailed description of the Refunded Obligations.

CUSIP PREFIX: 21885A

MATURITY SCHEDULE & 9 DIGIT CUSIP

See Schedule on Page 2

SEPARATE ISSUES . . . The Bonds are being offered by the City concurrently with the issuance of the \$13,275,000 City of Corinth, Texas Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2016 (the "Certificates") under a common Official Statement. The Bonds and the Certificates are separate and distinct securities offerings being issued and sold independently except for this Official Statement, and while they share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including without limitation the type of obligation being offered, its terms for payment, the rights of the City to redeem the Obligations of either series, the rights of their respective holders, the federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations and other features.

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the Underwriters and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, Dallas, Texas (see Appendix C, "Forms of Bond Counsel's Opinions"). Certain legal matters will be passed upon for the Underwriters by Norton Rose Fulbright US LLP, Dallas, Texas, Counsel for the Underwriters.

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on May 19, 2016.

BOSC, Inc.
A SUBSIDIARY OF BOK FINANCIAL CORPORATION

RAYMOND JAMES

MATURITY SCHEDULE

<u>Amount</u>	<u>Maturity (Feb. 15)</u>	<u>Rate</u>	<u>Price or Yield</u>	<u>CUSIP Suffix⁽¹⁾</u>
\$ 55,000	2017	2.000%	0.750%	JX(2)
325,000	2018	2.000%	0.870%	JY(0)
535,000	2019	2.000%	0.980%	JZ(7)
595,000	2020	2.000%	1.150%	KA(0)

(Interest to accrue from the date of delivery)

- (1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ, a division of McGraw Hill Financial on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the City, the Financial Advisor or the Underwriters shall be responsible for the selection or correctness of CUSIP numbers set forth herein.

REDEMPTION OPTION . . . The Bonds are not subject to redemption prior to maturity.

OFFICIAL STATEMENT

Dated April 21, 2016

Ratings:
S&P: "AA"
Moody's: "Aa2"
(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 statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "Tax Matters" herein, including the alternative minimum tax on corporations.

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

\$13,275,000

**CITY OF CORINTH, TEXAS
(Denton County)**

COMBINATION TAX AND LIMITED SURPLUS REVENUE CERTIFICATES OF OBLIGATION, SERIES 2016

Dated Date: April 15, 2016

Due: February 15, as shown on page 4

Interest to Accrue From Date of Delivery

PAYMENT TERMS . . . Interest on the \$13,275,000 City of Corinth, Texas Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2016 (the "Certificates"), will accrue from their date of delivery and will be payable February 15, 2017, and on each August 15 and February 15 thereafter until maturity or prior redemption. Interest on the Certificates will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. **No physical delivery of the Certificates will be made to the 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 Obligations - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is Amegy Bank, a Division of ZB, National Association, Plano, Texas (see "The Obligations - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Certificates are issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapter 271, Subchapter C, Texas Local Government Code, as amended, and constitute direct obligations of the City of Corinth, Texas (the "City"), payable from the levy and collection of a direct and continuing annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, and from a limited pledge of the surplus net revenues (not to exceed \$1,000) of the City's waterworks and Sewer system, as provided in the ordinance authorizing the Certificates (see "The Obligations - Authority for Issuance of the Certificates" and "The Obligations – Security and Source of Payment").

PURPOSE . . . Proceeds from the sale of the Certificates will be used for (i) constructing and improving streets, roads, alleys and sidewalks, and related utility relocation, drainage, signalization, landscaping, lighting and signage; (ii) constructing and equipping improvements and renovations to City Hall; (iii) acquiring, improving and equipping a public safety facility for the police and fire departments; (iv) constructing and equipping a new fire station and improvements to existing fire stations; (v) constructing, acquiring, installing and equipping additions, extensions and improvements to the City's waterworks and sewer system; and (vi) paying legal, fiscal and engineering fees in connection with such projects and to pay costs of issuance of the Certificates.

CUSIP PREFIX: 21885A

MATURITY SCHEDULE & 9 DIGIT CUSIP

See Schedule on Page 4

SEPARATE ISSUES . . . The Certificates are being offered by the City concurrently with the issuance of the \$1,510,000 City of Corinth, Texas, General Obligation Refunding Bonds, Series 2016 (the "Bonds") under a common Official Statement. The Certificates and the Bonds are separate and distinct securities offerings being issued and sold independently except for this Official Statement, and while they share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including without limitation the type of obligation being offered, its terms for payment, the rights of the City to redeem the Obligations of either series, the rights of their respective holders, the federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations and other features.

LEGALITY . . . The Certificates are offered for delivery when, as and if issued and received by the Underwriters and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel (see Appendix C, "Forms of Bond Counsel's Opinions. Certain legal matters will be passed upon for the Underwriters by Norton Rose Fulbright US LLP, Dallas, Texas, Counsel for the Underwriters.

DELIVERY . . . It is expected that the Certificates will be available for delivery through DTC on or about May 19, 2016.

BOSC, INC.
A SUBSIDIARY OF BOK FINANCIAL CORPORATION

RAYMOND JAMES

MATURITY SCHEDULE

Amount	Maturity (Feb. 15)	Rate	Price or Yield	CUSIP Suffix ⁽¹⁾
\$ 405,000	2020	2.000%	1.150%	KC(6)
565,000	2021	2.000%	1.290%	KD(4)
585,000	2022	5.000%	1.450%	KE(2)
615,000	2023	5.000%	1.620%	KF(9)
640,000	2024	4.000%	1.770%	KG(7)
670,000	2025	4.000%	1.910%	KH(5)
700,000	2026	5.000%	2.040%	KJ(1)
735,000	2027	5.000%	2.160% ⁽²⁾	KK(8)
770,000	2028	5.000%	2.250% ⁽²⁾	KL(6)
810,000	2029	5.000%	2.350% ⁽²⁾	KM(4)
855,000	2030	5.000%	2.430% ⁽²⁾	KN(2)
890,000	2031	4.000%	2.740% ⁽²⁾	KP(7)
930,000	2032	4.000%	2.800% ⁽²⁾	KQ(5)
965,000	2033	4.000%	2.860% ⁽²⁾	KR(3)
1,005,000	2034	4.000%	2.910% ⁽²⁾	KS(1)
1,045,000	2035	4.000%	2.970% ⁽²⁾	KT(9)
1,090,000	2036	4.000%	3.020% ⁽²⁾	KU(6)

(Interest to accrue from Date of Delivery)

- (1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ a division of McGraw Hill Financial on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the City, the Financial Advisor or the Underwriters shall be responsible for the selection or correctness of CUSIP numbers set forth herein.
- (2) Yield shown is yield to first call date, February 15, 2026.

REDEMPTION OPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2027, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2026, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “The Obligations – Optional Redemption”).

No dealer, broker, salesman or other person has been authorized by the City 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. This Official Statement does not constitute an offer to sell Obligations in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

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

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.

This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

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

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

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

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE OBLIGATIONS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE COVER PAGES CONTAIN CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY AND ARE NOT INTENDED AS A SUMMARY OF THIS OFFERING. INVESTORS SHOULD READ THIS ENTIRE OFFICIAL STATEMENT, INCLUDING ALL SCHEDULES AND APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

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

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

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

THE CITY..... The City of Corinth is a political subdivision and home-rule municipal corporation of the State of Texas, located in Denton County, Texas. The City covers approximately 7.8 square miles (see "Introduction - Description of the City").

THE OBLIGATIONS..... The Bonds are issued as \$1,510,000 General Obligation Refunding Bonds, Series 2016 (the "Bonds"). The Bonds are issued as serial Bonds maturing on February 15 of each year in the years 2017 through 2020 (see "The Obligations - Description of the Obligations").

The Certificates are issued as \$13,275,000 Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2016 (the "Certificates"). The Certificates are issued as serial Certificates maturing on February 15 of each year in the years 2020 through 2036 (see "The Obligations - Description of the Obligations").

The Bonds and the Certificates are sometimes referred to collectively herein as the "Obligations."

PAYMENT OF INTEREST Interest on the Bonds accrues from their date of delivery and is payable August 15, 2016, and on each February 15 and August 15 thereafter until maturity (see "The Obligations - Description of the Obligations").

Interest on the Certificates accrues from their date of delivery and is payable February 15, 2017, and on each August 15 and February 15 thereafter until maturity or prior redemption (see "The Obligations - Description of the Obligations").

AUTHORITY FOR ISSUANCE..... The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, including particularly Chapter 1207, Texas Government Code, as amended, and the ordinance authorizing the issuance of the Bonds adopted by the City Council of the City (see "The Obligations - Authority for Issuance of the Bonds").

The Certificates are issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapter 271, Subchapter C, Texas Local Government Code, as amended, and the ordinance authorizing the issuance of the Certificates adopted by the City Council of the City (see "The Obligations - Authority for Issuance of the Certificates").

SECURITY FOR THE BONDS The Bonds constitute direct obligations of the City payable from a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City (see "The Obligations - Security and Source of Payment" and "The Obligations - Tax Rate Limitation").

SECURITY FOR THE CERTIFICATES The Certificates constitute direct obligations of the City payable from the levy and collection of a direct and continuing annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, and from a limited pledge of the surplus net revenues (not to exceed \$1,000) of the City's waterworks and sewer System (see "The Obligations - Security and Source of Payment" and "The Obligations - Tax Rate Limitation").

QUALIFIED TAX-EXEMPT OBLIGATIONS..... The City **has not** designated the Obligations of either series as "Qualified Tax-Exempt Obligations" for financial institutions (see "Tax Matters - Qualified Tax-Exempt Obligations for Financial Institutions").

OPTIONAL REDEMPTION The Bonds are not subject to redemption prior to maturity.

The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2027, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2026, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Obligations - Optional Redemption").

TAX EXEMPTION..... In the opinion of Bond Counsel, the interest on the Obligations will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption "Tax Matters" herein, including the alternative minimum tax on corporations.

USE OF PROCEEDS Proceeds from the sale of the Bonds will be used to (i) refund a portion of the City's outstanding debt (the "Refunded Obligations") for debt service savings, and (ii) pay the costs associated with the issuance of the Bonds (see "Plan of Financing"; also see Schedule I attached hereto for a detailed description of the Refunded Obligations).

Proceeds from the sale of the Certificates will be used for (i) constructing and improving streets, roads, alleys and sidewalks, and related utility relocation, drainage, signalization, landscaping, lighting and signage; (ii) constructing and equipping improvements and renovations to City Hall; (iii) acquiring, improving and equipping a public safety facility for the police and fire departments; (iv) constructing and equipping a new fire station and improvements to existing fire stations; (v) constructing, acquiring, installing and equipping additions, extensions and improvements to the City's waterworks and sewer system; and (vi) paying legal, fiscal and engineering fees in connection with such projects and to pay costs of issuance of the Certificates.

RATINGS The Obligations and the presently outstanding tax-supported debt of the City are rated "AA" Standard & Poor's Ratings Services, a Standard & Poor's Financial Service LLC business ("S&P") and "Aa2" by Moody's Investor Service, Inc. ("Moody's"), without regard to credit enhancement (see "Other Information - Ratings").

BOOK-ENTRY-ONLY

SYSTEM The definitive Obligations 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 Obligations may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Obligations will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Obligations 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 Obligations (see "The Obligations - Book-Entry-Only System").

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

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SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated City Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Per Capita Taxable Assessed Valuation	Net General Obligation (G.O.) Tax Debt ⁽³⁾	Per Capita G. O. Tax Debt	Ratio G.O. Tax Debt to Taxable Assessed Valuation	% of Total Tax Collections ⁽⁵⁾
2012	19,935	\$ 1,390,506,929	\$ 69,752	\$ 30,000,000	1,505	2.16%	99.88%
2013	20,380	1,393,698,516	68,386	27,530,000	1,351	1.98%	99.87%
2014	19,961	1,428,952,690	71,587	24,965,000	1,251	1.75%	99.71%
2015	22,087	1,538,127,064	69,639	22,405,000	1,014	1.46%	99.90%
2016	22,087	1,638,520,892	74,185	33,130,000 ⁽⁴⁾	1,500 ⁽⁴⁾	2.02% ⁽⁴⁾	87.60% ⁽⁵⁾

(1) Source: City Officials

(2) As reported by the Denton Central Appraisal District on the City's annual State property tax reports; subject to change during the ensuing year.

(3) Includes self-supporting debt.

(4) Projected, subject to change. Includes the Obligations; excludes the Refunded Obligations.

(5) Collections as of January 31, 2016.

GENERAL FUND CONSOLIDATED STATEMENT SUMMARY

For Fiscal Year Ended September 30,

	2015	2014	2013	2012	2011
Beginning Balance	\$ 3,810,097	\$ 4,162,122	\$ 5,454,704	\$ 4,769,223	\$ 3,873,511
Total Revenue	13,979,796	13,155,150	12,487,504	12,281,192	12,378,621
Total Expenditures	13,970,693	13,223,772	13,036,847	12,342,920	12,195,581
Net Transfers	(92,265)	(283,403)	(743,239)	747,209	617,892
Prior Period Adjustments	-	-	-	-	94,780
Ending Balance	<u>\$ 3,726,935</u>	<u>\$ 3,810,097</u>	<u>\$ 4,162,122</u>	<u>\$ 5,454,704</u>	<u>\$ 4,769,223</u>

For additional information regarding the City, please contact:

Lee Ann Bunselmeyer
Acting City Manager/Finance Director
City of Corinth
3300 Corinth Parkway
Corinth, Texas 76208
(940) 498-3280

Or

W. Boyd London, Jr.
Marti Shew
FirstSouthwest, a Division of Hilltop Securities Inc.
1201 Elm Street, Suite 3500
Dallas, Texas 75270
(214) 953-4000

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

<u>City Council</u>	<u>Length of Service</u>	<u>Term Expires</u>	<u>Occupation</u>
Bill Heidemann Mayor	1 year	May 2017	Retired
Joe Harrison Mayor Pro-Tem	11 years	May 2016	Retired
Sam Burke Councilmember	3 months	May 2016	Attorney
Scott Garber Councilmember	9 months	May 2017	Small Business Owner
Lowell Johnson Councilmember	9 years	May 2016	Retired
Don Glockel Councilmember	9 months	May 2017	Retired

SELECTED ADMINISTRATIVE STAFF

<u>Name</u>	<u>Position</u>	<u>Length of Service to City</u>
Lee Ann Bunselmeyer	Acting City Manager/Finance Director	9 yrs 5 months
Kimberly Pence	City Secretary	16 yrs 2 months

CONSULTANTS AND ADVISORS

AuditorsDavis Kinard & Co, PC
Abilene, Texas

Bond CounselMcCall, Parkhurst & Horton L.L.P.
Dallas, Texas

Financial Advisor.....FirstSouthwest, a Division of Hilltop Securities Inc.
Dallas, Texas

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OFFICIAL STATEMENT
RELATING TO
\$1,510,000
CITY OF CORINTH, TEXAS
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016

AND
\$13,275,000
CITY OF CORINTH, TEXAS
COMBINATION TAX AND LIMITED SURPLUS REVENUE CERTIFICATES OF OBLIGATION, SERIES 2016

INTRODUCTION

This Official Statement, which includes the Schedule and Appendices hereto, provides certain information regarding the issuance of \$1,510,000 City of Corinth, Texas, General Obligation Refunding Bonds, Series 2016 (the "Bonds") and \$13,275,000 Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2016 (the "Certificates", and together with the Bonds, herein collectively referred to as the "Obligations"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the respective ordinances (the "Bond Ordinance" with respect to the Bonds and the "Certificate Ordinance" with respect to the Certificates), each adopted on the date of sale of the Obligations which authorized the issuance of the Obligations. The Bond Ordinance and the Certificate Ordinance are herein collectively referred to as the "Ordinances".

There follows in this Official Statement descriptions of the Obligations and certain information regarding the City of Corinth, 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, FirstSouthwest, a Division of Hilltop Securities Inc., Dallas, Texas ("FirstSouthwest").

DESCRIPTION OF THE CITY . . . The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in 1960, and adopted its Home Rule Charter on May 6, 1999. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and five Councilmembers. The term of office is two years with the terms of the Mayor and two of the Councilmembers' terms expiring in odd-numbered years and the other terms of the three Councilmembers expiring in even-numbered years. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are: public safety (police and fire protection), streets, water and sanitary sewer utilities, parks and recreation, public improvements, planning and zoning, and general administrative services. The 2010 Census population for the City was 19,935, while the estimated 2016 population is 22,087. The City covers approximately 7.8 square miles.

PLAN OF FINANCING

PURPOSE . . . The Bonds are being issued for the purpose of (i) refunding a portion of the City's outstanding debt (the "Refunded Obligations") for debt service savings, and (ii) paying the costs of issuance of the Bonds. See Schedule I for a detailed listing of the Refunded Obligations and their redemption dates.

Proceeds from the sale of the Certificates will be used for (i) constructing and improving streets, roads, alleys and sidewalks, and related utility relocation, drainage, signalization, landscaping, lighting and signage; (ii) constructing and equipping improvements and renovations to City Hall; (iii) acquiring, improving and equipping a public safety facility for the police and fire departments; (iv) constructing and equipping a new fire station and improvements to existing fire stations; (v) constructing, acquiring, installing and equipping additions, extensions and improvements to the City's waterworks and sewer system; and (vi) paying legal, fiscal and engineering fees in connection with such projects and to pay costs of issuance of the Certificates.

REFUNDED OBLIGATIONS . . . The Refunded Obligations and the interest due thereon are to be paid on the scheduled redemption date from funds to be deposited pursuant to a certain Escrow Agreement (the "Escrow Agreement") between the City and The Bank of New York Mellon Trust Company, N.A. (the "Escrow Agent"). The Ordinance provides that from the proceeds of the sale of the Bonds received from the Underwriters and other funds of the City, if any, the City will deposit with the Escrow Agent an amount sufficient to accomplish the discharge and final payment of the Refunded Obligations on the redemption date. Such funds will be held uninvested by the Escrow Agent in a special escrow account (the "Escrow Fund"). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations. By the deposit of Bond proceeds and cash with the Paying Agent/Registrar for the Refunded Obligations, the City will have effected the defeasance of all of the Refunded Obligations in accordance with the law.

As a result of such defeasance, and in reliance upon the sufficiency certificate of the City's financial advisor or the Paying Agent/Registrar for the Refunded Obligations, the Refunded Obligations will be outstanding only for the purpose of receiving payments from the cash held for such purpose by the Paying Agent/Registrar for the Refunded Obligations and such Refunded Obligations will not be deemed as being outstanding obligations of the City payable from taxes nor for the purpose of applying any limitation on the issuance of debt, and the City will have no further responsibility with respect to amounts available in the Escrow Fund for the payment of the Refunded Obligations from time to time. **The funds on deposit in the Escrow Fund will not be available to pay the Bonds or the Certificates.**

SOURCES AND USES OF OBLIGATION PROCEEDS . . . Proceeds from the sale of the Obligations are expected to be expended as follows:

Sources of Funds	The Bonds	The Certificates
Par Amount of Certificates	\$ 1,510,000.00	\$ 13,275,000.00
Reoffering Premium	39,984.25	1,971,029.55
Transfer from Prior Issue Debt Service Funds	24,448.06	-
Total Sources	\$ 1,574,432.31	\$ 15,246,029.55
Uses of Funds		
Total Underwriters' Discount	\$ 9,207.39	\$ 92,498.86
Costs of Issuance	50,000.00	150,000.00
Deposit to Debt Service Fund	3,412.98	3,530.69
Deposit to Escrow Fund	1,511,811.94	-
Deposit to Project Construction Fund	-	15,000,000.00
Total Uses	\$ 1,574,432.31	\$ 15,246,029.55

THE OBLIGATIONS

DESCRIPTION OF THE OBLIGATIONS . . . The Obligations are dated April 15, 2016, and mature on February 15 in each of the years and in the amounts shown on pages 2 (with respect to the Bonds) and 4 (with respect to the Certificates). Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Bonds will accrue from their date of initial delivery and is payable August 15, 2016, and on each February 15 and August 15 thereafter until maturity. Interest on the Certificates will accrue from their date of initial delivery and is payable February 15, 2017, and on each August 15 and February 15 thereafter until maturity or redemption prior to maturity. The definitive Obligations will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Obligations will be made to the owners thereof.** Principal of, premium, if any, and interest on the Obligations 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 Obligations. See "The Obligations - Book-Entry-Only System" herein.

Interest on the Obligations 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 (hereinafter defined), and such interest shall be paid (i) by check sent 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. Principal of the Obligations will be paid to the registered owner at their stated maturity or upon earlier redemption upon presentation to designated payment/transfer office of the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Obligations, all payments will be made as described under "The Obligations - Book-Entry-Only System" herein. If the date for any payment on the Obligations shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

AUTHORITY FOR ISSUANCE OF THE BONDS . . . The Bonds are being pursuant to the Constitution and general laws of the State, particularly Chapter 1207, Texas Government Code, as amended and the Bond Ordinance.

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

SECURITY AND SOURCE OF PAYMENT . . .

Tax Pledge . . . The Obligations constitute direct obligations of the City payable from an annual direct and continuing ad valorem tax levied against all taxable property within the City, within the limits prescribed by law (see "The Obligations - Tax Rate Limitation" below).

Pledge of Waterworks and Sewer System Net Revenues for Certificates . . . The Certificates are additionally secured by a lien on and limited pledge of the surplus net revenues (not to exceed \$1,000) of the City's combined Waterworks and Sewer System (the "System") remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve and other requirements in connection with all of the City's revenue obligations (now or hereafter outstanding), which are payable from all or part of said revenues, as provided in the Certificate Ordinance.

TAX RATE LIMITATION . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 Taxable Assessed Valuation for all City purposes. As a City with a population over 5,000, the City is limited to the constitutionally authorized maximum tax rate of \$2.50 per \$100 Taxable Assessed Valuation notwithstanding that the City has not adopted a home rule charter. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all debt service for obligations payable from annual ad valorem property taxes, as calculated at the time of issuance. Also, see "Tax Information – General Obligation Debt Limitation."

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2027, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2026, 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 series and maturities of Certificates to be redeemed. If less than all the Certificates of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) shall determine by lot the Certificates, or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

The Bonds are not subject to redemption prior to maturity.

NOTICE OF REDEMPTION AND OTHER NOTICES . . . Not less than 30 days prior to a redemption date for the Certificates, the City will cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to each registered owner of an Certificate 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 of redemption so mailed will be conclusively presumed to have been duly given irrespective of whether received by the owner of the Certificate. If such notice of redemption is given and if due provision for such payment is made and all other conditions to redemption are satisfied, all as provided above and as further described in the following paragraph, the Certificate or portions thereof which are to be so redeemed thereby automatically will be treated as redeemed prior to their scheduled maturities, and they will not bear interest after the date fixed for redemption, and they will not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

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

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

governed by the Certificate Ordinance and will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Certificates or the providing of notice to DTC participants, indirect participants, or Beneficial Owners of the selection of portions of the Certificates for redemption. (See "The Obligations - Book-Entry-Only System" herein.)

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

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

DEFEASANCE . . . The Ordinances provide for the defeasance of the Obligations when the payment of the principal on the Obligations, plus interest on the Obligations to the due date thereof is provided by irrevocably depositing with the Paying Agent/Registrar or authorized escrow agent, in trust (1) money sufficient to make such payment and/or (2) Defeasance Securities to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Obligations, and thereafter the City will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. The Ordinances provide that the term "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Obligations. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the City approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the City approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The City has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance. Upon such deposit as described above, such Obligations shall no longer be regarded to be outstanding or unpaid. There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Obligations. Because the Ordinances do not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or those for any other Defeasance Security will be maintained at any particular rating category.

Upon such deposit as described above, such Obligations shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of the Obligations have been made as described above, all rights of the City to initiate proceedings to call the Obligations for redemption or take any other action amending the terms of the Obligations are extinguished; provided, however, the City has the option, to be exercised at the time of the defeasance of the Certificates, to call for redemption at an earlier date those Certificates which have been defeased to their maturity date, if the City (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the 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 Obligations is to be transferred and how the principal of, premium, if any, and interest on the Obligations are to be paid to and credited by The Depository Trust Company (“DTC”), New York, New York, while the Obligations are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

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

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

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

To facilitate subsequent transfers, all Obligations 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 Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Obligations 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 Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Obligation documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations 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 shall be sent to DTC. If less than all of the Obligations within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

All payments on the Obligations 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 Obligations held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but neither the City nor the Underwriters take any responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement . . . In reading this Official Statement it should be understood that while the Obligations 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 Obligations, 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 Ordinances will be given only to DTC.

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

Effect of Termination of Book-Entry-Only System . . . In the event that the Book-Entry-Only System is discontinued by DTC with respect to the Obligations, or the use of the Book-Entry-Only System with respect to the Obligations is discontinued by the City, printed Obligations of the respective series will be issued to the DTC Participants or the holder, as the case may be, and such Obligations will be subject to transfer, exchange and registration provisions as set forth in the Ordinances and summarized under "The Obligations - Transfer, Exchange and Registration" below.

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

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Obligations will be printed and delivered to the registered owners thereof and thereafter may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Obligations may be assigned by the execution of an assignment form on the respective Obligations or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Obligations will be delivered by the Paying Agent/Registrar, in lieu of the Obligations being transferred or exchanged, at the designated 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 Obligations issued in an exchange or transfer of Obligations 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 Obligations 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 Obligations registered

and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Obligations surrendered for exchange or transfer. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Obligation (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) with respect to any Certificate or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date, provided, however, such limitation on transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Certificate. See "The Obligations - Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Obligations.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Obligations on any interest payment date means the close of business on the last business day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (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 Holder of an Obligation 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.

REMEDIES . . . The Ordinances provide that if the City defaults in the payment of the Obligations of either series when due, or if it fails to make payments into any fund or funds created in the respective Ordinance, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the respective Ordinance and the continuation thereof for a period of 60 days after notice of such default is given by any registered owner to the City, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the respective Obligations. The issuance of a writ of mandamus is controlled by equitable principles, and with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Obligations in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinances do not provide for the appointment of a trustee to represent the interest of the bondholders upon any failure of the City to perform in accordance with the terms of the Ordinances, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court 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 may not be able to bring such a suit against the City for breach of the Obligations or Ordinances 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 Obligations. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinions of Bond Counsel will note that all opinions relative to the enforceability of the Ordinances and the Obligations are qualified with respect to the customary rights of debtors relative to their creditors and may be limited by general principles of equity which permit the exercise of judicial discretion and by governmental immunity.

Initially, the only registered owner of the Obligations will be The Depository Trust Company. See "Book-Entry-Only System" herein.

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TAX INFORMATION

AD VALOREM TAX LAW . . . The appraisal of property within the City is the responsibility of the Denton Central Appraisal District (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 1, Texas Tax Code as amended (referred to herein as 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 it was appraised 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 within the Appraisal District is subject to review by an 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 State 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.

Under Article VIII, Section 1-b, and State law, the governing body of a political subdivision, at its option, may grant an 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. Senate Joint Resolution 1 ("Senate Joint Resolution 1"), passed during the 84th Texas Legislature, proposed a constitutional amendment increasing the mandatory homestead exemption for school districts from \$15,000 to \$25,000 and requiring that the tax limitation for taxpayers who are age 65 and older or disabled be reduced to reflect the additional exemption. While Senate Joint Resolution 1 is not directly applicable to municipalities and counties, Senate Bill 1, which was also passed by the 84th Legislature, provides that if the constitutional amendment is approved by the voters on November 3, 2015, then the governing body of a school district, municipality, or county is prohibited from reducing the amount of or repealing an optional homestead exemption that was in place for the 2014 tax year (fiscal year 2015) for a period running through December 31, 2019. The constitutional amendment was approved by voters at a statewide election held on November 3, 2015.

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 previously been pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created.

The governing body of a county, municipality or junior college, may, on its own initiative or by a petition and referendum process, 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. 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 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, that a disabled veteran who receives 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. In addition, effective January 1, 2012, and subject to certain conditions, the surviving spouse of a deceased veteran who had received a disability rating of 100% will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries.

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, are 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. 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", which are defined as (i) personal property acquired or imported into the State and transported to another location inside or outside the State, (ii) stored under a contract for bailment in public warehouses not in any way owned or controlled by the owner of the stored goods, and (iii) transported to another location inside or outside the State within 175 days of the date of the property was acquired or imported into the State. 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.

Pursuant to changes enacted during the 2011 Texas Legislative Special Session, all taxing units, including those that have previously taken official action to tax goods-in-transit, may not tax goods-in-transit in the 2012 tax year or thereafter, unless the governing body of the taxing unit holds a public hearing and takes action on or after October 1, 2011, to provide for the taxation of the goods-in-transit. After holding a public hearing, a taxing unit may take official action prior to January 1 of the first tax year in which the governing body proposes to tax goods-in-transit. After taking such official action, the goods-in-transit remain subject to taxation by the taxing unit until the governing body of the taxing units rescinds or repeals its previous action to tax goods-in-transit. If, however, a taxing unit took official action prior to October 1, 2011 to tax goods-in-transit and pledged the taxes imposed on the goods-in-transit for the payment of a debt, taxes may continue to be imposed on goods-in-transit until the debt is discharged, if cessation of the imposition of the tax would impair the obligation of the contract by which the debt was created.

The City or Denton County may create one or more tax increment financing districts ("TIF") within the City or County, as applicable, pursuant to the Tax Increment Financing Act, Texas Tax Code, Chapter 311, as amended, 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 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. Cities are also authorized, pursuant to Chapter 380, Texas Local Government Code ("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.

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 City Council will be required to adopt the annual tax rate for the City before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the City. If the City Council does not adopt a tax rate by such required date the tax rate for that tax year is the lower of the effective tax rate calculated for that tax year or the tax rate adopted by the City for the preceding tax year. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, 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 have been held on the proposed tax rate following 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.

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 for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

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. Effective January 1, 2012, oil and gas reserves are assessed on the basis of a valuation process that 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.

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

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

After July, the Cumulative Penalty remains at 12%, and interest accrues at the rate of 1% each month. In addition, if an account is delinquent in July, a 15% attorney's collection fee is added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

CITY APPLICATION OF TAX CODE . . . The City does grant an exemption to the market value of the residence homestead of persons 65 years of age or older of \$20,000; the disabled under the age of 65 are granted an exemption of \$20,000;

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

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

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

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

The City does not tax freeport property.

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

The City adopted a tax abatement policy in September 2013. It expired in September 2015.

TAX ABATEMENT REINVESTMENT ZONE . . . The City currently has one agreement in place. DATCU planned to expend at least \$12,000,000 in Real Property Improvements in the newly created Reinvestment Zone number 14-1. The agreement took effect on April 3, 2014 and expires five years thereafter. It may be renewed by the City Council for one or more subsequent terms of five years or less.

TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2015/2016 Market Valuation Established by Denton County Appraisal District (excludes totally exempt property)		\$ 1,707,900,954
Less Exemptions/Reductions at 100% Market Value:		
Homestead Cap Adjustment	\$ 10,611,162	
Over 65	21,707,800	
Disabled Persons	1,240,000	
Disabled Veterans Exemptions	8,974,537	
Freeport	146,891	
Pollution Control	63,732	
Member of Armed Services Surviving Spouse	279,643	
Agricultural Land Use Reductions	26,356,297	<u>69,380,062</u>
2015/2016 Taxable Assessed Valuation		<u>\$ 1,638,520,892</u>
General Obligation Debt Payable from Ad Valorem Taxes (as of 2/15/2016) ⁽¹⁾	\$ 18,345,000	
The Bonds	1,510,000	
The Certificates	13,275,000	<u>\$ 33,130,000</u>
Less: Self-Supporting Debt	\$ 9,577,488	
Net General Obligation Debt Payable from Ad Valorem Taxes		\$ 23,552,512
General Obligation Interest and Sinking Fund (as of 1/31/2016)		\$ 2,307,053
Ratio of Net General Obligation Tax Debt to Taxable Assessed Valuation		1.44%

2016 Estimated Population - 22,087
Per Capita Taxable Assessed Valuation - \$74,185
Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - \$1,066

(1) Excludes the Refunded Obligations,

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2016		2015		2014	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 1,354,889,784	79.33%	\$ 1,268,029,679	78.83%	\$ 1,168,796,929	78.73%
Real, Residential, Multi-Family	27,772,321	1.63%	28,315,879	1.76%	24,998,692	1.68%
Real, Vacant Lots/Tracts	43,386,427	2.54%	45,823,202	2.85%	39,986,154	2.69%
Real, Acreage (Land Only)	26,585,770	1.56%	26,869,389	1.67%	25,553,372	1.72%
Real, Farm and Ranch Improvements	16,594,301	0.97%	17,448,576	1.08%	11,788,763	0.79%
Real, Commercial and Industrial	149,143,085	8.73%	149,396,045	9.29%	131,042,782	8.83%
Oil and Gas	1,888,300	0.11%	1,567,490	0.10%	1,149,036	0.08%
Real and Tangible Personal, Utilities	22,766,354	1.33%	10,495,712	0.65%	21,328,498	1.44%
Tangible Personal, Business	40,725,377	2.38%	40,012,286	2.49%	38,951,873	2.62%
Real Inventory	5,771,527	0.34%	4,214,465	0.26%	5,899,381	0.40%
Special Inventory	18,377,708	1.08%	16,445,048	1.02%	15,147,535	1.02%
Total Appraised Value Before Exemptions	\$ 1,707,900,954	100.00%	\$ 1,608,617,771	100.00%	\$ 1,484,643,015	100.00%
Less: Total Exemptions/Reductions	69,380,062		70,490,707		55,690,325	
Taxable Assessed Value	<u>\$ 1,638,520,892</u>		<u>\$ 1,538,127,064</u>		<u>\$ 1,428,952,690</u>	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2013		2012	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 1,142,365,967	78.60%	\$ 1,153,725,774	80.31%
Real, Residential, Multi-Family	26,804,518	1.84%	10,601,163	0.74%
Real, Vacant Lots/Tracts	37,331,794	2.57%	40,272,436	2.80%
Real, Acreage (Land Only)	32,949,674	2.27%	29,183,121	2.03%
Real, Farm and Ranch Improvements	5,937,846	0.41%	5,659,387	0.39%
Real, Commercial and Industrial	126,085,929	8.68%	115,743,072	8.06%
Oil and Gas	1,035,898	0.07%	1,427,678	0.10%
Real and Tangible Personal, Utilities	20,826,234	1.43%	20,394,234	1.42%
Tangible Personal, Business	43,805,236	3.01%	34,424,130	2.40%
Real Inventory	6,510,016	0.45%	12,866,038	0.90%
Special Inventory	9,765,185	0.67%	12,211,375	0.85%
Total Appraised Value Before Exemptions	\$ 1,453,418,297	100.00%	\$ 1,436,508,408	100.00%
Less: Total Exemptions/Reductions	59,719,781		46,001,479	
Taxable Assessed Value	<u>\$ 1,393,698,516</u>		<u>\$ 1,390,506,929</u>	

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 updates records.

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TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Taxable Assessed Valuation Per Capita	G.O. Tax Debt Outstanding at End of Year ⁽³⁾	Ratio G.O. Tax Debt to Taxable Assessed Valuation	G.O. Tax Debt Per Capita
2012	19,935	\$ 1,390,506,929	\$ 69,752	\$ 30,000,000	2.16%	\$ 1,505
2013	20,380	1,393,698,516	68,386	27,530,000	1.98%	1,351
2014	19,961	1,428,952,690	71,587	24,965,000	1.75%	1,251
2015	22,087	1,538,127,064	69,639	22,405,000	1.46%	1,014
2016	22,087	1,638,520,892	74,185	33,130,000 ⁽⁴⁾	2.02% ⁽⁴⁾	1,500 ⁽⁴⁾

(1) Source: City officials.

(2) As reported by the Appraisal District on City's annual State Property Tax Reports filed with the Comptroller of Public Accounts; subject to change during the ensuing year.

(3) Includes self-supporting debt.

(4) Projected, subject to change. Excludes the Refunded Obligations. Includes the Obligations and 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
2012	\$0.59135	\$0.44789	\$0.14346	\$8,298,852	98.90%	99.88%
2013	0.60489	0.46143	0.14346	8,451,696	99.69%	99.87%
2014	0.60489	0.46143	0.14346	8,655,958	99.71%	99.71%
2015	0.59489	0.45143	0.14346	9,188,784	99.68%	99.90%
2016	0.58489	0.44143	0.14346	9,583,545	87.60% ⁽¹⁾	87.60% ⁽¹⁾

(1) Collections as of January 31, 2016.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2015/16 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Denton County Electric CoOp	Electric Utility	\$ 21,030,718	1.28%
South Corinth Apartments L.L.C.	Apartments	15,178,509	0.93%
Oncor Electric Delivery Co.	Electric Utility	12,883,342	0.79%
MPT of Corinth L.L.P.	Medical	12,815,000	0.78%
HD Supply Utilities Ltd #3430	Retail	12,613,427	0.77%
Utter Properties LLC	Real Estate	8,712,098	0.53%
Texas NHI Investors L.L.C.	Healthcare Real Estate	8,390,000	0.51%
Tower Ridge Corinth I, Ltd	Real Estate	8,076,706	0.49%
Utter, Bill	Individual	6,946,009	0.42%
2-10 Properties LLC	Retail	6,477,481	0.40%
		<u>\$ 113,123,290</u>	<u>6.90%</u>

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

TABLE 6 – TAX ADEQUACY ⁽¹⁾

2016 Net Principal and Interest Requirements.....	\$	2,230,791
\$ 0.1376 Tax Rate at 99% collection produces.....	\$	2,232,059
Average Annual Net Principal and Interest Requirements, 2016-2036.....	\$	1,682,355
\$ 0.1038 Tax Rate at 99% collection produces.....	\$	1,683,777
Maximum Net Principal and Interest Requirements, 2018.....	\$	2,473,876
\$ 0.1526 Tax Rate at 99% collection produces.....	\$	2,475,379

(1) Excludes the Refunded Obligations and self-supporting debt; includes the Obligations.

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 bonds ("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 bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

<u>Taxing Jurisdiction</u>	<u>2015/16 Taxable Assessed Valuation</u>	<u>2015/16 Tax Rate</u>	<u>Total Net Tax Supported Debt as of 2/15/2016</u>	<u>Estimated % Applicable</u>	<u>District's Overlapping Tax Supported Debt as of 2/15/2016</u>	<u>Authorized But Unissued Debt as of 2/15/2016</u>
City of Corinth	\$ 1,638,520,892	\$ 0.5849	\$ 23,552,512 ⁽¹⁾	100.00%	\$ 23,552,512 ⁽¹⁾	\$ -
Denton County	70,803,572,875	0.2620	634,275,000	2.42%	15,349,455	118,408,296
Denton ISD	11,592,151,561	1.5400	879,287,344	6.65%	58,472,608	-
Lake Dallas ISD	367,064,041	1.6700	85,340,014	45.61%	<u>38,923,580</u>	17,600,000
Total Direct and Overlapping Funded Debt.....					\$ 136,298,156	
Ration of Direct and Overlapping Funded Debt to Taxable Assessed Valuation.....					8.32%	
Per Capita Direct and Overlapping Funded Debt.....					\$ 6,170.97	

(1) Excludes self-supporting debt and the Refunded Obligations, includes the Obligations.

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DEBT INFORMATION

TABLE 8 - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding Debt Service ⁽¹⁾			The Bonds ⁽²⁾			The Certificates ⁽³⁾			Less: Self- Supporting Debt	Net Tax Supported Debt Service Requirements	% of Principal Retired
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total			
2016	\$ 2,570,000	\$ 979,250	\$ 3,549,250	\$ -	\$ 7,214	\$ 7,214	\$ -	\$ -	\$ -	\$ 1,325,673	\$ 2,230,791	
2017	2,095,000	843,326	2,938,326	55,000	29,650	84,650	-	696,627	696,627	1,260,160	2,459,443	
2018	2,130,000	750,250	2,880,250	325,000	25,850	350,850	-	562,300	562,300	1,319,524	2,473,876	
2019	1,920,000	662,383	2,582,383	535,000	17,250	552,250	-	562,300	562,300	1,262,068	2,434,865	
2020	1,440,000	587,911	2,027,911	595,000	5,950	600,950	405,000	558,250	963,250	1,166,563	2,425,547	33.81%
2021	1,435,000	522,652	1,957,652	-	-	-	565,000	548,550	1,113,550	1,066,814	2,004,388	
2022	1,360,000	453,863	1,813,863	-	-	-	585,000	528,275	1,113,275	1,041,393	1,885,745	
2023	1,430,000	380,625	1,810,625	-	-	-	615,000	498,275	1,113,275	1,039,534	1,884,366	
2024	1,510,000	303,450	1,813,450	-	-	-	640,000	470,100	1,110,100	1,041,156	1,882,394	
2025	1,590,000	222,075	1,812,075	-	-	-	670,000	443,900	1,113,900	1,040,367	1,885,608	62.94%
2026	1,670,000	136,500	1,806,500	-	-	-	700,000	413,000	1,113,000	1,037,166	1,882,334	
2027	1,765,000	46,331	1,811,331	-	-	-	735,000	377,125	1,112,125	1,039,939	1,883,518	
2028	-	-	-	-	-	-	770,000	339,500	1,109,500	-	1,109,500	
2029	-	-	-	-	-	-	810,000	300,000	1,110,000	-	1,110,000	
2030	-	-	-	-	-	-	855,000	258,375	1,113,375	-	1,113,375	83.40%
2031	-	-	-	-	-	-	890,000	219,200	1,109,200	-	1,109,200	
2032	-	-	-	-	-	-	930,000	182,800	1,112,800	-	1,112,800	
2033	-	-	-	-	-	-	965,000	144,900	1,109,900	-	1,109,900	
2034	-	-	-	-	-	-	1,005,000	105,500	1,110,500	-	1,110,500	
2035	-	-	-	-	-	-	1,045,000	64,500	1,109,500	-	1,109,500	96.95%
2036	-	-	-	-	-	-	1,090,000	21,800	1,111,800	-	1,111,800	100.00%
	<u>\$ 20,915,000</u>	<u>\$ 5,888,615</u>	<u>\$ 26,803,615</u>	<u>\$ 1,510,000</u>	<u>\$ 85,914</u>	<u>\$ 1,595,914</u>	<u>\$ 13,275,000</u>	<u>\$ 7,295,277</u>	<u>\$ 20,570,277</u>	<u>\$ 13,640,356</u>	<u>\$ 35,329,450</u>	

(1) "Outstanding Debt" does not include lease/purchase obligations or the Refunded Obligations.

(2) Average life of the Bonds – 2.845 years.

(3) Average life of the Certificates – 12.893 years.

(4) General obligation debt in the amounts shown for which repayment is currently provided from the surplus net revenues of the City's waterworks and sewer system. It is the City's current policy to provide these payments from the respective revenue sources; provided this policy is subject to change in the future. In the event payment is not made from revenues, the City will be required to levy and collect an ad valorem tax sufficient to make such debt service payments.

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION

Net Tax Obligation Debt Service Requirements, Fiscal Year Ending 9/30/16 ⁽¹⁾		\$ 2,230,791
Interest and Sinking Fund Balance, Fiscal Year Ending 9/30/15	\$ 224,420	
Budgeted Interest and Sinking Fund Tax Levy Collection	2,350,622	
Fiscal Agent Fees	(10,000)	
Transfer In	-	\$ 2,565,042
Estimated Balance, Fiscal Year Ending 9/30/16		<u>\$ 334,251</u>

(1) Includes the Obligations. Excludes self-supporting debt and the Refunded Obligations.

TABLE 10 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

A summary of changes in capital leases payable for the year ended September 30, 2015 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Capital lease obligation	<u>\$ 758,058</u>	<u>\$ -</u>	<u>\$ (74,667)</u>	<u>\$ 683,391</u>	<u>\$ 76,895</u>

The City leases various equipment under capital lease. The following is an analysis of the leased assets included in capital assets at September 30, 2015:

Equipment	\$ 839,890
Less: accumulated depreciation	<u>(126,112)</u>
Net value	<u>\$ 713,778</u>

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT . . . After the issuance of the Obligations, the City does not anticipate the issuance of additional debt payable from ad valorem taxes in the next 12 months.

TABLE 11 – OTHER OBLIGATIONS

As of September 30, 2015, the City had no other obligations outstanding.

PENSION FUND

Plan Description – The City participates as one of 860 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 - 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 each city, within the options available in the state statutes governing TMRS. The City has elected that members can retire at age 60 and above with 5 or more years of service or with 25 years of service regardless of age. Members may work for more than on TMRS city during their career. If a member is vested in one TMRS city, he or she is immediately vested upon employment with another TMRS city. Similarly, once a member has met the eligibility requirements for retirement in a TMRS city, he or she is eligible in other TMRS cities as well.

Employees covered by benefit terms.

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees (or their beneficiaries currently receiving benefits)	55
Inactive employees entitled to but not yet receiving benefits	75
Active employees	146
	276

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 were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 14% and 14% in calendar years 2014 and 2015, respectively. The city's contributions to TMRS for the year ended September 30, 2015, were \$1,334,263 and were equal to the required contributions.

Net Pension Liability - The City's Net Pension Liability (NPL) was measured as of December 31, 2014, 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, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	7.0% 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 Table, 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 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. 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.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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.

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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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	17.50%	4.80%
International equities	17.50%	6.05%
core fixed income	30.00%	1.50%
Non-core fixed income	10.00%	3.50%
Real return	5.00%	1.75%
Real estate	10.00%	5.25%
Absolute return	5.00%	4.25%
Private equity	5.00%	8.50%
	100.00%	

Discount Rate - The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in net pension liability (asset):

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(c)
Balance at 12/31/13	\$ 28,200,256	\$ 22,073,127	\$ 6,127,129
Changes for the year:			
Service cost	1,444,400	-	1,444,400
Interest	1,994,674	-	1,994,674
Change of benefit terms	-	-	-
Difference between expected and actual experience	(293,384)	-	(293,384)
Changes of assumptions	-	-	-
Contributions-employer	-	1,209,444	(1,209,444)
Contributions-employees	-	604,376	(604,376)
Net investment income	-	1,263,034	(1,263,034)
Benefit payments, including refunds of employee contributions	(854,227)	(854,227)	-
Amortization of prior year assets	-	-	-
Administrative expense	-	(13,183)	13,183
Other changes	-	(1,084)	1,084
Net changes	2,291,463	2,208,360	83,103
Balance at 12/31/14	\$ 30,491,719	\$ 24,281,487	\$ 6,210,232

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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 7.0%, 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 (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	1% Decrease in Discount Rate (6%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8%)
Net Pension Liability/(Asset)	\$ 11,930,258	\$ 6,210,232	\$ 1,646,252

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.tmr.com.

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

For the year ended September 30, 2015, the City recognized pension expense of \$1,309,698.

At September 30, 2015, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred inflows of Resources
Difference in expected and actual economic experience	\$ -	\$ (242,819)
Changes in actual assumptions	-	-
Difference between projected and actual investment earnings	225,668	-
Contributions subsequent to the measurement date	1,026,178	-
Total	<u>\$ 1,251,846</u>	<u>\$ (242,819)</u>

\$1,026,178 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, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	
2016	\$ 5,852
2017	5,852
2018	5,852
2019	5,852
2020	(40,559)
	<u>\$ (17,151)</u>

Other Post-Employment Benefits

Supplemental Death Benefits Fund

The City participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the 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. Audited financial statements of the SDBF may be obtained from TMRS' website at www.TMRS.com.

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 pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended September 30, 2015, 2014 and 2013 were \$8,807, \$8,028, and \$7,990, respectively, which equaled the required contributions each year:

FINANCIAL INFORMATION

TABLE 12 - CHANGES IN NET ASSETS

	Fiscal Year Ended September 30,				
	2015	2014 ⁽¹⁾	2013 ⁽¹⁾	2012 ⁽¹⁾	2011 ⁽¹⁾
Revenues					
Program Revenues:					
Charges for Services	\$ 4,696,469	\$ 4,668,189	\$ 3,998,142	\$ 3,880,593	\$ 4,606,339
Operating Grants and Contributions	299,613	284,954	144,879	101,458	152,477
Capital Grants and Contributions	380,748	-	551,016	944,835	858,404
General Revenues:					
Property Taxes	9,291,409	8,674,195	8,501,824	8,292,788	8,236,635
Sales Taxes	1,889,020	1,822,924	1,728,567	1,689,889	1,591,901
Franchise Taxes	1,074,217	1,039,646	967,846	1,065,097	1,083,786
Hotel Occupancy Taxes	67,833	-	-	-	-
Investment Earnings	55,043	53,860	49,427	63,010	98,465
Gain (Loss) on Sale of Fixed Assets	14,712	9,446	8,556	42,309	-
Special Item Outflow	-	-	-	(134,385)	(700,000)
Miscellaneous	45,685	4,587	38,121	101,500	34,555
Total Revenues	<u>\$ 17,814,749</u>	<u>\$ 16,557,801</u>	<u>\$ 15,988,378</u>	<u>\$ 16,047,094</u>	<u>\$ 15,962,562</u>
Expenditures					
Community Services	\$ 1,855,018	\$ 1,735,618	\$ 1,740,402	\$ 1,729,610	\$ 1,713,873
Public Works	4,661,909	4,655,417	4,726,964	4,829,902	4,268,961
City Administration	1,873,459	1,854,669	1,631,852	1,607,926	1,663,492
Finance and Administrative Services	746,482	665,351	662,238	655,335	634,749
Interest on Long-Term Debt	613,346	702,883	743,848	835,566	809,445
Economic Development	860,549	715,554	731,234	730,829	709,683
Public Safety	8,937,222	8,558,062	8,188,441	7,769,391	7,454,086
Total Expenses	<u>\$ 19,547,985</u>	<u>\$ 18,887,554</u>	<u>\$ 18,424,979</u>	<u>\$ 18,158,559</u>	<u>\$ 17,254,289</u>
Increase (Decrease) in Net Assets Before Transfers	\$ (1,733,236)	\$ (2,329,753)	\$ (2,436,601)	\$ (2,111,465)	\$ (1,291,727)
Net Transfers	778,956	1,082,783	986,679	(269,093)	2,734,363
Increase (Decrease) in Net Assets)	\$ (954,280)	\$ (1,246,970)	\$ (1,449,922)	\$ (2,380,558)	\$ 1,442,636
Net Assets - Beginning	45,591,737	46,838,707	48,412,750	50,793,308	49,255,891
Prior Period Adjustment	(4,640,771)	-	(124,121)	-	94,780
Net Assets - Ending	<u>\$ 39,996,686</u>	<u>\$ 45,591,737</u>	<u>\$ 46,838,707</u>	<u>\$ 48,412,750</u>	<u>\$ 50,793,308</u>

(1) Hotel Occupancy Tax was previously included with Sales Tax.

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TABLE 12 - A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended September 30,				
	2015	2014	2013	2012	2011
<u>Revenues:</u>					
Property Taxes	\$ 7,059,673	\$ 6,620,927	\$ 6,497,540	\$ 6,287,312	\$ 6,244,539
Franchise Taxes	1,288,978	1,039,646	967,846	1,065,097	1,083,786
Sales Taxes	1,074,217	1,214,039	1,154,783	1,131,844	1,067,987
Fees and Permits	806,074	754,034	528,023	574,703	721,793
Fine and Forfeitures	650,651	690,669	644,639	553,279	607,136
Charges for Services	2,984,628	2,772,599	2,599,183	2,527,895	2,547,590
Interest Income	39,762	31,945	27,377	41,072	63,185
Park Donations	-	-	350	872	40
Intergovernmental	-	-	-	-	-
Miscellaneous	75,813	31,291	67,763	99,118	42,565
Total Revenues	<u>\$ 13,979,796</u>	<u>\$ 13,155,150</u>	<u>\$ 12,487,504</u>	<u>\$ 12,281,192</u>	<u>\$ 12,378,621</u>
<u>Expenditures:</u>					
Public Safety	\$ 8,025,586	\$ 7,751,770	\$ 7,692,292	\$ 7,091,899	\$ 7,088,578
Community Development	845,215	703,923	696,458	656,751	669,510
City Administration	1,726,487	1,630,684	1,450,262	1,426,866	1,411,962
Finance and Administrative Services	732,037	652,321	655,646	641,484	614,157
Public Works	915,907	886,174	846,852	852,880	816,586
Community Services	1,725,461	1,598,900	1,695,337	1,673,040	1,594,788
Total Expenditures	<u>\$ 13,970,693</u>	<u>\$ 13,223,772</u>	<u>\$ 13,036,847</u>	<u>\$ 12,342,920</u>	<u>\$ 12,195,581</u>
Excess (Deficiency) of Revenues					
Over Expenditures	\$ 9,103	\$ (68,622)	\$ (549,343)	\$ (61,728)	\$ 183,040
Other Sources (Uses)	(92,265)	(283,403)	(743,239)	747,209	617,892
Other Miscellaneous Adjustments	-	-	-	-	-
Beginning Fund Balance	<u>\$ 3,810,097</u>	<u>\$ 4,162,122</u>	<u>\$ 5,454,704</u>	<u>\$ 4,769,223</u>	<u>\$ 3,873,511</u>
Prior Period Adjustment	-	-	-	-	94,780
Ending Fund Balance	<u>\$ 3,726,935</u>	<u>\$ 3,810,097</u>	<u>\$ 4,162,122</u>	<u>\$ 5,454,704</u>	<u>\$ 4,769,223</u>

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TABLE 13 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, VATCS, Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Obligations. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. Voters of the City approved the imposition of an additional sales and use tax of half of one percent (1/2 of 1%) for economic development, an additional one-fourth of one percent (1/4 of 1%) for crime control and an additional one-fourth of one percent (1/4 of 1%) for street maintenance. The sales tax for economic development is collected solely for the benefit of the City's Economic Development Corporation.

Fiscal Year Ended 9/30	Total Collected ⁽¹⁾	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita ⁽²⁾
2012	\$ 1,689,889	20.36%	\$ 0.1215	\$ 84.77
2013	1,728,567	20.45%	0.1240	84.82
2014	1,822,924	21.06%	0.1276	91.32
2015	1,956,853	21.30%	0.1272	88.60
2016	307,445 ⁽³⁾	3.21%	0.0188	13.92

(1) Includes tax levied for Hotel Occupancy. Excludes the tax levied for the City's Economic Development Corporation.

(2) Based on population estimates of the City.

(3) Collections as of January 31, 2016.

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, sales tax, 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 policy is to maintain surplus and unencumbered funds equal to at least 20% of expenditures in the General Fund. This allows the City to avoid interim borrowing pending tax receipts.

Use of Bond Proceeds, Grants, etc . . . The City's policy is to use bond proceeds, grants, or other non-recurring revenues for capital expenditures or other one-time purposes only. Such revenues are never to be used to fund on going City operations.

Budgetary Procedures . . . The fiscal year of the City is the twelve-month period beginning October 1. The departments submit to the City Administrator 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 1. 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.

The City prepares its annual budgets on a basis which substantially conforms to generally accepted accounting principles (GAAP basis).

INVESTMENTS

The City invests its investable funds in investments authorized by Texas law, including particularly Texas Government Code, as amended, Chapter 2256 (the "PFIA"), in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change.

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE CITY . . . Under the PFIA, the City is authorized to invest in: (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by or through an institution that has its main office or a branch office in Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for City deposits; or (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the City; (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, a custodian 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; (8) 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; (9) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (10) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (11) no-load money market mutual funds registered with and regulated by the SEC that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share; and (12) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below. The City also is authorized by the PFIA to invest its funds in certificates of deposit issued by one or more federally insured depository institutions, wherever located, in accordance with procedures set forth in the PFIA.

A political subdivision such as the City may enter into securities lending programs if: (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (10) through (12) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAM or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution.

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

Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for City funds, the maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the Public Funds Investment Act. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

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

ADDITIONAL PROVISIONS . . . Under the PFIA, 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; (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 Board's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

No funds of the City are invested in derivative securities, i.e., securities whose rate of return is determined by reference to another instrument, index, or commodity.

TABLE 14 - CURRENT INVESTMENTS

As of December 31, 2015, the City's investable funds were invested in the following categories:

Description	Percent of Portfolio	Market Value
U.S. Federal Agency Coupon	18.13%	\$ 3,044,440
U.S. Federal Agency Coupon - Callable	10.99%	1,845,169
Managed Pools	5.41%	908,667
Money Market	29.72%	4,992,291
Bank/Checking	35.76%	6,006,202
Total	<u>100.00%</u>	<u>\$ 16,796,769</u>

TAX MATTERS

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

In rendering its opinions, Bond Counsel to the City will rely upon (a) certain information and representations of the City, including information and representations contained in the City's federal tax certificate, (b) covenants of the City contained in the Obligation documents relating to certain matters, including arbitrage and the use of the proceeds of the Obligations and the Refunded Obligations and the property financed or refinanced therewith and (c) the sufficiency certificate of the City's financial advisor or the Paying Agent/Registrar for the Refunded Obligations. Failure by the City to observe the aforementioned representations or covenants could cause the interest on the Obligations of either series to become taxable retroactively to the date of issuance.

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

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

A ruling was not sought from the Internal Revenue Service by the Issuer with respect to the Obligations or the projects financed or refinanced with proceeds of the Obligations or the Refunded Obligations. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Obligations, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the Issuer as the taxpayer and the holder of a series of Obligations may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

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

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

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

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

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

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

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

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

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

Interest on the Obligations will be includable as an adjustment for "adjusted current earnings" to calculate the alternative minimum tax imposed on corporations by section 55 of the Code.

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

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

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

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

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CONTINUING DISCLOSURE OF INFORMATION

In the Ordinances, the City has made the following agreement for the benefit of the holders and beneficial owners of the Obligations. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Obligations. Under the agreements, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Marketplace Access website ("EMMA"). The public may access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

ANNUAL REPORTS . . . The City will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 6 and 8 through 14 and Appendix B, which is the City's annual audited financial report. The City will update and provide the information in the numbered tables within six months after the end of each fiscal year ending in and after 2016 and, if not submitted as part of such annual financial information, the City will provide audited financial statements when and if available, and in any event, within 12 months after the end of each fiscal year. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City will file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation.

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

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

EVENT NOTICES . . . The City will also provide timely notices of certain specified events to the MSRB. The City will provide notice of any of the following events with respect to the Obligations within ten Business Days after the occurrence of such event: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations; (7) modification to rights of holders of the Obligations, if material; (8) Obligation calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Obligations, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material.

As used above, the term "Business Day" means a day other than a Saturday, a Sunday, a legal holiday, or a day on which banking institutions in the City where the Designated Trust Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, and the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. 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 jurisdiction has been assumed by leaving the City Council and officials or officers of the City in possession but subject to 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. In addition, the City will provide timely notice of any failure by the City to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

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

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of specified events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Obligations 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 Obligations 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 Obligations 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 outstanding Obligations 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 Obligations. 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 Obligations in the primary offering of the Obligations. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

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

OTHER INFORMATION

RATINGS

The Obligations and the presently outstanding tax-supported debt of the City are rated "AA" by S&P and "Aa2" by Moody's, without regard to credit enhancement. Applications have been made to S&P and Moody's for contract ratings on the Obligations. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective view of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that it will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Obligations.

Due to uncertainty surrounding efforts to address the deficits and debt burden of the United States of America, obligations issued by state and local governments in the United States, such as the Obligations, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States of America or of any of its agencies or political subdivisions, then such event could also adversely affect the market for and ratings, liquidity, and market value of outstanding debt obligations, including the Obligations. Any such downward revision or withdrawal of such ratings, may have an adverse effect on the market prices of the Obligations.

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 OBLIGATIONS FOR SALE

The sale of the Obligations has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Obligations have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Obligations been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Obligations under the securities laws of any jurisdiction in which the Obligations may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Obligations 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, as amended) provides that the Obligations are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, as amended, 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 Obligations by municipalities or other political subdivisions or public agencies of the State, the Texas Public Funds Investment Act, requires that the Obligations 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 Obligations are legal investments for state banks, savings banks, trust companies with at capital of one million dollars or more, and savings and loan associations. The Obligations 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 Obligations are legal investments for various institutions in those states.

LEGAL MATTERS

The City will furnish to the Underwriters a complete transcripts of proceedings had incident to the authorization and issuance of the Obligations, including the unqualified approving legal opinions of the Attorney General of Texas approving the Obligations and to the effect that the Obligations are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the approving legal opinions of Bond Counsel, to like effect, and to the effect that the interest on the Obligations 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, including the alternative minimum tax on corporations. Though it may represent the Financial Advisor and the Underwriters from time to time in matters unrelated to the issuance of the Obligations, Bond Counsel has been engaged by and only represents the City in connection with the issuance of the Obligations. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Obligations which would affect the provision made for their payment or security, or in any manner questioning the validity of said Obligations will also be furnished. Bond Counsel was not requested to participate, and did not take part, in the preparation of this Official Statement, and such firm has not assumed any responsibility with respect hereto or undertaken independently to verify any of the information contained herein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under the captions and subcaptions "PLAN OF FINANCING," (excluding the information under the subcaption "Sources and Uses of Obligation Proceeds") "THE OBLIGATIONS" (excluding the information under the subcaptions, "Book-Entry-Only System" and "Remedies" and excluding the last sentence under the subcaption "Tax Rate Limitation"), "TAX MATTERS", "CONTINUING DISCLOSURE OF INFORMATION" (excluding the information under the subcaption "Compliance with Prior Undertakings"), "OTHER INFORMATION - Registration and Qualification of Obligations for Sale", "OTHER INFORMATION - Legal Investments and Eligibility to Secure Public Funds in Texas" and "OTHER INFORMATION - Legal Matters" (excluding the last sentence of the first paragraph thereof) in this Official Statement and such firm is of the opinion that the information relating to the Obligations and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues purported to be addressed herein and, with respect to the Obligations, such information conforms to the provisions of the Ordinances. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Obligations is contingent upon the sale and delivery of the Obligations. Certain legal matters will be passed upon for the Underwriter by Norton Rose Fulbright US LLP, Dallas, Texas, Counsel to the Underwriters, whose legal fees are contingent upon the sale and delivery of the Obligations.

The legal opinions to be delivered concurrently with the delivery of the Obligations 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 that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

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

FINANCIAL ADVISOR

FirstSouthwest is employed as Financial Advisor to the City in connection with the issuance of the Obligations. The Financial Advisor's fee for services rendered with respect to the sale of the Obligations is contingent upon the issuance and delivery of the Obligations. FirstSouthwest, 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 Obligations, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

First Southwest Company, LLC ("FirstSouthwest") merged with its common control affiliate, Hilltop Securities Inc. The merger was completed at the close of business on January 22, 2016, at which time Hilltop Securities Inc, as the surviving entity, automatically assumed all rights and obligations of FirstSouthwest.

UNDERWRITERS

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the City, at an underwriting discount of \$9,207.39. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have agreed, subject to certain conditions, to purchase the Certificates from the City, at an underwriting discount of \$92,498.86. The Underwriters will be obligated to purchase all of the Certificates if any Certificates are purchased. The Certificates to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Certificates into investment trusts) at prices lower than the public offering prices of such Certificates and such public offering prices may be changed, from time to time, by the Underwriters.

One of the Underwriters is BOSCO, Inc., which is not a bank, and the Obligations are not deposits of any bank and are not insured by the Federal Deposit Insurance Corporation

FORWARD-LOOKING STATEMENTS DISCLAIMER

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

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

MISCELLANEOUS

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

The Ordinance authorizing the issuance of the Obligations also 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 Obligations by the Initial Purchaser.

BILL HEIDEMANN

Mayor
City of Corinth, Texas

ATTEST:

KIMBERLY PENCE
City Secretary

SCHEDULE OF REFUNDED OBLIGATIONS

General Obligation Refunding Bonds, Series 2005					
<u>Original Dated Date</u>	<u>Original Maturity</u>	<u>Interest Rate</u>	<u>Principal Amount Outstanding</u>	<u>Principal Amount Refunded</u>	<u>Redemption Date</u>
12/1/2005	2/15/2017	4.250%	\$ 555,000	\$ 555,000	6/19/2016
	2/15/2018	4.250%	580,000	580,000	6/19/2016
	2/15/2020	4.250%	355,000 ⁽¹⁾	355,000	6/19/2016

(1) Represents a Term Bond with a final maturity of February 15, 2020.

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

THE CITY

LOCATION AND HISTORY . . . The City of Corinth, Texas (the “City”) is a north central Texas city located in north Denton County on Interstate Highway 35, approximately 8 miles south of Denton, Texas and approximately 30 miles north of Dallas, Texas. The City is primarily a residential community. The City is a home rule municipality operating under Article XI, Section 5 of the Texas Constitution. The City was incorporated in 1960 and operates as a Council/Manager form of government.

The City is approximately 7.8 square miles in area and has 163 full time employees. The City has 7,180 single-family residences and contains approximately 90 miles of streets.

CITY SERVICES . . . The City provides the basic governmental services to the citizens such as police protection, fire protection, water and sewer and parks and recreation programs.

EDUCATION . . . The City is served by the Denton Independent School District and the Lake Dallas Independent School District. Secondary education is provided by North Central Texas College, located in Corinth, University of North Texas and Texas Woman’s University, approximately 10 miles away in Denton; in nearby Dallas (approximately 30 miles) is a choice of University of Texas at Dallas, University of Dallas, Southern Methodist University, Paul Quinn College, the Dallas County College District and in Fort Worth (approximately 45 miles) is the Tarrant County Junior College District, Texas Wesleyan University and Texas Christian University.

TRANSPORTATION . . . Interstate Highway 35 divides the City on a north/south axis and is the State’s major north-south freeway, south to Austin and San Antonio and north into Oklahoma.

RECREATION . . . The primary recreational facilities available to the residents of the City is the 182 acre park system that includes a 118 acre Community Park with two football fields, five baseball fields, four soccer fields, three softball fields, a covered pavilion, a basketball court, walking and jogging trails, and a 19 acre nature area with fishing pond and boardwalk. The parks system also includes 11 neighborhood parks with playscapes and swing sets and 7 miles of walking and jogging trails that make up the remainder of the park system.

UTILITIES . . . Gas is provided by Atmos. Electric power was deregulated, OnCor owns the service lines, however, citizens can choose any provider.

BUILDING PERMITS

Year Ended 9/30	Commercial		Residential		Grand Total
	Number	Value	Number	Value	
2011	130	\$ 92,384	720	\$ 128,804	\$ 221,188
2012	109	40,491	649	112,005	152,496
2013	92	17,281	622	111,808	129,089
2014	123	50,619	623	132,649	183,268
2015	78	98,824	558	197,908	296,732

MAJOR BUSINESSES

Major Businesses	Type of Business	Number of Employees
North Central Texas College	Education	380
CoServ	Utility	350
Lake Dallas ISD	Education	183
City of Corinth	Municipality	158
Bill Utter Ford	Auto Dealership	150
Albertsons	Grocery	100
Orr Nissan	Auto Dealership	100
HD Supply Utilities 60	Utility	60
Oakmonth Country Club	Country Club	58
McClain's RV Ft. Worth Inc.	RV Sales	50

EMPLOYMENT

Employment statistics for Denton County are as follows:

Denton County	Average Annual				
	2015	2014	2013	2012	2011
Civilian Labor Force	416,709	412,700	401,908	388,941	379,452
Total Employed	402,124	394,540	380,577	366,626	354,400
Total Unemployed	14,585	18,160	21,331	22,315	25,052
Unemployment Rate	3.5%	4.4%	5.3%	5.7%	6.6%

Source: Texas Employment Commission, Austin, Texas.

APPENDIX B

EXCERPTS FROM THE
CITY OF CORINTH, TEXAS
ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2015

The information contained in this Appendix consists of excerpts from the City of Corinth, Texas Annual Financial Report for the Year Ended September 30, 2015, 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.

APPENDIX C

FORMS OF BOND COUNSEL'S OPINIONS