NEW ISSUE BOOK-ENTRY-ONLY

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

OFFICIAL STATEMENT
Dated: September 7, 2023

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

$1,960,000
CITY OF NEW BRAUNFELS, TEXAS
(A political subdivision of the State of Texas located in Comal and Guadalupe Counties)
TAX NOTES, SERIES 2023

Dated Date: September 1, 2023 **Due: February 1, as shown on page 2**

The $1,960,000 City of New Braunfels, Texas Tax Notes, Series 2023 (the "Notes" or "Obligations") are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapters 1431 and 1371, Texas Government Code, as amended, an ordinance (the "Note Ordinance") adopted by the City Council of the City of New Braunfels, Texas (the "City" or "Issuer") on August 28, 2023, a pricing certificate (the "Pricing Certificate" and together with the Note Ordinance, the "Ordinance") executed by the City's duly appointed Pricing Officer on the date of sale of the Notes, and the City's Home Rule Charter. (See "THE NOTES - Authority for Issuance" herein.)

The Notes constitute direct and general obligations of the Issuer payable from levy and collection of a direct ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the Ordinance. (See "THE NOTES - Security for Payment" and "TAX RATE LIMITATIONS" herein.)

Interest on the Notes will accrue from September 1, 2023 (the "Dated Date") as shown above and will be payable on February 1 and August 1 of each year, commencing February 1, 2024, until stated maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Notes 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. Book-entry interests in the Notes will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof. Purchasers of the Notes ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Notes purchased. So long as DTC or its nominee is the registered owner of the Notes, the principal of and interest on the Notes will be payable by BOKF, NA, Dallas, Texas, as Paying Agent/Registrar to the securities depository, 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 Notes. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Proceeds from the sale of the Notes will be used for the purpose of paying contractual obligations of the City to be incurred for (i) acquisition and installation of vehicles and equipment for (1) the City's Public Works, and Planning and Development Services and Parks and Recreation departments and (2) public safety, including the police and fire departments, and (ii) paying the professional services associated with the issuance of the Notes. (See "THE NOTES – Purpose of Notes" herein.)

Concurrently with the sale of the Notes, the City is issuing $38,015,000 General Obligation and Refunding Bonds, Series 2023 (the "Bonds"), and $9,660,000 Combination Tax and Revenue Certificates of Obligation, Series 2023 (the "Certificates") each pursuant to a separate offering document. The Bonds and the Certificates constitute direct obligations of the Issuer payable from and secured by the City's ad valorem tax.

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

The Notes 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. (See Appendix C – Form of Legal Opinion of Bond Counsel attached hereto). Certain matters will be passed upon for the Underwriters by their counsel, Kassahn & Ortiz, P.C., San Antonio,, Texas. It is expected that the Notes will be available for delivery through DTC on or about October 4, 2023.

UMB BANK, N.A.

FROST BANK **HILLTOPSECURITIES**

$1,960,000
CITY OF NEW BRAUNFELS
TAX NOTES, SERIES 2023

STATED MATURITY SCHEDULE

CUSIP No. Prefix 642526[1]

Due (2/1)	Principal Amount	Interest Rate	Initial Reoffering Yield	CUSIP No. Suffix [1]
2024	$ 250,000	5.000%	3.530%	G92
2025	250,000	5.000%	3.550%	H26
2026	265,000	5.000%	3.480%	H34
2027	280,000	5.000%	3.350%	H42
2028	290,000	5.000%	3.320%	H59
2029	305,000	5.000%	3.360%	H67
2030	320,000	5.000%	3.390%	H75

(Interest to accrue from the Dated Date)

The Notes are not subject to redemption prior to stated maturity (see "THE NOTES – No Redemption Provisions" herein).

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[1] CUSIP numbers are include solely for the convenience of the owner of the Notes. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by FactSet Research Systems 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 the correctness of the CUSIP numbers set forth herein.

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

ELECTED OFFICIALS

Name	Years Served	Term Expires (May)
Neal Linnartz Mayor	Newly Elected	2026
Harry Bowers Mayor Pro-Tem	5	2024
Andrés Campos District 1	1	2025
Christopher Willis District 2	1	2025
Lawrence Spradley District 4	3	2024
Mary Ann Labowski District 5	Newly Elected	2026
April Ryan District 6	Newly Elected	2026

ADMINISTRATION

Name	Position	Length of Service With the City (Years)
Robert Camareno	City Manager	15
Jordan Matney	Assistant City Manager	5
Jared Werner	Assistant City Manager	16
Sandy Paulos	Director of Finance	5
Gayle Wilkinson	City Secretary	2
Valerie Acevedo	City Attorney	11

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:

Ms. Sandy Paulos
Director of Finance
City of New Braunfels
550 Landa Street
New Braunfels, Texas 78130
Telephone: (830) 221-4000
spaulos@newbraunfels.gov

Mr. Mark McLiney
Senior Managing Director
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San Antonio, Texas 78209
Telephone: (210) 832-9760
mmcliney@samcocapital.com

Mr. Andrew Friedman
Senior Managing Director
SAMCO Capital Markets, Inc.
1020 NE Loop 410, Suite 640
San Antonio, Texas 78209
Telephone: (210) 832-9760
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.

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

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

The agreements of the Issuer and others related to the Notes 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 Notes is to be construed as constituting an agreement with the purchasers of the Notes. 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 Notes 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 2012 population was 60,885, an increase of 66.46% since 2002. The 2023 estimated population is 115,000. 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 Notes	The Notes are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly Chapters 1431 and 1371, Texas Government Code, as amended, an ordinance (the "Note Ordinance") adopted on August 28, 2023 by the City Council, a pricing certificate (the "Pricing Certificate" and together with the Note Ordinance, the "Ordinance") executed by the City's duly appointed Pricing Officer on the date of sale of the Notes and the City's Home Rule Charter. (see "THE NOTES – Authority for Issuance" herein).
Paying Agent/Registrar	The initial Paying Agent/Registrar for the Notes is BOKF, NA, Dallas, Texas.
Security for the Notes	The Notes are payable from the levy and collection of a direct and continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the Ordinance. (See "THE NOTES - Security for Payment" and "TAX RATE LIMITATIONS" herein.)
No Redemption	The Notes are not subject to redemption prior to stated maturity.
Tax Matters	In the opinion of Bond Counsel, the interest on the Notes 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 Proceeds of the Notes	Proceeds from the sale of the Notes will be used for the purpose of paying contractual obligations of the City to be incurred for (i) acquisition and installation of vehicles and equipment for (1) the City's Public Works, and Planning and Development Services and Parks and Recreation departments and (2) public safety, including the police and fire departments, and (ii) paying the professional services associated with the issuance of the Notes. (See "THE NOTES – Purpose of Notes" 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 Notes will be made to the beneficial owners of the Notes. Such Book-Entry-Only System may affect the method and timing of payments on the Notes and the manner the Notes 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 Notes. (See "OTHER PERTINENT INFORMATION - Ratings" herein.)
Concurrent Issues	Concurrently with the sale of the Notes, the City is issuing $38,015,000 General Obligation and Refunding Bonds, Series 2023 (the "Bonds"), and $9,660,000 Combination Tax and Revenue Certificates of Obligation, Series 2023 (the "Certificates"), each pursuant to a separate offering document. The Bonds and the Certificates 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 October 4, 2023.
Legality	Delivery of the Notes 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
$1,960,000
CITY OF NEW BRAUNFELS, TEXAS
(A political subdivision of the State of Texas located in Comal and Guadalupe Counties)
TAX NOTES, SERIES 2023

INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by the City of New Braunfels, Texas (the "City" or "Issuer") of its $1,960,000 Tax Notes, Series 2023 (the "Notes" or "Obligations") 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 Notes are being issued pursuant to the Constitution and general laws of the State, including particularly Texas Local Government Code, Chapter 1431 and Chapter 1371, as amended, an ordinance (the "Note Ordinance") adopted on August 28, 2023 by the City Council, a pricing certificate (the "Pricing Certificate" and together with the Note Ordinance the "Ordinance") executed by the City's duly appointed Pricing Officer on the date of sale of the Notes, and the City's Home Rule Charter. (See "THE NOTES - 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 Notes 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 relating to the Notes 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.

SOURCES AND USES

Sources of Funds			
Par Amount		$	1,960,000.00
Accrued Interest			8,983.33
Original Issue Reoffering Premium			101,850.45
	Total Sources of Funds	**$**	**2,070,833.78**
Uses of Funds			
Deposit to Project Fund		$	2,000,000.00
Costs of Issuance			50,000.00
Underwriters' Discount			10,239.55
Deposit to Note Fund (Includes accrued interest)			10,594.23
	Total Uses of Funds	**$**	**2,070,833.78**

THE NOTES

Purpose of Notes

Proceeds from the sale of the Notes will be used for the purpose of paying contractual obligations of the City to be incurred for (i) acquisition and installation of vehicles and equipment for (1) the City's Public Works, and Planning and Development Services and Parks and Recreation departments and (2) public safety, including the police and fire departments, and (ii) paying the professional services associated with the issuance of the Notes.

General Description of the Notes

The Notes are dated September 1, 2023 (the "Dated Date"). The Notes are stated to mature on February 1 in the years and in the principal amounts and will bear interest at per annum rates as set forth on page 2 hereof. The Notes will be issued only in fully registered form and in denominations of $5,000 or any integral multiple thereof within a stated maturity. The Notes shall bear interest from the Dated Date on the unpaid principal amounts, and the amount of interest to be paid each payment period shall be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Notes will be payable on August 1 and February 1 of each year commencing February 1, 2024 until stated maturity or prior redemption. Principal is payable at the designated office of the Paying Agent/Registrar, initially BOKF, NA, Dallas, Texas.

Initially, the Notes 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 Notes will be made to the Beneficial Owners. Principal of, premium, if any, and interest on the Notes will be payable by the Paying Agent/Registrar to Cede & Co. which will distribute the amounts received to the Beneficial Owners of the Notes. Such Book-Entry-Only System may change the method and timing of payment for the Notes and the method of transfer. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Authority for Issuance

The Notes are being issued pursuant to the Constitution and general laws of the State, particularly Chapters 1431 and 1371, Texas Government Code, as amended, the Ordinance, and the City's Home Rule Charter.

Security for Payment

The Notes are payable from the levy and collection of a direct and continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the Ordinance.

No Redemption

The Notes are not subject to redemption prior to stated maturity.

Payment Record

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

Legality

The Notes 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 Notes when the payment of the principal of and premium, if any, on the Notes, 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 (defined below) 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 Notes, 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 Notes, 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 Notes. 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 Notes, 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 Notes, 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 Notes. 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 Notes. 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 Notes 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 Notes have been made as described above, all rights of the City to initiate proceedings to call such Notes for redemption or take any other action amending the terms of such Notes are extinguished; provided, however, that the right to call such Notes 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 Notes for redemption; (ii) gives notice of the reservation of that right to the owners of such Notes 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 Notes. If the City defaults in the payment of the principal of or interest on the Notes 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 Notes 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 Notes 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 Noteholders 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) ("Tooke"), 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, Noteholders may not be able to bring such a suit against the City for breach of the Notes 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 Notes.

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 Noteholders 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 Noteholders 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 Notes are qualified with respect to the customary rights of debtors relative to their creditors.

Initially, the only registered owner of the Notes 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 Notes.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar for the Notes is BOKF, NA, Dallas, 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 Notes, the Issuer agrees to promptly cause written notice thereof to be sent to each registered owner of the Notes by United States mail, first-class, postage prepaid.

The Notes 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 Notes 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 Note 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 Notes 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 Notes and thereafter, the Notes 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 Note may be assigned by the execution of an assignment form on the Note or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Note or Notes will be delivered by the Paying Agent/Registrar in lieu of the Notes 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 Notes issued in an exchange or transfer of Notes 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 Notes 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 Notes 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 Note or Notes 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 Notes.)

Limitation on Transfer or Exchange of Notes

The Paying Agent/Registrar shall not be required to transfer or exchange any Notes 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 Notes

In the Ordinance, provision is made for the replacement of mutilated, destroyed, lost, or stolen Notes upon surrender of the mutilated Notes 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

The following describes how ownership of the Notes is to be transferred and how the principal of, premium, if any, and interest on the Notes are to be paid to and credited by DTC (defined below) while the Notes 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, the Financial Advisor and the Underwriters believe the source of such information to be reliable but take no responsibility for the accuracy or completeness thereof.

The City and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Notes, 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 Notes), 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, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, 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"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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 shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Redemption proceeds, distributions, and dividend payments on the Securities 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 Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to Paying Agent/Registrar, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to Paying Agent/Registrar. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to Paying Agent/Registrar's DTC account.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City and the Underwriters believe to be reliable, but the City and the Underwriters take no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of This Official Statement

In reading this Official Statement it should be understood that while the Notes 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 Notes, 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.

Effect of Termination of Book-Entry-Only System

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the City, printed physical Bond certificates will be issued to the respective holders and the Notes will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under the caption "REGISTRATION, TRANSFER AND EXCHANGE" above.

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; and (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, Note 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 Certificate 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 June 30, 2023, the City held investments as follows:

Investment Type	Amount	Percentage
LGIP's	$186,463,715	76.75%
Frost Checking	22,558,986	9.29%
Agency	29,925,903	12.32%
Treasury	3,986,094	1.64%
Total	$242,934,698	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 City is the responsibility of the Comal Appraisal District and 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 City, 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 at least $3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

Local Option Freeze for the Elderly and Disabled

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

Personal Property

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

Freeport 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. See "— City Application of Tax Code" for descriptions of any TIRZ created in the City.

Tax Abatement Agreements

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

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

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

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

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

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

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

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

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

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

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more as of the most recent federal decennial census may additionally protest the determinations of appraisal district directly to a three-member special panel of the appraisal review board, selected by a State district judge, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount was set at $52,978,200 for the 2022 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

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

Levy and Collection of Taxes

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

Issuer's Rights in the Event of Tax Delinquencies

Taxes levied by the City are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all State and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each local taxing unit, including the 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 November 15. 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.

Future and Proposed State Legislation

The 88th Texas Legislature began on January 10, 2023, and ended on May 29, 2023 (the "88th Regular Legislative Session"). The Texas Legislature meets in regular session in odd numbered years for 140 days. When the Texas Legislature is not in session, the Governor of Texas (the "Governor") may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. During this time, the Texas Legislature may enact laws that materially change current law as it relates to the City.

Immediately after the conclusion of the 88th Regular Legislative Session on May 29, 2023, the Governor called the First Special Session on May 29, 2023 to request the Texas Legislature to consider legislation regarding property tax relief and border security; shortly after the conclusion of the First Special Session, the Governor called the Second Special Session on June 27, 2023 to consider additional legislation regarding property tax relief. The Second Special Session adjourned on July 13, 2023.

On July 13, 2023, during the Second Special Session, the Texas Legislature passed Senate Bill 2, which, among other things, includes provisions that prohibit an appraisal district from increasing the appraised value of real property during the 2024 tax year on non-homestead properties (the "subjected property") whose appraised values are not more than $5 million dollars (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the subjected property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the subjected property for the preceding tax year; (b) the appraised value of the subjected property for the preceding tax year; and (c) the market value of all new improvements to the subjected property (collectively, the "appraisal cap"). After the 2024 tax year, through December 31, 2026, the maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value. The appraisal cap takes effect on January 1, 2024, if the constitutional amendment proposed by House Joint Resolution 2 during the Second Special Session is approved by the voters on November 7, 2023.

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 2022 taxable value of $416,937,993 for a period of 25 years, ending December 31, 2032.

On December 9, 2019, the City Council authorized an ordinance creating the City's second TIRZ (TIRZ #2) – that totaled 71.6 acres with a taxable base value of $15,522,122 and a 2022 taxable $26,486,678, for a period of 26 years, ending December 31, 2045.

On September 27, 2021, the City Council authorized an ordinance creating the City's third TIRZ (TIRZ #3), that totaled 182.91 acres with a taxable base value of $167,638,727, for a period of 25 years, ending December 31, 2046.

The City currently has no tax abatement agreements in place.

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. As of the date of this official statement, five payments have been made under this agreement.

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, two payment has been made under this agreement.

The Continental automotive agreement allows for a rebate of 15% of the proceeds of the City's ad valorem tax levied on improvement of the development for a period of ten years. In order to be eligible for the rebate payment, the company must meet minimum taxable value thresholds. 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 Notes. 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.

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 Notes 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 Notes, 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 Notes for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Notes will not be treated as "specified private activity certificates" 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 Notes. See Appendix C, - Form of Legal Opinion of Bond Counsel. In rendering its opinion, Bond Counsel to the Issuer will rely upon (a) the Issuer's federal tax certificate, and (b) covenants of the Issuer with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Notes and certain other matters. Failure of the Issuer to comply with these representations or covenants could cause the interest on the Notes to become includable in gross income retroactively to the date of issuance of the Notes.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes 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 Notes to be included in gross income retroactively to the date of issuance of the Notes. 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 Notes.

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 Notes.

A ruling was not sought from the Internal Revenue Service by the Issuer with respect to the Notes or the property financed or refinanced with proceeds of the Notes. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Notes, 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 Notes may be less than the principal amount thereof or one or more periods for the payment of interest on the Notes may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Notes"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Note, and (ii) the initial offering price to the public of such Original Issue Discount Note would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Notes 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 Note 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 Note 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 Note prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Note 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 Note was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Note 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 Note 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 Note.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Notes 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 Notes 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 Notes 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 Notes.

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 Notes. 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 NOTES BEFORE DETERMINING WHETHER TO PURCHASE THE NOTES.

Interest on the Notes may be includable in certain corporation's "adjusted financial statement income" determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Notes, 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 Notes, 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 certificates" to the extent such gain does not exceed the accrued market discount of such certificates; although for this purpose, a de minimis amount of market discount is ignored. A "market discount certificate" 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 certificate 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 Notes under Federal or state law and could affect the market price or marketability of the Notes. 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 Notes 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 Notes 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 Notes 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 Notes. 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 Notes 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 Notes 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 Notes 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 Notes 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 C - Form of Legal Opinion of Bond Counsel." 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 Notes in the Official Statement under the captions “THE NOTES,” (except for the subcaptions “Purpose of Notes”, "Payment Record” and “Default and Remedies”), "TAX MATTERS," “LEGAL MATTERS,” (except for the next to last sentence of the first paragraph thereof), and “CONTINUING DISCLOSURE OF INFORMATION” (except for the subcaption “Compliance with Prior Agreements”) to determine that the information relating to the Notes 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 Notes are contingent on the sale and delivery of the Notes. The applicable legal opinion will accompany the Notes deposited with DTC or will be printed on or attached to the Notes in the event of discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriters by Kassahn & Ortiz, P.C., San Antonio, Texas. In connection with the issuance of the Notes, Bond Counsel has been engaged by, and only represents, the Issuer.

The various legal opinions to be delivered concurrently with the delivery of the Notes 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 Notes. The Issuer is required to observe the agreement for so long as it remains obligated to advance funds to pay the Notes. 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 the 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 2023. 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") as permitted by SEC Rule 15c2-12 (the "Rule").

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 Notes: (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 Notes, or other material events affecting the tax status of the Notes; (7) modifications to rights of holders of the Notes, if material; (8) Note calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Notes, 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 Notes 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 Notes 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 Notes 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 Notes 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 Notes 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 Notes.

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 Notes in the primary offering of the Notes, 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.

INFECTIOUS DISEASE OUTBREAK – COVID-19

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

There are currently no COVID-19 related operating limits for any business or other establishments in the State of Texas. The Governor retains the right to impose restrictions on activities if needed to mitigate the effects of COVID-19. The Governor retains the right to impose additional restrictions on activities if needed to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference into this Official Statement.

To date, the City has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19; however the City cannot predict the long-term economic effect of COVID-19 or a similar virus should there be a reversal of economic activity and re-imposition of restrictions.

CYBERSECURITY RISKS

The City, like other municipalities in the State, utilizes technology in conducting its operations. As a user of technology, the City potentially faces cybersecurity threats (e.g., hacking, phishing, viruses, malware and ransomware) on its technology systems. Accordingly, the City may be the target of a cyber-attack on its technology systems that could result in adverse consequences to the City. The City employs a multi-layered approach to combating cybersecurity threats. While the City deploys layered technologies and requires employees to receive cybersecurity training, as required by State law, among other efforts, cybersecurity breaches could cause material disruptions to the City’s finances or operations. The costs of remedying such breaches or protecting against future cyber-attacks could be substantial. Further, cybersecurity breaches could expose the City to litigation and other legal risks, which could cause the City to incur other costs related to such legal claims or proceedings.

OTHER PERTINENT INFORMATION

Registration and Qualification of Notes for Sale

The sale of the Notes 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 Notes have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Notes been qualified under the securities acts of any jurisdiction. The Issuer assumes no responsibility for qualification of the Notes under the securities laws of any jurisdiction in which the Notes may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Notes 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.

Concurrent and Future Debt Issuance

Concurrently with the sale of the Notes, the City is issuing $38,015,000 General Obligation and Refunding Bonds, Series 2023 (the "Bonds"), and $9,660,000 Combination Tax and Revenue Certificates of Obligation, Series 2023 (the "Certificates") each pursuant to a separate offering document. The Bonds and the Certificates constitute direct obligations of the Issuer payable from the City's ad valorem taxes.

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 Notes 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 Notes by municipalities or other political subdivisions or public agencies of the State, the PFIA requires that the Notes 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 Notes are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Notes 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 Notes are legal investments for various institutions in those states.

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

No Material Adverse Change

The obligations of the Underwriters to take and pay for the Notes, and of the Issuer to deliver the Notes, are subject to the condition that, up to the time of delivery of and receipt of payment for the Notes, 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 Notes. The Issuer currently has an underlying 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 Notes.

Financial Advisor

SAMCO Capital Markets, Inc. is employed as the Financial Advisor to the Issuer in connection with the issuance of the Notes. In this capacity, the Financial Advisor has compiled certain data relating to the Notes 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 Notes.

Underwriting

The Underwriters have agreed, subject to certain conditions, to purchase the Notes from the Issuer at a price of $2,051,610.90 (representing the par amount of the Notes of $1,960,000.00, plus a reoffering premium of $101,850.45, and less an Underwriters' discount of $10,239.55), and accrued interest on the Notes in the amount of $8,983.33.

The Underwriters' obligation is subject to certain conditions precedent. The Underwriters will be obligated to purchase all of the Notes, if any of the Notes are purchased. The Notes may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Notes 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/ Neal Linnartz
Mayor
City of New Braunfels, Texas

/s/ Gayle Wilkinson
City Secretary
City of New Braunfels, Texas

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APPENDIX A

FINANCIAL INFORMATION
THE CITY OF NEW BRAUNFELS, TEXAS

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ASSESSED VALUATION

TABLE 1

2023 Market Value of Taxable Property (100% of Market Value)…	$	18,212,831,220
Less Exemptions:		
Local Optional Over-65 or Disabled Exemption…	$	26,976,039
Veteran's Exemption…		437,454,413
Freeport Exemption…		12,768,312
Productivity Value Loss…		343,146,552
Homestead…		1,556,665,952
Historical/Non Req. Exemption Loss…		1,367,004
Solar Exemption…		1,001,424
10% Per Year Cap on Residential Homestead…		1,298,019,598
TOTAL EXEMPTIONS …		3,677,399,294
2023 Certified Assessed Value of Taxable Property…	$	14,535,431,926 *

Source: Comal and Guadalupe County Appraisal Districts.

* *Includes Freeze Taxable Value of $1,473,798,166 and Transfer Adjustment of $269,495.*

GENERAL OBLIGATION BONDED DEBT

(as of September 1, 2023)

General Obligation Debt Principal Outstanding [(1)]		
General Obligation Bonds, Series 2014	$	5,225,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2014A		3,395,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2014B (AMT)		2,260,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015		3,695,000
General Obligation and Refunding Bonds, Series 2015		19,325,000
General Obligation and Refunding Bonds, Series 2016		22,465,000
General Obligation Refunding Bonds, Series 2017		3,205,000
General Obligation Bonds, Series 2018		19,390,000
Tax Notes, Series 2018		910,000
Combination Tax and Revenue Certificates of Obligation, Series 2018		6,660,000
Tax Notes, Series 2018A		1,050,000
General Obligation Bonds, Series 2019		16,870,000
Combination Tax and Revenue Certificates of Obligation, Series 2019		4,020,000
General Obligation Bonds, Series 2020		44,885,000
Combination Tax and Revenue Certificates of Obligation, Series 2020		11,950,000
Tax Notes, Series 2020		995,000
General Obligation Refunding Bonds, Series 2020		8,485,000
Tax Notes, Series 2021		2,075,000
General Obligation Bonds, Series 2021		24,100,000
General Obligation Refunding Bonds, Series 2021		18,445,000
General Obligation Bonds, Series 2022		15,095,000
Tax Notes, Series 2022		8,210,000
General Obligation and Refunding Bonds, Series 2023 (the "Bonds")		38,015,000
Combination Tax and Revenue Certificates of Obligation, Series 2023 (the "Certificates")		9,660,000
Tax Notes, Series 2023 (the "Notes")		1,960,000
Total Gross General Obligation Debt	$	292,345,000
Less: Self Supporting Debt**		
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2014B (AMT)(100% Airport)		2,260,000
General Obligation and Refunding Bonds, Series 2015 (8.59% Hotel Occupancy Tax and 1.73% Solid Waste)		1,995,000
Combination Tax and Revenue Certificates of Obligation, Series 2018 (100% Sales Tax)		6,660,000
Combination Tax and Revenue Certificates of Obligation, Series 2019 (100% Sales Tax)		4,020,000
Combination Tax and Revenue Certificates of Obligation, Series 2020 (32.80% Solid Waste & 67.20% TIRZ)		11,950,000
General Obligation Refunding Bonds, Series 2021 (24.72% Sales Tax)		4,560,000
The Certificates (100% Sales Tax)		9,660,000
Total Self-Supporting Debt	$	41,105,000
Total Net General Obligation Debt Outstanding	$	251,240,000
2023 Certified Net Assessed Valuation	$	14,535,431,926
Ratio of Total Gross General Obligation Debt Principal to 2023 Certified Net Assessed Valuation		2.01%
Ratio of Net General Obligation Debt to 2023 Certified Net Assessed Valuation		1.73%

Population: 1990 - 27,334; 2000 - 36,494; 2010 - 57,740; est. 2023 -115,000

Per Capita Certified Net Taxable Assessed Valuation - $126,395

Per Capita Gross General Obligation Debt Principal - $2,542

Per Capita Net General Obligation Debt Principal - $2,185

***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 following each series title 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 Refunded Obligations.*

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

FYE		Less: The Refunded	The Certificates			The Bonds			The Notes			Combined Debt	Less: Self-Supporting	Total Debt
(9/30)	Outstanding Debt Service [(a)]	Obligations [(b)]	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Service	Debt	Service
2024	$ 26,989,531	$ 231,000	$ 360,000	$ 420,642	$ 780,642	$ 2,455,000	$ 1,636,842	$ 4,091,842	$ 250,000	$ 83,583	$ 333,583	$ 31,964,597	$ 4,587,035	$ 27,377,562
2025	27,272,328	231,000	300,000	443,200	743,200	1,015,000	1,704,475	2,719,475	250,000	79,250	329,250	30,833,253	4,556,025	26,277,228
2026	25,862,898	231,000	315,000	427,825	742,825	1,065,000	1,652,475	2,717,475	265,000	66,375	331,375	29,423,573	4,555,444	24,868,129
2027	24,802,302	231,000	335,000	411,575	746,575	1,120,000	1,597,850	2,717,850	280,000	52,750	332,750	28,368,477	3,956,228	24,412,249
2028	24,094,142	231,000	350,000	394,450	744,450	1,180,000	1,540,350	2,720,350	290,000	38,500	328,500	27,656,442	3,959,616	23,696,827
2029	22,639,029	231,000	370,000	376,450	746,450	1,240,000	1,479,850	2,719,850	305,000	23,625	328,625	26,202,954	3,882,231	22,320,723
2030	20,594,550	231,000	385,000	357,575	742,575	1,300,000	1,416,350	2,716,350	320,000	8,000	328,000	24,150,475	3,888,356	20,262,119
2031	20,585,250	1,064,625	405,000	337,825	742,825	2,135,000	1,330,475	3,465,475	-	-	-	23,728,925	3,876,328	19,852,597
2032	19,282,806	1,065,750	430,000	316,950	746,950	2,250,000	1,220,850	3,470,850	-	-	-	22,434,856	3,882,525	18,552,331
2033	16,773,194	1,503,375	450,000	294,950	744,950	2,815,000	1,094,225	3,909,225	-	-	-	19,923,994	2,226,356	17,697,638
2034	15,882,919	1,506,750	475,000	271,825	746,825	2,960,000	949,850	3,909,850	-	-	-	19,032,844	2,205,013	16,827,831
2035	14,114,269	-	495,000	247,575	742,575	1,670,000	834,100	2,504,100	-	-	-	17,360,944	1,945,300	15,415,644
2036	12,666,259	-	520,000	222,200	742,200	1,760,000	748,350	2,508,350	-	-	-	15,916,809	1,936,750	13,980,059
2037	10,769,988	-	550,000	195,450	745,450	1,850,000	658,100	2,508,100	-	-	-	14,023,538	1,945,459	12,078,078
2038	10,760,803	-	575,000	167,325	742,325	1,945,000	563,225	2,508,225	-	-	-	14,011,353	1,941,253	12,070,100
2039	8,404,000	-	605,000	137,825	742,825	2,040,000	463,600	2,503,600	-	-	-	11,650,425	1,365,125	10,285,300
2040	6,779,500	-	640,000	106,700	746,700	2,145,000	358,975	2,503,975	-	-	-	10,030,175	1,051,200	8,978,975
2041	2,899,897	-	670,000	73,950	743,950	2,255,000	248,975	2,503,975	-	-	-	6,147,822	743,950	5,403,872
2042	1,187,572	-	700,000	43,200	743,200	2,360,000	145,400	2,505,400			-	4,436,172	743,200	3,692,972
2043	-	-	730,000	14,600	744,600	2,455,000	49,100	2,504,100	-	-	-	3,248,700	744,600	2,504,100
Total	$ 312,361,237	$ 6,757,500	$ 9,660,000	$ 5,262,092	$ 14,922,092	$ 38,015,000	$ 19,693,417	$ 57,708,417	$ 1,960,000	$ 352,083	$ 2,312,083	$ 380,546,328	$ 53,991,995	$ 326,554,333

(a) *Includes self-supporting debt and the Refunded Obligations.*

(b) *See SCHEDULE I - The Schedule of Refunded Obligations.*

(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)

2023 Certified Assessed Value of Taxable Property..	$ 14,535,431,926
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-2024)	31,964,597
Indicated Required I&S Fund Tax Rate at 98% Collections to produce Maximum Debt Service Requirements	0.2244

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)

2023 Certified Assessed Value of Taxable Property..	$ 14,535,431,926
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-2024)	27,377,562
Indicated Required I&S Fund Tax Rate at 98% Collections to produce Maximum Debt Service Requirements	0.1922

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

Interest and Sinking Fund Balance, Fiscal Year Ended September 30, 2022	$	2,779,068
2022 Interest and Sinking Fund Tax Levy at 98% Collections Produce*		29,762,213
Total Available for General Fund Debt	$	32,541,281
Less: General Obligation Debt Service Requirements, Fiscal Year Ended September 30, 2023**		24,467,302
Estimated Interest and Sinking Fund Balance at Fiscal Year Ending September 30, 2023	$	8,073,979

* *Levy calculated net of TIRZ value and tax freeze.*
** *Excludes self-supporting debt.*

GENERAL OBLIGATION PRINCIPAL REPAYMENT SCHEDULE

	Principal Repayment Schedule							
Fiscal Year Ending (9/30)	Currently Outstanding [a]	Less: The Refunded Obligations	The Certificates	The Bonds	The Notes	Total	Principal Unpaid at End of the Year	Percent of Principal Retired (%)
2024	$ 17,770,000	-	$ 360,000	$ 2,455,000	$ 250,000	$ 20,835,000	$ 271,510,000	7.13%
2025	18,875,000	-	300,000	1,015,000	250,000	20,440,000	251,070,000	14.12%
2026	18,300,000	-	315,000	1,065,000	265,000	19,945,000	231,125,000	20.94%
2027	18,040,000	-	335,000	1,120,000	280,000	19,775,000	211,350,000	27.71%
2028	18,115,000	-	350,000	1,180,000	290,000	19,935,000	191,415,000	34.52%
2029	17,440,000	-	370,000	1,240,000	305,000	19,355,000	172,060,000	41.14%
2030	16,105,000	-	385,000	1,300,000	320,000	18,110,000	153,950,000	47.34%
2031	16,730,000	$ 855,000	405,000	2,135,000	-	18,415,000	135,535,000	53.64%
2032	16,030,000	900,000	430,000	2,250,000	-	17,810,000	117,725,000	59.73%
2033	14,080,000	1,395,000	450,000	2,815,000	-	15,950,000	101,775,000	65.19%
2034	13,720,000	1,470,000	475,000	2,960,000	-	15,685,000	86,090,000	70.55%
2035	12,420,000	-	495,000	1,670,000	-	14,585,000	71,505,000	75.54%
2036	11,350,000	-	520,000	1,760,000	-	13,630,000	57,875,000	80.20%
2037	9,775,000	-	550,000	1,850,000	-	12,175,000	45,700,000	84.37%
2038	10,065,000	-	575,000	1,945,000	-	12,585,000	33,115,000	88.67%
2039	7,975,000	-	605,000	2,040,000	-	10,620,000	22,495,000	92.31%
2040	6,560,000	-	640,000	2,145,000	-	9,345,000	13,150,000	95.50%
2041	2,815,000	-	670,000	2,255,000	-	5,740,000	7,410,000	97.47%
2042	1,165,000	-	700,000	2,360,000	-	4,225,000	3,185,000	98.91%
2043	-	-	730,000	2,455,000	-	3,185,000	-	100.00%
Total	$ 247,330,000	$ 4,620,000	$ 9,660,000	$ 38,015,000	$ 1,960,000	$ 292,345,000		

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

TAXABLE ASSESSED VALUATION FOR TAX YEARS 2013-2023 **TABLE 3**

Year	Net Taxable Assessed Valuation	Change From Preceding Year Amount ($)	Percent
2013	$ 4,452,304,694		
2014	5,003,834,374	551,529,680	12.39%
2015	5,655,196,350	651,361,976	13.02%
2016	6,174,720,505	519,524,155	9.19%
2017	6,898,322,770	723,602,265	11.72%
2018	7,621,384,608	723,061,838	10.48%
2019	8,548,224,205	926,839,597	12.16%
2020	9,762,146,290	1,213,922,085	14.20%
2021	10,560,465,184	798,318,894	8.18%
2022	12,988,440,474	2,427,975,290	22.99%
2023	14,535,431,926	1,546,991,452	11.91%

Source: Comal and Guadalupe Central Appraisal Districts.

PRINCIPAL TAXPAYERS 2023 **TABLE 4**

Name	Type of Business/Property	2023 Net Taxable Assessed Valuation	% of Total 2023 Assessed Valuation
Central Texas Coridor Hospital Co LLC	Healthcare	$ 138,007,810	1.41%
Walmart Inc.	Retail	120,327,195	1.23%
A L 95 Creeside Town Center LP	Commercial Development	99,596,610	1.02%
Kahlig Enterprises Inc.	Used Car Dealership	78,601,537	0.81%
CNC - SWAGAT Four LP	Apartments	71,495,167	0.73%
Rush Enterprises	Truck Leasing	66,873,188	0.69%
BMEF Creekside LLC	Real Estate	61,990,370	0.64%
CGT US Limited	Manufacturer	67,232,080	0.69%
HEB Grocery Co LP	Grocery Store	60,740,566	0.62%
Grey Forest Development	Apartments	51,602,886	0.53%
		$ 816,467,409	7.21%

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
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	93.77%	0.467
2017	30,144,639	89.49%	0.437
2018	31,814,187	85.50%	0.417
2019	33,485,702	80.24%	0.392
2020	35,099,655	74.41%	0.360
2021	42,677,242	85.01%	0.404
2022	44,624,144	83.01%	0.344
2023	28,982,400	(Collections as of August 31, 2023)	

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

CLASSIFICATION OF ASSESSED VALUATION **TABLE 6**

	2023	% of Total	2022	% of Total	2021	% of Total
Real, Residential, Single-Family	$ 11,603,341,694	63.71%	$ 10,287,991,591	62.54%	$ 7,431,421,324	60.93%
Real, Residential, Multi-Family	1,403,749,486	7.71%	1,209,817,915	7.35%	1,023,388,332	8.39%
Real, Vacant Lots/Tracts	363,201,487	1.99%	354,243,289	2.15%	254,817,858	2.09%
Real, Acreage (Land Only)	344,533,170	1.89%	380,409,847	2.31%	234,820,038	1.93%
Real, Farm and Ranch Improvements	158,841,426	0.87%	138,945,694	0.84%	94,448,358	0.77%
Real, Commercial	2,982,747,496	16.38%	2,890,560,236	17.57%	2,275,949,340	18.66%
Real, Industrial	179,444,839	0.99%	151,178,567	0.92%	88,358,407	0.72%
Real & Tangible, Personal Utilities	51,521,500	0.28%	45,718,086	0.28%	42,231,081	0.35%
Tangible Personal, Commercial	587,924,999	3.23%	528,684,518	3.21%	440,241,851	3.61%
Tangible Personal, Industrial	321,054,884	1.76%	248,251,368	1.51%	153,314,693	1.26%
Tangible Personal, Mobile Homes	29,651,346	0.16%	31,127,270	0.19%	25,937,176	0.21%
Residential Inventory	112,903,743	0.62%	111,610,576	0.68%	68,108,478	0.56%
Special Inventory	73,915,150	0.41%	73,026,453	0.44%	62,716,018	0.51%
Total Appraised Value	$ 18,212,831,220	100.00%	$ 16,451,565,410	100.00%	$ 12,195,752,954	100.00%
Less:						
Local Optional Over-65 or Disabled Exemption	$ 26,976,039		$ 26,071,681		$ 24,641,745	
Veterans' Exemption	437,454,413		352,798,464		272,922,503	
Freeport Exemption	12,768,312		13,877,947		10,992,002	
Productivity Value Loss	343,146,552		378,865,158		233,439,683	
Abatement Value Loss	-		-		657,194	
Low Income Housing	-		-		254,492	
Homestead	1,556,665,952		1,390,403,645		982,322,166	
Historical/Non Req. Exemption Loss	1,367,004		10,663,463		10,652,580	
Solar Exemption	1,001,424		574,084		365,747	
10% Per Year Cap on Res. Homesteads	1,298,019,598		1,289,870,494		99,039,658	
Net Taxable Assessed Valuation	$ 14,535,431,926		$ 12,988,440,474		$ 10,560,465,184	

Source: Comal and Guadalupe County Appraisal Districts.

TAX DATA **TABLE 7**

Tax Year	Net Taxable Assessed Valuation	Tax Rate	Tax Levy	% of Collections Current	Total	Year Ended
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	0.498200	28,174,188	99.13	100.10	9/30/2016
2016	6,174,720,505	0.498300	30,768,632	98.87	101.14	9/30/2017
2017	6,898,322,770	0.488300	33,684,510	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	99.62	100.38	9/30/2020
2020	9,762,146,290	0.483194	47,170,105	99.49	100.52	9/30/2021
2021	10,560,465,184	0.475400	50,204,451	97.21	97.49	9/30/2022
2022	12,988,440,474	0.413935	53,756,404	92.97	93.18	9/30/2023*
2023	14,535,431,926	0.408936	59,440,614	(In process of collecting)		9/30/2024

* *Collections as of June 30, 2023.*

TAX RATE DISTRIBUTION **TABLE 8**

	2023*	2022	2021	2020	2019
General Fund	$ 0.200000	$ 0.205000	$ 0.247400	$ 0.255238	$ 0.273722
I & S Fund	0.208936	0.208935	0.228000	0.227956	0.214498
Total Tax Rate	$ 0.408936	$ 0.413935	$ 0.475400	$ 0.483194	$ 0.488220

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, 2022, and information supplied by the Issuer.

*The 2023 Tax Rate will be adopted on September 25, 2023.

ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ISSUERS

Governmental Subdivision	2022 Assessed Valuation	% of Actual	2022 Tax Rate
Comal County	$ 30,860,798,928	100%	$ 0.249000
Comal Independent School District	24,942,423,177	100%	1.275000
Guadalupe County	19,812,312,511	100%	0.368000
Navarro Independent School District	1,364,312,137	100%	1.344000
New Braunfels Independent School District	7,923,743,092	100%	1.195000

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	5/6/2023	Transportation	$ 99,330,000	$ 29,500,000	$ 69,830,000
		Parks and Recreation	12,155,000	2,500,000	$ 9,655,000
		Library	28,560,000	3,000,000	$ 25,560,000
			$ 140,045,000	$ 35,000,000 *	$ 105,045,000
Comal County	None				
Comal Independent School District	5/6/2023	School Building and Buses	$ 560,564,863	$ 72,000,000	$ 488,564,863
		Technology	28,000,000	28,000,000	-
			588,564,863	100,000,000	488,564,863
Guadalupe County	None				
Navarro Independent School District	11/2/2021	School Building	$ 130,000,000	$ 95,000,000	$ 35,000,000
New Braunfels Independent School District	None				

** The Bonds, excluding the refunding portion, constitute $35,000,000 (includes premium attributable to the Bonds in the amount of $1,715,418.40) which will be deposited into the construction fund). After the issuance of the Bonds, $105,045,000 remains unissued by the City of the $140,045,000 authorized by the voters on May 6, 2023.*

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				
	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Fund Balance - Beginning of Year	$ 41,057,124	$ 27,386,112	$ 26,075,791	$ 20,929,035	$ 19,067,647
Revenues	$ 91,152,012	$ 86,288,867	$ 72,320,595	$ 70,388,942	$ 64,552,994
Expenditures	86,135,955	72,758,903	71,357,644	66,069,851	63,251,385
Excess (Deficit) of Revenues Over Expenditures	$ 5,016,057	$ 13,529,964	$ 962,951	$ 4,319,091	$ 1,301,609
Other Financing Sources (Uses):					
Operating Transfers In	$ 897,760	$ 808,917	$ 974,381	$ 816,510	$ 875,087
Operating Transfers Out	(2,094,219)	(885,226)	(645,659)	(187,845)	(321,308)
Proceeds from the Sale of Capital Assets	96,841	217,357	18,648	199,001	6,000
Proceeds from Loan Payable	-	-	-	-	-
Total Other Financing Sources (Uses):	$ (1,099,618)	$ 141,048	$ 347,370	$ 827,666	$ 559,779
Fund Balance - End of Year	$ 44,973,563	$ 41,057,124	$ 27,386,112	$ 26,075,792	$ 20,929,035

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

The City anticipates fiscal year ending September 30, 2023 will have $36,200,000 in general fund balance. The decrease in the general fund is due to an adopted deficit budget for one-time expenditures. Revenues are expected to exceed budgeted amounts by $7,200,000 due to increased sales tax collections.

EMPLOYEE'S PENSION PLAN AND OTHER POST-EMPLOYMENT BENEFITS — TABLE 10

Information regarding the City's Pension Plan can be found in the 2022 Audit under Notes.

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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 estimated 2023 population is 115,000. 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.

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 owned New Braunfels National Airport (NBNA) is a fully operational general aviation airport located 5 miles from downtown. The Airport is one of 92 National airports in the FAA's National Plan of Integrated Airport Systems (NPIAS) consisting of over 3,300 airports nationwide. New Braunfels National Airport sits on approximately 1200 acres, has two asphalt runways (6,503' and 5,345'). As part of the FAA Contract Tower program, NBNA is considered Class D airspace with the Air Traffic Control Tower operational daily from 0700 - 1900. The Airport offers flight training, aircraft maintenance, air charter, and full-service ground handling and refueling for all types of corporate and privately owned aircraft.

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 $700 million in 2017 - an increase of 132 percent from 2013. In 2017, the hospitality industry employed 7,764 direct workers and supported another 3,109 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, aviation, 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 forty parks totaling over 747 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 courts, large picnic and playground areas, an Olympic-size swimming pool, and the largest spring-fed swimming pool in Texas.

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.

A few of the annual festivals include: the Comal County Fair, Gruene Wine and Music Fest, Wassailfest and "Wurstfest". The annual "Wurstfest" is a 10-day event begins on the Friday before the first Monday in November. Annual attendance is currently averaging over 200,000.

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 575 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, The City of Spring Branch 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 2021, 4,459 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 flourish with the growth of the County.

Major Employers

Employer	Number of Employees
Comal ISD	3,374
Schlitterbahn Water Park	3,000
New Braunfels ISD	1,320
Wal-Mart Distribution Center	1,189
Sysco	794
City of New Braunfels	780
Comal County	734
Christus Santa Rosa Hospital	620
TaskUS	612
Rush Enterprises	528

Labor Force Statistics (1)

	2023 (2)	2022 (3)	2021 (3)	2020 (3)
Civilian Labor Force	84,869	82,222	79,751	77,273
Total Employed	81,264	79,381	76,112	72,559
Total Unemployed	3,605	2,841	3,639	4,714
%Unemployed	4.2%	3.5%	4.6%	6.1%
% Unemployed (Texas)	4.5%	3.9%	5.6%	7.7%

(1) Source: Texas Workforce Commission.
(2) As of July 2023.
(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)

	2023 (2)	**2022 (3)**	**2021 (3)**	**2020 (3)**
Civilian Labor Force	88,302	85,585	82,879	80,648
Total Employed	84,837	82,694	79,163	75,690
Total Unemployed	3,465	2,891	3,716	4,958
%Unemployed	3.9%	3.4%	4.5%	6.1%
% Unemployed (Texas)	4.5%	3.9%	5.6%	7.7%

(1) Source: Texas Workforce Commission.
(2) As of July 2023.
(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
TAX NOTES, SERIES 2023
IN THE AGGREGATE PRINCIPAL AMOUNT OF $1,960,000

AS BOND COUNSEL FOR THE CITY OF NEW BRAUNFELS, TEXAS (the "City") in connection with the issuance of the bonds described above (the "Notes"), we have examined into the legality and validity of the Notes, which bear interest from the dates specified in the text of the Notes, until maturity or redemption, at the rates and payable on the dates specified in the text of the Notes and in the ordinance of the City adopted on August 28, 2023 authorizing the issuance of the Notes (the “Note Ordinance”) and the Pricing Certificate as defined in, and authorized by, the Note Ordinance (collectively, the Pricing Certificate and Note Ordinance are referred to herein as the "Ordinance").

WE HAVE EXAMINED the applicable and pertinent 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 Notes, including the executed Note (Note Number T-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that said Notes have been duly authorized, issued and delivered in accordance with law; and that said Notes, 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 general principle of equity which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the City, and ad valorem taxes sufficient to provide for the payment of the interest on and the principal of the Notes have been levied and pledged for such purpose, within the limit prescribed by law on taxable property within the City.

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

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 Notes, including the amount, accrual or receipt of interest on, the Notes. 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 Notes should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Notes.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Notes, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code

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 Notes. 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 Notes 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 Notes, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Notes 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 Notes under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Notes 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 Notes, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Notes and have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of, and 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 Notes 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 STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

(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:

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2022, 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.

We did not audit the financial statements of New Braunfels Utilities, a discretely presented component unit, which financial statements reflect total assets of $1,050,424,546 and total revenues of $273,001,504 for the fiscal year ending July 31, 2022. 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note I.F 14 to the financial statements, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*, in fiscal year 2022. Our opinion is not modified with respect to this matter.

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Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made be a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 and total OPEB liability and related ratios, and schedules of contributions, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements and schedules are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
April 26, 2023

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MANAGEMENT’S DISCUSSION
AND ANALYSIS

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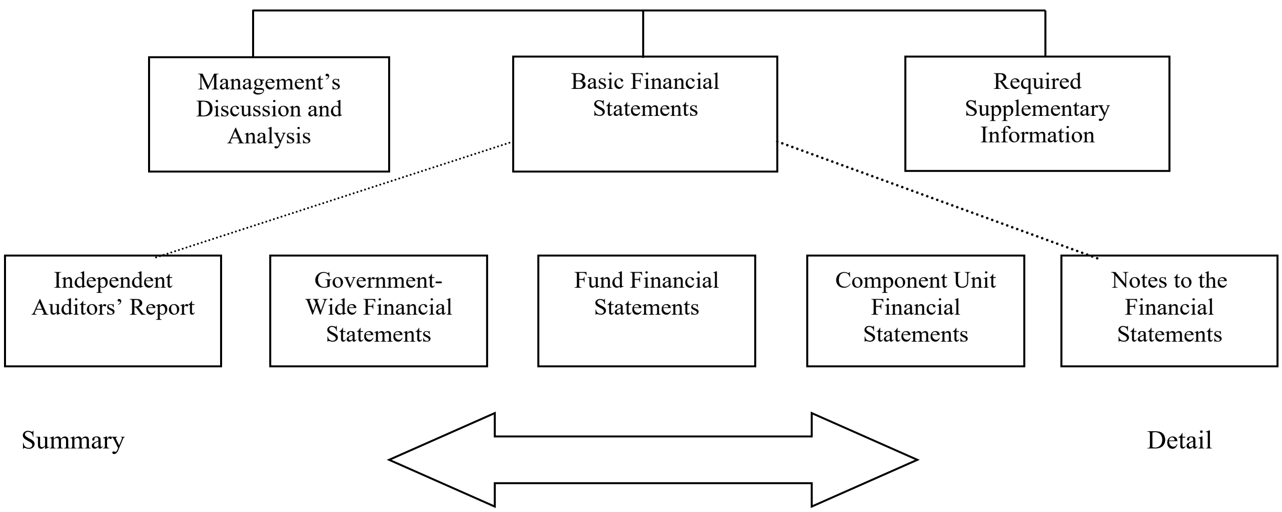
The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of New Braunfels, Texas (the "City") for the year ending September 30, 2022. The analysis is based on currently known facts, decisions, 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.

Government-Wide Statements

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), library, finance and tax, parks and recreation, planning and environmental, 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), the New Braunfels Development Authority (NBDA), and the River Mill TIRZ, 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. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as *on balances of spendable resources* available at the end of the 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 43 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, debt service, 2019 capital improvement, and grant funds which are considered to be major funds for reporting purposes. The general obligations, hotel/motel tax, roadway impact fees, and 2020 capital improvement funds are not major, but the City has elected to present them as major due to their significance.

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.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains one type of fiduciary fund. The private-purpose trust fund is used to report resources held in trust for contributions and payments made on behalf of the Solms Landing Public Improvement District (the "PID"). The fiduciary fund financial statements can be found in the basic financial statements of this report.

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, grants, and hotel/motel tax funds, schedules 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, schedule of changes in total OPEB liability and related ratios for the Retiree Benefits program, and schedules 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 $97,808,614 as of September 30, 2022 for the primary government. This compares with $72,816,689 from the prior fiscal year. A portion of the City's net position, $31,473,769, 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	
	2022	2021	2022*	2021	2022	2021
Current and other assets	$ 214,330,516	$ 204,962,321	$ 11,936,761	$ 9,065,979	$ 226,267,277	$ 214,028,300
Capital assets, net	237,026,728	217,162,245	25,421,198	26,435,962	262,447,926	243,598,207
Total Assets	451,357,244	422,124,566	37,357,959	35,501,941	488,715,203	457,626,507
Deferred charge on refunding	1,180,708	1,401,910	-	-	1,180,708	1,401,910
Deferred outflows - pensions	9,979,852	8,086,659	1,016,402	833,317	10,996,254	8,919,976
Deferred outflows - OPEB	1,275,458	1,062,379	108,075	87,568	1,383,533	1,149,947
Total Deferred Outflows of Resources	12,436,018	10,550,948	1,124,477	920,885	13,560,495	11,471,833
Long-term liabilities	352,106,822	358,246,732	3,693,961	4,999,090	355,800,783	363,245,822
Other liabilities	26,502,949	25,918,783	2,165,871	2,012,901	28,668,820	27,931,684
Total Liabilities	378,609,771	384,165,515	5,859,832	7,011,991	384,469,603	391,177,506
Deferred inflows - leases	581,523	-	1,426,210	-	2,007,733	-
Deferred inflows - pensions	10,195,803	3,897,839	1,000,527	391,468	11,196,330	4,289,307
Deferred inflows - OPEB	6,197,862	744,512	595,556	70,326	6,793,418	814,838
Total Deferred Inflows of Resources	16,975,188	4,642,351	3,022,293	461,794	19,997,481	5,104,145
Net Position:						
Net investment in capital assets	6,134,619	10,249,960	25,339,150	26,435,962	31,473,769	36,685,922
Restricted	52,934,963	32,697,863	-	-	52,934,963	32,697,863
Unrestricted	9,138,721	919,825	4,261,161	2,513,079	13,399,882	3,432,904
Total Net Position	$ 68,208,303	$ 43,867,648	$ 29,600,311	$ 28,949,041	$ 97,808,614	$ 72,816,689

*Beginning net position has been restated

A portion of the primary government's net position, $52,934,963, represents resources that are subject to external restriction on how they may be used. The balance of unrestricted net position is $13,399,882.

The City's total net position increased by $24,991,925 during the current fiscal year. Capital assets net of accumulated depreciation increased due to capital additions in excess of depreciation expense, as the City continued to add infrastructure to sustain growth. Long-term liabilities decreased during the year primarily due to the refunding of debt as well as decreases in the liabilities associated with the City's pension and OPEB plans. This decrease was offset partially by the issuance of new debt in fiscal year 2022.

Statement of Activities

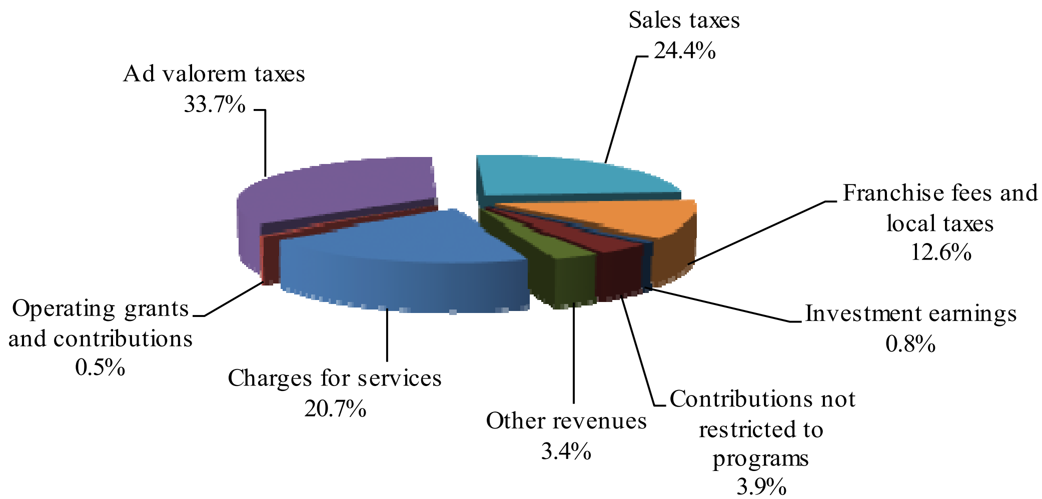
The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022*	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	$ 29,353,595	$ 21,114,417	$ 18,400,051	$ 15,610,889	$ 47,753,646	$ 36,725,306
Operating grants and contributions	685,742	5,852,879	-	1,009,760	685,742	6,862,639
Capital grants and contributions	-	-	1,707,193	-	1,707,193	-
General revenues:						
Property taxes	47,774,799	44,385,894	-	-	47,774,799	44,385,894
Sales taxes	34,519,455	31,329,222	-	-	34,519,455	31,329,222
Franchise fees and local taxes	17,797,103	15,599,535	-	-	17,797,103	15,599,535
Investment earnings	1,121,872	205,026	39,359	1,337	1,161,231	206,363
Contributions not restricted to programs	5,587,991	6,127,563	-	-	5,587,991	6,127,563
Other revenues	4,875,847	5,448,786	505,005	279,904	5,380,852	5,728,690
Gain on disposal of capital assets	191,199	-	390	-	191,589	-
Total Revenues	141,907,603	130,063,322	20,651,998	16,901,890	162,559,601	146,965,212
Expenses						
General government	10,769,312	9,828,717	-	-	10,769,312	9,828,717
Finance and tax	1,325,662	1,193,628	-	-	1,325,662	1,193,628
Planning and enviromental development	3,901,028	3,922,622	-	-	3,901,028	3,922,622
Public safety	44,116,389	41,195,757	-	-	44,116,389	41,195,757
Public works	36,629,200	39,944,252	-	-	36,629,200	39,944,252
Parks and recreation	11,410,083	7,612,568	-	-	11,410,083	7,612,568
Civic/convention center	-	-	1,119,860	1,043,786	1,119,860	1,043,786
Library	2,796,129	1,897,297	-	-	2,796,129	1,897,297
Interest and fiscal agent fees	8,625,458	9,020,609	-	-	8,625,458	9,020,609
Airport	23,530	-	5,378,556	3,566,788	5,402,086	3,566,788
Solid waste	-	-	9,281,306	8,985,299	9,281,306	8,985,299
Golf course	-	-	2,191,163	1,910,218	2,191,163	1,910,218
Total Expenses	119,596,791	114,615,450	17,970,885	15,506,091	137,567,676	130,121,541
Increase in Net Position Before Transfers	22,310,812	15,447,872	2,681,113	1,395,799	24,991,925	16,843,671
Transfers	2,029,843	2,287,578	(2,029,843)	(2,287,578)	-	-
Change in Net Position	24,340,655	17,735,450	651,270	(891,779)	24,991,925	16,843,671
Beginning net position	43,867,648	26,132,198	28,949,041	29,840,820	72,816,689	55,973,018
Ending Net Position	$ 68,208,303	$ 43,867,648	$ 29,600,311	$ 28,949,041	$ 97,808,614	$ 72,816,689

*Beginning net position has been restated

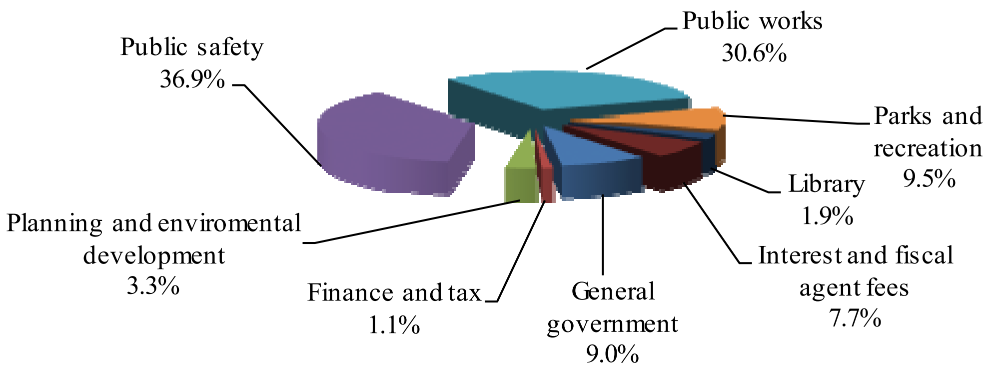
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities.

Governmental Activities - Revenues



For the year ended September 30, 2022, revenues from governmental activities totaled $141,907,603. This $11,844,281 increase was primarily from an increase in various tax collections mostly attributable to continued growth and consumer activity within the City. Charges for services revenue also increased in fiscal year 2022. The primary reason for this increase was increased activity at the Das Rec center. These increases were partially offset by decreases in operating grants and contributions as the City did not receive as much funding from the state and federal government during the current year.

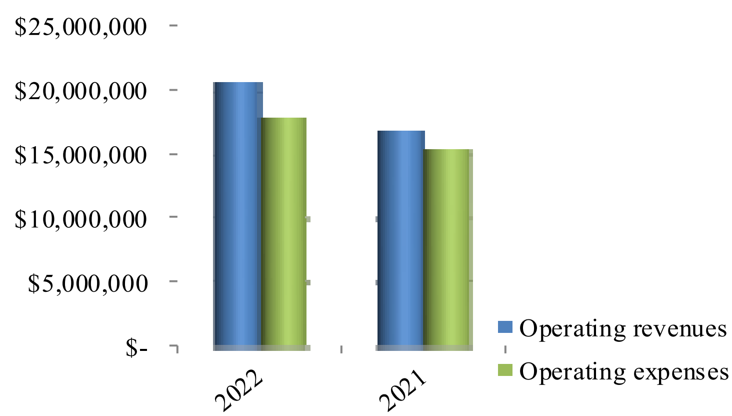
Governmental Activities - Expenses



Governmental expenses increased by $4,981,341, or 4%. This increase is primarily related to increases in public safety as well as parks and recreation. The continued increase in public safety expenses as a portion of total government expenditures is tied directly to increases in staffing. The increase in parks and recreation is primarily related to additional staffing to accommodate additional City programs during the spring and summer.

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

Business-Type Activities - Revenues and Expenses



Overall, business-type activities revenues increased by $3,750,108 from the prior period, primarily due to increases in fuel sales as prices for fuel increased during the year.

Business-type activities expenses increased by $2,464,794, mostly due to increases in expenses for operations of the City's airport.

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 $185,561,959. Of this, $243,381 is nonspendable, $132,838,670 is restricted for various purposes, $7,515,441 is committed, $3,088,682 is assigned, and $41,875,785 is unassigned.

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 $41,884,286, while total fund balance reached $44,973,563. 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 49% of total general fund expenditures, while total fund balance represents 52% of that same amount. The general fund balance increased by $3,916,439 this year, primarily related to increases in various revenue sources such as, property tax, sales tax, and hotel and motel tax. These revenue sources primarily increased due to continued growth and consumer activity within the City.

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 $3,088,682 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 an increase of $1,286,532, mostly due to increased tourism activity as well as a continued City enforcement effort.

Fund balance in the debt service fund experienced a slight increase of $6,457. The debt service fund property tax revenue increased during the year mostly due to increases in property valuations. The debt service fund also shows activity related to the issuance of refunding bonds and related payments to an escrow agent.

The fund balance in the general obligations capital projects fund had a decrease in fund balance of $395,340, 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 an increase in fund balance of $1,450,442, which was primarily a net result of increases in impact fees and other contributions collected by the City. This increase in collections corresponds with the increase in construction and growth within the City.

The fund balance in the 2019 capital improvement fund had a decrease in fund balance of $14,889,345, which was primarily a result of bond proceeds being used for capital projects. This decrease was partially offset by the issuance of additional debt in order to continue funding ongoing projects.

The fund balance in the 2020 capital improvement fund had a decrease in fund balance of $352,922, which was primarily a result of the use of bond proceeds for various capital projects.

The grant fund is used to track various special project expenditures and reimbursements for grant programs in the City. The fund experienced an increase of $38,968 due primarily to transfers in from other funds. The City expended certain items in this fund for which grant money was ultimately not awarded and required a supplement from another fund.

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. The Airport fund experienced a decrease in net position of $760,101 primarily related to the increase in supplies expense related to the increase in fuel and oil costs. The Solid Waste fund experienced an increase in net position of $1,693,062 primarily related capital contributions from the enterprise maintenance fund. The Golf Course fund experienced a decrease of $42,825 primarily related to increases personnel and supplies expenses. The Civic/Con. Center fund experienced a decrease in net position of $238,866 due to charges for services related to the center are not covering operating costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The amended budget included a planned decrease in fund balance in the amount of $11,821,747. The actual fund balance for the year increased by $3,916,439. Actual revenues exceeded the amended budget by $12,774,651 spread across various revenue lines. The largest positive variances were in sales taxes and licenses and permits. The City's conservative revenue projections, as well as the diverse economy within the City, are both attributable to the positive variance. Actual expenditures were under the amended budget by $3,067,004. The largest positive variances were in nondepartmental and city administration.

CAPITAL ASSETS

At the end of fiscal year 2022, the City's governmental activities had invested $237,026,728 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of $19,864,483.

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 $266,135,000. Of this amount, $231,165,000 was general obligation debt and $34,970,000 was certificates of obligation. The City had several new debt issuances during the year for capital projects and refunding purposes.

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 and a 'AA' rating from Fitch.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

From a budget planning perspective, the pandemic created a significant amount of economic uncertainty. Fiscal planning over the past two years was to budget conservatively in the face of that uncertainty. Fortunately, the City's primary revenues have not been negatively impacted. As a result of a conservative budgeting approach, General Fund reserves are in a strong surplus position which allows for a major investment in one time equipment and initiatives with primary focus on increasing efficiency and/or productivity. The FY 2023 Adopted Budget includes over $12 million of one-time investments, with significant portions dedicated to public safety and infrastructure.

The strong surplus position also allows for a number of deferred recurring initiatives to be incorporated. As a result of rapid growth, all City Departments are experiencing increased demands for services. During the past two budget cycles, many position requests remained unfunded. Long-term budgeting priorities will focus on providing additional staff to assist our departments in meeting the current demands for service. A bond election will be held in May 2023 and will include propositions to fund street improvements, parks, and a new library branch.

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, 2022

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
Assets			
Cash and equity in pooled cash and investments	$ 177,147,389	$ 9,486,862	$ 186,634,251
Investments	12,484,728	-	12,484,728
Receivables, net	12,016,227	924,566	12,940,793
Leases receivable	586,018	1,427,062	2,013,080
Due from other governments	41,047	-	41,047
Inventory	595	98,271	98,866
Prepaid items	-	-	-
Other current assets	-	-	-
Restricted current assets			
Cash and cash equivalents	12,054,512	-	12,054,512
Investments	-	-	-
	214,330,516	11,936,761	226,267,277
Capital assets:			
Nondepreciable	51,230,852	2,540,961	53,771,813
Depreciable, net	185,795,876	22,880,237	208,676,113
Investments:			
Restricted	-	-	-
Unrestricted	-	-	-
Other noncurrent assets	-	-	-
	237,026,728	25,421,198	262,447,926
Total Assets	451,357,244	37,357,959	488,715,203
Deferred Outflows of Resources			
Deferred charge on refunding	1,180,708	-	1,180,708
Deferred outflows - pensions	9,979,852	1,016,402	10,996,254
Deferred outflows - OPEB	1,275,458	108,075	1,383,533
Total Deferred Outflows of Resources	12,436,018	1,124,477	13,560,495
Liabilities			
Accounts payable	11,962,136	1,666,120	13,628,256
Deposit payable	-	127,851	127,851
Leases payable	-	82,048	82,048
Accrued expenses payable	1,737,489	289,852	2,027,341
Accrued interest	1,808,010	-	1,808,010
Unearned revenue	10,995,314	-	10,995,314
	26,502,949	2,165,871	28,668,820
Noncurrent liabilities:			
Due within one year:			
Bonds payable	20,305,000	-	20,305,000
Loan payable	113,110	-	113,110
Accrued compensated absences	7,690,046	308,026	7,998,072
Due in more than one year:			
Bonds payable	290,588,561	-	290,588,561
Loan payable	427,984	-	427,984
Net pension liability	24,733,864	2,595,876	27,329,740
Total OPEB liability - TMRS	2,180,207	216,549	2,396,756
Total OPEB liability - retiree benefits	5,213,601	539,285	5,752,886
Accrued compensated absences	854,449	34,225	888,674
Other noncurrent liability	-	-	-
	352,106,822	3,693,961	355,800,783
Total Liabilities	378,609,771	5,859,832	384,469,603

Component Units	
Economic Development Corporation	New Braunfels Utilities
$ 13,212,583	$ 97,763,763
-	6,936,436
4,435,154	52,346,816
-	-
-	-
-	4,337,011
-	1,763,827
9,496,323	4,070,859
-	21,442,511
-	2,926,042
27,144,060	191,587,265
-	92,434,199
-	738,883,441
-	8,576,380
-	10,526,200
-	8,417,061
-	858,837,281
27,144,060	1,050,424,546
-	-
-	8,262,710
-	-
-	8,262,710
377,550	47,016,225
-	10,363,403
-	-
-	4,226,317
-	1,214,586
-	-
377,550	62,820,531
-	6,515,000
-	35,250,000
-	1,732,965
-	368,336,215
-	-
-	12,319,133
-	-
-	-
-	834,120
-	8,722,667
-	433,710,100
377,550	496,530,631

City of New Braunfels, Texas

STATEMENT OF NET POSITION (page 2 of 2)

September 30, 2022

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
Deferred Inflows of Resources			
Deferred inflows - pensions	$ 10,195,803	$ 1,000,527	$ 11,196,330
Deferred inflows - OPEB	6,197,862	595,556	6,793,418
Deferred inflows - leases	581,523	1,426,210	2,007,733
Total Deferred Inflows of Resources	16,975,188	3,022,293	19,997,481
Net Position			
Net investment in capital assets	6,134,619	25,339,150	31,473,769
Restricted for:			
Debt service	2,779,068	-	2,779,068
Capital projects	32,263,680	-	32,263,680
Cemetery perpetual care (nonexpendable)	242,786	-	242,786
Grants	42,108	-	42,108
Impact fees	-	-	-
Municipal court	381,500	-	381,500
Public safety	10,331	-	10,331
Governmental programming	545,190	-	545,190
Tourism	3,887,182	-	3,887,182
Economic development	11,889,104	-	11,889,104
Special donation	894,014	-	894,014
Unrestricted	9,138,721	4,261,161	13,399,882
Total Net Position	$ 68,208,303	$ 29,600,311	$ 97,808,614

See Notes to Financial Statements.

Component Units	
Economic Development Corporation	New Braunfels Utilities
$ -	$ 6,123,885
-	-
-	-
-	6,123,885
-	471,515,162
-	677,356
-	-
-	-
-	-
-	11,930,300
-	-
-	-
-	-
-	-
-	-
-	-
26,766,510	71,909,922
$ 26,766,510	$ 556,032,740

City of New Braunfels, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2022

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary Government				
Governmental Activities				
General government	$ 10,769,312	$ 729,885	$ 65,363	$ -
Finance and tax	1,325,662	-	-	-
Planning and environmental	3,901,028	-	206,262	-
Public safety	44,116,389	8,064,623	229,545	-
Public works	36,629,200	9,260,461	184,572	-
Parks and recreation	11,410,083	11,284,279	-	-
Library	2,796,129	14,347	-	-
Airport	23,530	-	-	-
Interest and fiscal agent fees	8,625,458	-	-	-
Total Governmental Activities	119,596,791	29,353,595	685,742	-
Business-Type Activities				
Airport	5,378,556	4,568,994	-	50,000
Solid waste	9,281,306	11,016,471	-	1,657,193
Golf course	2,191,163	2,267,581	-	-
Civic center	1,119,860	547,005	-	-
Total Business-Type Activities	17,970,885	18,400,051	-	1,707,193
Total Primary Government	$ 137,567,676	$ 47,753,646	$ 685,742	$ 1,707,193
Component Units				
Economic Development Corporation	$ 5,761,875	$ -	$ -	$ -
New Braunfels Utilities	216,096,120	220,554,980	-	53,485,491
Total Component Units	$ 221,857,995	$ 220,554,980	$ -	$ 53,485,491

General Revenues and Transfers:

Taxes and fees

Property

Sales

Hotel/motel occupancy

Franchise

Mixed beverages

Investment earnings

Contributions not restricted to programs

Miscellaneous

Gain (loss) on sale of assets

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
$ (9,974,064)	$ -	$ (9,974,064)	$ -	$ -
(1,325,662)	-	(1,325,662)	-	-
(3,694,766)	-	(3,694,766)	-	-
(35,822,221)	-	(35,822,221)	-	-
(27,184,167)	-	(27,184,167)	-	-
(125,804)	-	(125,804)	-	-
(2,781,782)	-	(2,781,782)	-	-
(23,530)	-	(23,530)	-	-
(8,625,458)	-	(8,625,458)	-	-
(89,557,454)	-	(89,557,454)	-	-
-	(759,562)	(759,562)	-	-
-	3,392,358	3,392,358	-	-
-	76,418	76,418	-	-
-	(572,855)	(572,855)	-	-
-	2,136,359	2,136,359	-	-
(89,557,454)	2,136,359	(87,421,095)	-	-
-	-	-	(5,761,875)	-
-	-	-	-	57,944,351
-	-	-	(5,761,875)	57,944,351
47,774,799	-	47,774,799	-	-
34,519,455	-	34,519,455	9,722,661	-
5,229,625	-	5,229,625	-	-
11,728,610	-	11,728,610	-	-
838,868	-	838,868	-	-
1,121,872	39,359	1,161,231	78,713	(804,589)
5,587,991	-	5,587,991	-	-
4,875,847	505,005	5,380,852	131,899	-
191,199	390	191,589	-	(234,378)
2,029,843	(2,029,843)	-	-	-
113,898,109	(1,485,089)	112,413,020	9,933,273	(1,038,967)
24,340,655	651,270	24,991,925	4,171,398	56,905,384
43,867,648	28,949,041	72,816,689	22,595,112	499,127,356
$ 68,208,303	$ 29,600,311	$ 97,808,614	$ 26,766,510	$ 556,032,740

City of New Braunfels, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2022

	General	Hotel/Motel Tax	Debt Service	General Obligations
Assets				
Cash and equity in pooled cash and investments	$ 28,756,121	$ 3,599,606	$ 2,801,705	$ 5,110,995
Investments	12,484,728	-	-	-
Receivables, net of allowance	11,002,596	373,723	323,538	-
Leases receivable	586,018	-	-	-
Due from other governments	26,243	-	14,804	-
Due from other funds	8,501	-	-	-
Inventory	595	-	-	-
Restricted cash	-	-	-	-
Total Assets	$ 52,864,802	$ 3,973,329	$ 3,140,047	$ 5,110,995
Liabilities				
Accounts payable	$ 5,842,334	$ 86,147	$ 37,441	$ 3,588
Due to other funds	-	-	-	-
Accrued wages payable	1,045,848	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	6,888,182	86,147	37,441	3,588
Deferred Inflows of Resources				
Unavailable revenue - leases receivable	581,523	-		-
Unavailable revenue - property taxes	421,534	-	323,538	-
Total Deferred Inflows of Resources	1,003,057	-	323,538	-
Fund Balances				
Nonspendable	595	-	-	-
Restricted	-	3,887,182	2,779,068	5,107,407
Committed	-	-	-	-
Assigned	3,088,682	-	-	-
Unassigned	41,884,286	-	-	-
Total Fund Balances	44,973,563	3,887,182	2,779,068	5,107,407
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 52,864,802	$ 3,973,329	$ 3,140,047	$ 5,110,995

See Notes to Financial Statements.

Roadway Impact Fees	2019 Capital Improvement	2020 Capital Improvement	Grants	Nonmajor Governmental	Total Governmental Funds
$ 11,793,695	$ 61,728,904	$ 12,272,750	$ 170,986	$ 47,473,963	$ 173,708,725
-	-	-	-	-	12,484,728
8,043	67,555	-	32,893	207,879	12,016,227
-	-	-	-	-	586,018
-	-	-	-	-	41,047
-	-	-	-	-	8,501
-	-	-	-	-	595
-	-	-	10,833,543	1,220,969	12,054,512
$ 11,801,738	$ 61,796,459	$ 12,272,750	$ 11,037,422	$ 48,902,811	$ 210,900,353
$ 1,626,690	$ 2,140,823	$ 361,973	$ -	$ 1,863,140	$ 11,962,136
-	-	-	-	8,501	8,501
-	-	-	-	-	1,045,848
-	-	-	10,995,314	-	10,995,314
1,626,690	2,140,823	361,973	10,995,314	1,871,641	24,011,799
-	-	-	-	-	581,523
-	-	-	-	-	745,072
-	-	-	-	-	1,326,595
-	-	-	-	242,786	243,381
10,175,048	59,655,636	11,910,777	42,108	39,281,444	132,838,670
-	-	-	-	7,515,441	7,515,441
-	-	-	-	-	3,088,682
-	-	-	-	(8,501)	41,875,785
10,175,048	59,655,636	11,910,777	42,108	47,031,170	185,561,959
$ 11,801,738	$ 61,796,459	$ 12,272,750	$ 11,037,422	$ 48,902,811	$ 210,900,353

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CITY OF NEW BRAUNFELS, TEXAS

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

September 30, 2022

Total fund balances for governmental funds		$ 185,561,959
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	51,230,852	
Capital assets - depreciable	185,795,876	
		237,026,728
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.		745,072
Some liabilities, including bonds payable, are not reported as liabilities in the governmental funds.		
Accrued interest	(1,808,010)	
Bonds, notes, and other payables due in one year	(20,305,000)	
Bonds, notes, and other payables due in more than one year	(263,355,000)	
		(285,468,010)
Premiums 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 statements over the life of the bond.		
Premiums	(27,233,561)	
Deferred charge on refunding	1,180,708	
		(26,052,853)
Loans payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(541,094)
Net pension liability and total other postemployment benefits (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	(24,733,864)	
Total OPEB liability - TMRS	(2,180,207)	
Total OPEB liability - retiree benefits	(5,213,601)	
		(32,127,672)
Deferred outflows and inflows of resources related to the net pension and total OPEB liability are not reported in the funds.		
Deferred outflows - pensions	9,979,852	
Deferred inflows - pensions	(10,195,803)	
Deferred outflows - OPEB	1,275,458	
Deferred inflows - OPEB	(6,197,862)	
		(5,138,355)
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.		(8,544,495)
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 are included in governmental activities.		2,747,023
Net Position of Governmental Activities		$ 68,208,303

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, 2022

	General	Hotel/Motel Tax	Debt Service	General Obligations
Revenues				
Taxes and fees	$ 69,081,990	$ 5,229,625	$ 21,484,854	$ -
Licenses and permits	7,310,674	-	-	-
Intergovernmental	56,651	-	-	-
Fines and forfeitures	1,072,071	-	-	-
Investment earnings	403,117	225	13,115	31,961
Parks and recreation	4,920,043	-	-	-
Miscellaneous	3,304,552	-	-	82,736
Other contributions	-	-	2,057,496	-
Charges for services	5,002,914	-	-	-
Total Revenues	91,152,012	5,229,850	23,555,465	114,697
Expenditures				
Current:				
General government	10,720,218	2,990,940	-	-
Finances and tax	1,441,956	-	-	-
Planning and environmental	4,304,670	-	-	-
Public safety	47,111,486	-	-	-
Public works	10,013,440	-	-	3,113,199
Parks and recreation	9,549,533	-	-	-
Library	2,994,652	-	-	-
Airport	-	-	-	-
Debt Service:				
Principal	-	-	16,055,000	-
Interest	-	-	8,860,395	-
Issuance cost and fiscal charges	-	-	247,405	33,551
Total Expenditures	86,135,955	2,990,940	25,162,800	3,146,750
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,016,057	2,238,910	(1,607,335)	(3,032,053)
Other Financing Sources (Uses)				
Transfers in	897,760	-	1,371,588	-
Transfers (out)	(2,094,219)	(952,378)	-	-
Sale of capital assets	96,841	-	-	-
Long-term debt issuance	-	-	-	2,544,775
Refunding bonds issued	-	-	21,785,000	-
Premium received on the issuance of debt	-	-	3,155,720	91,938
Payment to refunding bond escrow agent	-	-	(24,698,516)	-
Total Other Financing Sources (Uses)	(1,099,618)	(952,378)	1,613,792	2,636,713
Net Change in Fund Balances	3,916,439	1,286,532	6,457	(395,340)
Beginning fund balances	41,057,124	2,600,650	2,772,611	5,502,747
Ending Fund Balances	$ 44,973,563	$ 3,887,182	$ 2,779,068	$ 5,107,407

See Notes to Financial Statements.

Roadway Impact Fees	2019 Capital Improvement	2020 Capital Improvement	Grants	Nonmajor Governmental	Total Governmental Funds
$ -	$ -	$ -	$ -	$ 4,294,888	$ 100,091,357
-	-	-	-	7,150	7,317,824
-	-	-	102,499	526,592	685,742
1,349,793	-	-	-	371,666	2,793,530
31,746	399,714	96,727	55,547	76,836	1,108,988
-	-	-	-	6,352,006	11,272,049
-	48,091	-	-	1,440,468	4,875,847
3,436,383	-	-	90,000	4,112	5,587,991
-	-	-	-	2,967,278	7,970,192
4,817,922	447,805	96,727	248,046	16,040,996	141,703,520
-	220,276	56,825	-	67,685	14,055,944
-	-	-	-	-	1,441,956
-	-	-	-	129,157	4,433,827
-	-	-	89,452	1,563,460	48,764,398
-	28,638,925	392,824	258,416	6,922,379	49,339,183
3,367,480	-	-	14,356	286,225	13,217,594
-	-	-	-	113,185	3,107,837
-	-	-	-	23,530	23,530
-	-	-	-	2,110,000	18,165,000
-	-	-	-	1,066,030	9,926,425
-	176,143	-	-	140,336	597,435
3,367,480	29,035,344	449,649	362,224	12,421,987	163,073,129
1,450,442	(28,587,539)	(352,922)	(114,178)	3,619,009	(21,369,609)
-	294	-	153,146	6,871,118	9,293,906
-	-	-	-	(4,217,466)	(7,264,063)
-	65,000	-	-	105,421	267,262
-	13,150,225	-	-	9,415,000	25,110,000
-	-	-	-	-	21,785,000
-	482,675	-	-	725,336	4,455,669
-	-	-	-	-	(24,698,516)
-	13,698,194	-	153,146	12,899,409	28,949,258
1,450,442	(14,889,345)	(352,922)	38,968	16,518,418	7,579,649
8,724,606	74,544,981	12,263,699	3,140	30,512,752	177,982,310
$ 10,175,048	$ 59,655,636	$ 11,910,777	$ 42,108	$ 47,031,170	$ 185,561,959

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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, 2022

Net changes in fund balances - total governmental funds	$	7,579,649
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 expense		(16,921,849)
Capital outlay		36,862,395
Disposals, net		(76,063)
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.		550,098
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.		
General obligation bonds issued		(46,895,000)
Payment to escrow agent		24,698,516
Premium from issuance of debt		(4,455,669)
Principal repayments		18,165,000
Note principal payment		329,314
Amortization of deferred charge on refunding		(759,718)
Amortization of premium on bonds		2,585,361
Accrued interest on long-term debt		72,759
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		(325,423)
Change in net pension liability		6,736,653
Change in total OPEB liability - TMRS		(169,605)
Change in total OPEB liability - retiree benefits		6,009,279
Change in deferred outflows - pensions		1,893,193
Change in deferred inflows - pensions		(6,297,964)
Change in deferred outflows - OPEB		213,079
Change in deferred inflows - OPEB		(5,453,350)
Change in Net Position of Governmental Activities	$	24,340,655

See Notes to Financial Statements.

City of New Braunfels, Texas

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

September 30, 2022

	Business-Type Activities			
	Airport	Solid Waste	Golf Course	Civic/Con. Center
Assets				
Current assets:				
Cash and equity in pooled cash and investments	$ 2,110,210	$ 5,694,427	$ 1,503,830	$ 178,395
Receivables, net	19,782	878,170	23,702	2,912
Lease receivable	1,427,062	-	-	-
Inventories	-	98,271	-	-
Total Current Assets	3,557,054	6,670,868	1,527,532	181,307
Noncurrent assets:				
Capital assets:				
Nondepreciable	2,405,961	-	135,000	-
Net depreciable capital assets	8,673,846	4,944,007	4,245,014	5,017,370
Total Capital Assets, Net of Accumulated Depreciation	11,079,807	4,944,007	4,380,014	5,017,370
Total Noncurrent Assets	11,079,807	4,944,007	4,380,014	5,017,370
Total Assets	14,636,861	11,614,875	5,907,546	5,198,677
Deferred Outflows of Resources				
Deferred outflows - pensions	112,634	697,713	132,539	73,516
Deferred outflows - OPEB	10,033	71,273	17,374	9,395
Total Deferred Outflows of Resources	122,667	768,986	149,913	82,911
Liabilities				
Current liabilities:				
Accounts payable	1,276,626	281,947	82,574	24,973
Deposits payable	45,356	-	-	82,495
Lease payable	-	-	82,048	-
Accrued expenses payable	28,121	208,827	32,708	20,196
Current portion of long-term liabilities:				
Accrued compensated absences	21,080	181,161	95,420	10,365
Total Current Liabilities	1,371,183	671,935	292,750	138,029
Noncurrent liabilities:				
Compensated absences	2,342	20,129	10,602	1,152
Net pension liability	250,137	1,710,334	453,281	182,124
Total OPEB liability - TMRS	22,624	147,769	29,782	16,374
Total OPEB liability - retiree benefits	38,797	375,182	85,939	39,367
Total Noncurrent Liabilities	313,900	2,253,414	579,604	239,017
Total Liabilities	1,685,083	2,925,349	872,354	377,046
Deferred Inflows of Resources				
Deferred inflows - leases	1,426,210	-	-	-
Deferred inflows - pension	113,691	692,322	117,376	77,138
Deferred inflows - OPEB	67,213	406,099	75,957	46,287
Total Deferred Inflows of Resources	1,607,114	1,098,421	193,333	123,425
Net Position				
Net investment in capital assets	11,079,807	4,944,007	4,297,966	5,017,370
Unrestricted	387,524	3,416,084	693,806	(236,253)
Total Net Position	$ 11,467,331	$ 8,360,091	$ 4,991,772	$ 4,781,117

See Notes to Financial Statements.

Business-Type Activities	Governmental Activities
Total	**Internal Service**
$ 9,486,862	$ 3,438,664
924,566	-
1,427,062	-
98,271	-
11,936,761	3,438,664
2,540,961	-
22,880,237	-
25,421,198	-
25,421,198	-
37,357,959	3,438,664
1,016,402	-
108,075	-
1,124,477	-
1,666,120	-
127,851	-
82,048	-
289,852	691,641
308,026	-
2,473,897	691,641
34,225	-
2,595,876	-
216,549	-
539,285	-
3,385,935	-
5,859,832	691,641
1,426,210	-
1,000,527	-
595,556	-
3,022,293	-
25,339,150	-
4,261,161	2,747,023
$ 29,600,311	$ 2,747,023

CITY OF NEW BRAUNFELS, TEXAS

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

For the Year Ended September 30, 2022

	Business-Type Activities			
	Airport	Solid Waste	Golf Course	Civic/Con. Center
Operating Revenues				
Charges for services	$ 4,568,994	$ 11,016,471	$ 2,267,581	$ 547,005
Miscellaneous	731	437,961	65,538	775
Total Operating Revenues	4,569,725	11,454,432	2,333,119	547,780
Operating Expenses				
Personnel	673,874	4,121,512	900,220	459,273
Purchased services	354,339	2,528,115	190,791	256,045
Professional services	182,098	83,230	-	-
Supplies	2,852,020	1,568,699	423,128	38,012
Depreciation and amortization	1,316,225	979,750	677,024	366,530
Insurance premiums	-	-	-	-
Claims	-	-	-	-
Total Operating Expenses	5,378,556	9,281,306	2,191,163	1,119,860
Operating Income (Loss)	(808,831)	2,173,126	141,956	(572,080)
Nonoperating Revenues				
Investment earnings	20,601	18,758	-	-
Gain on sale of assets	-	-	-	390
Total Nonoperating Revenue	20,601	18,758	-	390
Income (Loss) Before Transfers and Capital Contributions	(788,230)	2,191,884	141,956	(571,690)
Transfers and Contributions				
Capital contributions	50,000	1,657,193	-	-
Transfers in	349,910	-	-	368,003
Transfers (out)	(371,781)	(2,156,015)	(184,781)	(35,179)
Total Transfers and Contributions	28,129	(498,822)	(184,781)	332,824
Change in Net Position	(760,101)	1,693,062	(42,825)	(238,866)
Beginning net position	12,227,432	6,667,029	5,034,597	5,019,983
Ending Net Position	$ 11,467,331	$ 8,360,091	$ 4,991,772	$ 4,781,117

See Notes to Financial Statements.

Business-Type Activities	Governmental Activities
Total	Internal Service
$ 18,400,051	$ 7,389,819
505,005	29,792
18,905,056	7,419,611
6,154,879	-
3,329,290	-
265,328	61,792
4,881,859	-
3,339,529	-
-	988,350
-	5,832,255
17,970,885	6,882,397
934,171	537,214
39,359	12,884
390	-
39,749	12,884
973,920	550,098
1,707,193	-
717,913	-
(2,747,756)	-
(322,650)	-
651,270	550,098
28,949,041	2,196,925
$ 29,600,311	$ 2,747,023

City of New Braunfels, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2022

	Business-Type Activities			
	Airport	Solid Waste	Golf Course	Civic/Con. Center
Cash Flows from Operating Activities				
Receipts from customers	$ 4,900,896	$ 11,428,775	$ 2,326,909	$ 551,303
Receipts for interfund services provided and used	-	-	-	-
Payments to suppliers	(3,254,639)	(4,222,118)	(563,397)	(284,492)
Payments for premiums, claims, and administrative charges	-	-	-	-
Payments for personnel services	(705,344)	(4,451,132)	(908,535)	(480,702)
Net Cash Provided (Used) by Operating Activities	940,913	2,755,525	854,977	(213,891)
Cash Flows from Noncapital Financing Activities				
Transfers in from other funds	349,910	-	-	368,003
Transfers (out) to other funds	(371,781)	(2,156,015)	(184,781)	(35,179)
Net Cash Provided (Used) by Noncapital Financing Activities	(21,871)	(2,156,015)	(184,781)	332,824
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	(130,002)	-	(481,139)	(6,428)
Gain on sale of capital assets	-	-	-	390
Net Cash Used by Capital and Related Financing Activities	(130,002)	-	(481,139)	(6,038)
Cash Flows from Investing Activities				
Interest on investments	20,601	18,758	-	-
Net Cash Provided by Investing Activities	20,601	18,758	-	-
Net Increase in Cash and Equity in Pooled Cash and Investments	809,641	618,268	189,057	112,895
Beginning cash and equity in pooled cash and investments	1,300,569	5,076,159	1,314,773	65,500
Ending Cash and Equity in Pooled Cash and Investments	$ 2,110,210	$ 5,694,427	$ 1,503,830	$ 178,395
Total Cash and Cash Equivalents	$ 2,110,210	$ 5,694,427	$ 1,503,830	$ 178,395

Business-Type Activities	Governmental Activities
Total	Internal Service
$ 19,207,883	$ -
-	7,429,898
(8,324,646)	-
-	(7,240,397)
(6,545,713)	-
4,337,524	189,501
717,913	-
(2,747,756)	-
(2,029,843)	-
(617,569)	-
390	-
(617,179)	-
39,359	12,884
39,359	12,884
1,729,861	202,385
7,757,001	3,236,279
$ 9,486,862	$ 3,438,664
$ 9,486,862	$ 3,438,664

City of New Braunfels, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2022

	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)	$ (808,831)	$ 2,173,126	$ 141,956	$ (572,080)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	1,316,225	979,750	677,024	366,530
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in:				
Accounts receivable	332,002	(25,657)	(6,210)	(2,912)
Inventories	-	(11,082)	-	-
Due from other funds	(1,427,062)	-	-	-
Deferred outflows - pensions	(30,334)	(126,008)	(23,022)	(13,754)
Deferred outflows - OPEB	7,713	(13,961)	(2,622)	(1,604)
Increase (Decrease) in:				
Accounts payable	128,993	(97,268)	(37,707)	1,960
Leases payable	-	-	82,048	-
Accrued expenses	3,858	54,987	4,119	6,373
Net pension liability	(72,238)	(448,383)	(81,921)	(48,943)
Total OPEB liability - TMRS	1,819	11,289	2,062	1,232
Total OPEB liability - retiree benefit	(65,293)	(394,677)	(73,808)	(45,002)
Accrued compensated absences	1,893	(123,925)	29,490	1,276
Customer deposits	(831)	-	-	6,435
Deferred inflows - leases	1,426,210	-	-	-
Deferred inflows - pensions	67,534	419,184	76,586	45,755
Deferred inflows - OPEB	59,255	358,150	66,982	40,843
Net Cash Provided (Used) by Operating Activities	$ 940,913	$ 2,755,525	$ 854,977	$ (213,891)
Noncash Capital Activities:				
Capital assets contributed during the year	$ 50,000	$ 1,657,193	$ -	$ -

See Notes to Financial Statements.

Business-Type Activities	Governmental Activities
Total	Internal Service
$ 934,171	$ 537,214
3,339,529	-
297,223	10,287
(11,082)	-
(1,427,062)	-
(193,118)	-
(10,474)	-
(4,022)	-
82,048	-
69,337	(358,000)
(651,485.00)	-
16,402.00	-
(578,780.00)	-
(91,266)	-
5,604	-
1,426,210	-
609,059	-
525,230	-
$ 4,337,524	$ 189,501
$ 1,707,193	$ -

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City of New Braunfels, Texas

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

September 30, 2022

		Private-Purpose Trust
Assets		
Cash		$ 2,727,304
	Total Assets	2,727,304
Net Position		
Restricted for debt service		2,727,304
	Total Net Position	$ 2,727,304

See Notes to Financial Statements.

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City of New Braunfels, Texas

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUND

For the Year Ended September 30, 2022

		Private Purpose Trust
Additions		
Contributions		$ 8,563,160
Investment earnings		6,293
	Total Additions	8,569,453
Deductions		
Payment to developer		5,118,832
Payment to bond holders		284,436
Payment to fiscal agents		438,881
	Total Deductions	5,842,149
	Net Increase in Fiduciary Net Position	2,727,304
Beginning net position		-
	Ending net position	$ 2,727,304

See Notes to Financial Statements.

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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 (the "State") 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, as listed below, 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 to provide economic development benefits for the City. Prior to fiscal year 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 Corporation.

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 No. 1), 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 No. 1 includes participation by a developer and by other governmental entities, 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. In fiscal year 2021, city council voted on and implemented a change to this arrangement to be implemented in fiscal year 2022. Effective October 2021, the City's portion of sales tax collected is no longer utilized for TIRZ infrastructure costs. Such tax revenue is controlled by the Board of Directors managing the TIRZ No. 1 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 No 1 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 No 1. 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 No 1 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.

River Mill Tax Increment Reinvestment Zone

In December 2019, the City Council established the River Mill Tax Increment Reinvestment Zone (TIRZ No. 2). Similar to TIRZ No. 1, the City's participation is limited to 85% of the real and business personal property tax revenue and 1/3 of all sales tax revenue. The current property owner is finalizing redevelopment plans for the approximate seven-acre River Mill area, which is conveniently located off I-35, directly behind Marketplace shopping area. The conceptual plan includes various uses for the property such as a hotel, entertainment venue, and boutique retail, as well as other multi-family housing options. The City is currently engaging other public sector partners to participate in the TIRZ No. 2 as well. The project and finance plan has not been approved, therefore, the City Council has not established a board for TIRZ No. 2 at this point. Once the project and finance plan is approved, a board will be established to oversee the utilization of the incremental funds to support appropriate public approvements in accordance with section 311 of the Texas Tax Code.

Separate financial statements for both of 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 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 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, 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 grants fund was the only special revenue fund that was considered major. The special revenue funds are considered nonmajor funds for reporting purposes, except for the hotel/motel tax fund, which does not qualify as major, but the City has elected to present it as major due to its significance.

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

Grants fund: This fund accounts for the receipt and expenditures of various grant funds and special projects for the City.

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 2019 capital improvement fund. The general obligations fund, roadway impact fees fund, and the 2020 capital improvement fund were not major funds, but the City elected to present them as major due to their significance.

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 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.

2020 capital improvement fund: This fund accounts for the expenditures of the proceeds from the 2020 debt issuance related to capital improvements in the City.

Roadway impact fees fund: This fund accounts for the collection of impact fees to be used in specific roadway and paved surface repairs, improvements, and developments.

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.

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.

The City reports the following fiduciary fund:

The *private-purpose trust fund* accounts for contributions and payments made on behalf of the Solms Landing Public Improvement District (the "PID").

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 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 pools operate ins accordance with appropriate state laws and regulations and are 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*, represent a consumption of net assets that applies to future periods 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*, represent an acquisition of net assets that applies to future periods 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 two types of items, which arises only under a modified accrual basis of accounting, that qualify for reporting in this category. Accordingly, these items, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and from leases in which the government is the lessor. These amounts are 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 general fund has historically been used to liquidate this liability.

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.

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	2020 Capital Improvement	Grants	Nonmajor Governmental	Total Governmental Funds
Nonspendable:										
Cemetery perpetual care	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 242,786	$ 242,786
Inventory	595	-	-	-	-	-	-	-	-	595
Total Nonspendable	595	-	-	-	-	-	-	-	242,786	243,381
Restricted:										
Tourism	-	3,887,182	-	-	-	-	-	-	-	3,887,182
Debt service	-	-	2,779,068	-	-	-	-	-	-	2,779,068
Grants	-	-	-	-	-	-	-	42,108	-	42,108
Special donation	-	-	-	-	-	-	-	-	894,014	894,014
Stormwater development	-	-	-	-	-	-	-	-	698,329	698,329
Edwards Aquifer HCP	-	-	-	-	-	-	-	-	86,326	86,326
Capital projects	-	-	-	5,107,407	10,175,048	59,655,636	11,910,777	-	24,776,650	111,625,518
Public safety	-	-	-	-	-	-	-	-	10,331	10,331
Municipal court	-	-	-	-	-	-	-	-	381,500	381,500
Governmental programming	-	-	-	-	-	-	-	-	545,190	545,190
Economic development	-	-	-	-	-	-	-	-	11,889,104	11,889,104
Total Restricted	-	3,887,182	2,779,068	5,107,407	10,175,048	59,655,636	11,910,777	42,108	39,281,444	132,838,670
Committed:										
Facilities maintinance	-	-	-	-	-	-	-	-	1,500,000	1,500,000
Enterprise equipment	-	-	-	-	-	-	-	-	6,015,441	6,015,441
Assigned:										
Equipment replacement	3,088,682	-	-	-	-	-	-	-	-	3,088,682
Unassigned	41,884,286	-	-	-	-	-	-	-	(8,501)	41,875,785
Total Fund Balances	$ 44,973,563	$ 3,887,182	$ 2,779,068	$ 5,107,407	$ 10,175,048	$ 59,655,636	$ 11,910,777	$ 42,108	$ 47,031,170	$ 185,561,959

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 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 City 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 retirees.

14. Leases

The City is a lessee for a noncancellable lease of equipment. The City recognizes a lease liability and an intangible, right-to-use lease asset (the "lease asset") in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of $10,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

The City is a lessor for a noncancellable lease of a building. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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 and internal service funds 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, department, 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.

A. Deficit Fund Equity

At September 30, 2022, the Tax Note 2015 fund, a nonmajor fund had a deficit balance of $8,501. This deficit was due to expenses charged to the fund for which there was not money to cover. The City plans to clear this deficit when it closes the fund next fiscal year.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

As of September 30, 2022, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)	Credit Rating
Primary Government and Component Unit-EDC:			
U.S. agency treasury notes	$ 20,873,359	0.69	AAA
Federal Home Loan Bank	9,991,173	0.82	Aaa
Certificates of deposit	7,009,672	0.02	
External investment pools:			
TexPool	100,496,812	0.07	AAAm
Texas CLASS	19,348,996	0.22	AAAm
Texas FIT	12,853,506	0.05	AAAmmf
Total	$ 170,573,518		
Portfolio weighted average maturity		0.31	
Component Unit - NBU			
U.S. agency securities	$ 14,535,604	1.20	AA+
U.S. agency treasury notes	14,429,454	3.10	
Demand deposit and money market	51,976,032	0.00	
Pooled funds	67,230,243	0.00	AAAm
Total	$ 148,171,333		
Portfolio weighted average maturity		0.86	

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, 2022, the City had the following recurring fair value measurements:

		September 30, 2022		Significant Other Observable Inputs (Level 2)
Investments by Fair Value Level				
Primary Government				
U.S. agency treasury notes	$	20,873,359	$	20,873,359
Federal Home Loan Bank		9,991,173		9,991,173
Total - Primary Government	$	30,864,532	$	30,864,532
Component Unit - NBU				
U.S. agency securities	$	14,535,604	$	14,535,604
U.S. agency treasury notes		14,429,454		14,429,454
Total - NBU	$	28,965,058	$	28,965,058

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, 2022, the City's investments in investment pools 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, 2022, fair 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 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.

Texas CLASS

The Texas Cooperative Liquid Assets Securities System Trust – Texas (CLASS) is a public funds investment pool under Section 2256.016 of the Public Funds Investment Act, Texas Government Code, as amended. CLASS is created under an amended and restated trust agreement, dated as of December 14, 2011 (the "Agreement"), among certain Texas governmental entities investing in CLASS (the "Participants"), with Cutwater Investor Services Corporation as program administrator and Wells Fargo Bank Texas, NA as custodian. CLASS is not SEC registered and is not subject to regulation by the State. Under the Agreement, however, CLASS is administered and supervised by a seven-member board of trustees (the "Board"), whose members are investment officers of the Participants, elected by the Participants for overlapping two-year terms. In the Agreement and by resolution of the Board, CLASS has contracted with Cutwater Investors Service Corporation to provide for the investment and management of the public funds of CLASS. Separate financial statements for CLASS may be obtained from CLASS' website at www.texasclass.com.

Texas FIT

The TX-FIT Government Pool provides Texas' public entities a conservatively managed, PFIA compliant, investment option with no corporate exposure. The TX-FIT Government Pool seeks the preservation of principal, a competitive yield and a stable NAV, while also providing same day liquidity to its participants. Performance data quoted represents past performance; past performance does not guarantee future results. Current performance of the investment pools may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling (888) 909-9998. Complete performance history can be found at www.tx-fit.com/yield-and-pool-characteristics. Investments in the TX-FIT investment pools are not insured or guaranteed by the FDIC or any other government agency. Certain securities in the pool may be FDIC insured through participating FDIC insured banks as part of a sponsored program by an affiliate bank. The FDIC insurance pertains only to the specific securities and not the entire pool. Programs, rates, and terms and conditions are subject to change at any time without notice. TX-FIT may invest in fixed income securities, which are subject to risks including interest rate, credit and inflation.

B. Receivables

Amounts are aggregated into a single accounts receivable line (net of allowance for uncollectible) for certain funds and aggregated columns. Below is the detail of receivables for the general fund, hotel/motel tax fund, debt service 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 Impact Fees	2019 Capital Improvement	Grants	Nonmajor Funds	Total
Ad valorem taxes	$ 467,289	$ -	$ 353,031	$ -	$ -	$ -	$ -	$ 820,320
Franchise fees and local taxes	-	-	-	8,043	67,555	-	34,152	109,750
Accounts	10,581,061	373,723	-	-	-	-	173,727	11,128,511
Intergovernmental	-	-	-	-	-	32,893	-	32,893
Other	-	-	-	-	-	-	-	-
Less allowances	(45,754)	-	(29,493)	-	-	-	-	(75,247)
	$ 11,002,596	$ 373,723	$ 323,538	$ 8,043	$ 67,555	$ 32,893	$ 207,879	$ 12,016,227

	Proprietary Funds				
	Airport	Solid Waste	Golf Course	Civic/Con. Center	Total
Accounts	$ 19,782	$ 878,170	$ 900	$ 2,912	$ 901,764
Other	-	-	22,802		22,802
	$ 19,782	$ 878,170	$ 23,702	$ 2,912	$ 924,566

	Component Unit NBU
Customer accounts	$ 44,898,303
Interest	53,417
Other	7,811,948
Less allowance	(416,852)
	$ 52,346,816

The City is a lessor for two agreements related to the lease of space. These leases combined are for 86 years. The City receives annual payments of $14,500 for these two leases. The City recognized $2,946 in lease revenue and $6,054 in interest revenue related to these leases in the current year. As of September 30, 2022, the City's receivable for these lease payments was $586,018. The City also has a deferred inflow of resources associated with these leases that will be recognized over the lease term. As of September 30, 2022, the balance of the deferred inflow of resources was $581,523.

The Airport is a lessor of land space for a variety of different parties. The combined lease term for these leases is 59 years. The Airport receives variable amounts for annual payments related to these leases. The Airport recognized $31,018 in lease revenue and $19,749 in interest revenue during the current fiscal year related to these leases. As of September 30, 2022, the Airport's receivable for lease payments was $1,427,062. The Airport fund also has a deferred inflow of resources related to these leases that will be recognized as revenue over the lease term. As of year end, this balance of the deferred inflow of resources was $1,426,210

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	$ 42,384,360	$ 192,714	$ -	$ 42,577,074
Construction in progress	56,835,338	31,670,085	(79,851,645)	8,653,778
Total capital assets not being depreciated	99,219,698	31,862,799	(79,851,645)	51,230,852
Other capital assets				
Road network	118,951,523	39,695,280	-	158,646,803
Infrastructure	25,040,967	-	-	25,040,967
Buildings	85,658,562	34,162,728	-	119,821,290
Improvements other than buildings	51,959,409	7,243,463	-	59,202,872
Machinery and equipment	15,850,230	1,870,341	(81,914)	17,638,657
Fleet	22,644,174	1,879,429	(193,836)	24,329,767
Total other capital assets	320,104,865	84,851,241	(275,750)	404,680,356
Less accumulated depreciation for:				
Road network	(87,817,235)	(6,960,264)	-	(94,777,499)
Infrastructure	(11,264,531)	(834,699)	-	(12,099,230)
Buildings	(42,694,027)	(2,669,397)	-	(45,363,424)
Improvements other than buildings	(30,649,398)	(3,702,540)	-	(34,351,938)
Machinery and equipment	(11,269,380)	(1,118,052)	5,851	(12,381,581)
Fleet	(18,467,747)	(1,636,897)	193,836	(19,910,808)
Total accumulated depreciation	(202,162,318)	(16,921,849)	199,687	(218,884,480)
Other capital assets, net	117,942,547	67,929,392	(76,063)	185,795,876
Governmental Activities Capital Assets, Net	$ 217,162,245	$ 99,792,191	$ (79,927,708)	237,026,728
			Less associated debt	(311,434,655)
			Plus deferred charge on refunding	1,180,708
			Plus unspent bond proceeds	79,361,838
			Net Investment in Capital Assets	$ 6,134,619

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	$ 1,223,449
Finance and tax	360,435
Planning and environmental development	998,389
Public safety	11,407,020
Public works	1,484,046
Parks and recreation	1,020,387
Library	428,123
Total Governmental Activities Depreciation Expense	$ 16,921,849

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	52,272	-	(52,272)	-
Total capital assets not being depreciated	2,593,233	-	(52,272)	2,540,961
Other capital assets				
Buildings	21,412,931	-	-	21,412,931
Improvements other than building	22,070,496	5,852	-	22,076,348
Furniture and fixtures	20,190	-	-	20,190
Machinery and equipment	1,507,726	541,697	-	2,049,423
Fleet	13,200,303	1,720,339	(697,796)	14,222,846
Airspace easement	37,515	-	-	37,515
Right-to-use assets	109,148	-	-	109,148
Total other capital assets	58,358,309	2,267,888	(697,796)	59,928,401
Less accumulated depreciation/amortization for:				
Buildings	(11,609,851)	(611,568)	-	(12,221,419)
Improvements other than building	(12,928,308)	(1,440,753)	-	(14,369,061)
Furniture and fixtures	(19,502)	(687)	-	(20,189)
Machinery and equipment	(1,039,754)	(195,915)	-	(1,235,669)
Fleet	(8,783,268)	(1,063,296)	697,796	(9,148,768)
Airspace easement	(25,749)	(938)	-	(26,687)
Right-to-use assets	-	(26,371)	-	(26,371)
Total accumulated depreciation	(34,406,432)	(3,339,528)	697,796	(37,048,164)
Other capital assets, net	23,951,877	(1,071,640)	-	22,880,237
Business-Type Activities Capital Assets, Net	$ 26,545,110	$ (1,071,640)	$ (52,272)	$ 25,421,198
		Less associated debt		(82,048)
		Net Investment in Capital Assets		$ 25,339,150

Depreciation was charged to business-type functions as follows:

Airport	$	1,316,225
Solid waste		979,750
Golf course		677,023
Civic center		366,530
Total Business-Type Activities Depreciation Expense	$	3,339,528

The following is a summary of changes in capital assets for the NBU, a component unit, for the year end:

	Beginning Balance	Increases	Reclassifications (Decreases)	Ending Balance
Component Unit:				
Capital assets not being depreciated:				
Land and improvements	$ 38,973,195	$ 2,882,912	$ -	$ 41,856,107
Construction in progress	86,884,847	114,297,668	(108,748,316)	92,434,199
Total capital assets not being depreciated	125,858,042	117,180,580	(108,748,316)	134,290,306
Other capital assets				
Buildings	123,695,514	21,154,403	-	144,849,917
Infrastructure	662,646,325	80,641,866	(1,431,340)	741,856,851
Equipment	123,115,433	3,928,888	(8,437)	127,035,884
Wells and springs	2,023,739	140,246	-	2,163,985
Total other capital assets	911,481,011	105,865,403	(1,439,777)	1,015,906,637
Less accumulated depreciation for:				
Buildings	(33,371,367)	(3,130,288)	-	(36,501,655)
Infrastructure	(205,940,811)	(21,284,710)	1,084,982	(226,140,539)
Equipment	(49,639,581)	(5,966,986)	4,470	(55,602,097)
Wells and springs	(586,669)	(48,343)	-	(635,012)
Total accumulated depreciation	(289,538,428)	(30,430,327)	1,089,452	(318,879,303)
Other capital assets, net	621,942,583	75,435,076	(350,325)	697,027,334
Component Unit Capital Assets, Net	$ 747,800,625	$ 192,615,656	$ (109,098,641)	$ 831,317,640

Depreciation was charged to the NBU as follows:

Electric	$	11,508,270
Water		8,164,932
Wastewater		10,757,125
Total Component Unit Activities Depreciation Expense	$	30,430,327

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	$ 197,225,000	$ 46,895,000	$ (12,955,000)	$ 231,165,000		$ 16,740,000
Certificates of obligation	62,890,000	-	(27,920,000)	34,970,000		2,065,000
Contract revenue obligations	18,975,000	-	(1,450,000)	17,525,000		1,500,000
Bond premium	25,363,253	4,455,669	(2,585,361)	27,233,561		-
	304,453,253	51,350,669	(44,910,361)	310,893,561	**	20,305,000
Other liabilities:						
Note payable	870,408	-	(329,314)	541,094	**	113,110
Net pension liability	31,470,517	-	(6,736,653)	24,733,864		-
Total OPEB liability - TMRS	2,010,602	169,605	-	2,180,207		-
Total OPEB liability - Retiree benefit	11,222,880	-	(6,009,279)	5,213,601		-
Compensated absences	8,219,072	7,722,588	(7,397,165)	8,544,495		7,690,046
Total Governmental Activities	$ 358,246,732	$ 59,242,862	$ (65,382,772)	$ 352,106,822		$ 28,108,156
			Long-term debt due in more than one year	$ 323,998,666		
			**** Debt associated with capital assets**	$ 311,434,655		

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-Type Activities:					
Leases payable	$ 109,148	$ -	$ (27,100)	$ 82,048	$ 27,220
Net pension liability	3,247,361	-	(651,485)	2,595,876	-
Total OPEB liability -TMRS	200,147	16,402	-	216,549	-
Total OPEB liability - Retiree benefit	1,118,065	-	(578,780)	539,285	-
Compensated absences	433,517	298,898	(390,164)	342,251	308,026
Total Business-Type Activities	$ 5,108,238	$ 315,300	$ (1,647,529)	$ 3,776,009	$ 335,246
			Long-term debt due in more than one year	$ 3,440,763	

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Component Units:					
Bonds payable	$ 279,034,694	$ 73,988,351	$ (6,155,000)	$ 346,868,045	$ 6,515,000
Bond premium	24,861,488	3,121,682	-	27,983,170	-
Net pension liability	14,800,005	-	(2,480,872)	12,319,133	-
Compensated absences	2,359,028	1,420,986	(1,212,929)	2,567,085	1,732,965
Total Component Units	$ 321,055,215	$ 78,531,019	$ (9,848,801)	$ 389,737,433	$ 8,247,965
			Long-term debt due in more than one year	$ 381,489,468	

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%	$ 465,000
2014 General Obligation Bonds	2034	$ 13,970,000	2.00-5.00%	9,565,000
2015 General Obligation and Refunding Bonds	2035	$ 29,260,000	2.00-5.00%	22,010,000
2016 General Obligation Refunding Bonds	2036	$ 37,360,000	2.00-5.00%	25,065,000
2017 General Obligation Refunding Bonds	2029	$ 5,255,000	1.91%	3,705,000
2018 General Obligation Bonds	2038	$ 21,620,000	3.00-5.00%	19,660,000
2018 Tax Note	2025	$ 3,000,000	2.78%	1,350,000
2018A Tax Note	2026	$ 2,300,000	2.35-2.87%	1,380,000
2019 General Obligation Bonds	2039	$ 19,985,000	2.00-5.00%	17,630,000
2020 General Obligation Bonds	2040	$ 47,770,000	3.00-5.00%	45,895,000
2020 Tax Note	2027	$ 1,675,000	2.00-4.00%	1,225,000
2020 General Obligation Refunding Bonds	2031	$ 10,100,000	3.00-4.00%	9,310,000
2021 Tax Note	2028	$ 2,835,000	2.00-3.00%	2,455,000
2021 General Obligation Bonds	2031	$ 27,140,000	2.00-5.00%	24,970,000
2021 General Obligation Refunding Bonds	2033	$ 21,785,000	2.00-5.00%	21,370,000
2022 Tax Note	2029	$ 9,415,000	4.00-5.00%	9,415,000
2022 General Obligation Bonds	2042	$ 15,695,000	3.50-5.00%	15,695,000
			Total General Obligation	231,165,000
Certificates of Obligation				
2014A Certificates of Obligation	2034	$ 6,845,000	2.00-5.00%	4,640,000
2014B Certificates of Obligation	2034	$ 3,280,000	2.00-5.00%	2,425,000
2015 Certificates of Obligation	2035	$ 5,395,000	2.00-5.00%	3,935,000
2018 Certificates of Obligation	2038	$ 8,120,000	2.00-5.00%	6,970,000
2019 Certificates of Obligation	2039	$ 4,755,000	2.00-5.00%	4,205,000
2020 Certificates of Obligation	2040	$ 14,470,000	3.00-5.00%	12,795,000
			Total Certificates of Obligation	34,970,000
Tax Increment Contract Revenue Obligations				
2012 Tax Increment Contract Revenue Improvement and Refunding Obligations	2032	$ 11,670,000	2.93%	6,785,000
2014 Tax Increment Contract Revenue Notes	2032	$ 17,000,000	3.68%	10,740,000
			Total Tax Increment Contract Revenue Obligations	17,525,000
			Total Governmental Activities Long-Term Debt	$ 283,660,000

Component Unit - NBU:

Series	Original Issue	Interest Rate	Balance
Revenue Bonds			
2004 Utility System Revenue - Capital Appreciation	2,572,596	3.10-5.16%	$ 936,529
2015 Utility System Revenue	23,940,000	2.00-4.00%	25,455,000
2016 Utility System Revenue and Refunding	26,870,000	2.00-4.00%	57,265,000
2018 Utility System Revenue	62,235,000	2.00-5.00%	37,425,000
2020 Utility System Revenue Refunding	45,200,000	2.00-5.00%	83,240,000
2021 Utility System Revenue Refunding	88,100,000	3.00-5.00%	67,250,000
2022 Utility System Revenue Refunding	73,855,000	5.00%	73,855,000
		Total Capital Appreciation Bonds	344,490,000
		Total Accreted Interest on Capital Apprecation Bonds	1,441,516
		Total Component Unit - NBU	$ 346,868,045

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						
Year Ending	General Obligation		Certificates of Obligation		Tax Increment Contract Revenue Obligations		
Sep. 30	Principal	Interest	Principal	Interest	Principal	Interest	Total
2023	$ 16,740,000	$ 8,600,884	$ 2,065,000	$ 1,347,138	$ 1,500,000	$ 594,033	$ 30,847,055
2024	15,610,000	7,958,019	2,160,000	1,261,513	1,550,000	543,295	29,082,827
2025	16,630,000	7,228,910	2,245,000	1,167,789	1,605,000	490,830	29,367,529
2026	15,955,000	6,492,986	2,345,000	1,069,283	1,660,000	436,491	27,958,760
2027	15,595,000	5,796,584	2,445,000	965,719	1,715,000	380,240	26,897,543
2028-2032	70,525,000	19,612,812	13,895,000	3,162,969	9,495,000	988,104	117,678,885
2033-2037	53,590,000	7,982,078	7,755,000	879,553	-	-	70,206,631
2038-2042	26,520,000	1,386,054	2,060,000	65,728	-	-	30,031,782
Total	$ 231,165,000	$ 65,058,327	$ 34,970,000	$ 9,919,692	$ 17,525,000	$ 3,432,993	$ 362,071,012

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 $21,785,000 in General Obligation Refunding bonds, Series 2021 (the “Refunding Bonds”) with interest rates ranging from 2% to 5%. The proceeds were used to fully refund the Series 2012 Certificates of Obligation in the amount of $11,470,000 and the Series 2013 Certificates of Obligation in the amount of $12,690,000. The reacquisition price exceeded the net carrying amount of the old debt by $1,734. Based on the dollar amount, the City elected to recognize all of it in this years activity. The current refunding reduced total debt service by $4,711,877 and resulted in a present value economic gain of $4,304,915.

The City issued $15,695,000 of General Obligation bonds, Series 2022 (the “Bonds”) with interest rates ranging from 3.5% to 5.0%. The proceeds will be used for drainage and flood control improvements, various roadway and street improvements throughout the City, and improving and equipping public safety facilities. The Bonds are set to mature in 2042.

The City issued $9,415,000 of Tax Notes, Series 2022 (the “Notes”) with interest rates ranging from 4% to 5%. The proceeds will be used for contractual obligations of the City to be incurred for making permanent public improvements. The Notes are set to mature in 2029.

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 (the “Obligations”), 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 Obligations.

In November 2021, the Solms Landing Public Improvement District (PID) issued $8,828,000 of special assessment revenue bonds. This is not considered a debt of the City, however, the City presents a private-purpose trust fund to account for the servicing of this debt. At the end of the fiscal year, the principal balance on the debt was $8,828,000 which will be serviced with special assessment revenue collected within the PID.

The City entered into a ten-year note payable (the "Note") of $1,394,231 with an interest rate of 2.09% with a national bank on May 30, 2014. The proceeds of the Note were used to acquire capital assets by which the Note is secured. The City has also entered into various notes payable financing arrangements with interest rates that range from 1.85% to 2.25%. The annual requirements to amortize the note payables outstanding at year end were as follows:

Fiscal Year Ending Sep. 30	Governmental Activities					
	Principal		Interest		Total	
2023	$	113,110	$	17,350	$	130,460
2024		116,139		14,321		130,460
2025		47,498		11,204		58,702
2026		49,205		9,498		58,703
2027		50,972		7,730		58,702
2028-2030		164,170		11,935		176,105
Total	$	541,094	$	72,038	$	613,132

The City's golf course fund recognizes a lease related to equipment used in operation of the golf course. An initial lease liability was recorded in the amount of $109,148 during the fiscal year. As of September 30, 2022, the value of the lease liability was $82,048. The City is required to make annual principal and interest payments of $27,610. The lease has an interest rate of 2%. The equipment has a 4-year estimated useful life. The value of the right-to-use lease assets at the end of the current fiscal year was $82,777 and had accumulated amortization of $26,371.

The future principal and interest payments as of September 30, 2022 are as follows:

	Business-Type Activities					
Fiscal Year	Principal		Interest		Total	
2023	$	27,220	$	390	$	27,610
2024		27,350		260		27,610
2025		27,479		131		27,610
	$	82,048	$	781	$	82,829

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

Year Ending Sep. 30	Bonds Payable Principal	Interest	Total
2023	$ 6,515,000	$ 14,555,781	$ 21,070,781
2024	7,520,210	14,273,731	21,793,941
2025	7,669,041	13,955,231	21,624,272
2026	7,924,213	13,616,281	21,540,494
2027	8,079,581	13,263,581	21,343,162
2028-2032	45,970,000	60,426,106	106,396,106
2033-2037	52,450,000	50,487,763	102,937,763
2038-2042	60,695,000	39,475,069	100,170,069
2043-2047	69,865,000	27,189,175	97,054,175
2048-2053	80,180,000	12,711,050	92,891,050
Total	$ 346,868,045	$ 259,953,768	$ 606,821,813

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, 2022 consisted of the following:

Receivable Fund	Payable Fund	Total
General	Nonmajor governmental	$ 8,501
		$ 8,501

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	$ -	$ $1,500,000	Facilities Maintenance Fund
	-	250,000	Airport One Time transfer
	77,737	-	Airport administrative fees
	35,179	-	Civic Center administrative fees
	632,006	-	Solid Waste administrative fees
	82,838	-	Golf administrative fees
	-	153,145	Grant Fund
	-	91,164	Edwards Aquifer Habitat Conservation Fund
	-	99,910	Airport land lease
	70,000	-	Fire Apparatus Fund reimbursement for Pumper Truck to close fund (359) GO Series 2019
Total General Fund	897,760	2,094,219	
Hotel/Motel Tax	-	584,375	Civic/Convention Center Fund
	-	368,003	Debt Service
Total Hotel/Motel Tax Fund	-	952,378	
Debt Service	48,000	-	Fire Apparatus Replacement Maintenance Fund
	100,000	-	Golf - Debt Service
	264,044	-	Airport-Debt Service
	375,169	-	Solid Waste-Debt Service
	584,375	-	Hotel Motel Tax Fund-Civic/Convention Center
Total Debt Service Fund	1,371,588	-	
2019 Bond Program	294	-	To close out fund
Total 2019 Bond Program Fund	294	-	
Grant	153,146	-	General Fund
Total Grant Fund	153,146	-	
Various nonmajor capital projects	-	295	To close out funds
Total Various Nonmajor Capital Projects Funds	-	295	
Facilities Maintenance	1,500,000	-	General Fund
Total Facilities Maintenance Fund	1,500,000	-	
NB Development Authority	4,099,171	-	Tax Increment Reinvestment Zone No. 1
Total NB Development Authority Fund	4,099,171	-	
Tax Increment Reinvestment Zone No. 1	-	4,099,171	NB Development Authority-pass through of TIRZ revenue and existing balance to NBDA to support debt service.
Total TIRZ No. 1 Fund	-	4,099,171	
River Activities	148,841	-	Solid Waste Fund - Litter Removal
Total River Activities Fund	148,841	-	

	Transfers In	Transfers Out	Explanation
Edwards Aquifer HCP	$ 91,163	$ -	General Fund -administrative support
Total Edwards Aquifer HCP Fund	91,163	-	
Enterprise Maintenance	1,000,000	-	Solid Waste Fund
	30,000	-	Airport
	1,943	-	Golf
	-	48,000	Debt Service
	-	70,000	Reimburse General Fund for pumper truck
Total Enterprise Maintenance Fund	1,031,943	118,000	
Airport	-	77,737	General Fund - administrative costs
	99,910	-	General Fund - airport land lease
	250,000	-	General Fund
	-	30,000	Enterprise Equipment Replacement Fund
	-	264,044	Debt Service
Total Airport Fund	349,910	371,781	
Solid Waste	-	632,006	General Fund admin
	-	1,000,000	Enterprise Equipment Replacement Fund
	-	375,168	Debt Service
	-	148,841	River fund- River Litter Removal
Total Solid Waste Fund	-	2,156,015	
Golf Course	-	82,838	General Fund
	-	100,000	Debt Service
	-	1,943	Enterprise Equipment Replacement Fund
Total Golf Course Fund	-	184,781	
Civic/Convention Center	368,003	-	Hotel/Motel Tax Fund
	-	35,179	General Fund
Total Civic/Convention Center Fund	368,003	35,179	
	$ 10,011,819	$ 10,011,819	

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

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 $5,832,255 in health claims and paid $900,025 for administrative costs for the year ended September 30, 2022. The City contributed $7,266,891 and City employees contributed $988,350 to the Plan for the year ended September 30, 2022.

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 $793. 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 $691,641 at September 30, 2022. The estimated liability for health claims is based upon historical claims experience.

The changes in the claim liability for the years ended September 30, 2022 and 2021 are as follows:

	2022	2021
Claims payable, beginning of year	$ 1,049,641	$ 509,851
Plus: incurred claims	5,832,255	5,852,042
Less: claims paid	(6,190,255)	(5,312,252)
Claims Payable, End of Year	$ 691,641	$ 1,049,641

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, 2022, 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 913 plans in the defined benefit cash-balance plan administered by TMRS. TMRS is a statewide public retirement plan created by the State and administered in accordance with the Texas Government Code, Title 8, Subtitle G (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees (the "Board"); however, TMRS does not receive any funding from the State. TMRS issues a publicly available annual comprehensive financial report that can be obtained at 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 member's benefit is calculated based on the sum of the member's contributions, with interest, and the City-financed monetary credits, with interest, and their age at retirement and other actuarial factors. The retiring member may select one of seven monthly payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member contributions and interest.

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

	2022	2021
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, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	317
Inactive employees entitled to, but not yet receiving, benefits	366
Active employees	674
Total	1,357

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, and the City-matching ratios are either 1:1 (1 to 1), 1.5:1 (1½ to 1), or 2:1 (2 to 1), 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 actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 16.92 percent and 17.05 percent in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2022 were $8,326,013, which were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2021 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, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-Distinct 2019 Municipal Retirees of Texas mortality tables. The rates for active members, healthy retirees, and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for the annuity purchase rates is based on the mortality experience investigation study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation, as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. 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)
Global public equity	35.00%	7.55%
Core fixed income	6.00%	2.00%
Non-core fixed income	20.00%	5.68%
Other public and private markets	12.00%	7.22%
Real estate	12.00%	6.85%
Hedge funds	5.00%	5.35%
Private equity	10.00%	10.00%
Total	100.00%	

Discount Rate

The discount rate used to measure the TPL was 6.75%. The projection of cash flows used to determine the discount rate assumed that member and employer contributions will be made at the rates specified in statute. Based on that assumption, TMRS's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the 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	$ 8,444,367	$	$ 8,444,367
Interest	13,696,706		13,696,706
Changes in current period benefits	-		-
Difference between expected and actual experience	3,350,245		3,350,245
Changes in assumptions	-		-
Contributions - employer		7,857,115	(7,857,115)
Contributions - employee		3,252,382	(3,252,382)
Net investment income		21,870,293	(21,870,293)
Benefit payments, including refunds of employee contributions	(7,023,616)	(7,023,616)	-
Administrative expense	-	(101,026)	101,026
Other changes	-	692	(692)
Net Changes	18,467,702	25,855,840	(7,388,138)
Balance at December 31, 2020	202,203,790	167,485,912	34,717,878
Balance at December 31, 2021	$ 220,671,492	$ 193,341,752	$ 27,329,740

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	$ 62,521,943	$ 27,329,740	$ (1,225,420)

Pension Plan Fiduciary Net Position

Detailed information about the TMRS 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, 2022, the City recognized pension expense of $5,758,596.

At September 30, 2022, 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	$ 4,546,905	$ -
Changes in actuarial assumptions	272,986	-
Difference between projected and actual investment earnings		11,196,330
Contributions subsequent to the measurement date	6,176,363	-
Total	$ 10,996,254	$ 11,196,330

$6,176,363 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, 2023. 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
2023	$ (594,939)
2024	(3,220,002)
2025	(1,250,353)
2026	(1,396,040)
2027	84,895
Thereafter	-
Total	$ (6,376,439)

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, 2021 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	264
Inactive employees entitled to, but not yet receiving, benefits	106
Active employees	674
Total	1044

Total OPEB Liability

The City's total OPEB liability of $2,396,756 was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2021 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 11.50% including inflation
Discount rate*	1.84%
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 68.
Mortality rates-service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates areprojected on a fully generational basis with scale UMP.
Mortality rates-disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Changes in the Total OPEB Liability

	Total OPEB Liability
Changes for the year:	
Service cost	$ 120,700
Interest	45,051
Differences between expected and actual experience	(20,677)
Changes of assumptions	78,072
Benefit payments*	(37,139)
Net Changes	186,007
Beginning balance	2,210,749
Ending Balance	$ 2,396,756

* 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 (0.84%)	Discount Rate (1.84%)	1% Increase in Discount Rate (2.84%)
City's Total OPEB Liability	$ 2,968,829	$ 2,396,756	$ 1,960,908

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

For the fiscal year ended September 30, 2022, the City recognized TMRS OPEB expense of $248,580.

At September 30, 2022, 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	$ 486,737	$ 46,587
Changes in assumptions	-	89,826
Contributions subsequent to the measurement date	28,980	-
Total	$ 515,717	$ 136,413

$29,980 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, 2023.

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
2023	$ 82,832
2024	80,474
2025	67,408
2026	79,186
2027	35,211
Thereafter	5,213
Total	$ 350,324

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 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	8
Inactive employees entitled to, but not yet receiving, benefits	-
Active employees	596
Total	604

Total OPEB Liability

The City's total OPEB liability of $5,752,886 was measured as of September 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2022 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	5.00%
Discount rate	4.59%

The discount rate was based on an average of the September 30, 2022 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 PubG.H-2010 Employee Mortality Table, Generational with Projection Scale MP-2021 for males or females, as appropriate.

Mortality rates for retirees/disabled employees were based on the PubG.H-2010 Healthy Retiree Mortality Table, Generational with Projection Scale MP-2021 for males or females, as appropriate.

The actuarial assumptions used in the September 30, 2022 valuation were derived from a combination of plan experience and actuarial judgement.

Changes in the Total OPEB Liability

	Total OPEB Liability
Changes for the year:	
Service cost	$ 590,331
Interest	298,003
Changes of assumptions	873,734
Differences between expected and actual experience	(8,288,715)
Benefit payments	(61,412)
Net Changes	(6,588,059)
Beginning balance	12,340,945
Ending Balance	$ 5,752,886

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 (3.59%)	Discount Rate (4.59%)	1% Increase in Discount Rate (5.59%)
City's Total OPEB Liability	$ 6,588,592	$ 5,752,886	$ 5,035,018

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
City's Total OPEB Liability	$ 4,961,498	$ 5,752,886	$ 6,695,106

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

For the fiscal year ended September 30, 2022, the City recognized retiree OPEB expense of $805,138.

At September 30, 2022, 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 experience	$ 839,978	$ -
Changes in actuarial assumptions	27,838	6,657,005
Total	$ 867,816	$ 6,657,005

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
2023		(1,967,722)
2024		(1,967,722)
2025		(1,853,745)
2026		-
2027		-
Thereafter		-
Total	$	(5,789,189)

Aggregate OPEB Expense

The total OPEB expense for both the TMRS SBDF and Retiree Health plans for fiscal year 2022 was $1,053,718.

E. New Braunfels Utilities Defined Benefit Pension Plan

Plan Description

NBU participates as one of 913 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code ("TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available ACFR that can be obtained online at www.tmrs.com. All eligible employees of NBU are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the Board, 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 NBU-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefits as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Employees Covered by Benefit Terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	144
Inactive employees entitled to, but not yet receiving, benefits	92
Active employees	342
Total	578

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and NBU matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of NBU. Under the state law governing TMRS, the contribution rate for each entity is determined annually by the actuary, using Entry Age Normal 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 of NBU were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for NBU were 17.77% and 18.02% in calendar years 2022 and 2021, respectively. NBU's contributions to TMRS for the years ended July 31, 2022 and 2021 were $4,774,121 and $4,371,468, respectively, and were equal to the required contributions.

Net Pension Liability

NBU's Net Pension Liability (NPL) was measured as of December 31, 2021, 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, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% 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 Table, with both male and female rates multiplied by 107.5%. 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 are used with slight adjustments.

Actuarial assumptions used in the December 31, 2021 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2014 through December 31, 2018. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global public equity	35.00%	7.55%
Core fixed income	6.00%	2.00%
Non-core fixed income	20.00%	5.68%
Other public and private markets	12.00%	7.22%
Real estate	12.00%	6.85%
Hedge funds	5.00%	5.35%
Private equity	10.00%	10.00%
Total	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assured 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.

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	$ 4,465,895	$ -	$ 4,465,895
Interest	7,191,514	-	7,191,514
Changes in current period benefits	-	-	-
Difference between expected and actual experience	4,166,579	-	4,166,579
Changes in assumptions	-	-	-
Contributions - employer	-	4,578,667	(4,578,667)
Contributions - employee	-	1,794,562	(1,794,562)
Net investment income	-	11,986,679	(11,986,679)
Benefit payments, including refunds of employee contributions	(4,766,188)	(4,766,188)	-
Administrative expense	-	(55,428)	55,428
Other changes	-	380	(380)
Net Changes	11,057,800	13,538,672	(2,480,872)
Balance at December 31, 2020	106,691,102	91,891,097	14,800,005
Balance at December 31, 2021	$ 117,748,902	$ 105,429,769	$ 12,319,133

Sensitivity of the NPL to Changes in the Discount Rate

The following presents the NPL of NBU, calculated using the discount rate that was included in the actuarial valuation, as well as what NBU's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
NBU's Net Pension Liability	$ 29,709,782	$ 12,319,133	$ (1,902,785)

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 July 31, 2022, NBU recognized pension expense of $4,441,835.

At July 31, 2022, NBU 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	$ 5,405,590	$ -
Changes in actuarial assumptions	100,101	-
Difference between projected and actual investment earnings	-	6,123,885
Contributions subsequent to the measurement date	2,757,019	-
Total	$ 8,262,710	$ 6,123,885

NBU contributions of $2,757,019 made subsequent to the measurement date of December 31, 2021, as shown in the table above, are included as part of pension deferred outflows in the Statement of Net Position. These contributions will be recognized as a reduction of the net pension liability for the year ending July 31, 2023. The remaining net amount of $618,194 is comprised of the difference between (i) the deferred outflows of resources of $5,505,691 consisting of the difference between expected and actual economic experience and (ii) deferred inflows of $6,123,885 resulting from differences between projected and actual investment earnings. This amount will be recognized in pension expense as follows:

Fiscal Year Ended July 31	Pension Expense
2023	$ 254,814
2024	(1,245,056)
2025	(129,425)
2026	(210,231)
2027	690,975
Thereafter	20,729
Total	$ (618,194)

F. New Braunfels Utilities Supplemental Death Benefit Fund

NBU also participates in the cost sharing multi-employer defined benefit group-term life insurance plan operated by the TMRS known as the Supplemental Death Benefits Fund (SDBF). NBU elected, by ordinance, to provide group life insurance coverage to both current and retired employees. NBU 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.

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); retired employees are insured for $7,500; this coverage is an "other post-employment benefit," or OPEB.

Contributions - NBU contributes to the SDBF at a contractually required contribution rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy of this plan 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.

NBU's contributions for 2022, 2021, 2020, and 2019 were $42,737, $38,390, $37,507, and $31,250, respectively, and equaled the required contributions for those years. GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions was deemed not material and has no impact on NBU's financial reporting.

G. 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, 2022, the total amount of taxes abated were $397,832 for the City and $132,611 for the NBEDC. This agreement expired November 30, 2021.

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

Sales Tax Reconciliation

	General	Economic Dev. Corporation	Total
Payments from Comptroller	$ 33,591,537	$ 11,197,179	$ 44,788,716
TIRZ - Abatement Payments	(401,872)	(1,474,518)	(1,876,390)
Net Sales Tax Collected	$ 33,189,665	$ 9,722,661	$ 42,912,326

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.

Property Taxes

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

Under each Agreement, the Developer 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 Agreement:

- 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. For the years ending September 30, 2022 and 2021, the total amount of taxes abated were $289,097 and $272,575 respectively.

A reconciliation of gross property tax collections for this abatement agreement and the Creekside Town Center and River Mill TIRZ is disclosed below:

	Property Tax Reconciliation		
	Maintenance and Operations	**Interest and Sinking**	**Total**
Property Taxes Collected*			
Current	$ 24,248,792	$ 22,260,480	$ 46,509,272
Delinquent	81,764	57,083	138,847
Penalties and Interest	160,357	130,479	290,836
Property Taxes Collected	$ 24,490,913	$ 22,448,042	$ 46,938,955
Less: Adjustments**	(1,038,667)	(963,188)	(2,001,855)
Net Property Taxes Collected	$ 23,452,246	$ 21,484,854	$ 44,937,100

* Per Comal County Tax Office Records
**Includes Adjustments to TIRZ & 380 Payments

H. Intergovernmental Revenue

NBU is a semiautonomous entity with a Board of Trustees (the "Board) that is responsible for its operations. The Board is appointed by the City Council.

The Board may authorize NBU to transfer annual payments to the General Fund of the City payable in monthly installments. The calculation is based on a rolling three-year average of electric, water, and sewer operating revenues. The formula percentage is 7.45 percent for electric, 4.35 percent for water, and 4.35 percent for wastewater. The amount is limited to income before extraordinary items less bond principal and any future bond reserve or contingency requirements. These monies can be transferred only if such funds are available after meeting the needs of properly operating and maintaining the system and fulfilling all bonded debt requirements.

I. Restatement

The City has restated beginning assets, liabilities, and deferred inflows of resources for governmental and business activities and various funds for the implementation of GASB 87. *Leases.* This restatement had no effect on beginning fund balance/net position. The solid waste fund beginning net position has been restated for an adjustment for prior year accrual.

	General	Governmental-Type Activities	Golf Course	Airport	Solid Waste	Business-Type Activities
Prior year ending fund balance	$ 41,057,124	$ 43,867,648	$ 5,034,597	$ 12,227,432	$ 7,523,654	$ 29,805,666
Lease liability	-		(109,148)	-	-	(109,148)
Right-to-Use Assets	-		109,148	-	-	109,148
Leases receivable	588,964	588,964	-	1,458,080	-	1,458,080
Deferred inflows of resources	(588,964)	(588,964)	-	(1,458,080)	-	(1,458,080)
Adjustment for prior year accrual	-	-	-	-	(856,625)	(856,625)
Beginning Net Position/Fund Balance- Restated	$ 41,057,124	$ 43,867,648	$ 5,034,597	$ 12,227,432	$ 6,667,029	$ 28,949,041

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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, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
Revenues				
Taxes:				
Ad valorem	$ 23,204,256	$ 23,204,256	$ 23,452,246	$ 247,990
Sales	24,900,376	24,900,376	33,189,665	8,289,289
Franchise fees and other taxes	12,221,873	12,221,873	12,440,079	218,206
Licenses and permits	5,205,530	5,205,530	7,310,674	2,105,144
Intergovernmental	50,000	50,000	56,651	6,651
Fines and forfeitures	1,401,000	1,401,000	1,072,071	(328,929)
Investment earnings	50,000	50,000	403,117	353,117
Parks and recreation	3,895,890	3,895,890	4,920,043	1,024,153
Miscellaneous	3,136,250	3,136,250	3,304,552	168,302
Charges for services	4,312,186	4,312,186	5,002,914	690,728
Total Revenues	78,377,361	78,377,361	91,152,012	12,774,651
Expenditures				
General government:				
City council	36,200	43,027	42,524	503
City attorney	1,009,434	1,076,454	1,071,461	4,993
City administration	6,788,289	6,674,864	6,250,712	424,152
Human resources	1,143,455	1,145,455	1,144,890	565
Nondepartmental	4,299,410	4,194,927	2,210,631	1,984,296
Finance and tax	1,496,547	1,496,547	1,441,956	54,591
Planning and environmental development	4,471,043	4,322,044	4,304,670	17,374
Public safety:				
Police	24,339,784	24,135,784	24,112,559	23,225
Fire	22,796,636	23,303,638	22,998,927	304,711
Public works	10,001,492	10,259,342	10,013,440	245,902
Parks and recreation	9,793,997	9,552,789	9,549,533	3,256
Library	2,756,358	2,998,088	2,994,652	3,436
Total Expenditures	88,932,645	89,202,959	86,135,955	3,067,004
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,555,284)	(10,825,598)	5,016,057	15,841,655

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, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses)				
Transfers in	$ 997,760	$ 997,761	$ 897,760	$ (100,001)
Transfers (out)	(1,993,910)	(1,993,910)	(2,094,219)	(100,309)
Sale of capital assets	-	-	96,841	96,841
Total Other Financing Sources (Uses)	(996,150)	(996,149)	(1,099,618)	(103,469)
Net Change in Fund Balance	$ (11,551,434)	$ (11,821,747)	3,916,439	$ 15,738,186
Beginning fund balance			41,057,124	
Ending Fund Balance			$ 44,973,563	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. This schedule includes budget and actual amounts for the general fund subfund.

City of New Braunfels, Texas

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

For the Year Ended September 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	$ 9,715,477	$ 9,715,477	$ 102,499	$ (9,612,978)
Investment earnings	-	-	55,547	55,547
Other contributions	-	-	90,000	90,000
Total Revenues	9,715,477	9,715,477	248,046	(9,467,431)
Expenditures				
Current:				
General government	13,019,763	13,019,763	-	13,019,763
Public saftey	1,503,784	1,503,784	89,452	1,414,332
Public works	-	258,416	258,416	-
Parks and recreation	270,000	270,000	14,356	255,644
Total Expenditures	14,793,547	15,051,963	362,224	14,689,739
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,078,070)	(5,336,486)	(114,178)	5,222,308
Other Financing Sources (Uses)				
Transfers in	50,000	50,000	153,146	103,146
Total Other Financing Sources	50,000	50,000	153,146	103,146
Net Change in Fund Balance	$ (5,028,070)	$ (5,286,486)	38,968	$ 5,325,454
Beginning fund balance			3,140	
Ending Fund Balance			$ 42,108	

Notes to Required Supplementary Information:

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

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, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	$ 4,371,948	$ 4,371,948	$ 5,229,625	$ 857,677
Investment earnings	20	20	225	205
Total Revenues	4,371,968	4,371,968	5,229,850	857,882
Expenditures				
Current				
General government	3,324,424	3,324,424	2,990,940	333,484
Total Expenditures	3,324,424	3,324,424	2,990,940	333,484
Excess of Revenues Over Expenditures	1,047,544	1,047,544	2,238,910	1,191,366
Other Financing Sources (Uses)				
Transfers (out)	(996,838)	(996,838)	(952,378)	44,460
Total Other Financing (Uses)	(996,838)	(996,838)	(952,378)	44,460
Net Change in Fund Balance	$ 50,706	$ 50,706	1,286,532	$ 1,235,826
Beginning fund balance			2,600,650	
Ending Fund Balance			$ 3,887,182	

Notes to Required Supplementary Information:

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, 2022

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

Measurement Year*			
2018	2019	2020	2021
$ 7,075,714	$ 7,548,546	$ 8,207,720	$ 8,444,367
10,661,364	11,540,144	12,604,862	13,696,706
-	-	-	-
227,139	1,420,919	1,661,149	3,350,245
-	615,649	-	-
(4,810,400)	(5,552,933)	(5,809,554)	(7,023,616)
13,153,817	15,572,325	16,664,177	18,467,702
156,813,471	169,967,288	185,539,613	202,203,790
$ 169,967,288	$ 185,539,613	$ 202,203,790	$ 220,671,492
$ 6,539,492	$ 7,026,523	$ 7,636,802	$ 7,857,115
2,719,934	2,901,000	3,172,560	3,252,382
(3,794,347)	19,681,894	11,484,015	21,870,293
(4,810,400)	(5,552,933)	(5,809,554)	(7,023,616)
(73,269)	(111,060)	(74,206)	(101,026)
(3,829)	(3,337)	(2,895)	692
577,581	23,942,087	16,406,722	25,855,840
126,559,522	127,137,103	151,079,190	167,485,912
$ 127,137,103	$ 151,079,190	$ 167,485,912	$ 193,341,752
$ 42,830,185	$ 34,460,423	$ 34,717,878	$ 27,329,740
74.80%	81.43%	82.83%	87.62%
$ 38,856,198	$ 41,430,000	$ 45,321,482	$ 46,423,126
110.23%	83.18%	76.60%	58.87%

CITY OF NEW BRAUNFELS, TEXAS
NEW BRAUNFELS UTILITIES
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended July 31, 2022

	Measurement Year*			
	2015	**2016**	**2017**	**2018**
Total Pension Liability				
Service cost	$ 1,852,821	$ 2,063,217	$ 2,328,445	$ 3,034,811
Interest (on the total pension liability)	4,534,158	4,623,082	5,349,632	5,697,720
Changes in current period benefits	-	-	6,881,135	-
Difference between expected and actual experience	(452,450)	(33,315)	424,537	638,332
Change in assumptions	288,151	-	-	-
Benefit payments, including refunds of employee contributions	(2,689,654)	(2,533,258)	(3,272,818)	(3,325,058)
Net Change in Total Pension Liability	3,533,026	4,119,726	11,710,931	6,045,805
Beginning total pension liability	65,192,104	68,725,130	72,844,856	84,555,787
Ending Total Pension Liability	$ 68,725,130	$ 72,844,856	$ 84,555,787	$ 90,601,592
Plan Fiduciary Net Position				
Contributions - employer	$ 1,827,177	$ 1,811,489	$ 2,046,699	$ 3,194,908
Contributions - employee	944,629	1,018,513	1,151,967	1,259,258
Net investment income	87,534	4,017,620	8,830,361	(2,169,446)
Benefit payments, including refunds of employee contributions	(2,689,654)	(2,533,258)	(3,272,818)	(3,325,058)
Administrative expense	(53,311)	(45,360)	(45,751)	(41,917)
Other	(2,634)	(2,444)	(2,319)	(2,190)
Net Change in Plan Fiduciary Net Position	113,741	4,266,560	8,708,139	(1,084,445)
Beginning plan fiduciary net position	59,316,009	59,429,750	63,696,310	72,404,449
Ending Plan Fiduciary Net Position	$ 59,429,750	$ 63,696,310	$ 72,404,449	$ 71,320,004
Net Pension Liability	$ 9,295,380	$ 9,148,546	$ 12,151,338	$ 19,281,588
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.47%	87.44%	85.63%	78.72%
Covered Payroll	$ 13,494,694	$ 14,550,190	$ 16,443,818	$ 17,989,394
Net Pension Liability as a Percentage of Covered Payroll	68.88%	62.88%	73.90%	107.18%

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

Measurement Year*		
2019	2020	2021
$ 3,421,657	$ 4,031,193	$ 4,465,895
6,104,485	6,625,838	7,191,514
-	-	-
1,260,367	1,586,860	4,166,579
205,839	-	-
(3,751,212)	(3,395,518)	(4,766,188)
7,241,136	8,848,373	11,057,800
90,601,592	97,842,728	106,691,102
$ 97,842,728	$ 106,691,102	$ 117,748,902
$ 3,502,065	$ 3,946,380	$ 4,578,667
1,407,263	1,604,227	1,794,562
11,028,572	6,336,072	11,986,679
(3,751,212)	(3,395,518)	(4,766,188)
(62,302)	(40,984)	(55,428)
(1,871)	(1,599)	380
12,122,515	8,448,578	13,538,672
71,320,004	83,442,519	91,891,097
$ 83,442,519	$ 91,891,097	$ 105,429,769
$ 14,400,209	$ 14,800,005	$ 12,319,133
85.28%	86.13%	89.54%
$ 20,103,751	$ 22,917,524	$ 25,636,594
71.63%	64.58%	48.05%

CITY OF NEW BRAUNFELS, TEXAS

SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2022

	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 nine years of information is currently available. The City will build this schedule over the next one-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	24 Years
Asset valuation method	10 year smoother fair value, 12.00% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period December 31, 2014 - December 31, 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

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

Fiscal Year*				
2018	2019	2020	2021	2022
$ 6,439,837	$ 6,937,744	$ 7,429,745	$ 7,753,182	$ 8,326,013
6,439,837	6,937,744	7,429,745	7,753,182	8,326,013
$ -	$ -	$ -	$ -	$ -
$ 38,208,179	$ 40,641,797	$ 43,646,238	$ 45,447,930	$ 48,929,783
16.85%	17.07%	17.02%	17.06%	17.02%

City of New Braunfels, Texas
New Braunfels Utilities
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended July 31, 2022

	Fiscal Year*			
	2016	**2017**	**2018**	**2019**
Actuarially determined contribution	$ 1,842,516	$ 1,941,283	$ 2,700,430	$ 3,343,248
Contributions in relation to the actuarially determined contribution	1,838,178	1,969,363	2,730,439	3,374,501
Contribution deficiency (excess)	$ 4,338	$ (28,080)	$ (30,009)	$ (31,253)
Covered payroll	$ 14,029,305	$ 15,539,867	$ 17,387,972	$ 19,038,042
Contributions as a percentage of covered payroll	13.10%	12.67%	15.70%	17.73%

*Only seven years of information is currently available. NBU will build this schedule over the next three-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	24 Years
Asset valuation method	10 year smoother fair value, 12.00% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the participant's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period December 31, 2014 – December 31, 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

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

Fiscal Year*		
2020	2021	2022
$ 3,776,143	$ 4,333,080	$ 4,731,381
3,811,074	4,371,468	4,774,121
$ (34,931)	$ (38,388)	$ (42,740)
$ 21,832,301	$ 24,621,104	$ 26,710,661
17.46%	17.75%	17.87%

City of New Braunfels, Texas

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

RETIREE BENEFITS PROGRAM

For the Year Ended September 30, 2022

	Measurement Year*			
	2017	**2018**	**2019**	**2020**
Total Pension Liability				
Service cost	$ 431,371	$ 444,312	$ 516,533	$ 610,062
Interest (on the total pension liability)	363,757	312,824	365,899	295,949
Difference between expected and actual experience	237,182	61,055	446,312	12,307
Change of assumptions	-	846,197	69,594	(880,937)
Benefit payments	(392,489)	(149,364)	24,719	(133,148)
Net Change in Total OPEB Liability	639,821	1,515,024	1,423,057	(95,767)
Beginning total OPEB liability	8,858,810	9,498,631	11,013,655	12,436,712
Ending Total OPEB Liability	$ 9,498,631	$ 11,013,655	$ 12,436,712	$ 12,340,945
Covered Payroll	$ 30,768,150	$ 31,691,195	$ 33,253,958	$ 34,251,577
Total OPEB Liability as a Percentage of Covered Payroll	30.87%	34.75%	37.40%	36.03%

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

Notes to Required Supplementary Information:

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

Changes of Assumptions:

The following actuarial assumptions were updated from the prior valuation: claim costs, retiree contributions, trend, employee turnover rates, participation for new retirees, payroll growth, and discount rate.

Changes of assumptions and other inputs reflect the effectes of changes in the discount rate each period. The following are the discount rates used in each period:

Year	Rate
2018	3.73%
2019	3.17%
2020	2.28%
2021	2.31%
2022	4.59%

Measurement Year*
2021
$ 590,331
298,003
873,734
(8,288,715)
(61,412)
(6,588,059)
12,340,945
$ 5,752,886
$ 40,551,080
14.19%

City of New Braunfels, Texas

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS) -
SUPPLEMENTAL DEATH BENEFITS FUND

For the Year Ended September 30, 2022

	Measurement Year*			
	2017	**2018**	**2019**	**2020**
Total OPEB Liability				
Service cost	$ 58,109	$ 73,827	$ 66,288	$ 95,175
Interest (on the total pension liability)	48,695	50,176	55,022	50,500
Difference between expected and actual experience	-	(29,490)	(69,364)	(30,249)
Change of assumptions	124,268	(111,517)	299,899	313,359
Benefit payments**	(10,895)	(11,657)	(12,429)	(13,596)
Net Change in Total OPEB Liability	220,177	(28,661)	339,416	415,189
Beginning total OPEB liability	1,264,628	1,484,805	1,456,144	1,795,560
Ending Total OPEB Liability	$ 1,484,805	$ 1,456,144	$ 1,795,560	$ 2,210,749
Covered Payroll	$ 36,318,289	$ 38,856,198	$ 41,430,000	$ 45,321,482
Total OPEB Liability as a Percentage of Covered Payroll	4.09%	3.75%	4.33%	4.88%

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

There were no changes in assumption or other inputs that affected measurement of the total OPEB liability since the prior measurement period.

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

Measurement Year*
2021
$ 120,700
45,051
(20,677)
78,072
(37,139)
186,007
2,210,749
$ 2,396,756
$ 46,423,126
5.16%

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Financial Advisory Services
Provided By:

SAMCO Capital