NEW ISSUE BOOK-ENTRY-ONLY

Ratings: S&P: "AA"
(See "OTHER PERTINENT INFORMATION – Ratings", herein)

OFFICIAL STATEMENT
Dated: November 9, 2020

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.

$10,100,000
CITY OF NEW BRAUNFELS, TEXAS
(Comal and Guadalupe Counties)
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020

Dated Date: November 15, 2020 **Due: February 1, as shown on page 2**

The City of New Braunfels, Texas (the "City" or the "Issuer") $10,100,000 General Obligation Refunding Bonds, Series 2020 (the "Bonds") are being issued pursuant to the Constitution and laws of the State of Texas (the "State"), including particularly Chapter 1207, as amended, Texas Government Code, as amended, an ordinance (the "Ordinance") adopted on November 9, 2020 by the City Council, and the City's Home Rule Charter. (See "THE BONDS - Authority for Issuance" herein.)

The Bonds constitute direct obligations of the Issuer payable from an annual ad valorem tax levied against all taxable property in the City, within the limits prescribed by law. (See "THE BONDS - Security for Payment" herein.)

Interest on the Bonds will accrue from November 15, 2020 (the "Dated Date") as shown above and will be payable on August 1, 2021, and on each February 1 and August 1 thereafter, until maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Bonds will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository (the "Securities Depository"). Book-entry interests in the Bonds will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof. Underwriters of the Bonds ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, the principal of and interest on the Bonds will be payable by UMB Bank, N.A., Austin, Texas, as Paying Agent/Registrar, to DTC, which will in turn remit such principal and interest to its Participants, which will in turn remit such principal and interest to the Beneficial Owners of the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Proceeds from the sale of the Bonds will be used for the purpose of (i) refunding certain of the City's currently outstanding obligations, as identified in Schedule I attached hereto (the "Refunded Obligations"), for debt service savings, and (ii) paying costs associated with the issuance of the Bonds. (See "PLAN OF FINANCING FOR THE BONDS - Purpose" herein.)

Concurrently with the sale of the Bonds, the City is issuing $1,675,000 Tax Notes, Series 2020 (the "Notes"), pursuant to a separate offering document. The Notes constitute direct obligations of the Issuer payable from the City's ad valorem tax.

SEE THE FOLLOWING PAGE FOR STATED MAUTIRITIES, PRINCIPAL AMOUNTS,
INTEREST RATES, INITIAL YIELDS, CUSIP NUMBERS, AND REDEMPTION PROVISIONS FOR THE BONDS

The Bonds are offered for delivery, when, as and if issued and received by the initial purchasers named below (the "Underwriters") and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel. Certain matters will be passed upon for the Underwriters by their counsel, Escamilla & Poneck LLP, San Antonio, Texas. The legal opinion of Bond Counsel will be printed on, or attached to the Bonds. *(See Appendix C – Form of Legal Opinion of Bond Counsel.) (See "OTHER PERTINENT INFORMATION - Legal Opinions and No-Litigation Certificate" herein). It is expected that the Bonds will be available for delivery through DTC on or about December 9, 2020.*

FROST BANK **STIFEL**

$10,100,000
CITY OF NEW BRAUNFELS, TEXAS
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020

MATURITY SCHEDULE
(Due February 1)

Base CUSIP – 642526 [1]

Stated Maturity 2/1	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix [1]
2022	$ 790,000	4.000%	0.330%	ZD2
2023	825,000	4.000%	0.380%	ZE0
2024	855,000	4.000%	0.410%	ZF7
2025	880,000	2.000%	0.470%	ZG5
2026	905,000	4.000%	0.580%	ZH3
2027	945,000	3.000%	0.700%	ZJ9
2028	1,160,000	3.000%	0.850%	ZK6
2029	1,205,000	4.000%	1.010%	ZL4
2030	1,245,000	3.000%	1.290% [2]	ZM2
2031	1,290,000	3.000%	1.440% [2]	ZN0

(Interest to accrue from the Dated Date)

The Issuer reserves the right to redeem the Bonds maturing on and after February 1, 2030, on February 1, 2029, or any date thereafter, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, at the redemption price of par plus accrued interest as further described herein. (See "THE BONDS - Redemption Provisions" herein.)

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[1] CUSIP numbers are included solely for the convenience of the owner of the Bonds. CUSIP is a registered trademark of The American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the City, the Financial Advisor, or the Underwriters is responsible for the selection or correctness of the CUSIP numbers set forth herein.
[2] Yield calculated is based on the assumption that the Bonds denoted ad sold at premium will be redeemed on February 1, 2029, the first optional call date for the Bonds, at a redemption price of par plus accrued interest on the date of redemption.

CITY OF NEW BRAUNFELS, TEXAS
550 Landa Street
New Braunfels, Texas 78130
Telephone: (830) 221-4000

ELECTED OFFICIALS

Name	Years Served	Term Expires (May)	Occupation
Rusty Brockman Mayor	<1*	2023	Community Relations Coordinator (CEMEX)
Justin Meadows Mayor Pro-Tem	5	2022	Insurance Agent
Shane Hines Councilmember, District 1	2	2022	Business owner & General Contractor
Harry Bowers Councilmember, District 3	2	2021	Professor
Matthew E. Hoyt Councilmember, District 4	2	2021	Business owner
Jason E. Hurta Councilmember, District 5	<1*	2023	Financial Advisory
James Blakey Councilmember, District 6	<1*	2023	Sales Manager (technology related)

*Elected in May, 2020.

ADMINISTRATION

Name	Position	Length of Service With the City (Years)
Robert Camareno	City Manager	12
Kristi Aday	Assistant City Manager	6
Jordan Matney	Assistant City Manager	2
Jared Werner	Chief Financial Officer	13
Drew Lyons	Acting City Secretary	4 months
Valerie Acevedo	City Attorney	8

CONSULTANTS AND ADVISORS

Bond Counsel .... McCall, Parkhurst & Horton L.L.P.
Austin, Texas

Financial Advisor .... SAMCO Capital Markets, Inc.
San Antonio, Texas

Auditor........................ Belt Harris Pechacek, LLLP
Houston, Texas

For Additional Information Please Contact:

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Chief Financial Officer
City of New Braunfels
550 Landa Street
New Braunfels, Texas 78130
Telephone: (830) 221-4000
jwerner@nbtexas.org

Mr. Mark McLiney
Senior Managing Director
SAMCO Capital Markets, Inc.
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San Antonio, Texas 78209
(210) 832-9760 (Phone)
mmcliney@samcocapital.com

Mr. Andrew Friedman
Managing Director
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San Antonio, Texas 78209
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afriedman@samcocapital.com

USE OF INFORMATION IN THE OFFICIAL STATEMENT

No dealer, broker, salesman, or other person has been authorized to give any information, or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer. This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. Any information or expression of opinion herein contained is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Issuer or other matters described herein since the date hereof.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will under any circumstances create any implication that there has been no change in the information or opinions set forth herein after the date of this Official Statement. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the Issuer's undertaking to provide certain information on a continuing basis.

The Financial Advisor has provided the following sentence for inclusion of this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with its responsibilities to the Issuer 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.

NEITHER THE CITY NOR ITS FINANCIAL ADVISOR MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC") OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION HAS BEEN PROVIDED BY DTC.

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

The agreements of the Issuer and others related to the Bonds are contained solely in the contracts described herein. Neither this Official Statement or any other statement made in connection with the offer or sale of the Bonds is to be construed as constituting an agreement with the purchasers of the Bonds. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

TABLE OF CONTENTS

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

SELECTED DATA FROM THE OFFICIAL STATEMENT

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

The Issuer	The City of New Braunfels, Texas (the "City" or "Issuer") is a municipal corporation, a home rule municipality and a political subdivision of the State of Texas located on Interstate Highway 35, 33 miles northeast of San Antonio. The City operates as a home rule city under the laws of the State of Texas which was last amended on May 7, 2005. The City's 2010 population was 57,740, an increase of 60.36% since 2000. The 2020 approximate population is 90,209. The City serves as the county seat of Comal County. The economy is primarily based on tourism and manufacturing. (See APPENDIX B - "General Information Regarding the City of New Braunfels, Texas and Comal and Guadalupe Counties, Texas" herein.)
The Bonds	The Bonds are being issued pursuant to the Constitution and laws of the State of Texas (the "State"), including particularly Chapter 1207, Texas Government Code, as amended, an ordinance (the "Ordinance") adopted on November 9, 2020 by the City Council and the City's Home Rule Charter. (See "THE BONDS - Authority for Issuance" herein.)
Paying Agent/Registrar	The initial Paying Agent/Registrar for the Bonds is UMB Bank, N.A., Austin, Texas.
Security	The Bonds constitute direct and general obligations of the Issuer payable from an annual ad valorem tax levied against all taxable property in the City, within the limits prescribed by law. (See "THE BONDS - Security for Payment" herein.)
Redemption Provision	The Issuer reserves the right, at its sole option, to redeem Bonds stated to mature on and after February 1, 2030, on February 1, 2029 or any date thereafter, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, at the price of par plus accrued interest to the date fixed for redemption. (See "THE BONDS - Redemption Provisions" herein.)
Tax Matters	In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof. (See "TAX MATTERS" for a discussion of the Opinion of Bond Counsel and "APPENDIX C - FORM OF LEGAL OPINION OF BOND COUNSEL" herein.)
Use of Bond Proceeds	Proceeds from the sale of the Bonds will be used for the purpose of (i) refunding certain of the City's currently outstanding obligations, as identified in Schedule I attached hereto (the "Refunded Obligations"), for debt service savings, and (ii) paying costs associated with the issuance of the Bonds (See "PLAN OF FINANCING FOR THE BONDS - Purpose" herein.)
Book-Entry-Only System	The Issuer intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York described herein. No physical delivery of the Bonds will be made to the beneficial owners of the Bonds. Such Book-Entry-Only System may affect the method and timing of payments on the Bonds and the manner the Bonds may be transferred. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)
Ratings	S&P Global Ratings ("S&P") has assigned an unenhanced, underlying rating of "AA" to the Bonds. (See "OTHER PERTINENT INFORMATION - Ratings" herein.)
Concurrent Issues	Concurrently with the sale of the Bonds, the City is issuing $1,675,000 Tax Notes, Series 2020 (the "Notes"), pursuant to a separate offering document. The Notes constitute direct obligations of the Issuer payable from the City's ad valorem tax.
Payment Record	The City has never defaulted on the payment of its ad valorem tax backed indebtedness.
Delivery	When issued, anticipated on or about December 9, 2020.
Legality	Delivery of the Bonds is subject to the approval by the Attorney General of the State of Texas and the rendering of an opinion as to legality by McCall, Parkhurst & Horton L.L.P., Bond Counsel, Austin, Texas.

OFFICIAL STATEMENT
RELATING TO
$10,100,000

CITY OF NEW BRAUNFELS, TEXAS
(A political subdivision of the State of Texas located in Comal and Guadalupe Counties)
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020

INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by the City of New Braunfels, Texas (the "City" or the "Issuer") of its $10,100,000 General Obligation Refunding Bonds, Series 2020 (the "Bonds") identified on the cover page hereof.

The Issuer is a political subdivision of the State of Texas and operates as a home-rule municipality under the statutes and the Constitution of the State of Texas (the "State"). The Bonds are being issued pursuant to the Constitution and general laws of the State, an ordinance (the "Ordinance") adopted on November 9, 2020 by the City Council, and the City's Home Rule Charter. (See "THE BONDS - Authority for Issuance" herein.)

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Ordinance. Included in this Official Statement are descriptions of the Bonds and certain information about the Issuer and its finances. ***ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT***. Copies of such documents may be obtained from the Issuer or the Financial Advisor noted on page 3 hereof.

References to website addresses presented in this Official Statement are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless otherwise specified, references to websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. A copy of this Official Statement and the Escrow Agreement (defined herein) relating to the Bonds will be submitted to the Municipal Securities Rulemaking Board, and will be available through its Electronic Municipal Market Access ("EMMA") system. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis

INFECTIOUS DISEASE OUTBREAK – COVID-19

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

On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas in response to the Pandemic. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting State business or any order or rule of a State agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness and mitigation. The Governor has since issued a number of executive orders relating to COVID-19 preparedness and mitigation. These include, for example, the issuance of Executive Order GA-30, which, among other things, provided further guidelines for the reopening of businesses and the maximum threshold level of occupancy related to such establishments. Certain businesses, such as cybersecurity services, child care services, local government operations, youth camps, recreational programs, schools, and religious services, do not have the foregoing limitations. The Governor's order also states, in providing or obtaining services, every person (including individuals, businesses, and other legal entities) should use good-faith efforts and available resources to follow the minimum standard health protocols. Executive Order GA-30 permits visits to nursing homes, state supported living centers, assisted living facilities, or long-term care facilities as determined through the guidance from the Texas Health and Human Services Commission. Executive Order GA-28 and GA-29 will remain in effect and in full force unless it is modified, amended, rescinded, or superseded by the Governor. In addition to the actions by the State and federal officials, certain local officials, including Comal County and Guadalupe County, have declared a local state of disaster and have issued "shelter-in-place" orders. Many of the federal, State and local actions and policies under the aforementioned disaster declarations and shelter-in-place orders are focused on limiting instances where the public can congregate or interact with each other, which affects the operation of businesses and directly impacts the economy.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue to negatively affect economic output worldwide and within the City. These negative impacts may reduce or otherwise negatively affect future property values and/or the collection of sales and other excise taxes, charges, and fees within the City as well as the assets of City pension funds. See "AD VALOREM PROPERTY TAXATION". The Certificates are secured, in part, by an ad valorem tax (within the limits prescribed by law), and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Certificates and the City's operations and maintenance expenses. Actions taken to slow the Pandemic are expected to continue to reduce economic activity within the City on which the City collects taxes, charges, and fees. A reduction in the collection of taxes, utility system revenue and other fees and charges may negatively impact the City's operating budget and overall financial condition.

The financial and operating data contained herein are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the current financial condition or future prospects of the City.

The City continues to monitor the spread of COVID-19 and is working with local, State, and national agencies to address the potential impact of the Pandemic upon the City. While the potential impact of the Pandemic on the City cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the City's operations and financial condition, and the effect could be material.

THE BONDS

Purpose of Bonds

Proceeds from the sale of the Bonds will be used (1) to refund certain of the City's currently outstanding Bonds, as identified in Schedule I attached hereto (the "Refunded Obligations"), for debt service savings, and (2) to pay costs of issuance and expenses relating to the Bonds.

Refunded Obligations

The Refunded Obligations, and interest due thereon, are to be paid on their scheduled redemption date from cash and investments to be deposited with UMB Bank, N.A., Austin, Texas, a national banking association (the "Escrow Agent") pursuant to an Escrow Deposit Letter dated as of November 9, 2020 (the "Escrow Agreement") between the City and the Escrow Agent.

The Ordinance provides that the City will deposit certain proceeds of the sale of the Bonds, along with other lawfully available funds of the City (if any), with the Escrow Agent in the amount necessary and sufficient to accomplish the discharge and final payment of the Refunded Obligations at their scheduled date of early redemption (the "Redemption Date"). Such funds shall be held by the Escrow Agent in an escrow fund (the "Escrow Fund") irrevocably pledged to the payment of principal of and interest on the Refunded Obligations. SAMCO Capital Markets, Inc., in its capacity as Financial Advisor to the City, will certify as to the sufficiency of the amount initially deposited to the Escrow Fund, without regard to investment (if any), to pay the principal of and interest on the Refunded Obligations, when due, on the Redemption Date (the "Sufficiency Certificate"). Amounts on deposit in the Escrow Fund shall, until such time as needed for their intended purpose, be (i) held uninvested in cash and/or (ii) invested in certain direct, noncallable obligations of the United States of America (including obligations unconditionally guaranteed by the United States of America) that were, on the date the Ordinance was adopted, rated as to investment quality by a nationally recognized rating firm of not less than "AAA". Cash and investments, if any, held in the Escrow Fund shall not be available to pay debt service requirements on the Bonds.

Prior to, or simultaneously with, the issuance of the Bonds, the City will give irrevocable instructions to provide notice to the owners of the Refunded Obligations that the Refunded Obligations will be redeemed prior to stated maturity on which date money will be made available to redeem the Refunded Obligations from money held under the Escrow Agreement.

By the deposit of the cash with the Escrow Agent pursuant to the Escrow Agreement, the City will have effected the defeasance of all of the Refunded Obligations in accordance with the law. It is the opinion of Bond Counsel, in reliance upon the Sufficiency Certificate provided by SAMCO Capital Markets, Inc., that as a result of such defeasance the Refunded Obligations will be outstanding only for the purpose of receiving payments from the Escrow Fund held for such purpose by the Escrow Agent 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. The City has covenanted in the Escrow Agreement to make timely deposits to the Escrow Fund, from lawfully available funds, of any additional amounts required to pay the principal of and interest on the Refunded Obligations, if for any reason, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund be insufficient to make such payment.

General Description of the Bonds

The Bonds will be dated November 15, 2020 (the "Dated Date"). The Bonds are stated to mature on February 1, 2022 in the years and in the principal amounts set forth on page 2 hereof. The Bonds shall bear interest from the Dated Date on the unpaid principal amounts, and the amount of interest to be paid with respect to each payment period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Bonds will be payable on August 1, 2021, and on each February 1 and August 1 thereafter until maturity or prior redemption. Principal is payable at the designated offices of the "Paying Agent/Registrar" for the Bonds, initially UMB Bank, N.A., Austin, Texas. Interest on the Bonds shall be paid to the registered owners whose names appear on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (as hereinafter defined) and shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to be closed, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

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

Authority for Issuance

The Bonds are being issued pursuant to the Constitution and laws of the State of Texas, including Chapter 1207, as amended, Texas Government Code, the Ordinance, and the City's Home Rule Charter.

Security for Payment

The Bonds constitute direct obligations of the Issuer payable from an annual ad valorem tax levied against all taxable property in the City, within the limits prescribed by law. (See "CITY APPLICATION OF THE PROPERTY TAX CODE" herein.)

Redemption Provisions

Optional Redemption: The Issuer reserves the right, at its option, to redeem the Bonds maturing on and after February 1, 2030 on February 1, 2029, or any date thereafter, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof (and, if within a stated maturity, selected at random and by lot by the Paying Agent/Registrar), at the redemption price of par plus accrued interest to the date fixed for redemption.

Not less than thirty (30) days prior to a redemption date for the Bonds, the City shall cause a notice of such redemption to be sent by United States mail, first-class postage prepaid, to the registered owners of each Bond or a portion thereof to be redeemed at its address as it appeared on the registration books of the Paying Agent/Registrar at the close of business on the 45th day prior to the redemption date. ANY NOTICE OF REDEMPTION SO MAILED TO THE REGISTERED OWNERS WILL BE DEEMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER ONE OR MORE OF THE REGISTERED OWNERS FAILED TO RECEIVE SUCH NOTICE. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such notice of redemption is given and any other condition to redemption satisfied, all as provided above, the Bonds or portion thereof which are to be redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

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

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

SOURCES AND USES OF FUNDS

Sources of Funds			
Par Amount		$	10,100,000.00
Accrued Interest			22,666.67
Original Issue Reoffering Premium			1,306,601.85
	Total Sources of Funds	**$**	**11,429,268.52**
Uses of Funds			
Escrow Deposit		$	11,232,952.50
Costs of Issuance			111,592.63
Underwriter's Discount			62,056.72
Deposit to Bond Fund			22,666.67
	Total Uses of Funds	**$**	**11,429,268.52**

Payment Record

The City has never defaulted on the payment of its ad valorem tax backed indebtedness.

Legality

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

Defeasance

The Ordinance provides for the defeasance of the Bonds when the payment of the principal of and premium, if any, on the Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or otherwise) is provided by irrevocably depositing with the Paying Agent/Registrar or authorized escrow agent, in trust (1) money sufficient to make such payment and/or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times to 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 Bonds, 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 City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance. The Ordinance provides that "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Bonds. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the City authorizes the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that, on the date the City authorizes the defeasance of the Bonds, have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (d) any obligations hereafter authorized by law to be eligible to effect the defeasance of the Bonds. There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Ordinance does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used for defeasance purposes or that for any other Defeasance Security will be maintained at any particular rating category.

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

Default and Remedies

The Ordinance establishes specific events of default with respect to the Bonds. If the City defaults in the payment of the principal of or interest on the Bonds when due, or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the Ordinance provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions.

The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Bonds or the Ordinance and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year.

The Ordinance does not provide for the appointment of a trustee to represent the interest of the Bondholders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia,* 49 Tex. Sup. Ct. J. 819 (Tex. 2006), that a waiver of governmental immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's governmental immunity from a suit for money damages, Bondholders may not be able to bring such a suit against the City for breach of the Bonds or covenants in the Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville,* 59 Tex. Sup. Ct. J. 524 (Tex. 2016) that governmental immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. In its decision, the Court held that since the Local Government Immunity Waiver Act waives governmental immunity in certain breach of contract claims without addressing whether the waiver applies to a governmental function or a proprietary function of a city, the Court could not reasonably read the Local Government Immunity Waiver Act to evidence legislative intent to waive immunity when a city performs a proprietary function.

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

Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors 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 opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

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

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

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

The Bonds will be issued in fully registered form in multiples of $5,000 for any one stated maturity, and principal and semiannual interest will be paid by the Paying Agent/Registrar. Interest will be paid by check or draft mailed on each interest payment date by the Paying Agent/Registrar to the registered owner at the last known address as it appears on the Paying Agent/Registrar's books or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner. Principal will be paid to the registered owner at stated maturity or prior redemption upon presentation to the Paying Agent/Registrar; provided however, that so long as DTC's Book-Entry-Only System is used, all payments will be made as described under "BOOK-ENTRY-ONLY SYSTEM" herein. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where 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.

Record Date

The record date ("Record Date") for interest payable to the registered owner of a Bond on any Interest Payment Date means the fifteenth (15th) day of the month next preceding such Interest Payment Date.

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

Future Registration

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

Limitation on Transfer or Exchange of Bonds

The Paying Agent/Registrar shall not be required to transfer or exchange any Bonds or any portion thereof during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

Replacement Bonds

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

Use of Certain Terms in Other Sections of this Official Statement

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

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE ISSUER

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

Legal Investments

Under Texas law, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or their respective successors; (8) certificates of deposit (i) meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code) that are issued by or through an institution that either has its main office or a branch in Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (7) or in any other manner and amount provided by law for City deposits or, (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the City; (iii) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (iv) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (v) the City appoints the depository institution selected under (ii) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3- 3) as custodian for the City with respect to the certificates of deposit issued for the account of the City; (9) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1) require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (10) 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 (7) 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 (7) above, clauses (12) through (14) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less; (11) 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; (12) commercial paper with a stated maturity of 365 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; (13) no-load money market funds registered with and regulated by the SEC that provide the City with a prospectus and other information required by SEC Rule 2a-7; (14) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations described in this paragraph or (ii) have a duration of less than one year and an investment portfolio limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAm or an equivalent by at least one nationally recognized rating service. The City 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.

Investment Policies

Under Texas law, the Issuer is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for Issuer funds, maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, and the methods to monitor the market price of investments acquired with public funds and the 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. All Issuer funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement will describe its objectives concerning (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

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

Additional Provisions

Under Texas law, the Issuer is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt an 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 said ordinance or resolution, (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the Issuer to: (a) receive and review the Issuer's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the Issuer and the business organization that are not authorized by the Issuer's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the Issuer's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the Issuer and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the Issuer's investment policy; (6) provide specific investment training for the Treasurer, Chief Financial Officer, or other 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 repurchase agreement; (8) restrict the investment in mutual funds in the aggregate to no more than 80% of the Issuer's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service and further restrict the investment in non-money market mutual funds of any portion of bond proceeds, reserves and funds held for debt service and to no more than 15% of the Issuer's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service and further restrict the investment in no-load money market mutual funds of any portion of bond proceeds reserves and funds held for debt service to no more than 15% of the entity's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to confirm 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 Issuer.

Current Investments [(1)] **TABLE 1**

As of July 31, 2020, the City held investments as follows:

Investment Type	Amount	Percentage
TexPool	$ 122,934,172	90.40%
Frost Checking	3,919,619	2.88%
CD	5,124,328	3.77%
Agency	2,003,319	1.47%
Treasury	2,015,046	1.48%
Total	$ 135,996,484	100.00%

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

____
(1) Unaudited.

AD VALOREM TAX PROCEDURES

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Reference is made to Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Valuation Of Taxable Property

The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board ("Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the Issuer is the responsibility of the Comal Appraisal District and the Guadalupe Appraisal District (collectively, the "Appraisal District"). Except as described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property (the "10% Homestead Cap"). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised.

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

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the Issuer, in establishing their tax rolls and tax rates. See "– Issuer and Taxpayer Remedies."

State Mandated Homestead Exemptions

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

Local Option Homestead Exemptions

The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the market value of all homesteads (but not less than $5,000) and (2) an additional exemption of the market value of the homesteads of persons 65 years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable.

Local Option Freeze for the Elderly and Disabled

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

Personal Property

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

Freeport Exemptions

Certain goods detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1,1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue to tax Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal. Certain goods, principally inventory, that are stored for the purposes of assembling, storing, manufacturing, processing or fabricating the goods in a location that is not owned by the owner of the goods and are transferred from that location to another location within 175 days ("Goods-in-Transit"), are exempt from ad valorem taxation unless a taxing unit takes official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax Goods-in-Transit beginning the following tax year. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include special inventories such as motor vehicles or boats in a dealer's retail inventory. A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

Other Exempt Property

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

Tax Increment Financing Zones

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

Tax Abatement Agreements

Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

Chapter 380 Agreements

The City is 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 grant of public fund 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.

For a discussion of how the various exemptions described above are applied by the City, see "– City Application of Tax Code" herein.

Public Hearing and Maintenance and Operation Tax Rate Limitations

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

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

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

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

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

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

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

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

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

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its "de minimis rate", an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.
A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase.

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

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

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

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

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

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.

Issuer and Taxpayer Remedies

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

Owners of certain property with a taxable value of at least $50 million and situated in a county with a population of one million or more as of the most recent federal decennial census may additionally protest the determinations of appraisal district directly to a three-member special panel of the appraisal review board, selected by a State district judge, consisting of highly qualified professionals in the field of property tax appraisal.

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

Debt Tax Rate Limitations

All taxable property within the Issuer is subject to the assessment, levy and collection by the Issuer of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax-supported debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the Issuer, and limits its maximum ad valorem tax rate to $2.50 per $100 of Taxable Assessed Valuation. 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 on ad valorem tax-supported debt, as calculated at the time of issuance.

Issuer's Rights In The Event Of Tax Delinquencies

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

PROPERTY ASSESSMENT AND TAX PAYMENT . . . Property within the City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of a valuation process which uses pricing information in either the standard edition of the Annual Energy Outlook or, if the most recently published edition of the Annual Energy Outlook was published before December 1 of the preceding calendar year, the Short-Term Energy Outlook report published in January of the current calendar year. Taxes become due October 1 of the same year, and become delinquent on February 15 of the following year. Taxpayers 65 years old or older, disabled veterans or an unmarried surviving spouse of a disabled veteran, are permitted by State law to pay taxes on homesteads in four installments with the first installment due before February 1 of each year and the final installment due before August 1.

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

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

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

CITY APPLICATION OF TAX CODE . . . The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of $3,750; the disabled are not granted an additional exemption.

The City has granted an additional exemption of up to 20% of the market value of residential homesteads with a minimum exemption of $5,000.

The City has taken action to establish a tax limitation on ad valorem taxes levied by the City against the residence homestead of persons 65 years of age or older and their spouses and disabled persons.

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 Comal County and Guadalupe County, as applicable, collect taxes for the City.

On May 29, 2007, the City Council authorized an ordinance creating a TIRZ that totaled 497 acres with a taxable "base" value of $4,985,170 and a current taxable value of $317,091,869, for a period of 25 years, ending December 31, 2032.

The City currently has no tax abatement agreements in place.

The City currently has Chapter 380 agreements with Investor Grosenbacher Partnership and NB Retail LTD ("Investor Grosenbacher"), associated with its Westpointe Village development in the City (the "Westpointe Village Agreement"); with HD Supply Facilities Maintenance, LTD ("HD Supply"), associated with its development of a customer contact call center in the City (the "HD Supply Agreement"); CGT U.S. Limited ("CGT"), and TaskUs Inc. ("TaskUs").

The Westpointe Village Agreement allows for a rebate of 70% of the proceeds of the City's ad-valorem tax levied on improvements on the development after January 1, 2008, and a rebate of 50% of the City's General Fund sales tax revenue collected from the Westpointe Village development. The Westpointe Village agreement shall remain in effect until January 1, 2035, or until the City has rebated $4,117,000 in combined ad-valorem and sales tax revenue to Investor Grosenbacher, less amounts due to the City under the terms of the Westpointe Village Agreement.

The HD Supply Agreement allows for a rebate of 50% of all sales tax revenue received from HD Supply in connection with its development for a period of at least 10 but up to 20 years effective as of the earlier of the date the City first receives sales tax revenue from the development described in the HD Supply Agreement or April 1, 2007. HD Supply has agreed, pursuant to the terms of the HD Supply Agreement, to provide at least 390 permanent jobs when the development is complete.

The CGT Agreement allows for a rebate of 80% of the proceeds of the City's ad valorem tax levied on improvements on the development (the "CGT Ad Valorem Taxes") for grant years 1 through 5, 60% of the CGT Ad Valorem Taxes for grant years 6 through 8, and 50% of the CGT Ad Valorem Taxes for grant years 9 through 15. The first payment under the CGT Agreement was made in 2019 in the amount of $271,210 and total payments to the date of this Official Statement aggregate $536,789.

The TaskUs Agreement allows for a rebate of 70% of the proceeds of the City's ad valorem tax levied on improvements on the development (the "TaskUs Ad Valorem Taxes") for rebate years 1 through 3, 55% of the TaskUs Ad Valorem Taxes for rebate years 4 through 6, and 30% of the TaskUs Ad Valorem Taxes for grant years 7 through 8. As of the date of this official statement, no payments have been made under this agreement.

MUNICIPAL SALES TAX . . . The City has adopted the provisions of Property Tax Code § 321.001 et seq., which grants the City the power to impose and levy a one percent (1%) Local Sales and Use Tax within the City. The proceeds of such tax are credited to the General Fund and are not pledged to payment of the Bonds. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts of the State (the "Comptroller"), who monthly remits the proceeds of the tax, after deduction of a two percent (2%) service fee, to the City.

The Property Tax Code provides certain cities and counties the option of assessing a maximum one-half percent (½%) sales and use tax for the purpose of reducing its ad valorem property taxes, if approved by a majority of the voters in a local option election. If the additional tax is approved and levied, the ad valorem property tax levy must be reduced by the estimated amount of the sales and use tax revenues to be generated in the current year. Subject to the approval of a majority of the voters in a local option election, State law also provides certain cities the option of assessing a sales and use tax for a variety of other purposes, including economic and industrial development, municipal street maintenance and repair, and sports and community venues.

State law limits the maximum aggregate sales and use tax rate in any area to 8¼%. Accordingly, the collection of local sales and use taxes in the area of the City (including sales and use taxes levied by the City) is limited to no more than 2% (when combined with the state sales and use tax rate of 6¼%).

In addition to the one percent (1%) local sales and use tax referred to above, voters of the City have approved the imposition of an additional three-eighths of one-percent (3/8%) aggregate local sales and use tax for economic development and community development.

TAX RATE LIMITATIONS

Article XI, Section 5 of the Texas Constitution, applicable to cities of more than 5,000 population: $2.50 per $100 assessed valuation. The Issuer has adopted a Home Rule Charter which does not limit the City's maximum tax rate limit beyond the Constitutional limit of $2.50 per $100 of assessed valuation for all Issuer purposes. No direct funded debt limitation is imposed on the City under current Texas law.

No direct funded debt limitation is imposed on the City under current Texas 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 assessed valuation for all City purposes. As stated above, the City operates under a Home Rule Charter which adopts a limit of $2.50 per $100 of assessed valuation. The Texas Attorney General has adopted an administrative policy that generally prohibits the issuance of debt by a municipality, such as the City, if its issuance produces debt service requirements exceeding that which can be paid from $1.50 of the foregoing $2.50 maximum tax rate calculated at 90% collection. The issuance of the Bonds does not violate this Constitutional provision or the Texas Attorney General's administrative policy.

Before the later of September 30th or the 60th day after the date the certified appraisal roll is received by the taxing unit, the City Council must adopt a tax rate per $100 taxable value for the current year. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service.

TAX MATTERS

Opinion

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

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

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. 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 Bonds.

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

Federal Income Tax Accounting Treatment of Original Issue Discount

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

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

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

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for accrual period and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

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

Collateral Federal Income Tax Consequences

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

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, 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 BONDS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

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

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

Future and Proposed Legislation

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

State, Local and Foreign Taxes

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

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered owner and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances and in respect to investors who are not United States persons, certification as to foreign status, and other matters may be required to be provided by partners and beneficiaries thereof.

LEGAL MATTERS

The Issuer will furnish the Underwriters a transcript of certain proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of the State of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and legally binding obligations of the Issuer. The Issuer will also furnish the approving legal opinion of Bond Counsel to the effect that (i), based upon an examination of such transcript, the Bonds are valid and legally binding obligations of the Issuer under the Constitution and the laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the registered owners of the Bonds may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the Issuer and (ii) the interest on the Bonds 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. See "APPENDIX A - Form of Bond Counsel's Opinion." Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Official Statement under the captions "THE BONDS," (except for the subcaption "Payment Record"), "TAX MATTERS," "LEGAL MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" (except for the subcaption "Compliance with Prior Agreements") to determine that the information relating to the Bonds and the Ordinance contained therein fairly and accurately describes the provisions thereof and is correct as to matters of law. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are contingent on the sale and delivery of the Bonds. The applicable legal opinion will accompany the Bonds deposited with DTC or will be printed on or attached to the Bonds in the event of discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriters by Escamilla & Poneck LLP, San Antonio, Texas. In connection with the issuance of the Bonds, Bond Counsel has been engaged by, and only represents, the Issuer.

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

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the Issuer has made the following agreement for the benefit of the registered and beneficial owners of the Bonds. The Issuer is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the Issuer will be obligated to provide certain updated financial information and operating data annually and timely notice of specified events to the Municipal Securities Rulemaking Board ("MSRB"). The MSRB currently makes this information publicly available on its Electronic Municipal Market Access System ("EMMA") at http://emma.msrb.org/.

Annual Reports

The Issuer will provide to the MSRB updated financial information and operating data annually. The information to be updated includes quantitative financial information and operating data with respect to the Issuer of the general type included in this Official Statement including table 1 of this Official Statement and under the Tables numbered 1 through 10 of APPENDIX A and the financial statements in APPENDIX D. The Issuer will update and provide this information within 6 months after the end of each fiscal year ending in or after 2020. If audited financial statements are not available when the other information is provided, the Issuer will provide audited financial statements when and if they become available and will provide unaudited financial statements within 12 months after fiscal year end, unless audited financial statements are sooner provided. Financial statements will be prepared in accordance with the accounting principles described in APPENDIX D or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation.

The Issuer may provide updated information in full text or may incorporate by reference documents available on EMMA or filed with the U.S. Securities and Exchange Commission (the "SEC").

The Issuer's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the Issuer changes its fiscal year. If the Issuer changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The Issuer will also provide to the MSRB notices of certain events on a timely basis no later than 10 business days after the event. The Issuer will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the Issuer; (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of the trustee, if material; (15) incurrence of a financial obligation of the Issuer (as defined by the Rule, which includes certain debt, debt-like, and debt-related obligations), if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties. (Neither the Bonds nor the Ordinance make any provision for debt service reserves, credit enhancement or a trustee.)

For these purposes, (a) any event described in clause (12) in the preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer, and (b) the Issuer intends the words used in clauses (15) and (16) in the preceding paragraph and the definition of financial obligation in this section to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

The Issuer will also file notice with the MSRB, in a timely manner, of any failure by the Issuer to provide financial information or operating data as described above in "- Annual Reports" by the time required.

Limitations and Amendments

The Issuer has agreed to update information and to provide notices of certain events only as described above. The Issuer 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 Issuer makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The Issuer 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 Bonds may seek a writ of mandamus to compel the Issuer to comply with its agreement.

The Issuer 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 Issuer, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the Issuer (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the registered and beneficial owners of the Bonds.

The Issuer may also amend or repeal the provisions of its 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, and the Issuer also may amend the provisions of its continuing disclosure agreement in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds, giving effect to (i) such provisions as so amended and (ii) any amendments or interpretations of the Rule. If the Issuer so amends its continuing disclosure agreement as described in this section, 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 Agreements

During the past five years, the City has complied in all material respects with its previous continuing disclosure agreements made in accordance with the Rule.

OTHER PERTINENT INFORMATION

Registration and Qualification of Bonds for Sale

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

Litigation

In the opinion of the City Attorney, the Issuer is not a party to any litigation or other proceeding pending or to its knowledge, threatened, in any court, agency or other administrative body (either state or federal) which, if decided adversely to the Issuer, would have a material adverse effect on the financial condition of the City.

Future Debt Issuance

Concurrently with the sale of the Bonds, the City is issuing $1,675,000 Tax Notes, Series 2020. The Notes constitute direct obligations of the Issuer payable from the City's ad valorem tax.

Legal Investments and Eligibility to Secure Public Funds in Texas

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

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

No Material Adverse Change

The obligations of the Underwriters to take and pay for the Bonds, and of the Issuer to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition (financial or otherwise) of the Issuer from that set forth or contemplated in the Official Statement.

Ratings

S&P Global Ratings ("S&P") has assigned an unenhanced, underlying rating of "AA" to the Bonds. The Issuer currently has a rating of "Aa2" by Moody's on its general obligation debt. An explanation of the significance of such rating may be obtained from the rating agency. A rating by a rating agency reflects only the views of such company at the time the ratings are given, and the Issuer makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time, or that it will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

Financial Advisor

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

Underwriting

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the Issuer at a price of $11,344,545.13 (representing the par amount of the Bonds of $10,100,000.00, plus a net reoffering premium of $1,306,601.85, and less an Underwriters' discount of $62,056.72), and accrued interest on the Bonds in the amount of $22,666.67.

The Underwriters' obligation is subject to certain conditions precedent. The Underwriters will be obligated to purchase all of the Bonds, if any of the Bonds are purchased. The Bonds may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

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

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.

Concluding Statement

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

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

CITY OF NEW BRAUNFELS, TEXAS

ATTEST:

/s/ Rusty Brockman
Mayor
City of New Braunfels, Texas

/s/ Drew Lyons
Acting City Secretary
City of New Braunfels, Texas

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SCHEDULE I

SCHEDULE OF REFUNDED OBLIGATIONS

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SCHEDULE I
SCHEDULE OF REFUNDED OBLIGATIONS

CITY OF NEW BRAUNFELS, TEXAS

Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2011
(Redemption Date 02-01-21 @ par)

	Current Interest Bonds			
Original Dated Date	Original Maturity (February 1)	Original Principal Amount	Principal Being Refunded	Interest Rate
April 15, 2011	2022	$ 910,000.00	$ 910,000.00	4.050%
	2023	950,000.00	950,000.00	4.050%
	2024	990,000.00	990,000.00	4.050%
	2025	1,030,000.00	1,030,000.00	4.050%
	2026	1,070,000.00	1,070,000.00	4.050%
	2027	1,115,000.00	1,115,000.00	4.050%
	2028	1,160,000.00	1,160,000.00	4.050%
	2029	1,210,000.00	1,210,000.00	4.050%
	2030	1,260,000.00	1,260,000.00	4.050%
	2031	1,315,000.00	1,315,000.00	4.050%
		$ 11,010,000.00	$ 11,010,000.00	

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APPENDIX A

FINANCIAL INFORMATION RELATING TO THE CITY OF NEW BRAUNFELS, TEXAS

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ASSESSED VALUATION

TABLE 1

2020 Certified Market Value of Taxable Property (100% of Market Value)	$	11,489,672,287
Less Exemptions:		
Local Optional Over-65 or Disabled Exemption	$	23,458,620
Veterans' Exemption		215,339,407
Freeport Exemption		6,713,264
Productivity Value Loss		198,832,171
Homestead		860,631,690
Historical/Non Req. Exemption Loss		6,738,933
Solar Exemption		293,616
Pollution Control		12,530
10% Per Year Cap on Residential Homestead		83,322,473
TOTAL EXEMPTIONS		1,395,342,704
2020 Certified Assessed Value of Taxable Property	$	10,094,329,583 *

Source: Comal and Guadalupe County Appraisal Districts.
** Includes Freeze Taxable Value of $1,000,949,134.*

GENERAL OBLIGATION BONDED DEBT

(as of October 1, 2020)

General Obligation Debt Principal Outstanding

Combination Tax and Airport System Revenue Certificates of Obligation, Series 2006A	$	155,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2011		875,000 (1)
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2012		13,245,000
General Obligation Refunding Bonds, Series 2013		1,335,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2013		14,400,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2014A		5,250,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2014B (AMT)		2,700,000
General Obligation Bonds, Series 2014		10,785,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015		4,395,000
General Obligation and Refunding Bonds, Series 2015		25,560,000
Tax Notes, Series 2015		380,000
General Obligation and Refunding Bonds, Series 2016		31,540,000
General Obligation Refunding Bonds, Series 2017		4,665,000
General Obligation Bonds, Series 2018		20,565,000
Tax Notes, Series 2018		2,190,000
Combination Tax and Revenue Certificates of Obligation, Series 2018		7,555,000
Tax Notes, Series 2018A		2,015,000
General Obligation Bonds, Series 2019		19,085,000
Combination Tax and Revenue Certificates of Obligation, Series 2019		4,560,000
General Obligation Bonds, Series 2020		47,770,000
Combination Tax and Revenue Certificates of Obligation, Series 2020		14,470,000
Tax Notes, Series 2020 (the "Notes")		1,675,000 (2)
General Obligation Refunding Bonds, Series 2020 (the "Bonds")		10,100,000 (2)
Total Gross General Obligation Debt	$	245,270,000
Less: Self Supporting Debt*		
Combination Tax and Airport System Revenue Certificates of Obligation, Series 2006A (100% Airport)	$	155,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2012 (40.05% Sales Tax)		5,305,000
General Obligation Refunding Bonds, Series 2013 (100% Sales Tax)		1,335,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2013 (8.37% Sales Tax)		1,205,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2014B (AMT)(100% Airport)		2,700,000
General Obligation and Refunding Bonds, Series 2015 (13.54% Hotel Occupancy Tax and 0.40% Solid Waste)		3,460,000
General Obligation and Refunding Bonds, Series 2016 (0.44% Solid Waste)		140,000
Combination Tax and Revenue Certificates of Obligation, Series 2018 (100% Sales Tax)		7,555,000
Combination Tax and Revenue Certificates of Obligation, Series 2020 (29.41% Solid Waste & 70.59% TIRZ)		14,470,000
Total Self-Supporting Debt	$	36,325,000
Total Net General Obligation Debt Outstanding	$	208,945,000
2020 Certified Net Assessed Valuation	$	10,094,329,583
Ratio of Total Gross General Obligation Debt Principal to 2020 Certified Net Taxable Assessed Valuation		2.43%
Ratio of Net General Obligation Debt to 2020 Certified Net Taxable Assessed Valuation		2.07%

Population: 1990 - 27,334; 2000 - 36,494; 2010 - 57,740; est. 2020 - 90,209
Per Capita Certified Net Taxable Assessed Valuation - $111,899
Per Capita Gross General Obligation Debt Principal - $2,719
Per Capita Net General Obligation Debt Principal - $2,316

**Self supporting debt is secured primarily by the City's ad valorem taxes, but has historically been paid from the revenue source indicated in the parenthetical folloiwng each series titel in the table presentation. Although the City anticipates continuing this practice, no assurances can be given that the City will continue treating such debt as self-supporting or that ad valorem taxes will not be used to make debt service payments on such debt in the future.*

(1) *Excludes the Obligations refunded by the Bonds.*
(2) *The Bonds and Notes are being sold concurrently.*

CITY DEBT OBLIGATIONS - CAPITAL LEASE AND NOTES PAYABLE **TABLE 2**

(As of September 30, 2019)

None

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

(As of October 1, 2020)

FYE (9/30)	Current Total Outstanding Debt[(a)]	Less: Refunded Debt Service	The Bonds Principal	The Bonds Interest	The Bonds Total	The Notes Principal	The Notes Interest	The Notes Total	Combined Debt Service	Less: Self Supporting Debt [(1)]	Total Net Debt Service
2021	$ 24,437,422	$ 445,905		$ 241,778	$ 241,778	$ 225,000	$ 37,618	$ 262,618	$ 24,495,912	$ 4,842,380	$ 19,653,533
2022	22,854,580	1,337,478	$ 790,000	324,200	1,114,200	225,000	46,150	271,150	22,902,452	4,670,206	18,232,246
2023	23,185,698	1,339,813	825,000	291,900	1,116,900	230,000	39,400	269,400	23,232,186	4,683,381	18,548,805
2024	23,045,714	1,340,528	855,000	258,300	1,113,300	240,000	32,500	272,500	23,090,987	4,209,981	18,881,006
2025	23,385,176	1,339,623	880,000	232,400	1,112,400	245,000	25,300	270,300	23,428,253	4,210,213	19,218,041
2026	21,925,370	1,337,098	905,000	205,500	1,110,500	255,000	20,400	275,400	21,974,173	4,213,881	17,760,292
2027	20,824,403	1,337,851	945,000	173,225	1,118,225	255,000	10,200	265,200	20,869,977	7,154,341	13,715,636
2028	20,153,675	1,336,783	1,160,000	141,650	1,301,650	-	-	-	20,118,542	3,617,303	16,501,239
2029	19,151,707	1,338,790	1,205,000	100,150	1,305,150	-	-	-	19,118,067	3,538,900	15,579,167
2030	18,599,523	1,338,773	1,245,000	57,375	1,302,375	-	-	-	18,563,125	3,546,106	15,017,019
2031	18,586,132	1,341,629	1,290,000	19,350	1,309,350	-	-	-	18,553,853	3,534,384	15,019,469
2032	17,246,750	-	-	-	-	-	-	-	17,246,750	3,536,219	13,710,531
2033	14,744,438	-	-	-	-	-	-	-	14,744,438	1,888,956	12,855,481
2034	13,291,131	-	-	-	-	-	-	-	13,291,131	1,763,588	11,527,544
2035	11,523,038	-	-	-	-	-	-	-	11,523,038	1,509,225	10,013,813
2036	10,071,828	-	-	-	-	-	-	-	10,071,828	1,498,175	8,573,653
2037	8,177,122	-	-	-	-	-	-	-	8,177,122	1,505,534	6,671,588
2038	8,172,278	-	-	-	-	-	-	-	8,172,278	1,506,053	6,666,225
2039	5,817,125	-	-	-	-	-	-	-	5,817,125	930,725	4,886,400
2040	4,186,875	-	-	-	-	-	-	-	4,186,875	609,000	3,577,875
Total	$ 329,379,984	$ 13,834,268	$ 10,100,000	$ 2,045,828	$ 12,145,828	$ 1,675,000	$ 211,568	$ 1,886,568	$ 329,578,112	$ 62,968,552	$ 266,609,560

[(a)] *Includes self-supporting debt.*

[(1)] *See TABLE 1 - General Obligation Bonded Debt for a detail of the City's self-supported debt outstanding.*

TAX ADEQUACY (Includes Self-Supporting Debt)

2020 Certified Freeze Adjusted Net Taxable Assessed Valuation	$	9,093,380,449
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-2021)	$	24,495,912
Indicated Required I&S Fund Tax Rate at 98% Collections to produce Maximum Debt Service Requirements		$ 0.2749

Note: Above computations are exclusive of investment earnings, delinquent tax collections and penalties and interest on delinquent tax collections.

TAX ADEQUACY (Excludes Self-Supporting Debt)

2020 Certified Freeze Adjusted Net Taxable Assessed Valuation	$	9,093,380,449
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-2021)	$	19,653,533
Indicated Required I&S Fund Tax Rate at 98% Collections to produce Maximum Debt Service Requirements		$ 0.2205

Note: Above computations are exclusive of investment earnings, delinquent tax collections and penalties and interest on delinquent tax collections.

INTEREST AND SINKING FUND MANAGEMENT INDEX

Unaudited Interest and Sinking Fund Balance, Fiscal Year Ended September 30, 2020	$	2,300,000
2020 Interest and Sinking Fund Tax Levy at 98% Collections Produce*		19,143,526
Plus: Other City Funds (for self-supporting portion of debt and tax freeze)		5,207,359
Total Available for General Fund Debt	$	26,650,885
Less: General Obligation Debt Service Requirements, Fiscal Year Ended September 30, 2021		24,175,675
Estimated Surplus at Fiscal Year Ending September 30, 2021	$	2,475,210

* *Levy calculated net of TIRZ value and inclusive of tax freeze.*

GENERAL OBLIGATION PRINCIPAL REPAYMENT SCHEDULE

(As of October 1, 2020)

	Principal Repayment Schedule						
Fiscal Year Ending 9-30	Currently Outstanding[(a)]	Less: Refunded Obligations	The Bonds	The Notes	Total	Principal Unpaid at End of Year	Percent of Principal Retired (%)
2021	$ 14,905,000			$ 225,000	$ 15,130,000	$ 230,140,000	6.17%
2022	13,645,000	$ 910,000	$ 790,000	225,000	13,750,000	216,390,000	11.77%
2023	14,560,000	950,000	825,000	230,000	14,665,000	201,725,000	17.75%
2024	15,055,000	990,000	855,000	240,000	15,160,000	186,565,000	23.93%
2025	16,085,000	1,030,000	880,000	245,000	16,180,000	170,385,000	30.53%
2026	15,340,000	1,070,000	905,000	255,000	15,430,000	154,955,000	36.82%
2027	14,910,000	1,115,000	945,000	255,000	14,995,000	139,960,000	42.94%
2028	14,885,000	1,160,000	1,160,000	-	14,885,000	125,075,000	49.01%
2029	14,510,000	1,210,000	1,205,000	-	14,505,000	110,570,000	54.92%
2030	14,545,000	1,260,000	1,245,000	-	14,530,000	96,040,000	60.84%
2031	15,125,000	1,315,000	1,290,000	-	15,100,000	80,940,000	67.00%
2032	14,365,000	-	-	-	14,365,000	66,575,000	72.86%
2033	12,385,000	-	-	-	12,385,000	54,190,000	77.91%
2034	11,405,000	-	-	-	11,405,000	42,785,000	82.56%
2035	10,030,000	-	-	-	10,030,000	32,755,000	86.65%
2036	8,890,000	-	-	-	8,890,000	23,865,000	90.27%
2037	7,250,000	-	-	-	7,250,000	16,615,000	93.23%
2038	7,475,000	-	-	-	7,475,000	9,140,000	96.27%
2039	5,315,000	-	-	-	5,315,000	3,825,000	98.44%
2040	3,825,000	-	-	-	3,825,000	-	100.00%
Total	$ 244,505,000	$ 11,010,000	$ 10,100,000	$ 1,675,000	$ 245,270,000		

[(a)] *Includes self-supporting debt. See TABLE 1 - General Obligation Bonded Debt for a detail of the City's self-supported debt outstanding.*

TAXABLE ASSESSED VALUATION FOR TAX YEARS 2011-2020 **TABLE 3**

Year	Net Taxable Assessed Valuation	Change From Preceding Year Amount ($)	Percent
2011-12	$ 3,941,733,272	---	---
2012-13	4,178,203,307	236,470,035	6.00%
2013-14	4,452,304,694	274,101,387	6.56%
2014-15	5,003,834,374	551,529,680	12.39%
2015-16	5,655,196,350	651,361,976	13.02%
2016-17	6,174,720,505	519,524,155	9.19%
2017-18	6,898,322,770	723,602,265	11.72%
2018-19	7,621,384,608	723,061,838	10.48%
2019-20	8,548,224,205	926,839,597	12.16%
2020-21	10,094,329,583	1,546,105,378	18.09%

Source: Comal and Guadalupe Central Appraisal Districts.

PRINCIPAL TAXPAYERS 2020 **TABLE 4**

Name	Type of Business/Property	2020 Net Taxable Assessed Valuation	% of Total 2020 Assessed Valuation
AL 95 Creekside Towncenter LP	Commercial Development	$ 124,498,365	1.46%
Central Texas Cooridor Hospital Co LLC	Healthcare	97,385,585	1.14%
Rush Enterprises	Truck Leasing	71,065,010	0.83%
Kahlig Enterprises Inc.	Used Car Dealership	67,240,260	0.79%
PAC Creekside LLC	Commercial Development	55,855,060	0.65%
Grey Forest Development	Apartments	55,821,980	0.65%
BMEF Creekside LLC	Apartments	50,472,960	0.59%
HEB Grocery CO LP	Grocery Chain	47,938,602	0.56%
CGT, US Limited	Manufacturer	47,937,440	0.56%
Cedar Fair Entertainment	Theme Park	43,258,270	0.51%
		$ 661,473,532	6.67%

Source: Comal and Guadalupe Central Appraisal Districts.

MUNICIPAL SALES TAX COLLECTIONS **TABLE 5**

The Issuer has adopted the provisions of Chapter 321, as amended, Texas Tax Code. In addition, some issuers are subject to a property tax relief and/or an economic and industrial development sales tax. The Issuer has an additional 3/8 of 1 cent sales tax for the benefit of the Issuer's 4B Economic Development Corporation. Collections on calendar year basis are as follows:

Calendar Year	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate
2011	$ 19,841,714	112.27%	$ 0.503
2012	20,012,421	102.49%	0.479
2013	24,727,799	111.47%	0.555
2014	26,959,588	108.14%	0.539
2015	27,087,906	96.14%	0.479
2016	28,850,406	93.78%	0.467
2017	30,144,639	89.51%	0.437
2018	31,814,187	85.50%	0.417
2019	33,485,702(1)	80.24%	0.392
2020	25,878,620(1)	(Collections as of September 1, 2020)	

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

(1) *Sales tax collections through September 2020 were $24,842,108.50.*

CLASSIFICATION OF ASSESSED VALUATION **TABLE 6**

	2020	% of Total	2019	% of Total	2018	% of Total
Real, Residential, Single-Family	$ 6,713,962,742	68.16%	$ 6,075,375,461	61.68%	$ 5,337,691,100	54.19%
Real, Residential, Multi-Family	950,527,426	9.65%	746,661,382	7.58%	647,164,935	6.57%
Real, Vacant Lots/Tracts	288,162,778	2.93%	181,237,862	1.84%	161,681,436	1.64%
Real, Acreage (Land Only)	200,105,738	2.03%	183,481,496	1.86%	186,088,107	1.89%
Real, Farm and Ranch Improvements	109,172,592	1.11%	60,924,544	0.62%	62,912,334	0.64%
Real, Commercial	2,344,328,800	23.80%	1,717,651,794	17.44%	1,557,849,886	15.82%
Real, Industrial	95,192,892	0.97%	78,564,512	0.80%	70,645,791	0.72%
Real & Tangible, Personal Utilities	33,353,678	0.34%	33,671,178	0.34%	31,933,717	0.32%
Tangible Personal, Commercial	452,212,581	4.59%	511,836,894	5.20%	485,620,705	4.93%
Tangible Personal, Industrial	187,528,888	1.90%	79,805,218	0.81%	79,351,112	0.81%
Tangible Personal, Mobile Homes	22,885,606	0.23%	23,426,304	0.24%	21,179,373	0.22%
Residential Inventory	33,076,601	0.34%	103,159,458	1.05%	84,928,590	0.86%
Special Inventory	59,161,965	0.60%	54,193,747	0.55%	36,546,831	0.37%
Total Appraised Value	$11,489,672,287	116.65%	$ 9,849,989,850	100.00%	$ 8,763,593,917	88.97%
Less:						
Local Optional Over-65 or Disabled Exemption	$ 23,458,620		$ 22,280,220		$ 21,530,706	
Veterans' Exemption	215,339,407		182,561,699		141,442,018	
Freeport Exemption	6,713,264		10,312,009		17,247,768	
Productivity Value Loss	198,832,171		182,247,241		184,901,634	
Homestead	860,631,690		825,669,412		740,361,545	
Historical/Non Req. Exemption Loss	6,738,933		8,315,798		8,402,118	
Solar Exemption	293,616		755,591		232,937	
Pollution Control	12,530		-		-	
10% Per Year Cap on Res. Homesteads	83,322,473		69,623,675		28,090,583	
Net Taxable Assessed Valuation	$10,094,329,583		$ 8,548,224,205		$ 7,621,384,608	

Source: Comal and Guadalupe County Appraisal Districts.

TAX DATA **TABLE 7**

Tax Year	Net Taxable Assessed Valuation	Tax Rate	Tax Levy	% of Collections Current	% of Collections Total	Year Ended	
2010	$ 3,939,547,264	$ 0.409862	$ 16,146,707	98.57	101.10	9/30/2011	
2011	3,941,733,272	0.448362	17,673,234	98.22	100.10	9/30/2012	
2012	4,178,203,307	0.467344	19,526,582	99.92	101.70	9/30/2013	
2013	4,452,304,694	0.498230	22,182,718	98.64	99.50	9/30/2014	
2014	5,003,834,374	0.498230	24,930,604	99.12	100.30	9/30/2015	
2015	5,655,196,350	0.498230	28,175,885	99.13	100.10	9/30/2016	
2016	6,174,720,505	0.498230	30,764,310	98.87	101.14	9/30/2017	
2017	6,898,322,770	0.488220	33,678,991	99.12	100.88	9/30/2018	
2018	7,621,384,608	0.488220	37,209,124	99.77	100.22	9/30/2019	
2019	8,548,224,205	0.488220	41,734,140	98.80	99.15	9/30/2020	*
2020	10,094,329,583	0.483194	48,775,195	(In Process of Collection)		9/30/2021	

* *Collections as of October 8, 2020.*

TAX RATE DISTRIBUTION **TABLE 8**

	2020	2019	2018	2017	2016
General Fund	$ 0.255238	$ 0.273722	$ 0.278370	$ 0.288370	$ 0.278079
I & S Fund	0.227956	0.214498	0.209850	0.199850	0.220151
Total Tax Rate	$ 0.483194	$ 0.488220	$ 0.488220	$ 0.488220	$ 0.498230

Source: Texas Municipal Report published by the Municipal Advisory Council of Texas, the Comal and Guadalupe County Appraisal Districts, the Issuer's Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2019, and information supplied by the Issuer.

ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ISSUERS

Governmental Subdivision	2020 Assessed Valuation	% of Actual	2019 Tax Rate
Comal County	$ 22,060,232,710	100%	$ 0.322000
Comal Independent School District	17,829,870,757	100%	1.320000
Guadalupe County	14,876,648,663	100%	0.332000
Navarro Independent School District	1,127,420,664	100%	1.276000
New Braunfels Independent School District	5,744,803,547	100%	1.296000

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

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS OF DIRECT AND OVERLAPPING GOVERNMENTAL SUBDIVISIONS

Issuer	Date of Authorization	Purpose	Authorization	Issued to Date	Unissued
City of New Braunfels	5/11/2013	Flood and Drainage	24,500,000	21,955,225	2,544,775
	5/4/2019	Streets and Roads	$ 44,512,490	$ 11,782,686	$ 32,729,804
	5/4/2019	Parks and Rec	16,547,420	5,762,419	10,785,001
	5/4/2019	Public Safety	50,414,750	50,414,330	420
	5/4/2019	Library	5,525,340	5,525,340	-
			$ 141,500,000	$ 95,440,000	$ 46,060,000
Comal County	None				
Comal Independent School District	None				
Guadalupe County	None				
Navarro Independent School District	None				
New Braunfels Independent School District	11/6/2018	School Building	$ 118,341,000	$ 78,255,000	$ 40,086,000

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

GENERAL FUND COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES **TABLE 9**

The following statements set forth in condensed form reflect the historical operations of the Issuer. Such summary has been prepared for inclusion herein based upon information obtained from the Issuer's audited financial statements and records. Reference is made to such statements for further and complete information.

	Fiscal Year Ended				
	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Fund Balance - Beginning of Year	$ 20,929,986	$ 19,067,598	$ 18,611,703	$ 20,996,452	$ 22,619,456
Revenues	$ 70,388,942	$ 64,552,994	$ 59,233,189	$ 55,246,993	$ 49,799,765
Expenditures	66,069,851	63,251,385	59,342,221	56,307,548	51,630,558
Excess (Deficit) of Revenues Over Expenditures	$ 4,319,091	$ 1,301,609	$ (109,032)	$ (1,060,555)	$ (1,830,793)
Other Financing Sources (Uses):					
Operating Transfers In	$ 816,510	$ 875,087	$ 823,729	$ 764,259	$ 1,290,127
Operating Transfers Out	(187,845)	(320,308)	(715,372)	(2,019,176)	(1,101,138)
Proceeds from the Sale of Capital Assets	199,001	6,000	81,635	23,209	18,800
Proceeds from Loan Payable	-	-	374,935	(92,486)	-
Total Other Financing Sources (Uses):	$ 827,666	$ 560,779	$ 564,927	$ (1,324,194)	$ 207,789
Fund Balance - End of Year	$ 26,076,743	$ 20,929,986	$ 19,067,598	$ 18,611,703	$ 20,996,452

Source: The Issuer's Comprehensive Annual Financial Reports and information provided by the Issuer.

The City anticipates ending the fiscal year ending September 30, 2020 with $27,200,000 in general fund balance. Growth in fund balance is attributed primarily to better than anticipated sales tax revenues.

Information regarding the City's Pension Plan can be found within the City's 2019 Comprehensive Annual Financial Report under " IV. OTHER INFORMATION - C. Pension Plan".

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APPENDIX B

GENERAL INFORMATION REGARDING THE CITY OF NEW BRAUNFELS, TEXAS AND COMAL AND GUADALUPE COUNTIES, TEXAS

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GENERAL INFORMATION REGARDING THE CITY OF NEW BRAUNFELS, COMAL AND GUADALUPE COUNTIES, TEXAS

General Information

The City of New Braunfels, Texas (the "City") is a political subdivision of the State of Texas located on Interstate Highway 35, 33 miles northeast of San Antonio. The City operates as a home rule municipality under the laws of the State of Texas. The City's 2010 population was 57,740, and the 2015 population is 66,394. The City's 2020 estimated population is 90,209. The City serves as the county seat of Comal County. A portion of the City also lies within Guadalupe County. Tourists can enjoy local dining, shopping, recreational activities at Landa Park, river activities on Canyon Lake and Schlitterbahn Water Park, and the annual "Wurstfest" celebration.

A new Civic/Convention Center located in downtown New Braunfels has expanded the meetings market providing large and small organizations with a high tech, attractive facility.

Transportation

The City is primarily served by Interstate Highway 35 and State Highway 46. Railroads include the Union Pacific and Missouri Kansas and Texas Lines. The City's airport facility encompasses 1,000 acres and has 3 runways (5,350' x150'), 4 taxiways (50'W), and a parking ramp (300' x 2,700'). The airport runways are all asphalt with threshold lights and full runway lights. Jet fuel, aviation gas, and car rentals are available during office hours and by appointment at other times. The airport, located approximately 5 miles from the City, is reported to have an average of 71 flights per day. Many large corporations use New Braunfels Airport for corporate flights, including Mission Valley Texas Textiles and Tyson Foods of Seguin. Greyhound/Trailways Bus Lines serve the City as well as several motor freight lines.

Education

Two school districts (Comal Independent School District and New Braunfels Independent School District) enroll more than 33,000 students in 40 schools (K-12). Both school districts are recognized academically acceptable. Less than 15 miles away are three top rated colleges and technical schools: Texas Lutheran, Texas State University and Central Texas Technology Center. Ten more colleges and universities are within a 30 minute commute time.

Economy

The Comal River receives approximately 3.2 million visitors a year. A 2013 economic impact analysis found that the tourism industry accounted for approximately $531.5 million in 2013 - an increase of 13 percent from 2009. In 2013, the hospitality industry employed 5,662 direct workers and supported another 1,659 indirect workers in spinoff jobs in the community. The tourism and accommodation industry does not, however, provide a majority of the jobs in New Braunfels. Exclusive of government, the City's three largest industries in the value of goods and services provided are manufacturing, health care and social assistance, and retail trade. The governmental (school district, local, state, and federal), retail trade, health care and social assistance, accommodation and food services, and finance and insurance industries, respectively, provide the greatest number of jobs in the community.

Recreation

There are twenty-six parks totaling over 500 acres for outdoor recreation that include nature trails, playgrounds, picnic areas, Olympic and spring-fed pools, recreation center, historical area, soccer and softball fields, "tube" chute, concessions, volleyball, basketball and tennis courts. Nearby Canyon Lake (16 miles), Lake Dunlap and Lake McQueeney (5 miles east) and two rivers (Comal and Guadalupe) make boating , scuba-diving, camping, dining, tubing, rafting, kayaking, swimming, fishing available. The #1 rated waterpark – Schlitterbahn – boasts over 65-acres of water recreation.

Located in the heart of the City are Comal Springs and Landa Park, a 300-acre park which includes an 18-golf course, tennis course, large picnic and playground areas, an Olympic-size swimming pool, and the largest spring-fed swimming pool in Texas. The Sundance executive golf course opened in 1995.

Natural Bridge-Caverns, the state's largest caverns, and Natural Bridge Wildlife Park are major tourist attractions located in the southern part of Coal County. Scenic drives and historic sites attract many tourists to the area. Canoeing, tubing, rafting, kayaking, and other white water sports on the Guadalupe and Comal Rivers are popular. Gruene hall, the oldest dancehall in Texas, is also located in the Greater New Braunfels area and attracts many visitors.

Canyon Lake, located twenty miles from the City, is a popular water-resort area for sailing, boating, fishing, water skiing, and scuba diving. Several parks have been established around the Lake.

Annual festivals include: the Comal County Fair and "Wurstfest". The annual "Wurstfest" is a 10-day event begins on the Friday before the first Monday in November. Average annual attendance is estimated to be 110,000 with revenues from admissions and concessions in excess of $1,000,000.

COMAL COUNTY

General Information

Comal County, Texas (the "County"), a pioneer German settlement, was created in 1846 from Bexar, Gonzales and Travis Counties, Texas. This scenic south central Texas county was named after the Comal Springs and the Comal River that flow through New Braunfels, Texas, the County seat.

The County has an area of 567 square miles. There are six other cities within Comal County, the City of Garden Ridge, the City of Schertz, the City of Selma, the City of Fair Oaks Ranch and the City of Bulverde.

Commercial

The County's location between San Antonio and Austin provides opportunities for commuters to live in the county and work in one of the major cities. During 2013, 366 new home sites became available in subdivisions in the unincorporated areas of Comal County.

The County has continued to enjoy a prosperous economy. The major sectors of Comal County's economy, manufacturing, tourism, distribution and real estate continue to grow.

Major Employers

Employer	Number of Employees
Comal ISD	2,895
Schlitterbahn Water Park	2,100
Wal-Mart Distribution Center	1,250
New Braunfels ISD	1,188
City of New Braunfels	812
Sysco	810
Hunter Industries/Colorado Materials, Inc.	730
Comal County	681
HD Supply	538
Rush Enterprises	518

Labor Force Statistics (1)

	2020 (2)	2019 (2)	2018 (3)	2017 (3)	2016 (3)
Civilian Labor Force	43,343	43,306	42,728	40,002	37,183
Total Employed	40,518	42,063	41,425	38,689	35,893
Total Unemployed	2,825	1,243	1,303	1,313	1,290
%Unemployed	6.5%	2.9%	3.0%	3.3%	3.5%
% Unemployed (Texas)	8.3%	3.5%	3.8%	4.3%	4.6%
% Unemployed (United States)	7.7%	3.7%	3.9%	4.4%	4.9%

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(1) Source: Texas Workforce Commission.
(2) As of September 2020.
(3) Average Annual Statistics.

GUADALUPE COUNTY

Guadalupe County, Texas (the "County") located in south central Texas, is bounded by Comal, Hays, Caldwell, Gonzales, Wilson, and Bexar counties. The County seat is the City of Seguin, Texas. Guadalupe County was created from Gonzales and Bexar counties and was organized on July 13, 1846. The County takes its name from the Guadalupe River, which Alonso de Leon named in 1689 in honor of the Lady of Guadalupe depicted on his standard.

The County is a component of the "San Antonio Area Metropolitan Statistical Area" (MSA) and covers an area of 715 square miles. The County is traversed by Interstate Highway 35 and Highway 10 (east to west). US Highway 90 and US Highway 90A both branch off Interstate Highway 10 in Seguin and continue eastward to the county line toward Luling and Gonzales. Additionally, the County has two major state highways, State Highway 46 and State Highway 123 that both bisect the County (north to south). Recently completed is State Highway 130, a toll road, which is meant to divert traffic on Interstate Highway 35 around Austin. State Highway 130 begins in Georgetown and travels east of Austin, coming into Guadalupe County on the northeast boundary and connecting to Interstate Highway 10 east of Seguin.

Major commercial construction projects, such as a new Caterpillar plant, a major expansion project by Guadalupe Regional Medical Center, and a new warehouse distribution center by Amazon, significantly contributed to the lower unemployment rate.

The Seguin Independent School District, accredited by the Texas Education Agency, is administered by a board comprised of elected citizens who serve in their respective positions without compensation. In addition to the basic curriculum prescribed by the state for grades K through 12, the District offers a wide range of electives. There are extensive special education and vocational education programs, as well as provisions for the accelerated students.

Texas Lutheran University ("TLU"), a fully accredited four-year co-educational senior liberal arts institution of higher learning, is located in Seguin. TLU's 1,400 students (50-50, male/female) come from 36 states and seven foreign countries. The 15:1 student-teacher ratio allows for small classes. TLU has been listed as one of the top ten small colleges in the southern United States by the U.S. News and World Report survey of college presidents for 15 out of 16 years. TLU is a central part of life in Seguin and the university pumps an estimated $50 million in the Seguin economy annually.

Other educational facilities nearby include: Texas State University at San Marcos; University of Texas at Austin; and the San Antonio institutions of San Antonio College, Trinity University, St. Mary's University, University of Texas at San Antonio, The University of the Incarnate Word, Our Lady of the Lake University, and the University of Texas Health Science Center composed of schools of Dentistry, Nursing, Allied health Sciences and graduate school of Biomedical Sciences.

Labor Force Statistics (1)

	2020 (2)	**2019 (2)**	**2018 (3)**	**2017 (3)**	**2016 (3)**
Civilian Labor Force	81,296	81,486	80,305	78,444	75,931
Total Employed	76,144	79,087	77,802	75,830	73,213
Total Unemployed	5,152	2,399	2,503	2,614	2,718
%Unemployed	6.3%	2.9%	3.1%	3.3%	3.6%
% Unemployed (Texas)	8.3%	3.5%	3.8%	4.3%	4.6%
% Unemployed (United States)	7.7%	3.7%	3.9%	4.4%	4.9%

(1) Source: Texas Workforce Commission.
(2) As of September 2020.
(3) Average Annual Statistics.

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APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

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

CITY OF NEW BRAUNFELS, TEXAS
GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2020
IN THE AGGREGATE PRINCIPAL AMOUNT OF $10,100,000

AS BOND COUNSEL FOR THE CITY OF NEW BRAUNFELS, TEXAS (the "City") of the bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which bear interest from the dates specified in the text of the Bonds, until maturity or redemption, at the rates and payable on the dates specified in the text of the Bonds and in the ordinance of the City adopted on November 9, 2020, authorizing the issuance of the Bonds (the "Ordinance").

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, certified copies of the pertinent proceedings of the City, and other pertinent documents authorizing and relating to the issuance of said Bonds, including the executed Bond (Bond Number R-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that said Bonds have been duly authorized, issued and delivered in accordance with law; and that said Bonds, except as the enforceability thereof may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted related to creditors' rights generally or by governmental immunity or by general principle of equity which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the City, payable from ad valorem taxes, within the limit prescribed by law, on taxable property within the City.

IT IS FURTHER OUR OPINION that, except as discussed below, under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion for federal income tax purposes, the interest on the Bonds (i) is excludable from the gross income of the owners thereof and (ii) the Bonds will not be treated as a "specified private activity bond", the interest on which would be included as an individual alternative minimum tax preferred item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, including the Sufficiency Certificate of the Financial Advisor, the accuracy of which we have not independently verified, and assume compliance by the City with certain representations and covenants, regarding the use and investment of the proceeds of the Bonds and the use of the property financed and refinanced therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the City to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

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

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

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

THE FOREGOING OPINIONS represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,

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APPENDIX D

FINANCIAL SATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Braunfels, Texas (the "City"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of New Braunfels Utilities, a discretely presented component unit, which financial statements reflect total assets of $663,424,863 and total revenues of $172,001,011 for the fiscal year. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion insofar as it relates to the amounts included for New Braunfels Utilities is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are

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appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining statements and schedules, and statistical section are presented for purposes of additional analysis and are not required parts of the financial statements

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

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

Belt Harris Pechacek, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 4, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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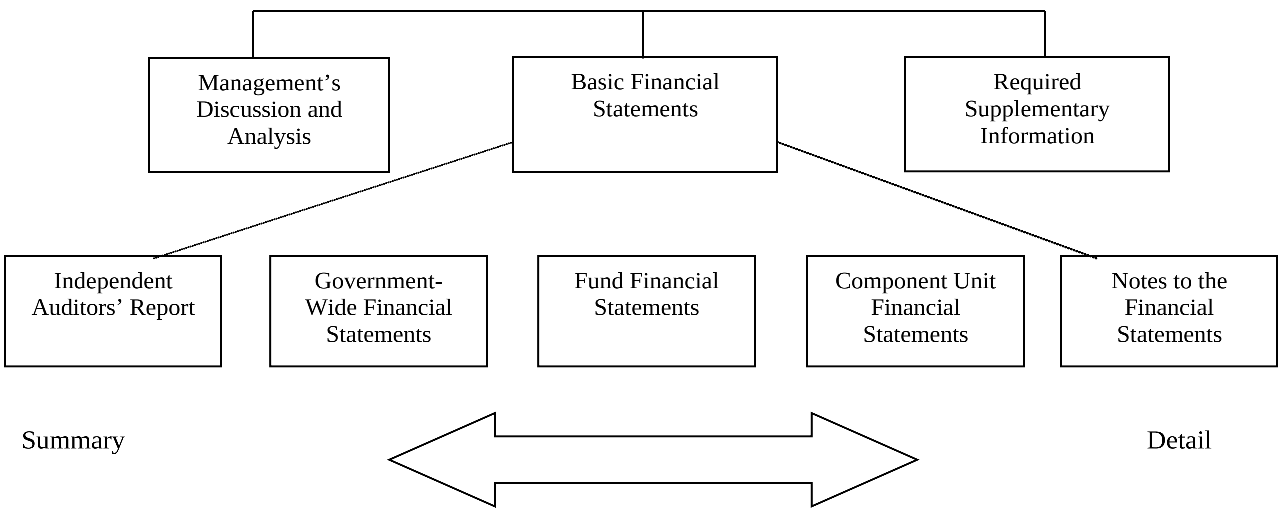
The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of New Braunfels, Texas (the "City") for the year ending September 30, 2019. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT

Components of the Financial Section



The City's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

<u>Government-Wide Statements</u>

The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information on the City's activities that enable the reader to understand the financial condition of the City. These statements are prepared using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

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

The Statement of Activities presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities divide the City's financials into two classes of activities:

1. *Governmental Activities* – The City's tax-supported services are reported here including police and fire protection (public safety), streets and drainage (public works), public improvements, parks and recreation, planning and development, and general administrative services (general government). Interest payments on the City's tax-supported debt are also reported here. Property tax, sales tax, franchise fees, municipal court fines, and permit fees finance most of these activities.

2. *Business-Type Activities* – Services involving a fee for those services are reported here. These services include the City's airport, solid waste, golf course, and civic/convention center services, as well as interest payments on debt issued for equipment financing.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate economic development corporation and a legally separate utilities entity for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The Tax Increment Reinvestment Zone No. 1 (TIRZ) and the New Braunfels Development Authority (NBDA), although legally separate, function for all practical purposes as departments of the City and have been included as an integral part of the primary government.

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 49 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, hotel/motel tax, debt service, general obligation, roadway impact fees, and 2019 construction funds, which are considered to be major funds for reporting purposes.

The City adopts an annual appropriated budget for its general fund, debt service fund, and select special revenue funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

Proprietary Funds

The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its airport, solid waste, golf course, and civic/convention center services. The proprietary fund financial statements provide separate information for the airport, solid waste, golf course, and civic/convention center operations. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

The City also uses an internal service fund to account for its self-funded health plan. This internal service fund has been included within governmental activities in the government-wide financial statements.

Notes to Financial Statements

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

Other Information

In addition to basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general and hotel/motel tax funds, a schedule of changes in net pension liability and related ratios for the Texas Municipal Retirement System (TMRS), a schedule of changes in total OPEB liability and related ratios for the TMRS Supplemental Death Benefit Fund (SBDF), schedule of changes in total OPEB liability and related ratios for the Retiree Health Benefits plan, and schedule of contributions for TMRS. RSI can be found after the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by $53,516,522 as of September 30, 2019 for the primary government. This compares with $47,448,318 from the prior fiscal year. A portion of the City's net position, $36,166,078, reflects its investments in capital assets (e.g., land, buildings and improvements, equipment, construction in progress, and infrastructure), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Current and other assets	$ 133,228,188	$ 95,966,324	$ 3,496,048	$ 5,019,478	$ 136,724,236	$ 100,985,802
Capital assets, net	178,841,763	178,422,381	28,869,028	29,514,887	207,710,791	207,937,268
Total Assets	312,069,951	274,388,705	32,365,076	34,534,365	344,435,027	308,923,070
Deferred charge on refunding	1,671,065	1,944,755	-	-	1,671,065	1,944,755
Deferred outflows - pensions	12,181,640	6,160,760	1,231,505	618,715	13,413,145	6,779,475
Deferred outflows - OPEB	757,776	277,074	74,407	27,750	832,183	304,824
Total Deferred Outflows of Resources	14,610,481	8,382,589	1,305,912	646,465	15,916,393	9,029,054
Long-term liabilities	287,544,104	250,785,073	5,522,478	4,205,946	293,066,582	254,991,019
Other liabilities	12,644,604	10,997,911	760,294	589,366	13,404,898	11,587,277
Total Liabilities	300,188,708	261,782,984	6,282,772	4,795,312	306,471,480	266,578,296
Deferred inflows - pensions	297,067	3,580,300	33,960	345,210	331,027	3,925,510
Deferred inflows - OPEB	30,062	-	-	-	30,062	-
Total Deferred Inflows of Resources	327,129	3,580,300	33,960	345,210	361,089	3,925,510
Net Position:						
Net investment in capital assets	7,297,050	(3,398,453)	28,869,028	31,024,485	36,166,078	27,626,032
Restricted	18,232,206	24,333,055	-	-	18,232,206	24,333,055
Unrestricted	635,339	(3,526,592)	(1,517,101)	(984,177)	(881,762)	(4,510,769)
Total Net Position	$ 26,164,595	$ 17,408,010	$ 27,351,927	$ 30,040,308	$ 53,516,522	$ 47,448,318

A portion of the primary government's net position, $18,232,206, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is $881,762.

The City's total net position increased by $6,068,204 during the current fiscal year. This increase is primarily a result of increase in tax revenue streams due to increases in growth within the City. Business-type activities net position decreased by $2,688,381, which was primarily a result of decreased capital grants and contributions revenue and increases in solid waste and golf course expenses when compared to prior year.

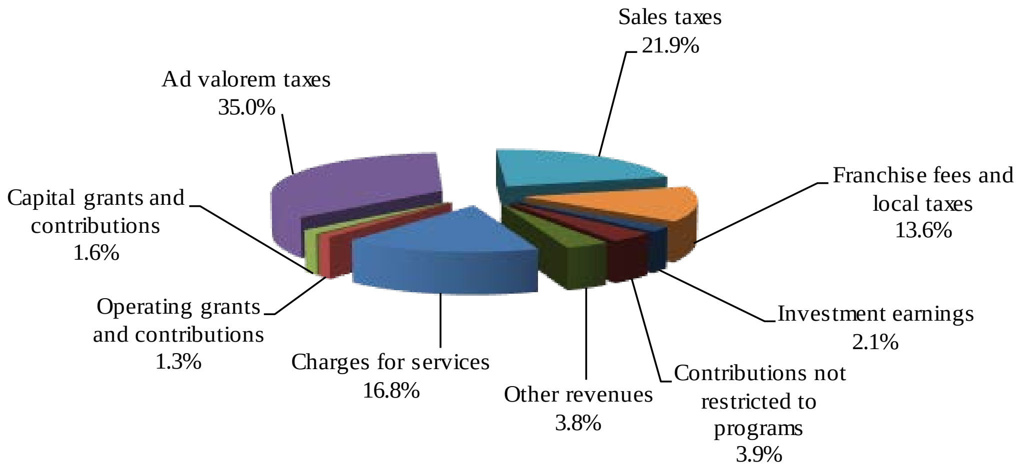
Statement of Activities

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Revenues						
Program revenues:						
Charges for services	$ 18,097,252	$ 13,562,179	$ 14,969,036	$ 14,765,116	$ 33,066,288	$ 28,327,295
Operating grants and contributions	1,402,915	3,819,394	50,000	-	1,452,915	3,819,394
Capital grants and contributions	1,767,804	1,831,361	-	-	1,767,804	1,831,361
General revenues:						
Ad valorem taxes	37,801,817	30,659,021	-	-	37,801,817	30,659,021
Sales taxes	23,675,199	21,995,983	-	-	23,675,199	21,995,983
Franchise fees and local taxes	14,719,930	14,403,633	-	-	14,719,930	14,403,633
Investment earnings	2,299,375	965,747	62,974	39,056	2,362,349	1,004,803
Contributions not restricted to programs	4,215,270	3,682,713	-	-	4,215,270	3,682,713
Other revenues	3,915,362	6,422,897	141,270	1,238,709	4,056,632	7,661,606
Total Revenues	107,894,924	97,342,928	15,223,280	16,042,881	123,118,204	113,385,809
Expenses						
General government	11,176,633	13,085,159	-	-	11,176,633	13,085,159
Finance and tax	1,210,073	1,574,140	-	-	1,210,073	1,574,140
Planning and enviromental development	3,758,509	4,873,594	-	-	3,758,509	4,873,594
Public safety	41,359,702	42,952,725	-	-	41,359,702	42,952,725
Public works	26,421,540	11,911,806	-	-	26,421,540	11,911,806
Parks and recreation	8,322,020	8,018,087	-	-	8,322,020	8,018,087
Civic/convention center	-	-	1,071,279	962,954	1,071,279	962,954
Library	2,460,328	3,091,327	-	-	2,460,328	3,091,327
Interest and fiscal agent fees	6,827,505	6,553,237	-	-	6,827,505	6,553,237
Airport	-	8,513	3,644,525	3,499,564	3,644,525	3,508,077
Solid waste	-	-	8,778,594	7,896,622	8,778,594	7,896,622
Golf course	-	-	2,019,292	1,897,574	2,019,292	1,897,574
Total Expenses	101,536,310	92,068,588	15,513,690	14,256,714	117,050,000	106,325,302
Increase (Decrease) in Net Position Before Transfers	6,358,614	5,274,340	(290,410)	1,786,167	6,068,204	7,060,507
Transfers	2,397,971	2,152,409	(2,397,971)	(2,152,409)	-	-
Change in Net Position	8,756,585	7,426,749	(2,688,381)	(366,242)	6,068,204	7,060,507
Beginning net position	17,408,010	9,981,261	30,040,308	30,406,550	47,448,318	40,387,811
Ending Net Position	$ 26,164,595	$ 17,408,010	$ 27,351,927	$ 30,040,308	$ 53,516,522	$ 47,448,318

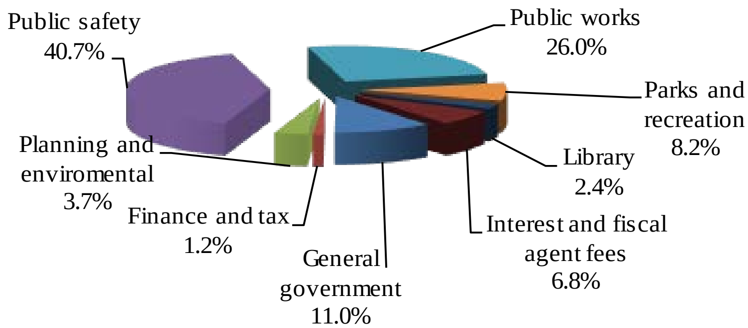
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities.

Governmental Activities - Revenues



For the year ended September 30, 2019, revenues from governmental activities totaled $107,894,924. This $10,551,996 increase from prior year occurred primarily as the result of $7,142,796 in additional ad valorem tax revenue as a result of increases in growth within the City. Sales tax revenue increased as a result of a boost in sales throughout the City. Property tax revenue increased due to the rise in property valuations.

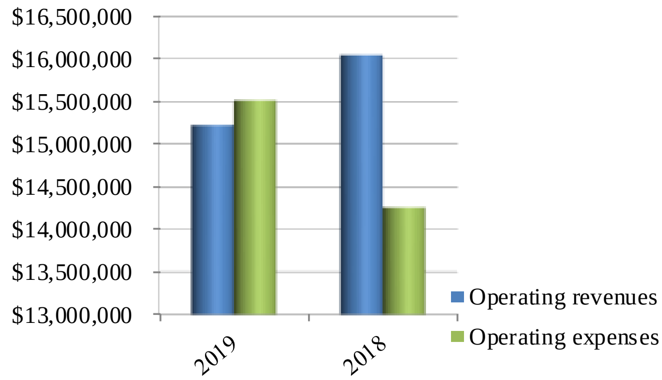
Governmental Activities - Expenses



Governmental expenses increased by $9,467,722, or 10%. This increase is primarily due to increases in expenses related to public works as a result of investments in capital outlay and increases in public safety as a result of increases in staff size within the City.

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

Business-Type Activities - Revenues and Expenses



Overall, business-type activity revenues decreased by $819,601 from the prior period, primarily due to a transfer from the EDC in the prior year that was not received in the current year.

Business-type activity expenses increased by $1,256,976, with increases reflected across all functions of these actvities.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

The City's governmental funds reflect a combined fund balance of $118,756,026. Of this, $223,242 is nonspendable, $82,728,988 is restricted for various purposes, $9,728,569 is committed, $1,124,345 is assigned, and $24,950,882 is unassigned.

There was a increase in the combined fund balance of $34,174,288 over the prior year. This is largely attributable to four debt issuances during the year.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was $24,950,882, while total fund balance reached $26,075,792. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 38 percent of total general fund expenditures, while total fund balance represents 39 percent of that same amount. The general fund fund balance increased by $5,146,757 this year, primarily related to increases in various revenue sources such as but not limited to sales taxes, licenses and permits, and parks and recreation.

It is important to note that this fund balance includes all of the fund balance in the general fund and equipment replacement subfund. The equipment replacement subfund contributes $1,124,345 to this stated fund balance.

This fund allows the City to account for equipment replacement and improvements in a separate subfund and not include these activities in the primary general operating fund

The hotel/motel tax fund experienced a increase of $496,479, which was a result of the net effect of an increase in overall one-time expenditures.

Fund balance in the debt service fund experienced a slight increase of $318,280.

The fund balance in the general obligation capital projects fund had a decrease in fund balance of $7,363,163, which was primarily a result of the use of debt proceeds for capital outlay projects.

The fund balance in the roadway impact fees fund had a decrease in fund balance of $4,579,738, which was primarily a result of a planned transfer out to the 2019 capital improvement fund.

The fund balance in the 2019 capital improvement fund had an increase in fund balance of $25,821,421, which was primarily a result of transfers in, as well as two issuances of debt in the current year.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The amended budget included a planned decrease in fund balance in the amount of $496,182. The actual fund balance for the year increased by $5,146,757. Actual revenues exceeded the amended budget by $3,097,093 spread across various revenue lines. The largest positive variances were in licenses and permits and parks and recreation. Actual expenditures were under the amended budget by $1,754,781. The majority of this positive variance from the amended budget was a result of conservative personnel budgeting and various operational savings.

CAPITAL ASSETS

At the end of fiscal year 2019, the City's governmental activities had invested $178,841,763 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of $419,383.

Major capital asset events during the year included the following:

- Land for future police department facility for $1,775,331
- Paved surface reconstruction in progress of 10,429,228

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

LONG-TERM DEBT

At the end of the current year, the City had total general obligation bonds and certificates of obligation outstanding of $194,895,000. Of this amount, $127,015,000 was general obligation debt and $67,880,000 was certificates of obligation.

The City had four separate debt issuances during the year:

- 2018 Certificates of Obligation for $8,120,000
- Tax Notes Series 2018A for $2,300,000
- General Obligation bonds Series 2019 for 19,985,000
- 2019 Certificates of Obligation for $4,755,000

More detailed information about the City's long-term liabilities and issuances of debt presented in note III. D. to the financial statements.

The City's bonds presently carry an 'AA' rating from Standard and Poor's and an 'Aa2' rating from Moody's Investor Service.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

The short term economic projections for New Braunfels are for sustained growth. However, our five year forcast assumes that a leveling off period will occur in the next three to five years. In addition, the organization continues to develop responsive strategies as it related to SB2/HB2, which will impact the way in which the General Fund has leveraged growth in property taxes to address increased service demands.

As the annual financial report indicates, General Fund reserves are currently very strong. Management intends to continue to place emphasis on one time investments, specifically on equipment and technology enhancements that have the potential to increase efficiency and productivity. As a result, management anticipates that these investments will reduce long term staffing needs. The fiscal year 2020-21 Budget will also highlight the 2019 bond projects as the City is anticipating a $55 million issuance in August, allowing the projects to progress faster than originally anticipated. 1

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens, taxpayers, customers, investors, and creditors with a general overview of the finances of the City. For questions concerning this report, separately issued statements for New Braunfels Utilities or the Housing Authority, or for additional financial information, contact the City's Finance Department, 550 Landa Street, New Braunfels, TX, 78130; telephone 830-221-4000; or for general City information, visit the City's website at www.nbtexas.org.

BASIC FINANCIAL STATEMENTS

City of New Braunfels, Texas

STATEMENT OF NET POSITION (page 1 of 2)

September 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and equity in pooled cash and investments	$ 118,104,529	$ 3,334,922	$ 121,439,451
Pooled and temporary investments	5,582,177	-	5,582,177
Receivables, net	8,286,840	130,983	8,417,823
Inventories	565	30,258	30,823
Prepaid items	-	-	-
Other current assets	-	-	-
Restricted assets			
Cash and cash equivalents	1,212,126	-	1,212,126
Investments	-	-	-
	133,228,188	3,496,048	136,724,236
Capital assets:			
Nondepreciable	57,837,523	2,540,961	60,378,484
Depreciable, net	121,004,240	26,328,067	147,332,307
Investments:			
Restricted	-	-	-
Unrestricted	-	-	-
Other noncurrent assets	-	-	-
	178,841,763	28,869,028	207,710,791
Total Assets	312,069,951	32,365,076	344,435,027
Deferred Outflows of Resources			
Deferred charge on refunding	1,671,065	-	1,671,065
Deferred outflows - pensions	12,181,640	1,231,505	13,413,145
Deferred outflows - OPEB	757,776	74,407	832,183
Total Deferred Outflows of Resources	14,610,481	1,305,912	15,916,393
Liabilities			
Accounts payable	9,757,413	494,237	10,251,650
Deposit payable	-	113,107	113,107
Accrued expenses payable	2,887,191	152,950	3,040,141
	12,644,604	760,294	13,404,898
Noncurrent liabilities:			
Due within one year:			
Bonds payable	13,990,000	-	13,990,000
Loan payable	64,707	-	64,707
Capital lease payable	435,850	-	435,850
Accrued compensated absences	5,722,755	355,606	6,078,361
Due in more than one year:			
Bonds payable	215,333,552	-	215,333,552
Loan payable	272,636	-	272,636
Capital lease payable	916,120	-	916,120
Net pension liability	38,838,183	3,992,001	42,830,184
Total OPEB liability - TMRS	1,323,588	132,556	1,456,144
Total OPEB liability	10,010,851	1,002,803	11,013,654
Accrued compensated absences	635,862	39,512	675,374
Other noncurrent liability	-	-	-
	287,544,104	5,522,478	293,066,582
Total Liabilities	300,188,708	6,282,772	306,471,480

Component Units	
Economic Development Corporation	New Braunfels Utilities
$ 18,193,632	$ 15,906,409
-	20,895,722
2,033,020	21,167,076
-	2,215,068
-	542,702
2,455	5,330,449
-	29,419,254
-	1,997,066
20,229,107	97,473,746
-	110,227,864
-	436,245,225
-	1,496,931
-	7,000,004
-	10,981,093
-	565,951,117
20,229,107	663,424,863
-	-
-	6,563,661
-	-
-	6,563,661
267,501	31,153,576
-	6,565,975
-	10,593,086
267,501	48,312,637
-	3,595,000
-	-
-	-
-	1,124,780
-	152,372,666
-	20,250,000
-	-
-	19,281,588
	-
-	-
-	592,824
-	347,259
-	197,564,117
267,501	245,876,754

City of New Braunfels, Texas

STATEMENT OF NET POSITION (page 2 of 2)

September 30, 2019

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
Deferred Inflows of Resources			
Deferred inflows - pensions	$ 297,067	$ 33,960	$ 331,027
Deferred inflows - OPEB	30,062	2,329	32,391
Total Deferred Inflows	327,129	36,289	363,418
Net Position			
Net investment in capital assets	7,297,050	28,869,028	36,166,078
Restricted for:			
Debt service	2,194,652	-	2,194,652
Capital projects	3,507,699	-	3,507,699
Cemetery perpetual care (nonexpendable)	222,677	-	222,677
Grants	112,908	-	112,908
Impact fees	-	-	-
Municipal court	270,845	-	270,845
Library	1,733	-	1,733
Public safety	183,044	-	183,044
Governmental programming	578,519	-	578,519
Tourism	1,806,242	-	1,806,242
Other special projects	9,353,887	-	9,353,887
Unrestricted	635,339	(1,517,101)	(881,762)
Total Net Position	$ 26,164,595	$ 27,351,927	$ 53,516,522

See Notes to Financial Statements.

Component Units	
Economic Development Corporation	New Braunfels Utilities
$ -	$ 192,057
-	-
-	192,057
-	400,068,067
-	314,064
-	-
-	-
-	-
-	54
-	-
-	-
-	-
-	-
-	-
-	-
19,961,606	23,537,528
$ 19,961,606	$ 423,919,713

City of New Braunfels, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	$ 11,176,633	$ 151,862	$ 587,189	$ 1,767,804
Finance and tax	1,210,073	-	-	-
Planning and environmental	3,758,509	-	272,225	-
Public safety	41,359,702	5,917,582	337,708	-
Public works	26,421,540	6,465,314	205,793	-
Parks and recreation	8,322,020	5,501,075	-	-
Library	2,460,328	61,419	-	-
Interest and fiscal agent fees	6,827,505	-	-	-
Total Governmental Activities	101,536,310	18,097,252	1,402,915	1,767,804
Business-Type Activities				
Airport	3,644,525	2,894,328	50,000	-
Solid waste	8,778,594	9,864,784	-	-
Golf course	2,019,292	1,713,661	-	-
Civic center	1,071,279	496,263	-	-
Total Business-Type Activities	15,513,690	14,969,036	50,000	-
Total Primary Government	$ 117,050,000	$ 33,066,288	$ 1,452,915	$ 1,767,804
Component Units				
Economic Development Corporation	$ 3,754,391	$ -	$ -	$ -
New Braunfels Utilities	154,207,058	146,909,595	-	23,608,542
Total Component Units	$ 157,961,449	$ 146,909,595	$ -	$ 23,608,542

General Revenues and Transfers:

Taxes and fees
- Property
- Sales
- Hotel/motel occupancy
- Franchise
- Mixed beverages

Investment income

Contributions not restricted to programs

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Economic Development Corporation	New Braunfels Utilities
$ (8,669,778)	$ -	$ (8,669,778)	$ -	$ -
(1,210,073)	-	(1,210,073)	-	-
(3,486,284)	-	(3,486,284)	-	-
(35,104,412)	-	(35,104,412)	-	-
(19,750,433)	-	(19,750,433)	-	-
(2,820,945)	-	(2,820,945)	-	-
(2,398,909)	-	(2,398,909)	-	-
(6,827,505)	-	(6,827,505)	-	-
(80,268,339)	-	(80,268,339)	-	-
-	(700,197)	(700,197)	-	-
-	1,086,190	1,086,190	-	-
-	(305,631)	(305,631)	-	-
-	(575,016)	(575,016)	-	-
-	(494,654)	(494,654)	-	-
(80,268,339)	(494,654)	(80,762,993)	-	-
-	-	-	(3,754,391)	-
-	-	-	-	16,311,079
-	-	-	(3,754,391)	16,311,079
37,801,817	-	37,801,817	-	-
23,675,199	-	23,675,199	6,541,256	-
4,000,950	-	4,000,950	-	-
10,069,603	-	10,069,603	-	-
649,377	-	649,377	-	-
2,299,375	62,974	2,362,349	329,860	1,482,874
4,215,270	-	4,215,270	-	-
3,915,362	141,270	4,056,632	504,614	-
2,397,971	(2,397,971)	-	-	-
89,024,924	(2,193,727)	86,831,197	7,375,730	1,482,874
8,756,585	(2,688,381)	6,068,204	3,621,339	17,793,953
17,408,010	30,040,308	47,448,318	16,340,267	406,125,760
$ 26,164,595	$ 27,351,927	$ 53,516,522	$ 19,961,606	$ 423,919,713

City of New Braunfels, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2019

	General	Hotel/Motel Tax	Debt Service	General Obligations
Assets				
Cash and equity in pooled cash and investments	$ 15,372,681	$ 2,359,684	$ 2,230,619	$ 32,445,267
Investments	5,031,003	-	-	-
Receivables, net of allowance:	7,349,868	321,930	253,615	-
Due from other governments	24,424	-	17,527	-
Due from other funds	4,147,348	-	-	-
Inventory	565	-	-	-
Restricted cash	-	-	-	-
Total Assets	$ 31,925,889	$ 2,681,614	$ 2,501,761	$ 32,445,267
Liabilities				
Accounts payable	$ 4,447,680	$ 875,372	$ 53,494	$ 3,128,615
Due to other funds	-	-	-	1,689,289
Accrued wages payable	1,062,880	-	-	-
Total Liabilities	5,510,560	875,372	53,494	4,817,904
Deferred Inflows of Resources				
Unavailable revenue - property taxes	339,537	-	253,615	-
Fund Balances				
Nonspendable	565	-	-	-
Restricted	-	1,806,242	2,194,652	27,627,363
Committed	-	-	-	-
Assigned	1,124,345	-	-	-
Unassigned	24,950,882	-	-	-
Total Fund Balances	26,075,792	1,806,242	2,194,652	27,627,363
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 31,925,889	$ 2,681,614	$ 2,501,761	$ 32,445,267

See Notes to Financial Statements.

Roadway Impact Fees	2019 Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
$ 8,376,772	$ 28,210,780	$ 26,604,407	$ 115,600,210
-	-	-	5,031,003
16,317	-	341,886	8,283,616
-	-	-	41,951
-	-	-	4,147,348
-	-	-	565
-	-	1,212,126	1,212,126
$ 8,393,089	$ 28,210,780	$ 28,158,419	$ 134,316,819
$ 40,095	$ 611,905	$ 600,252	$ 9,757,413
2,099,011	-	359,048	4,147,348
-	-	-	1,062,880
2,139,106	611,905	959,300	14,967,641
-	-	-	593,152
-	-	222,677	223,242
6,253,983	27,598,875	17,247,873	82,728,988
-	-	9,728,569	9,728,569
-	-	-	1,124,345
-	-	-	24,950,882
6,253,983	27,598,875	27,199,119	118,756,026
$ 8,393,089	$ 28,210,780	$ 28,158,419	$ 134,316,819

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City of New Braunfels, Texas

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

September 30, 2019

Total fund balances for governmental funds		$	118,756,026
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.			
Capital assets - nondepreciable	57,837,523		
Capital assets - depreciable	121,004,240		
			178,841,763
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.			593,152
Some liabilities, including bonds payable, are not reported as liabilities in the governmental funds.			
Accrued interest	(1,332,458)		
Noncurrent liabilities due in one year	(13,990,000)		
Noncurrent liabilities due in more than one year	(202,645,000)		
			(217,967,458)
Premium on bond issuance and deferred loss on bond refunding are recorded as other financing sources and uses in the fund financial statements, but are capitalized and amortized in the government-wide financial statement over the life of the bond.			
Premiums	(12,688,552)		
Deferred charge on refunding	1,671,065		
			(11,017,487)
Net pension liability and other postemployment benefit (OPEB) obligations are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds balance sheet			
Net pension liability	(38,838,183)		
Total OPEB liability - TMRS	(1,323,588)		
Total OPEB liability	(10,010,851)		
			(50,172,622)
Deferred outflows and inflows of resources related to the net pension and total OPEB liability are not reported in the funds.			
Deferred outflows - pensions	12,181,640		
Deferred inflows - pensions	(297,067)		
Deferred outflows - OPEB	757,776		
Deferred inflows - OPEB	(30,062)		
			12,612,287
Accrued liabilities for compensated absences are not due and payable in the current period and, therefore, have not been included in the fund financial statements.			(6,358,617)
Loans payable and capital leases are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.			(1,689,313)
The City uses an internal service fund to charge the costs of certain activites to individual funds. Assets and liabilities of the internal service fund is included in governmental activities.			2,566,864
Net Position of Governmental Activities		$	26,164,595

See Notes to Financial Statements.

City of New Braunfels, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2019

	General	Hotel/Motel Tax	Debt Service	General Obligations
Revenues				
Taxes and fees	$ 52,101,310	$ 4,000,950	$ 14,666,576	$ -
Licenses and permits	5,255,529	-	-	-
Intergovernmental	587,189	-	-	-
Fines and forfeitures	1,436,711	-	-	-
Interest	655,477	35,965	153,554	1,054,889
Parks and recreation	4,560,195	-	-	-
Miscellaneous	2,378,675	13,909	-	-
Other contributions	-	-	1,701,359	-
Charges for services	3,413,856	-	-	-
Total Revenues	70,388,942	4,050,824	16,521,489	1,054,889
Expenditures				
Current:				
General government	7,937,770	2,691,473	-	-
Finances and tax	1,158,759	-	-	-
Planning and environmental	3,312,623	-	-	-
Public safety	36,555,601	-	-	-
Public works	7,118,357	-	-	11,045,714
Parks and recreation	7,694,305	-	-	-
Library	2,292,436	-	-	-
Debt Service:				
Principal	-	-	10,365,000	-
Interest	-	-	6,810,635	-
Fiscal agent fees	-	-	4,625	36,515
Total Expenditures	66,069,851	2,691,473	17,180,260	11,082,229
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,319,091	1,359,351	(658,771)	(10,027,340)
Other Financing Sources (Uses)				
Transfers in	816,510	70,000	977,051	-
Transfers (out)	(187,845)	(932,872)	-	-
Sale of capital assets	199,001	-	-	-
Long-term debt issuance	-	-	-	2,500,123
Premium received on the issuance of debt	-	-	-	164,054
Total Other Financing Sources (Uses)	827,666	(862,872)	977,051	2,664,177
Net Change in Fund Balances	5,146,757	496,479	318,280	(7,363,163)
Beginning fund balances	20,929,035	1,309,763	1,876,372	34,990,526
Ending Fund Balances	$ 26,075,792	$ 1,806,242	$ 2,194,652	$ 27,627,363

See Notes to Financial Statements.

Roadway Impact Fees	2019 Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	5,367,087	$ 76,135,923
-	-	9,100	5,264,629
-	-	815,726	1,402,915
-	-	318,151	1,754,862
199,996	-	199,484	2,299,365
-	-	935,408	5,495,603
-	-	1,323,777	3,716,361
2,507,661	-	6,250	4,215,270
-	-	2,168,302	5,582,158
2,707,657	-	11,143,285	105,867,086
-	-	1,815,790	12,445,033
-	-	-	1,158,759
-	-	313,745	3,626,368
-	-	1,460,512	38,016,113
-	4,918,619	3,108,120	26,190,810
287,395	-	183,268	8,164,968
-	-	85,926	2,378,362
-	-	-	10,365,000
-	-	2,297,767	9,108,402
-	-	-	41,140
287,395	4,918,619	9,265,128	111,494,955
2,420,262	(4,918,619)	1,878,157	(5,627,869)
-	7,000,000	10,800,020	19,663,581
(7,000,000)	-	(9,144,893)	(17,265,610)
-	-	-	199,001
-	22,239,877	10,420,000	35,160,000
-	1,500,163	380,968	2,045,185
(7,000,000)	30,740,040	12,456,095	39,802,157
(4,579,738)	25,821,421	14,334,252	34,174,288
10,833,721	1,777,454	12,864,867	84,581,738
$ 6,253,983	$ 27,598,875	$ 27,199,119	$ 118,756,026

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CITY OF NEW BRAUNFELS, TEXAS

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

For the Year Ended September 30, 2019

Net changes in fund balances - total governmental funds	$	34,174,288
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation		(13,709,093)
Capital outlay		12,360,671
The City uses an internal service fund to charge the costs of certain activities to individual funds. Net change in net position of the internal service fund is reported with governmental activities.		1,451,219
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		61,023
The issuance of long-term debt (e.g., bonds, leases, and certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when it is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.		
Certificates of obligation issued		(12,875,000)
General obligation bonds issued		(22,285,000)
Principal repayments		11,680,000
Amortization of deferred charge on refunding		(273,690)
Amortization of premium on bonds		(1,190,406)
Accrued interest on long-term debt		(71,359)
Capital lease principal payment		433,925
Loan principal payment		63,382
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		202,753
Change in net pension liability		(11,437,808)
Change in total OPEB liability - TMRS		26,048
Change in total OPEB liability		(1,376,925)
Change in deferred outflows - pensions		9,084,165
Change in deferred inflows - pensions		219,948
Change in deferred outflows -OPEB		480,702
Change in deferred inflows - OPEB		(30,062)
Change in Net Position of Governmental Activities	$	8,756,585

See Notes to Financial Statements.

City of New Braunfels, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2019

	Business-Type Activities			
	Airport	**Solid Waste**	**Golf Course**	**Civic/Con. Center**
Assets				
Current assets:				
Cash and equity in pooled cash and investments	$ (421,240)	$ 2,876,808	$ 761,271	$ 118,083
Restricted cash	-	-	-	-
Receivables, net	78,501	24,784	20,251	7,447
Inventories	-	30,258	-	-
Total Current Assets	(342,739)	2,931,850	781,522	125,530
Noncurrent assets:				
Capital assets:				
Nondepreciable	2,405,961	-	135,000	-
Net depreciable capital assets	12,113,895	3,262,234	4,844,388	6,107,550
Total Capital Assets, Net of Accumulated Depreciation	14,519,856	3,262,234	4,979,388	6,107,550
Total Noncurrent Assets	14,519,856	3,262,234	4,979,388	6,107,550
Total Assets	14,177,117	6,194,084	5,760,910	6,233,080
Deferred Outflows of Resources				
Deferred outflows - pensions	130,054	834,316	180,116	87,019
Deferred outflows - OPEB	7,784	51,331	10,599	4,693
Total Deferred Outflows of Resources	137,838	885,647	190,715	91,712
Liabilities				
Current liabilities:				
Accounts payable	96,900	300,511	76,570	20,256
Due to other funds	-	-	115	-
Deposits payable	34,957	-	-	78,150
Accrued expenses payable	15,406	103,350	21,501	12,693
Current portion of long-term liabilities:				
Accrued compensated absences	23,161	286,624	33,433	12,388
Total Current Liabilities	170,424	690,485	131,619	123,487
Noncurrent liabilities:				
Compensated absences	2,573	31,847	3,716	1,376
Net pension liability	405,816	2,668,564	631,514	286,107
Total OPEB liability - TMRS	13,203	90,306	19,045	10,002
Total OPEB liability	100,726	683,567	143,442	75,068
Total Noncurrent Liabilities	522,318	3,474,284	797,717	372,553
Total Liabilities	692,742	4,164,769	929,336	496,040
Deferred Inflows of Resources				
Deferred inflows - pension	3,267	22,313	6,279	2,101
Deferred inflows - OPEB	273	1,571	321	164
Total Deferred Inflows of Resources	3,540	23,884	6,600	2,265
Net Position				
Net investment in capital assets	14,519,856	3,262,234	4,979,388	6,107,550
Unrestricted	(901,183)	(371,156)	36,301	(281,063)
Total Net Position	$ 13,618,673	$ 2,891,078	$ 5,015,689	$ 5,826,487

See Notes to Financial Statements.

Business-Type Activities	Governmental Activities
Total	Internal Service Fund
$ 3,334,922	$ 2,504,319
-	551,174
130,983	3,224
30,258	-
3,496,163	3,058,717
2,540,961	-
26,328,067	-
28,869,028	-
28,869,028	-
32,365,191	3,058,717
1,231,505	-
74,407	-
1,305,912	-
494,237	-
115	-
113,107	-
152,950	491,853
355,606	-
1,116,015	491,853
39,512	-
3,992,001	-
132,556	-
1,002,803	-
5,166,872	-
6,282,887	491,853
33,960	-
2,329	-
36,289	-
28,869,028	-
(1,517,101)	2,566,864
$ 27,351,927	$ 2,566,864

CITY OF NEW BRAUNFELS, TEXAS

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

PROPRIETARY FUNDS

For the Year Ended September 30, 2019

	Business-Type Activities			
	Airport	**Solid Waste**	**Golf Course**	**Civic/Con. Center**
Operating Revenues				
Charges for services	$ 2,894,328	$ 9,864,784	$ 1,713,661	$ 496,263
Miscellaneous	1,338	103,993	35,353	586
Total Operating Revenues	2,895,666	9,968,777	1,749,014	496,849
Operating Expenses				
Personnel	662,859	4,029,629	808,670	469,500
Purchased services	230,363	2,183,879	142,498	195,706
Professional services	28,271	103,276	-	-
Supplies	1,473,702	1,255,203	357,471	36,458
Depreciation and amortization	1,249,330	1,206,607	710,653	369,615
Insurance premiums	-	-	-	-
Claims	-	-	-	-
Total Operating Expenses	3,644,525	8,778,594	2,019,292	1,071,279
Operating Income (Loss)	(748,859)	1,190,183	(270,278)	(574,430)
Nonoperating Revenues (Expenses)				
Investment earnings	-	62,974	-	-
Intergovernmental	50,000	-	-	-
Total Nonoperating Revenue (Expenses)	50,000	62,974	-	-
Income (Loss) Before Transfers	(698,859)	1,253,157	(270,278)	(574,430)
Transfers in	99,910	-	-	187,572
Transfers (out)	(502,330)	(2,147,103)	(1,943)	(34,077)
Change in Net Position	(1,101,279)	(893,946)	(272,221)	(420,935)
Beginning net position	14,719,952	3,785,024	5,287,910	6,247,422
Ending Net Position	$ 13,618,673	$ 2,891,078	$ 5,015,689	$ 5,826,487

See Notes to Financial Statements.

Business-Type Activites	Governmental Activities
Total	Internal Service Fund
$ 14,969,036	$ 7,380,261
141,270	5,041
15,110,306	7,385,302
5,970,658	-
2,752,446	-
131,547	63,401
3,122,834	-
3,536,205	-
-	604,530
-	5,266,162
15,513,690	5,934,093
(403,384)	1,451,209
62,974	10
50,000	-
112,974	10
(290,410)	1,451,219
287,482	-
(2,685,453)	-
(2,688,381)	1,451,219
30,040,308	1,115,645
$ 27,351,927	$ 2,566,864

City of New Braunfels, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2019

	Business-Type Activities			
	Airport	Solid Waste	Golf Course	Civic/Con. Center
Cash Flows from Operating Activities				
Receipts from customers	$ 2,886,773	$ 10,784,467	$ 1,772,965	$ 456,408
Receipts from interfund services provided and used	-	-	-	-
Payments to suppliers	(1,697,240)	(3,460,265)	(462,234)	(201,075)
Payments for premiums, claims, and administrative charges	-	-	-	-
Payments for personnel services	(616,296)	(3,761,039)	(755,739)	(437,346)
Net Cash Provided (Used) by Operating Activities	573,237	3,563,163	554,992	(182,013)
Cash Flows from Noncapital Financing Activities				
Transfers in from other funds	99,910	-	-	187,572
Transfers (out) to other funds	(502,330)	(2,147,103)	(1,943)	(34,077)
Net Cash Provided (Used) by Noncapital Financing Activities	(352,420)	(2,147,103)	(1,943)	153,495
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	(971,339)	(1,832,349)	(68,880)	(17,779)
Net Cash (Used) by Capital and Related Financing Activities	(971,339)	(1,832,349)	(68,880)	(17,779)
Cash Flows from Investing Activities				
Interest on investments	-	62,974	-	-
Net Cash Provided by Investing Activities	-	62,974	-	-
Net Increase (Decrease) in Cash and Equity in Pooled Cash and Investments	(750,522)	(353,315)	484,169	(46,297)
Beginning cash and equity in pooled cash and investments	329,282	3,230,123	277,102	164,380
Ending Cash and Equity in Pooled Cash and Investments	$ (421,240)	$ 2,876,808	$ 761,271	$ 118,083
Cash and cash equivalents	$ (421,240)	$ 2,876,808	$ 761,271	$ 118,083
Restricted cash amounts	-	-	-	-
Total Cash and Cash Equivalents	$ (421,240)	$ 2,876,808	$ 761,271	$ 118,083

Business-Type Activities	Governmental Activities
Total	Internal Service Fund
$ 15,900,613	$ -
-	7,382,474
(5,820,814)	-
-	(4,471,427)
(5,570,420)	-
4,509,379	2,911,047
287,482	-
(2,685,453)	-
(2,347,971)	-
(2,890,347)	-
(2,890,347)	-
62,974	10
62,974	10
(665,965)	2,911,057
4,000,887	144,436
$ 3,334,922	$ 3,055,493
$ 3,334,922	$ 2,504,319
-	551,174
$ 3,334,922	$ 3,055,493

CITY OF NEW BRAUNFELS, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2019

	Business-Type Activities			
	Airport	Solid Waste	Golf Course	Civic/Con. Center
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	$ (748,859)	$ 1,190,183	$ (270,278)	$ (574,430)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	1,249,330	1,206,607	710,653	369,615
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in:				
Accounts receivable	(11,301)	815,690	23,951	(7,447)
Inventories	-	36,457	-	-
Due from other funds	-	-	-	-
Deferred outflows - pensions	(102,151)	(598,569)	(119,975)	(60,697)
Increase (Decrease) in:				
Accounts payable	33,566	70,928	41,342	(2,598)
Accrued expenses	1,804	(23,506)	(40,401)	-
Due to other funds	-	-	115	-
Net pension liability	119,607	778,455	158,880	81,485
Total OPEB liability - TMRS	(274)	(1,786)	36,679	33,687
Total OPEB liability	14,509	94,431	19,273	9,885
Accrued compensated absences	16,625	19,548	1,473	4,973
Customer deposits	2,408	-	-	(32,994)
Deferred inflows - pensions	(2,300)	(14,970)	(3,056)	(2,356)
Deferred inflows - OPEB	273	(10,305)	(3,664)	(1,136)
Net Cash Provided (Used) by Operating Activities	$ 573,237	$ 3,563,163	$ 554,992	$ (182,013)

See Notes to Financial Statements.

Business-Type Activities	Governmental Activities
Total	Internal Service Fund
$ (403,384)	$ 1,451,209
3,536,205	-
820,893	(2,828)
36,457	-
-	1,329,577
(881,392)	-
143,238	-
(62,103)	133,089
115	-
1,138,427	-
68,306	-
138,098	-
42,619	-
(30,586)	-
(22,682)	-
(14,832)	-
$ 4,509,379	$ 2,911,047

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of New Braunfels, Texas (the "City") was founded in 1845. It has adopted a "Home Rule Charter", which provides for a "Mayor-Council" form of government. A Mayor and seven Council members are elected by voters of the City at large for three-year terms.

The City Council is the principal legislative and administrative body of the City.

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

The City provides the following services: public safety (police, fire, and EMS), public works, parks and recreation, library, airport, solid waste collection, community services, and general government.

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

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

Discretely Presented Component Units

Economic Development Corporation

The New Braunfels Economic Development Corporation (the "Corporation") is a legally separate nonprofit entity which was organized under the laws of the State of Texas to provide economic development benefits for the City. Prior to fiscal year 2017-2018, the entity was operating as the "Industrial Development Corporation". On April 9, 2018, City Council amended the bylaws, renaming the Corporation as the New Braunfels Economic Development Corporation. The Corporation is presented as a governmental component unit. City Council appoints the Board of Directors and approves expenditures. Separate financial statements can be obtained by contacting the President of the EDC.

New Braunfels Utilities

New Braunfels Utilities (NBU) is a legally separate entity which provides waterworks, sanitary sewer, and electric services in the New Braunfels area. City Council appoints the NBU Board of Trustees, and approves utility rates and the issuance of debt. The NBU is presented as an enterprise component unit. Complete financial statements for the NBU may be obtained at the NBU's administrative offices at 263 Main Plaza, New Braunfels, Texas 78130. The NBU's financial statements are presented on a July 31 fiscal year end.

Blended Component Units

Tax Increment Reinvestment Zone No. 1

During fiscal year 2007, the City passed a resolution creating a Tax Increment Reinvestment Zone No. 1 (TIRZ), in accordance with Section 311 of the Texas Tax Code, for the purpose of financing public improvements in support of the Creekside Town Center Development. The TIRZ includes participation by a developer and by other governmental entities, the Economic Development Corporation (the "Corporation") and Comal County, Texas (the "County"). Under this arrangement, a certain percentage of the incremental ad valorem tax revenue collected by the City and the County and one-half cent of sales taxes collected by the City and the Corporation will be utilized to pay for certain infrastructure costs. Such tax revenue is controlled by the Board of Directors managing the TIRZ and is accounted for in a special revenue fund with the City's financial oversight. The Board of Directors is made up of seven members, five of which are appointed by the City Council.

New Braunfels Development Authority

During fiscal year 2007, the City passed a resolution creating the New Braunfels Development Authority (NBDA) in accordance with Section 394 of the Texas Local Government Code. The NBDA has been included in the reporting entity as a blended component unit. The NBDA was created to assist and act on behalf of the City in the performance of the City's governmental functions to promote the common good and general welfare of the TIRZ and to promote, develop, encourage, and maintain employment, commerce, and economic development in the City. During fiscal year 2007, the City passed an agreement (the "Agreement") between the City, the NBDA, and the TIRZ in which the NBDA will facilitate the implementation of the TIRZ plan and assist the City with reimbursement to the developer participating in the TIRZ. Reimbursement to the developer will be made through the issuance of bonds, notes, or other obligations available to the NBDA but only after consent of the City Council. Efforts of the NBDA will be financed using the TIRZ tax increment as outlined in the Agreement. Such taxes and payment of debt service activity are controlled by the Board of Directors managing the NBDA and are accounted for in a special revenue fund with the City's financial oversight. The Board of Directors is made up of seven members, five of which are appointed by the City Council.

Separate financial statements for the TIRZ and NBDA funds are not prepared.

The City also has the following related organization:

The Housing Authority of the City of New Braunfels (the "Authority") is a nonprofit entity, which was organized under the laws of the State of Texas to provide housing for qualified individuals in accordance with the rules and regulations prescribed by the U.S. Department of Housing and Urban Development. City Council appoints the Board of Directors of the Authority. However, the City is not financially accountable for the Authority because the Authority's operations are subsidized by the federal government, it sets its own budget subject to federal approval, it sets its rental rate, and it can issue debt in its own name. The City is not responsible for the deficits or liabilities of the Authority. Separately audited financial statements may be obtained at the City's administrative offices at 550 Landa Street, New Braunfels, Texas 78130.

B. Government-Wide Financial Statements

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

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following governmental funds:

The *general fund* is used to account for and report all financial resources not accounted for and reported in another fund. The principal sources of revenues include local property taxes, sales taxes and franchise fees, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, parks and recreation, and library. The general fund is always considered a major fund for reporting purposes.

The *debt service fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

The *special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The special revenue funds are considered nonmajor funds for reporting purposes, except for the hotel/motel tax fund.

Hotel/motel tax fund: This fund accounts for the tax collections of the hotel/motel occupancy taxes and the disbursement of those funds.

The *capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The capital projects funds are considered nonmajor funds for reporting purposes, except for the general obligations fund and the 2019 capital improvement fund.

General obligations fund: This fund accounts for the expenditures of the proceeds from the June 2014, April 2015, and July 2016 debt series issued for various purposes, including for street improvements, construction of drainage, equipping of parks and a recreations center, and constructing and building the Center Texas Technology Center.

2019 Capital Improvement fund: This fund accounts for the expenditures of the proceeds from the 2018 and 2019 debt issuances related to capital improvements in the City.

The *permanent fund* is used to account for nonexpendable trust arrangements where the principal may not be spent, and the earnings must be spent for a particular purpose. This fund is used to report the activity of the Cemetery Perpetual Care Fund. It is considered a nonmajor fund for reporting purposes.

The City reports the following proprietary funds:

The *enterprise funds* are used to account for the operations that provide airport, solid waste, golf course, and civic/convention center operations. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The airport and solid waste funds are considered major funds for reporting purposes. While the golf course and civic/convention center funds did not technically meet the criteria to be presented as major funds, the City has elected to present them as such due to their significance.

Internal service funds account for services provided to other departments or agencies of the primary government, or to other governments, on a cost reimbursement basis. The City's internal service fund is used to account for services for the City's self-funded health plan, which is financed from systematic transfers from general governmental and enterprise funds.

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

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

E. Measurement Focus and Basis of Accounting

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

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

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

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

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

1. Cash and Cash Equivalents

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

The City maintains a pooled cash account. Each fund whose monies are deposited in the pooled cash account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end. Amounts on deposit in interest bearing accounts and other investments are displayed on the combined balance sheet as "cash and equity in pooled cash."

2. Investments

Investments, except for certain investment pools and commercial paper, are reported at fair value. The investment pool operates ins accordance with appropriate state laws and regulations and is reported at amortized cost. Commercial paper is reported at amortized cost.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The City is required by the Act to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the City's funds may be invested and the maximum allowable stated maturity of any individual investment owned by the City.

The Act contains specific provisions in the area of investment practices, management reports, and establishment of appropriate policies. Investments are administered by City management under terms of an investment policy and strategy that is updated to conform to the Act as last amended. The preservation of capital is the City's most important investment objective. Other objectives include providing liquidity and maximizing earnings within the constraints of other objectives. The City is in substantial compliance with the requires of the Act and with local policies.

In summary, the City is authorized to invest in the following:

Direct obligations of the U.S. government
Money market mutual funds that meet certain criteria
Collateralized certificates of deposit
Municipal securities that meet certain criteria
Fully collateralized repurchase agreements that meet certain criteria
Bankers' acceptances
Commercial paper that meets certain criteria
Guaranteed investment contracts that meet certain criteria
Statewide investment pools

3. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful years:

Asset Description	Estimated Useful Life
Streets/Drainage Infrastructure	20 years
Buildings	30 years
Building Improvements	20 years
Equipment	5-7 years
Fleet	5-7 years

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.

- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.
- A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

6. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Amounts accumulated, up to certain amounts, may be paid to employees upon termination of employment. On retirement or death of certain employees, the City pays accrued sick leave in a lump sum payment to such employee or his/her estate. Non-civil service employees with 15 or more years of service are eligible to receive one-half of their accumulated sick leave up to 480 hours. These employees are also eligible if they retire with 10 or more years of service. Police and fire personnel covered by civil service receive payment for all accumulated sick leave up to 720 hours for police and fire (non-shift) and 1,080 for fire shift personnel. Police came under civil service in October 2011. Employees are paid for all accrued vacation leave when they leave the City's employment. The City accrues its liability for such accumulated unpaid benefits in the government-wide financial statements and proprietary fund financial statements.

The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund. Although a portion of the general obligation debt was directly related to the purchase of solid waste infrastructure, the debt service expenditures are included in the governmental fund financial statements as they are expected to be paid from debt service tax revenues instead of solid waste revenues.

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

8. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

9. Fund Balance Flow Assumptions

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

10. Fund Balance Policies

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

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

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

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

Unassigned fund balance includes amounts that have not been assigned to other funds or restricted, committed, or assigned to specific purpose within the general fund or deficit balances in other funds.

	General	Hotel/Motel Tax	Debt Service	General Obligations	Roadway Impact Fees	2019 Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:								
Cemetery perpetual care	$ -	$ -	$ -	$ -	$ -	$ -	$ 222,677	$ 222,677
Inventory	565	-	-	-	-	-	-	565
Total Nonspendable	565	-	-	-	-	-	222,677	223,242
Restricted to:								
Tourism	-	1,806,242	-	-	-	-	-	1,806,242
Debt service	-	-	2,194,652	-	-	-	-	2,194,652
Grants	-	-	-	-	-	-	112,908	112,908
Special donation	-	-	-	-	-	-	402,353	402,353
Stormwater development	-	-	-	-	-	-	313,813	313,813
Library	-	-	-	-	-	-	1,733	1,733
Capital projects	-	-	-	27,627,363	6,253,983	27,598,875	6,030,771	67,510,992
Public safety	-	-	-	-	-	-	183,044	183,044
Municipal court	-	-	-	-	-	-	270,845	270,845
Governmental programming	-	-	-	-	-	-	578,519	578,519
Other special projects	-	-	-	-	-	-	9,353,887	9,353,887
Total Restricted	-	1,806,242	2,194,652	27,627,363	6,253,983	27,598,875	17,247,873	82,728,988
Committed to:								
Development	-	-	-	-	-	-	660,414	660,414
Enterprise equipment	-	-	-	-	-	-	9,068,155	9,068,155
Assigned								
Equipment replacement	1,124,345	-	-	-	-	-	-	1,124,345
Unassigned	24,950,882	-	-	-	-	-	-	24,950,882
Total Fund Balances	$ 26,075,792	$ 1,806,242	$ 2,194,652	$ 27,627,363	$ 6,253,983	$ 27,598,875	$ 27,199,119	$ 118,756,026

Minimum Fund Balance Policy

The City will maintain an operating reserve for use in the event of unanticipated, extraordinary expenditures and/or the loss of a major revenue source. In the general fund, the operating reserve and specified contingencies shall be established at a minimum of 25 percent of the general fund budgeted expenditures for the current fiscal year. For all other special revenue funds, the operating reserve shall equal 10 percent of the budgeted annual expenditures. The funds can only be appropriated by an affirmative vote of five of the seven Council members.

Capital projects funds' reserves will be established by project, not by fund and will, and in general, reflect 3 percent of the total project costs.

The City will maintain a balance in the debt service fund equal to not less than 10 percent of the principal and interest payments on outstanding debt for each fiscal year.

11. Estimates

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

12. Pensions

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

13. Other Postemployment Benefits

The City participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by 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 funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. Benefit payments are treated as being equal to the employer's yearly contributions for retirees. Benefit payments and refunds are due and payable in accordance with the benefit terms. Information about the City's total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense is provided by TMRS from reports prepared by their consulting actuary.

The City also provides their own defined benefit group health benefit plan to eligible employees and retirees.

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

Property taxes are levied by October 1 of each year on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Taxes are due upon receipt of the City's tax bill and become delinquent, with an enforceable lien on property, on February 1 of the following year.

Allowance for uncollectible tax receivables within the general and debt service funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

Prior to the beginning of the fiscal year, the City prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.

Two meetings of the City Council are then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must have been given.

Prior to the start of the fiscal year, the budget is legally enacted through passage of an ordinance by the City Council.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles except the capital projects funds, which adopt project length budgets. The general obligations fund, a major fund for reporting purposes, is considered a capital projects fund and does not present an annual operating budget. Budgetary legal level of control is set at the fund, departmental, or project level. Once a budget is approved, it can be amended only by approval of a majority of the members of the City Council. As required by law, such amendments are made before the fact, and are reflected in the official minutes of the City Council. During the year, the budget was amended as necessary. Appropriations lapse at the end of the year, excluding capital project budgets.

Encumbrances represent the estimated amount of expenditures ultimately to result when unperformed contracts (in progress at year end) are completed. Such encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Deficit Fund Balance

As of the year ended September 30, 2019, the Community Development Block Grant fund and the Edwards Aquifer HCP fund had deficit fund balances of $32,280 and $60,014, respectively, The City plans to clear these deficits with support from other funds during fiscal year 2020.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

As of September 30, 2019, the City had the following investments:

Investment Type		Fair Value	Weighted Average Maturity (Years)	Credit Rating
Primary Government and Component Unit-EDC:				
Certificates of deposit	$	5,031,003	0.70	AA+
External investment pools:				
TexPool		78,530,863	0.09	AAAm
Total	$	83,561,866		
Portfolio weighted average maturity			0.40	
Component Unit - NBU				
U.S. agency securities	$	25,393,298	1.56	AA+
Treasury notes		1,496,426	0.33	
Certificates of deposit		4,500,000	1.01	
Demand deposit and money market		8,713,123	0.00	
Pooled funds		36,612,540	0.00	AAAm
Total	$	76,715,387		
Portfolio weighted average maturity			0.48	

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value establishing a three-level fair value hierarchy that describes the inputs used to measure assets and liabilities:

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Fair value is measured in a manner consistent with one of the three approaches: market approach, cost approach, and the income approach. The valuation methodology used is based upon whichever technique is the most appropriate and provides the best representation of fair value for that particular asset or liability. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or groups of assets and liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts, such as cash flows, to a single current (discounted) amount.

As of September 30, 2019, the City had the following recurring fair value measurements:

	September 30, 2019	Significant Other Observable
Investments by Fair Value Level		
Component Unit - NBU		
U.S. agency securities	$ 25,393,298	$ 25,393,298
Treasury notes	1,496,426	1,496,426
Total	$ 26,889,724	$ 26,889,724

U. S. Government agency bonds and notes are classified in Level 2 of the fair value hierarchy and are valued using the market approach.

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

Credit risk. The City's policy requires that investment pools must be rated no lower than 'AAA' or 'AAAm'. As of September 30, 2019, the City's investments in TexPool were rated 'AAAm' by Standard & Poor's. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States government or the issuing U.S. agency. These investments were rated not less than 'AA+' by both Moody's and Standard & Poor's.

Custodial credit risk – deposits. In the case of deposits, this is the risk that the City's deposits may not be returned in the event of a bank failure. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of September 30, 2019, market values of pledged securities and FDIC coverage exceeded bank balances.

Custodial credit risk – investments. For an investment, this is the risk that the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party in the event of the failure of the counterparty. The City's investment policy requires that it will seek to safekeep securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, shall be conducted on a delivery versus payment basis or commercial book entry system as utilized by the Federal Reserve and shall be protected through the use of a third-party custody/safekeeping agent.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rates TexPool 'AAAm'. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, TexPool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool transacts at a net asset value of $1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than five percent of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. TexPool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool's liquidity.

B. Receivables

Amounts are aggregated into a single accounts receivable line (net of allowance for uncollectibles) for certain funds and aggregated columns. Below is the detail of receivables for the general fund, hotel/motel tax fund, debt service fund, roadway impact fees fund, the nonmajor governmental funds in the aggregate, and the proprietary funds, including the applicable allowances for uncollectible accounts:

	Governmental Funds					
	General	Hotel/Motel Tax	Debt Service	Roadway Impac Fees	Nonmajor Funds	Total
Ad valorem taxes	$ 401,026	$ -	$ 290,520	$ -	$ -	$ 691,546
Franchise fees and local taxes	-	-	-	-	44,658	44,658
Accounts	7,010,331	321,930	-	16,317	267,815	7,616,393
Intergovernmental	-	-	-	-	29,413	29,413
Less allowance	(61,489)	-	(36,905)	-	-	(98,394)
	$ 7,349,868	$ 321,930	$ 253,615	$ 16,317	$ 341,886	$ 8,283,616

	Proprietary Funds				
	Airport	Solid Waste	Golf Course	Civic/Conv. Center	Total
Accounts	$ 78,501	$ 24,784	$ 8,065	$ 7,292	$ 118,642
Other	-	-	12,186	155	12,341
	$ 78,501	$ 24,784	$ 20,251	$ 7,447	$ 130,983

C. Capital Assets

A summary of changes in capital assets for the year end is as follows:

	Beginning Balance	Increases	Reclassifications (Decreases)	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 39,236,867	$ 1,945,824	$ -	$ 41,182,691
Construction in progress	7,679,420	10,939,691	(1,964,279)	16,654,832
Total capital assets not being depreciated	46,916,287	12,885,515	(1,964,279)	57,837,523
Other capital assets				
Road network	107,336,883	694,258	-	108,031,141
Infrastructure	25,040,967		-	25,040,967
Buildings	85,036,785	585,885	-	85,622,670
Improvements other than buildings	45,711,761	558,145	-	46,269,906
Machinery and equipment	10,949,769	-	(32,415)	10,917,354
Fleet	19,441,391	1,551,256	(149,890)	20,842,757
Total other capital assets	293,517,556	3,389,544	(182,305)	296,724,795
Less accumulated depreciation for:				
Road network	(70,556,535)	(5,893,500)	-	(76,450,035)
Infrastructure	(8,760,434)	(834,699)	-	(9,595,133)
Buildings	(36,381,461)	(2,106,196)	-	(38,487,657)
Improvements other than buildings	(21,193,574)	(3,063,706)	-	(24,257,280)
Machinery and equipment	(9,197,948)	(556,961)	32,415	(9,722,494)
Fleet*	(15,921,511)	(1,436,335)	149,890	(17,207,956)
Total accumulated depreciation	(162,011,463)	(13,891,397)	182,305	(175,720,555)
Other capital assets, net	131,506,093	(10,501,853)	-	121,004,240
Governmental Activities Capital Assets, Net	$ 178,422,380	$ 2,383,662	$ (1,964,279)	178,841,763
		Less associated debt		(231,012,865)
		Plus deferred charge on refunding		1,671,065
		Plus unspent bond proceeds		57,797,087
		Net Investment in Capital Assets		$ 7,297,050

**Beginning balance has been restated.*

All capital assets constructed or paid for with funds of the component units are titled in the City's name. Accordingly, component unit capital assets and construction in progress are recorded in the governmental activities totals.

Depreciation was charged to governmental functions as follows:

General government	$	996,013
Finance and tax		277,828
Planning and environmental development		725,131
Public safety		9,333,630
Public works		1,257,171
Parks and recreation		854,321
Library		447,303
Total Governmental Activities Depreciation Expense	$	13,891,397

The following is a summary of changes in capital assets for business-type activities for the year end:

	Beginning Balance	Increases	Reclassifications (Decreases)	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated:				
Land	$ 2,540,961	$ -	$ -	$ 2,540,961
Construction in progress	837,965	-	(837,965)	-
Total capital assets not being depreciated	3,378,926	-	(837,965)	2,540,961
Other capital assets				
Buildings	21,235,050	13,201	-	21,248,251
Improvements other than building	20,016,808	1,831,849	-	21,848,657
Furniture and fixtures	20,190	-	-	20,190
Machinery and equipment	1,107,400	115,456	(15,000)	1,207,856
Fleet	10,758,234	1,767,805	-	12,526,039
Airspace easement	37,515	-	-	37,515
Total other capital assets	53,175,197	3,728,311	(15,000)	56,888,508
Less accumulated depreciation for:				
Buildings	(9,788,824)	(605,859)	-	(10,394,683)
Improvements other than building	(8,674,996)	(1,369,070)	-	(10,044,066)
Furniture and fixtures	(11,195)	(2,884)	-	(14,079)
Machinery and equipment	(655,106)	(107,791)	15,000	(747,897)
Fleet	(7,886,180)	(1,449,663)	-	(9,335,843)
Airspace easement	(22,935)	(938)	-	(23,873)
Total accumulated depreciation	(27,039,236)	(3,536,205)	15,000	(30,560,441)
Other capital assets, net	26,135,961	192,106	-	26,328,067
Business-Type Activities Capital Assets, Net	$ 29,514,887	$ 192,106	$ (837,965)	$ 28,869,028
			Net Investment in Capital Assets	$ 28,869,028

Depreciation was charged to business-type functions as follows:

Airport	$	1,249,330
Solid waste		1,206,607
Golf course		710,653
Civic center		369,615
Total Business-Type Activities Depreciation Expense	$	3,536,205

The following is a summary of changes in capital assets for discretely presented component units for the year end:

	Beginning Balance	Increases	Reclassifications (Decreases)	Ending Balance
Component Units:				
Capital assets not being depreciated:				
Land and improvements	$ 26,638,523	$ 1,154,942	$ -	$ 27,793,465
Construction in progress	66,966,558	89,987,022	(74,519,181)	82,434,399
Total capital assets not being depreciated	93,605,081	91,141,964	(74,519,181)	110,227,864
Other capital assets				
Buildings	72,420,099	3,649,982	-	76,070,081
Infrastructure	444,495,851	55,113,691	(915,041)	498,694,501
Equipment	96,175,154	14,246,504	(109,136)	110,312,522
Wells and springs	1,197,063	354,063	-	1,551,126
Total other capital assets	614,288,167	73,364,240	(1,024,177)	686,628,230
Less accumulated depreciation for:				
Buildings	(31,519,744)	(1,703,669)	-	(33,223,413)
Infrastructure	(160,353,169)	(14,859,237)	694,148	(174,518,258)
Equipment	(37,975,891)	(4,214,834)	57,208	(42,133,517)
Wells and springs	(477,275)	(30,542)	-	(507,817)
Total accumulated depreciation	(230,326,079)	(20,808,282)	751,356	(250,383,005)
Other capital assets, net	383,962,088	52,555,958	(272,821)	436,245,225
Component Units Capital Assets, Net	$ 477,567,169	$ 143,697,922	$ (74,792,002)	$ 546,473,089

Depreciation was charged to the component unit – New Braunfels Utilities as follows:

Electirc	$	9,080,023
Water		4,970,642
Wastewater		6,749,183
Total Business-Type Activities Depreciation Expense	$	20,799,848

D. Long-Term Debt

The following is a summary of changes in the City's total long-term liabilities for the year end. In general, the City uses the general and debt service funds to liquidate governmental long-term liabilities.

	Beginning Balance*	Additions	Reductions	Ending Balance		Amounts Due Within One Year
Governmental Activities:						
Bonds, notes, and other payables:						
General obligation bonds/notes	$ 111,150,000	$ 22,285,000	$ (6,420,000)	$ 127,015,000		$ 8,895,000
Certificates of obligation	58,950,000	12,875,000	(3,945,000)	67,880,000		3,735,000
Contract revenue obligations	23,055,000	-	(1,315,000)	21,740,000		1,360,000
Bond premium	11,498,146	2,045,184	(854,778)	12,688,552		-
	204,653,146	37,205,184	(12,534,778)	229,323,552	**	13,990,000
Other liabilities:						
Equipment loan payable	400,725	-	(63,382)	337,343	**	64,707
Capital lease payable	1,785,895	-	(433,925)	1,351,970	**	435,850
Net pension liability - TMRS	27,400,375	11,437,808	-	38,838,183		-
Total OPEB liability - TMRS	1,349,636	-	(26,048)	1,323,588		-
Total OPEB liability	8,633,926	1,376,925	-	10,010,851		-
Compensated absences	6,561,370	5,702,480	(5,905,233)	6,358,617		5,722,755
Total Governmental Activities	$ 250,785,073	$ 55,722,397	$ (18,963,366)	$ 287,544,104		$ 20,213,312
			Long-term debt due in more than one year	$ 267,330,792		
			**** Debt associated with capital assets**	$ 231,012,865		

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-Type Activities:					
Net pension liability - TMRS	$ 2,853,573	$ 1,138,428	$ -	$ 3,992,001	$ -
Total OPEB liability -TMRS	135,169	-	(2,613)	132,556	-
Total OPEB liability	864,705	138,098	-	1,002,803	-
Compensated absences	352,499	359,868	(317,249)	395,118	355,606
Total Business-Type Activities	$ 4,205,946	$ 1,636,394	$ (319,862)	$ 5,522,478	$ 355,606
			Long-term debt due in more than one year	$ 5,166,872	

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Component Units:					
Bonds payable	$ 155,735,830	$ 155,502	$ (4,915,000)	$ 150,976,332	$ 3,595,000
Bond premium	5,662,085	-	(670,751)	4,991,334	-
Net pension liability	12,151,338	7,130,250	-	19,281,588	-
Compensated absences	1,519,040	1,031,821	(854,854)	1,717,604	1,124,780
Total Component Units	$ 175,068,293	$ 8,317,573	$ (6,440,605)	$ 176,966,858	$ 4,719,780
			Long-term debt due in more than one year	$ 172,247,078	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. The governmental activities compensated absences, net pension liability, and OPEB obligations are generally liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

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

Governmental Activities: Series	Final Maturity		Original Issue	Interest Rate	Balance
General Obligation Bonds/Notes					
2013 General Obligation Refunding Bonds	2023		$ 3,820,000	2.00-3.00%	$ 1,740,000
2013A General Obligation Refunding Bonds	2020		$ 7,020,000	2.00-4.00%	1,480,000
2014 General Obligation Bonds	2034		$ 13,970,000	2.00-5.00%	11,365,000
2015 General Obligation and Refunding Bonds	2035		$ 29,260,000	2.00-5.00%	26,555,000
2015 Tax Note	2022		$ 1,285,000	1.63%	565,000
2016 General Obligation Refunding Bonds	2036		$ 37,360,000	2.00-5.00%	33,860,000
2017 General Obligation Refunding Bonds	2029		$ 5,255,000	1.91%	5,135,000
2018 General Obligation Bonds	2038		$ 21,620,000	3.00-5.00%	21,435,000
2018 Tax Note	2025		$ 3,000,000	2.78%	2,595,000
Series 2018A Tax Note	2026		$ 2,300,000	2.35-2.87%	2,300,000
Series 2019 General Obligation Bonds	2039		$ 19,985,000	2.00-5.00%	19,985,000
			Total General Obligation		127,015,000
Certificates of Obligation					
2006A Certificates of Obligation	2021		$ 1,600,000	3.60-4.50%	300,000
2009 Certificates of Obligation	2019	*	$ 9,500,000	2.00-4.50%	-
2011 Certificates of Obligation	2031		$ 18,200,000	4.05%	12,725,000
2012 Certificates of Obligation	2032		$ 19,470,000	2.00-5.00%	14,100,000
2013 Certificates of Obligation	2033		$ 19,490,000	3.00-5.00%	15,210,000
2014A Certificates of Obligation	2034		$ 6,845,000	2.00-5.00%	5,540,000
2014B Certificates of Obligation	2034		$ 3,280,000	2.00-5.00%	2,810,000
2015 Certificates of Obligation	2035		$ 5,395,000	2.00-5.00%	4,615,000
2018 Certificates of Obligation	2038		$ 8,120,000	2.00-5.00%	7,825,000
2019 Certificates of Obligation	2039		$ 4,755,000	2.00-5.00%	4,755,000
			Total Certificates of Obligation		67,880,000
Tax Increment Contract Revenue Obligations					
2012 Tax Increment Contract Revenue Improvement and Refunding Obligations	2032		$ 11,670,000	2.93%	8,465,000
2014 Tax Increment Contract Revenue Notes	2032		$ 17,000,000	3.68%	13,275,000
			Total Tax Increment Contract Revenue Obligations		21,740,000
			Total Governmental Activities Long-Term Debt		$ 216,635,000

**After refunding*

The annual requirements to amortize general obligation bonds, certificates of obligation, and tax increment contract revenue obligations outstanding at year end were as follows:

	Governmental Activities						
					Tax Increment Contract		
Year Ending	General Obligation		Certificates of Obligation		Revenue Obligations		
Sep. 30	Principal	Interest	Principal	Interest	Principal	Interest	Total
2020	$ 8,895,000	$ 4,715,579	$ 3,735,000	$ 2,635,238	$ 1,360,000	$ 736,545	$ 22,077,362
2021	8,515,000	4,278,834	3,845,000	2,698,021	1,405,000	690,284	21,432,139
2022	8,775,000	4,169,971	3,865,000	2,377,059	1,450,000	643,080	21,280,110
2023	8,695,000	3,807,242	4,010,000	2,229,781	1,500,000	594,033	20,836,056
2024	8,525,000	3,428,074	4,170,000	2,077,090	1,550,000	543,295	20,293,459
2025-2029	36,620,000	11,867,193	23,715,000	7,499,628	8,590,000	1,891,611	90,183,432
2030-2034	29,540,000	5,856,356	20,530,000	2,358,267	5,885,000	404,353	64,573,976
2035-2039	17,450,000	1,275,568	4,010,000	77,984	-	-	22,813,552
Total	$ 127,015,000	$ 39,398,817	$ 67,880,000	$ 21,953,068	$ 21,740,000	$ 5,503,201	$ 283,490,086

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

The City issued $8,120,000 of Certificates of Obligation, Series 2018 with interest rates ranging from 2% to 5%. The proceeds will be used for various capital related improvements throughout the City. The certificates are set to mature in 2038.

The City issued $4,755,000 of Certificates of Obligation, Series 2019 with interest rates ranging from 2% to 5%. The proceeds will be used for various capital related improvements throughout the City. The certificates are set to mature in 2039.

The City issued $2,300,000 in Tax Notes Series 2018A with interest rates ranging from 2.35% to 2.87%. The proceeds will be used for various capital related improvements and vehicle replacements. The certificates are set to mature in 2026.

The City issued $19,985,000 of Series 2019 General Obligation bonds with interest rates ranging from 2% to 5%. The proceeds will be used for various capital related improvements throughout the City. The certificates are set to mature in 2039.

In December 2012 and July 2014, the NBDA issued Tax Increment Contract Revenue and Refunding Obligations, series 2012 and Tax Increment Contract Revenue Obligations, series 2014, respectively, with the authorization and approval of the City. The obligations were issued to reimburse a developer for certain public improvement projects related to the Creekside Town Center Development and pay the costs of issuance. The debt issuances are the limited obligation of the NBDA, payable solely from pledged revenues. The pledged revenues consist of tax increments from the TIRZ payable to the NBDA as specified in the tri-party agreement between the City, the TIRZ, and the NBDA. The City is not obligated to make payments on the series 2012 and series 2014 obligations.

The City entered into a ten-year loan payable of $1,394,231 with an interest rate of 2.09% with a national bank on May 30, 2014. The proceeds of the loan were used to acquire capital assets by which the loan is secured. The annual requirements to amortize the equipment loan payable outstanding at year end were as follows:

Equipment Loan Payable:

	Governmental Activities		
Year Ending Sep. 30	**Principal**	**Interest**	**Total**
2020	$ 64,707	$ 7,050	$ 71,757
2021	66,059	5,698	71,757
2022	67,440	4,317	71,757
2023	68,849	2,908	71,757
2024	70,288	1,469	71,757
			-
Total	$ 337,343	$ 21,442	$ 358,785

The City has entered into various capital lease financing arrangements with interest rates that range from 1.85% to 2.25%. The annual requirements to amortize the capital leases payable outstanding at year end were as follows:

	Governmental Activities		
Year Ending Sep. 30	**Principal**	**Interest**	**Total**
2020	$ 435,850	$ 46,534	$ 482,384
2021	252,288	34,021	286,309
2022	261,875	24,435	286,310
2023	44,260	14,442	58,702
2024	45,851	12,852	58,703
2025-2029	255,180	38,332	293,512
2030-2032	56,666	2,036	58,702
Total	$ 1,351,970	$ 172,652	$ 1,524,622

The annual requirements to amortize NBU bonds outstanding at year end were as follows:

	Bonds Payable		
Year Ending Sep. 30	**Principal**	**Interest**	**Total**
2020	$ 3,595,000	$ 5,816,769	$ 9,411,769
2021	3,852,609	5,704,819	9,557,428
2022	3,886,050	5,582,819	9,468,869
2023	3,037,254	5,451,569	8,488,823
2024	3,839,386	5,344,319	9,183,705
2025-2029	20,636,033	24,512,644	45,148,677
2030-2034	24,170,000	20,323,531	44,493,531
2035-2039	28,190,000	15,634,156	43,824,156
2040-2044	34,010,000	9,505,881	43,515,881
2045-2049	25,760,000	2,762,700	28,522,700
Total	$ 150,976,332	$ 100,639,207	$ 251,615,539

Federal Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or are not performed correctly, a substantial liability to the City could result. The City periodically engages an arbitrage consultant to perform the calculations in accordance with the rules and regulations of the IRS.

E. Interfund Receivables and Payables

Interfund balances at September 30, 2019 consisted of the following:

Receivable Fund	Payable Fund		
General	Community Development Block Gra	$	20,269
	Child Saftey		36,609
	Edwards Aquifer Habitat Conservatio		52,399
	2007 Certificates of Obligation		11,538
	Roadway Decelopment Impact Fees		2,099,011
	General Obligations		1,689,288
	2012 Certificate of Obligation		54,826
	2013 Certificate of Obligation		183,408
		$	4,147,348

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

F. Interfund Transfers

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

	Transfers In	Transfers Out	Explanation
General	$ -	$ 63,101	Aiport Fund - administration services
	-	34,077	Civic/Convention center - administration services
	816,510	719,332	Solid Waste - administration services
Total General Fund	816,510	816,510	
Grant	399	399	General Fund - cash match for grant projects
Total Grant Fund	399	399	
NB Development Authority	9,129,893	9,129,893	Creekside TIRZ Fund - pass through of TIRZ revenue and existing balance to NBDA to support debt service
ıtal NB Development Authority Fund	9,129,893	9,129,893	
River Activities	140,283	140,283	Solid Waste Fund - river litter pick up
Total River Activities Fund	140,283	140,283	
Equipment Replacement	570,000	570,000	General Fund - equipment replacement
Total Equipment Replacement Rund	570,000	570,000	
Enterprise Maintenance	-	106,447	payoff
	-	1,943	Golf Course Fund operating expenditures - equipment replacement
	-	1,233,519	Solid Waste Fund operating expenditures - heavy equipment replacement
	1,441,909	100,000	repairs
Total Enterprise Maintenance Fund	1,441,909	1,441,909	
Edwards Aquifer HCP	83,316	83,316	General Fund - administrative support for the Edwards Aquifer HCP
Total Edwards Aquifer HCP Fund	83,316	83,316	
2019 Bond Program	7,000,000	7,000,000	Roadway impact fees fund - support funding for streets project
Total 2019 Bond Program Fund	7,000,000	7,000,000	
Debt Service	-	332,782	Airport Fund - Debt Service
	-	68,969	Solid Waste Fund - Debt Service
	977,051	575,300	Hotel Motel Tax Fund - Civic/Convention Center
Total Debt Service Fund	977,051	977,051	
Airport	99,910	99,910	General Fund - land lease for CTTC buildings
Total Airport Fund	99,910	99,910	
Solid Waste	15,000	15,000	Grant Fund - classification of expenditures
Total Solid Waste Fund	15,000	15,000	
Civic/Convention Center	257,572	257,572	Hotel/Motel Tax Fund - gap funding for Civic/Convention Center expendituresand classification of capital expenditures
Total Civic/Convention Center Fund	257,572	257,572	
Non-Federal Court Awards	4,220	4,220	General Fund - reimbursment for incorrectly posted seizure funds
Total Non-Federal Court Awards	4,220	4,220	
Hotel Motel Tax	70,000	70,000	Civic/Convention Center Fund - reimburse Hotel/Motel Tax fund for transfer received but not required based on cost recovery and reserve requirement
Total Hotel Motel Tax Fund	70,000	70,000	
	$ 20,606,063	$ 20,606,063	

Transfers between funds occur primarily to finance programs accounted for in one fund with resources collected in other funds in accordance with budgetary authorizations.

G. Restatement of Net Position

The City's net position for governmental activities has been restated to reflect a change in deprecation calculation from the prior year.

		Governmental Activities
Beginning net position, as reported	$	2,903,332
Depreciation		14,504,678
Beginning net position, as restated	$	17,408,010

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with 2,617 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

The City's health insurance program is a self-insured minimum premium cash flow plan (the "Plan"). The City makes pre-determined monthly contributions to the Plan to fully cover the cost of employee-only coverage. The City and each covered employee make a pre-determined monthly contribution to the Plan if they cover one or more dependents. All claims are reviewed and processed by an independent insurance company. The insurance company pays claims based on the Plan, and the City reimburses the insurance company for the amount of each claim paid. The insurance company charges the City a fee for each claim processed. Funding covers both the cost of claims and administrative expenses. The City paid $5,690,161 in health claims and paid $667,930 for administrative costs for the year ended September 30, 2019. The City contributed $5,015,352 and City employees contributed $1,278,009 to the Plan for the year ended September 30, 2019.

The transactions of the Plan are reported in the City's internal service fund. The City pays a specified monthly amount for each employee and a portion of an employee's dependent coverage which averages to approximately $766. The largest portion of this amount is dedicated to the direct payment of claims. The remaining part of the monthly amount is dedicated to the payments of administrative fees and commercial insurance for excess claims. The commercial insurance coverage becomes effective when the claims exceed the maximum amount per employee.

Estimated health claims that have been incurred but not reported are accrued at year end. The estimated liability for health claims is $491,853 at September 30, 2019. The estimated liability for health claims is based upon historical claims experience.

The change in the claim liability for the years ended September 30, 2019 and 2018 are as follows:

	2019	2018
Claims payable, beginning of year	$ 358,764	$ 397,183
Plus: incurred claims	5,266,162	5,452,383
Less: claims paid	(5,133,073)	(5,490,802)
Claims Payable, End of Year	$ 491,853	$ 358,764

B. Contingent Liabilities

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

At September 30, 2019, the City is involved in various lawsuits. These lawsuits generally involve claims relating to general liability, automobile liability, civil rights actions, and various contractual matters. In the opinion of management, any liability resulting from such litigation would not have a material adverse effect on the City's financial statements.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. With the exception of health claims, no other claim liabilities are reported at year end.

C. Pension Plan

Texas Municipal Retirement System

Plan Description

The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by 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 TMRS with a six-member Board of Trustees (the "Board"). 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 that can be obtained at www.tmrs.com.

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

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits, with interest, were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment 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 percent of the member's deposits and interest.

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

	2019	2018
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility		
(expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

Employees Covered by Benefit Terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	258
Inactive employees entitled to, but not yet receiving, benefits	301
Active employees	612
Total	1,171

Contributions

The contribution rates for employees in TMRS are either five percent, six percent, or seven percent of employee gross earnings, and the City-matching percentages are either 100 percent, 150 percent, or 200 percent, 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 seven percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.14 percent and 17.27 percent in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2019 were $6,937,744, which were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

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

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and annuity purchase rate are based on the mortality experience investigation study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the EAN actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation, as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.30%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.39%
Real Return	10.00%	3.78%
Real Estate	10.00%	4.44%
Absolute Return	10.00%	3.56%
Private Equity	5.00%	7.75%
Total	100.00%	

Discount Rate

The discount rate used to measure the TPL was 6.75 percent. 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 TPL.

Changes in the NPL

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Changes for the year:			
Service cost	$ 7,075,714	$ -	$ 7,075,714
Interest	10,661,364	-	10,661,364
Changes in current period benefits	-	-	-
Difference between expected and actual experience	227,139	-	227,139
Changes in assumptions	-	-	-
Contributions - employer	-	6,539,492	(6,539,492)
Contributions - employee	-	2,719,934	(2,719,934)
Net investment income	-	(3,794,347)	3,794,347
Benefit payments, including refunds of employee contributions	(4,810,400)	(4,810,400)	-
Administrative expense	-	(73,269)	73,269
Other changes	-	(3,828)	3,828
Net Changes	13,153,817	577,582	12,576,235
Balance at December 31, 2017	156,813,471	126,559,522	30,253,949
Balance at December 31, 2018	$ 169,967,288	$ 127,137,104	$ 42,830,184

Sensitivity of the NPL to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	$ 69,969,617	$ 42,830,184	$ 20,854,013

Pension Plan Fiduciary Net Position

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

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

For the fiscal year ended September 30, 2019, the City recognized pension expense of $9,229,661.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,532,770	$ 193,334
Changes in actuarial assumptions	-	137,693
Difference between projected and actual investment earnings	6,547,003	-
Contributions subsequent to the measurement date	5,333,372	-
Total	$ 13,413,145	$ 331,027

$5,333,372 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 NPL for the fiscal year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30	Pension Expense
2020	$ 2,457,230
2021	1,311,166
2022	1,314,767
2023	2,644,958
2024	20,625
Thereafter	-
Total	$ 7,748,746

D. Other Postemployment Benefits

1. TMRS Supplemental Death Benefits

Plan Description

The City participates an OPEB plan administered by TMRS. TMRS administers the defined benefit group-term life insurance plan known as the SDBF. This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The member city contributes to the SDBF at a contractually required rate (based on the covered payroll of employee members) 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 GASB 75. As such, the SDBF is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The TMRS Act requires the PTF to allocate a five percent interest credit from investment income to the SDBF on an annual basis each December 31 based on the mean balance in the SDBF during the year.

Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated). Participation in the SDBF as of December 31, 2018 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	218
Inactive employees entitled to, but not yet receiving, benefits	95
Active employees	612
Total	925

Total OPEB Liability

The City's total OPEB liability of $1,456,144 was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 10.50% including inflation
Discount rate	3.31%*
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates-service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates-disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set forward for both males and females. The rate are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in the Total OPEB Liability

	Total OPEB Liability
Changes for the year:	
Service cost	$ 73,827
Interest	50,176
Differences between expected and actual expirence	(29,490)
Changes of assumptions	(111,517)
Benefit payments*	(11,657)
Net Changes	(28,661)
Beginning balance	1,484,805
Ending Balance	$ 1,456,144

* Benefit payments are treated as being equal to the employer's yearly contributions for retirees due to the SDBF being considered an unfunded OPEB plan under GASB 75.

There were no changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (2.31%)	Discount Rate (3.31%)	1% Increase in Discount Rate (4.31%)
City's Total OPEB Liability	$ 1,759,421	$ 1,456,144	$ 1,223,729

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

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expceted and actual experience	$ 88,091	$ 95,285
Changes in assumptions	-	25,197
Contributions subsequent to the measurement date	9,434	-
Total	$ 97,525	$ 120,482

$9,434 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction the of total OPEB liability for the fiscal year ending September 30, 2020.

Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30	OPEB Expense Amount
2020	$ (2,436)
2021	(2,436)
2022	(2,436)
2023	(2,436)
2024	(4,791)
Thereafter	(17,856)
Total	$ (32,391)

2. Retiree Health Plan

Plan Description

The City provides post-retirement medical, dental, vision, and life insurance benefits on behalf of its eligible retirees. GASB adopted statement No. 75 to replace GASB 45. GASB 75 requires public employers to preform periodic actuarial valuations to measure and disclose their retiree healthcare liabilities for the financial statements of the employer.

Benefits

The City maintains self-funded medical and prescription drug coverage administered by Aetna for eligible employees and retired employees and their dependents (prior to attaining Medicare eligibility). Employees and retirees are also eligible for the City's fully-insured dental and vision plan options. In addition, retirees eligible for Medicare can remain with the City but are moved to a fully-insured Medicare Advantage plan. The dental, vision, and Medicare Advantage plans are 100% funded through retiree contributions. Since the retiree has to pay the full premium and there is not a material implicit subsidy for these benefits, there is no liability for the City. Therefore, the dental, vision, and Medicare Advantage plans were excluded from this valuation.

Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees entitled to, but not yet receiving, benefits	-
Active employees	571
Total	583

Total OPEB Liability

The City's total OPEB liability of $11,013,654 was measured as of September 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%
Salary increases	3.00%
Discount rate	3.73%

The discount rate was based on an average of the 9/30/19 S&P Municipal Bond 20-Year High Grade Rate Index and the Fidelity General Obligation AA 20-Year Yield.

Mortality rates for active employees were based on the RPH-2014 Employee Mortaility Table, Generational with Projection Scale MP-2019 for males or females, as appropriate.

Mortality rates for retireesdisables employees were based on the RPH-2014 Healthy Annuitant and Disabled Retiree Mortality Table, Generaltional with Projection Scale MP-2018 for males or females, as appropriate.

The actuarial assumptions used in the September 30, 2019 valuation were based on the results of an actuarial experience study for the period September 30, 2016 to September 30, 2018.

Changes in the Total OPEB Liability

		Total OPEB Liability
Changes for the year:		
Service cost	$	444,312
Interest		312,824
Changes of assumptions		61,055
Differences between expected and actual expirence		846,197
Benefit payments		(149,365)
Net Changes		1,515,023
Beginning balance		9,498,631
Ending Balance	$	11,013,654

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (2.73%)	Discount Rate (3.73%)	1% Increase in Discount Rate (4.73%)
City's Total OPEB Liability	$ 12,733,133	$ 11,013,654	$ 9,554,865

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
City's Total OPEB Liability	$ 9,313,960	$ 11,013,654	$ 13,083,222

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

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected expirence	$ 188,101	$ -
Changes in actuarial assumptions	634,648	-
Total	$ 822,749	$ -

Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30	OPEB Expense Amount
2020	$ 274,250
2021	274,250
2022	274,249
2023	-
2024	-
Thereafter	-
Total	$ 822,749

E. Operating Lease

NBU has an operating lease (the "Lease") with Lower Colorado River Authority (LCRA) to lease certain transmission assets to LCRA. Payments for the lease facilities are based on the original cost of the facilities, adjusted for depreciation, and are updated annually to reflect additions, retirements, and depreciation. The terms of the Leases are perpetual, but may be terminated by either party upon five years written notice. On March 30, 2017, LCRA and NBU executed a Memorandum of Agreement (MOA) to terminate the Lease effective March 31, 2022. The MOA outlines a lease payment freeze that reverts the Lease payments to the Lease asset value as of NBU's Transmission Cost of Service (TCOS) rate case dated July 7, 2014. The compensable Lease asset value at the time was $10,992,460, which equates to Lease revenue of $855,667 per year. Lease revenues were $855,667 and $855,667 in fiscal year 2019 and fiscal year 2018, respectively. The receipts for fiscal year 2020 are expected to be $855,667.

F. Tax Abatements

1. Chapter 378 Neighborhood Empowerment Zone Agreement

Chapter 378 of the Texas Local Government Code, *Neighborhood Empowerment Zone*, provides the authority to the governing body of a municipality to create a Neighborhood Empowerment Zone that would promote an increase in economic development in the municipality. The City has entered into a property tax abatement agreement (the "Agreement") with a company (the "Company") as authorized by Chapter 378 of the Texas Local Government Code. Under the Agreement, the Company agrees to establish a customer contact center that will employ 120 people by the end of the first year of operation and will employ at least 343 people by the end of the tenth year of operation. In exchange, the City will pay the Company 50 percent of the sales tax revenue received by the City which is connected to the Company's business activities within the City starting on the date outlined in the Agreement for a period of 10 years. The Agreement provides for recapture of sales taxes in the event of material breach. For the year ended September 30, 2019, the total amount of taxes abated were $2,019,971 for the City and $673,324 for the EDC.

2. Chapter 380 Economic Development Agreement

Chapter 380 of the Texas Local Government Code, *Miscellaneous Provisions Relating to Municipal Planning and Development*, provides the authority to the governing body of a municipality to establish and provide for the administration of one or more programs to promote state or local economic development and to stimulate business and commercial activity in the municipality.

Sales Taxes

The City has entered into sales tax abatement agreements (the "Agreements") with several developers (the "Developers") as authorized by Chapter 380 of the Texas Local Government Code.

Under each Agreement, the Developers must meet certain commercial/retail development and/or employment requirements in order to have a portion of their sales taxes abated. The minimum limitation value varies by Agreement. Each Agreement provides for recapture in the event of material breach. The following summarizes the current Agreements:

- A Developer constructed a commercial and mixed-use development of approximately 160.56 acres of land for the purpose of promoting economic development in the City and stimulating business and commercial activity. The improvements were to be completed based on the terms of the Agreement. The Agreement expires 25 years after the effective date of the Agreement. The City will make payments to the Developer from sales tax revenues at an amount equal to 50 percent of sales tax revenue collected by the City and generated by the project. For the year ended September 30, 2019, the total amount of taxes abated were $232,780 for the City.

- A Developer will construct a new grocery retail store with approximately 120,000 square feet for the purpose of creating and/or retaining at least 108 full-time equivalent (FTE) employees. The City has granted the Developer a tax limitation of $1.5 million for a period of 5 years. In order to be eligible to receive the limitation, the Developer must have invested at least $14 million during the time period beginning October 1, 2015 and ending December 31, 2016. The City will make quarterly payments to the Developer from sales tax revenues at an amount equal to 50 percent of sales taxes generated not to exceed a cumulative amount of $700,000 paid by the City and $800,000 paid by the EDC beginning after the grocery store opens to the public. For the year ended September 30, 2019, the total amount of taxes abated were $212,617 for the City.

A reconciliation of gross sales tax collections for these tax abatement agreements and the Creekside Town Center TIRZ is disclosed below:

	Sales Tax Reconciliation			
	General Fund	Creekside Town Center TIRZ	Economic Dev. Corporation	Total
Payments from Comptroller	$ 25,016,361	1,498,943	$ 8,338,787	$ 34,854,091
Creekside Town Center - Chapter 380 Abatement Payments	(2,840,105)	-	(1,797,531)	(4,637,636)
Net Sales Tax Collected	$ 22,176,256	1,498,943	$ 6,541,256	$ 30,216,455

Property Taxes

The City has entered into property tax abatement agreements (the "Agreements") with several developers (the "Developers") as authorized by Chapter 380 of the Texas Local Government Code.

Under each Agreement, the Developers must meet certain commercial/retail development and/or employment requirements in order to have a portion of their property taxes abated. The minimum limitation value varies by Agreement.

Each Agreement provides for recapture in the event of material breach. The following summarizes the current Agreements:

- The Developer constructed a commercial and mixed-use development of approximately 160.56 acres of land for the purpose of promoting economic development in the City and stimulating business and commercial activity. In exchange, the City will pay the company an amount annually equal to 70 percent of all property taxes received by the City related to the property in each tax year starting the first tax year following a transition period as outlined in the Agreement for a period of 25 years or until $4,117,000 of the economic development grant is paid. For the year ended September 30, 2019, the total amount of taxes abated were $280,046 for the City.

- The Developer agrees to construct a manufacturing facility of approximately 240,000 square-feet for the purpose of promoting economic development in the City and stimulating business and commercial activity. The City has granted the Developer a tax limitation for a period of 15 years. In order to be eligible to receive the limitation, the Developer agrees to make an investment of $80 million that increases total taxable assessed value of at least $35 million by January 2017 and $50 million by January 2018. In addition, the Developer must meet certain employment conditions. The City will make annual payments to the Developer from property tax revenues at an amount equal to 80 percent, 60 percent, and 50 percent of total taxable assessed value for years one through five, six through eight, and nine through fifteen, respectively.

A reconciliation of gross property tax collections for these tax abatement agreements and the Creekside Town Center TIRZ is disclosed below:

	Property Tax Reconciliation		
	Maintenance and Operations	Interest and Sinking	Total
General fund	$ 19,426,339	$ 14,601,476	$ 34,027,815
Creekside Town Center TIRZ	873,859	658,761	1,532,620
Gross Property Taxes Collected	20,300,198	15,260,237	35,560,435
Penalties and interest collected	287,731	209,898	497,629
Creekside Town Center / Chapter 380 Abatement Payments	(1,203,639)	(803,559)	(2,007,198)
Creekside Town Center TIRZ collections	3,689,928	-	3,689,928
Deferred revenue adjustment for governmental activities	61,023	-	61,023
Net Property Taxes Collected	$ 19,445,313	14,456,678	37,801,817

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REQUIRED SUPPLEMENTARY INFORMATION

City of New Braunfels, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 1 of 2)

GENERAL FUND

For the Year Ended September 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
Revenues				
Taxes:				
Ad valorem	$ 19,415,645	$ 19,415,645	$ 19,384,291	$ (31,354)
Sales	21,819,921	21,819,921	22,176,256	356,335
Franchise fees and other taxes	9,775,907	9,775,907	10,540,764	764,857
Licenses and permits	3,985,990	3,985,990	5,255,529	1,269,539
Intergovernmental	50,000	50,000	587,189	537,189
Fines and forfeitures	1,672,400	1,672,400	1,436,711	(235,689)
Interest	200,000	200,000	655,477	455,477
Parks and recreation	3,601,376	3,601,376	4,560,195	958,819
Miscellaneous	2,622,511	2,622,511	2,378,675	(243,836)
Charges for services	4,148,100	4,148,100	3,413,856	(734,244)
Total Revenues	67,291,850	67,291,850	70,388,943	3,097,093
Expenditures				
General government:				
City council	34,421	34,421	33,355	1,066
City attorney	927,458	927,458	793,704	133,754
City administration	4,381,389	4,381,389	4,343,296	38,093
Human resources	845,703	845,703	842,103	3,600
Nondepartmental	1,988,750	1,988,750	1,925,312	63,438
Finance and tax	1,158,894	1,158,894	1,158,759	135
Planning and environmental development	3,413,555	3,413,555	3,312,623	100,932
Public safety:				
Police	18,917,862	18,917,862	18,184,069	733,793
Fire	18,648,813	18,648,813	18,371,533	277,280
Public works	7,383,687	7,383,687	7,118,357	265,330
Parks and recreation	7,753,117	7,753,117	7,694,305	58,812
Library	2,370,984	2,370,984	2,292,436	78,548
Total Expenditures	67,824,633	67,824,633	66,069,852	1,754,781
Excess (Deficiency) of Revenues Over (Under) Expenditures	(532,783)	(532,783)	4,319,091	4,851,874

CITY OF NEW BRAUNFELS, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 2 of 2)

GENERAL FUND

For the Year Ended September 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses)				
Transfers in	$ 866,511	$ 866,511	$ 816,510	$ (50,001)
Transfers (out)	(829,910)	(829,910)	(187,845)	642,065
Sale of capital asset	-	-	199,001	199,001
Total Other Financing Sources	36,601	36,601	827,666	791,065
Net Change in Fund Balance	$ (496,182)	$ (496,182)	5,146,757	$ 5,642,939
Beginning fund balance			20,929,035	
Ending Fund Balance			$ 26,075,792	

Notes to Required Supplementary Information (RSI):

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

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CITY OF NEW BRAUNFELS, TEXAS

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

HOTEL/MOTEL TAX FUND

For the Year Ended September 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	$ 4,248,312	$ 4,248,312	$ 4,000,950	$ (247,362)
Interest	26,016	26,016	35,965	9,949
Miscellaneous	-	-	13,909	13,909
Total Revenues	4,274,328	4,274,328	4,050,824	(223,504)
Expenditures				
Current				
General government	3,404,356	3,404,356	2,691,473	712,883
Total Expenditures	3,404,356	3,404,356	2,691,473	712,883
Excess of Revenues Over Expenditures	869,972	869,972	1,359,351	489,379
Other Financing Sources (Uses)				
Transfers in	-	-	70,000	70,000
Transfers (out)	(932,872)	(932,872)	(932,872)	-
Total Other Financing (Uses)	(932,872)	(932,872)	(862,872)	70,000
Net Change in Fund Balance	$ (62,900)	$ (62,900)	496,479	$ 559,379
Beginning fund balance			1,309,763	
Ending Fund Balance			$ 1,806,242	

Notes to Required Supplementary Information (RSI):

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

City of New Braunfels, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2019

	Measurement Year*			
	2014	**2015**	**2016**	**2017**
Total Pension Liability				
Service cost	$ 5,143,064	$ 5,732,589	$ 6,283,281	$ 6,602,665
Interest (on the total pension liability)	8,027,752	8,602,512	8,990,600	9,783,894
Changes in current period benefits	-	-	-	-
Difference between expected and actual experience	(1,028,253)	420,652	887,337	1,216,121
Change in assumptions	-	(437,911)	-	-
Benefit payments, including refunds of employee contributions	(4,136,590)	(4,316,359)	(4,267,920)	(4,868,903)
Net Change in Total Pension Liability	8,005,973	10,001,483	11,893,298	12,733,777
Beginning total pension liability	114,178,940	122,184,913	132,186,396	144,079,694
Ending Total Pension Liability	$ 122,184,913	$ 132,186,396	$ 144,079,694	$ 156,813,471
Plan Fiduciary Net Position				
Contributions - employer	$ 4,725,941	$ 5,365,044	$ 5,961,496	$ 6,162,903
Contributions - employee	2,011,041	2,213,355	2,424,270	2,546,656
Net investment income	4,945,274	138,605	6,574,073	14,955,206
Benefit payments, including refunds of employee contributions	(4,136,590)	(4,316,359)	(4,267,920)	(4,868,903)
Administrative expense	(51,621)	(84,411)	(74,212)	(77,461)
Other	(4,244)	(4,169)	(3,998)	(3,926)
Net Change in Plan Fiduciary Net Position	7,489,801	3,312,065	10,613,709	18,714,475
Beginning plan fiduciary net position	86,429,472	93,919,273	97,231,338	107,845,047
Ending Plan Fiduciary Net Position	$ 93,919,273	$ 97,231,338	$ 107,845,047	$ 126,559,522
Net Pension Liability	$ 28,265,640	$ 34,955,058	$ 36,234,647	$ 30,253,949
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	76.87%	73.56%	74.85%	80.71%
Covered Payroll	$ 28,695,633	$ 31,619,357	$ 34,599,565	$ 36,318,289
Net Pension Liability as a Percentage of Covered Payroll	98.50%	110.55%	104.73%	83.30%

*Only five years of information is currently available. The City will build this schedule over the next five-year period.

Measurement Year* 2018
$ 7,075,714
10,661,364
-
227,139
-
(4,810,400)
13,153,817
156,813,471
$ 169,967,288
$ 6,539,492
2,719,934
(3,794,347)
(4,810,400)
(73,269)
(3,827)
577,583
126,559,522
$ 127,137,105
$ 42,830,183
74.80%
$ 38,856,198
110.23%

CITY OF NEW BRAUNFELS, TEXAS

SCHEDULE OF CONTRIBUTIONS

TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2019

	Fiscal Year*			
	2014	**2015**	**2016**	**2017**
Actuarially determined contribution	$ 4,725,941	$ 5,365,044	$ 6,066,843	$ 6,102,303
Contributions in relation to the actuarially determined contribution	4,705,262	5,400,580	6,066,843	6,102,303
Contribution deficiency (excess)	$ 20,679	$ (35,536)	$ -	$ -
Covered payroll	$ 28,695,633	$ 31,619,357	$ 35,348,062	$ 35,884,508
Contributions as a percentage of covered payroll	16.40%	17.08%	17.16%	17.01%

*Only six-years of information is currently available. The City will build this schedule over the next four-year period.

Notes to Required Supplementary Information:

1. Valuation Date:
   Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	27 Years
Asset valuation method	10 year smoothed market, 15% soft corridor
Inflation	2.50%
Salary increases	3.5% to 10.5% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experienceof the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustments with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

3. Other Information:
   There were no benefit changes during the year.

Fiscal Year*			
2018		2019	
$	6,439,837	$	6,937,744
	6,439,837		6,937,744
$	-	$	-
$	38,208,179	$	40,641,797
	16.85%		17.07%

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City of New Braunfels, Texas

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

RETIREE BENEFIT PROGRAM

For the Year Ended September 30, 2019

	Measurement Year*	
	2017	**2018**
Total Pension Liability		
Service cost	$ 431,371	$ 444,312
Interest (on the total pension liability)	363,757	312,824
Difference between expected and actual experience	237,182	61,055
Change of assumptions	-	846,197
Benefit payments	(392,489)	(149,365)
Net Change in Total OPEB Liability	639,821	1,515,023
Beginning total OPEB liability	8,858,810	9,498,631
Ending Total OPEB Liability	$ 9,498,631	$ 11,013,654
Covered Payroll	$ 30,768,150	$ 31,691,195
Total OPEB Liability as a Percentage of Covered Payroll	30.87%	34.75%

*Only two years of information is currently available. The City will build this schedule over the next eight-year period.

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CITY OF NEW BRAUNFELS, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)

For the Year Ended September 30, 2019

	Measurement Year*	
	2017	**2018**
Total OPEB Liability		
Service cost	$ 58,109	$ 73,827
Interest (on the total pension liability)	48,695	50,176
Difference between expected and actual experience	-	(29,490)
Change of assumptions	124,268	(111,517)
Benefit payments**	(10,895)	(11,657)
Net Change in Total OPEB Liability	220,177	(28,661)
Beginning total OPEB liability	1,264,628	1,484,805
Ending Total OPEB Liability	$ 1,484,805	$ 1,456,144
Covered Payroll	$ 36,318,289	$ 38,856,198
Total OPEB Liability as a Percentage of Covered Payroll	4.09%	3.75%

*Only two years of information is currently available. The City will build this schedule over the next eight-year period.
**Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Notes to Required Supplementary Information:

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Inflation	2.5%
Salary increases	3.50% to 10.50% including inflation
Discount rate	3.71%
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB Statement No. 68.
Mortality - service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustments with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality - disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

Other Information:

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

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

Change in assumptions is the annual change in the municipal bond index rate.

There were no benefit changes during the year.

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Financial Advisory Services
Provided By:

SAMCO Capital