NEW ISSUE – BOOK-ENTRY-ONLY

Rating: S&P "AA" (Insured)
"A+" (Underlying)
(See "BOND INSURANCE", BOND INSURANCE GENERAL RISKS" AND "OTHER PERTINENT INFORMATION – Ratings" herein)

OFFICIAL STATEMENT
March 19, 2024

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

The Issuer has designated the Certificates as "Qualified Tax-Exempt Obligations" for financial institutions.

$2,465,000
CITY OF DEVINE, TEXAS
(A political subdivision of the State of Texas located in Medina County, Texas)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024

Dated Date: April 1, 2024 **Due: February 1, as shown on inside cover**

The $2,465,000 City of Devine, Texas Combination Tax and Revenue Certificates of Obligation, Series 2024 (the "Certificates") are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly the Certificate of Obligation Act of 1971 (Sections 271.041 through 271.064, Texas Local Government Code, as amended), Chapter 1502, as amended, Texas Government Code, and an ordinance (the "Ordinance") adopted by the City Council of the City of Devine, Texas (the "City" or the "Issuer") on March 19, 2024. (See "THE CERTIFICATES - Authority for Issuance" herein.)

The Certificates constitute direct and general obligations of the City payable from the proceeds of an annual ad valorem tax levied upon all taxable property within the City, within the limitations prescribed by law. The Certificates are additionally secured by a lien on and pledge of the Pledged Revenues (identified and defined in the Ordinance), being a limited amount of the Net Revenues derived from the operation of the City's combined utility system (the "System"), not to exceed $1,000 during the entire period the Certificates or interest thereon remain outstanding, such lien on and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien on and pledge of such Net Revenues securing payment of the currently outstanding Prior Lien Obligations and any Additional Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City. (See "THE CERTIFICATES – Security for Payment" herein).

Interest on the Certificates will accrue from April 1, 2024 (the "Dated Date") as shown above and will be payable on February 1 and August 1 of each year, commencing February 1, 2025, until the earlier of stated maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Certificates 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 Certificates will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof. Purchasers of the Certificates ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Certificates purchased. So long as DTC or its nominee is the registered owner of the Certificates, the principal of and interest on the Certificates 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 Certificates. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Proceeds from the sale of the Certificates will be used for the purpose of paying all or a portion of the City's contractual obligations incurred for the purpose of (i) designing, acquiring, constructing, renovating, improving, equipping, repairing, enlarging, and/or extending the System, (ii) purchasing real property, materials, supplies, equipment, information technology, machinery, landscaping, land, and rights of way for authorized needs and purposes related to the aforementioned capital improvements, and (iii) the payment of professional services related to the acquisition, design, construction, project management, and financing of the projects. (See "THE CERTIFICATES – Use of Certificate Proceeds" herein.)

The Issuer reserves the right to redeem the Certificates maturing on or after February 1, 2034, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof on February 1, 2033, or any date thereafter, at the redemption price of par plus accrued interest as further described herein. Additionally, the Certificates maturing on February 1, 2037, February 1, 2039, February 1, 2041, and February 1, 2044 (collectively, the "Term Certificates") are also subject to mandatory sinking fund redemption. (See "THE CERTIFICATES – Redemption Provisions of the Certificates" herein.)

The scheduled payment of principal of and interest on the Certificates when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Certificates by ASSURED GUARNATY MUNICIPAL CORP. ("AGM").

ASSURED GUARANTY MUNICIPAL

The Purchaser (hereinafter defined) will be responsible for paying the bond insurer's bond insurance premium. (See "BOND INSURNACE" and "BOND INSURANCE GENERAL RISKS") herein.

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

The Certificates are offered for delivery, when, as and if issued and received by the initial purchaser thereof at a competitive sale (the "Purchaser") 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., San Antonio, Texas, Bond Counsel. The legal opinion of Bond Counsel will be printed on, or attached to, the Certificates. (See "LEGAL MATTERS - Legal Opinions and No-Litigation Certificate" and "APPENDIX C – Form of Legal Opinion of Bond Counsel" herein). It is expected that the Certificates will be available for initial delivery through DTC on or about April 17, 2024.

$2,465,000
CITY OF DEVINE, TEXAS
(A political subdivision of the State of Texas located in Medina County, Texas)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024

MATURITY SCHEDULE

CUSIP Prefix No. 251759 (1)

$1,070,000 SERIAL CERTIFICATES

Stated Maturity February 1	Principal Amount ($)	Interest Rate (%)	Initial Yield (%)	CUSIP Suffix(1)
2025	$45,000	5.000	3.250	FR2
2026	80,000	5.000	3.100	FS0
2027	85,000	5.000	2.900	FT8
2028	90,000	5.000	2.850	FU5
2029	95,000	5.000	2.800	FV3
2030	100,000	5.000	2.800	FW1
2031	105,000	5.000	2.800	FX9
2032	110,000	5.000	2.800	FY7
2033	115,000	5.000	2.800	FZ4
2034	120,000	5.000	2.850(2)	GA8
2035	125,000	4.000	3.200(2)	GB6

$1,395,000 TERM CERTIFICATES

$265,000	4.000%	Term Certificates due February 1, 2037 and priced to yield 3.300%(2)	CUSIP Suffix(1)	GD2
$295,000	4.000%	Term Certificates due February 1, 2039 and priced to yield 3.350%(2)	CUSIP Suffix(1)	GF7
$315,000	4.000%	Term Certificates due February 1, 2041 and priced to yield 3.600%(2)	CUSIP Suffix(1)	GH3
$520,000	4.000%	Term Certificates due February 1, 2044 and priced to yield 4.090%	CUSIP Suffix(1)	GL4

(Interest to accrue from Dated Date)

The Issuer reserves the right to redeem the Certificates maturing on or after February 1, 2034, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof on February 1, 2033, or any date thereafter, at the redemption price of par plus accrued interest as further described herein. Additionally, the Certificates maturing on February 1, 2037, February 1, 2039, February 1, 2041, and February 1, 2044 (collectively, the "Term Certificates") are also subject to mandatory sinking fund redemption. (See "THE CERTIFICATES – Redemption Provisions of the Certificates" herein.)

(2) Yield calculated based on the assumption that the Certificates denoted and sold at a premium will be redeemed on February 1, 2033.

CITY OF DEVINE, TEXAS
303 S. Teel Drive
Devine, Texas 78016
Telephone: (830) 663-2804

ELECTED OFFICIALS

Name	On Council Since	Term Expires (May)
Butch Cook Mayor	2023	2025
Rufino Vega Councilmember, District 1	2020	2024
Michael Hernandez Councilmember, District 2	2023	2025
Stacy Pyron Councilmember, District 3	2023	2024
Josh Ritchey Councilmember, District 4	2022	2024
Debbie Randall Councilmember, District 5	2019	2025

ADMINISTRATION

Name	Position	Length of Service With the City (years)
David L. Jordan	City Administrator	3 months
Denise Duffy	City Treasurer	12
Dora V. Rodriguez	City Secretary	40

CONSULTANTS AND ADVISORS

Bond Counsel .... McCall, Parkhurst & Horton L.L.P.
San Antonio, Texas

Certified Public Accountants .... Coleman, Horton & Company, LLP
Uvalde, Texas

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

For Additional Information Please Contact:

Mr. David L. Jordan
City Administrator
City of Devine
303 S. Teel Drive
Devine, Texas 78016
Phone: (830) 663-2804
cityadministrator@cityofdevine.com

Mr. Mark M. McLiney
Mr. Andrew T. Friedman
SAMCO Capital Markets, Inc.
1020 Northeast Loop 410, Suite 640
San Antonio, Texas 78209
Telephone: (210) 832-9760
mmcliney@samcocapital.com
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.

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

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

THE CERTIFICATES 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 CERTIFICATES IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THE CERTIFICATES HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

NONE OF THE CITY, THE PURCHASER OR THE FINANCIAL ADVISOR MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM AND, AS SUCH INFORMATION WAS PROVIDED BY DTC, OR THE BOND INSURER OR ITS MUNICIPAL BOND GUARANTY POLICY AS DESCRIBED HEREIN (OR INCORPORATED BY REFERENCE) UNDER THE CAPTIONS "BOND INSURANCE" AND "BOND INSURANCE GENERAL RISKS", AS SUCH INFORMATION WAS PROVIDED BY DTC AND THE BOND INSURER, RESPECTIVELY.

Assured Guaranty Municipal Corp. ("AGM" or the "Insurer") makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "**BOND INSURANCE" and Appendix E – Specimen Municipal Bond Insurance Policy**".

The agreements of the City and others related to the Certificates are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Certificates is to be construed as constituting an agreement with the Purchaser of the Certificates. 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 Certificates 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 Devine, Texas (the "City" or "Issuer") is a political subdivision of the State of Texas, located in Medina County 25 miles southwest of San Antonio on Interstate 35. The City operates under a Council/Manager from of government with a Mayor and a five member City Council. Policymaking and legislative authority are vested in a City Council consisting of the Mayor and five councilmembers. The City Council is responsible for establishing public policy on City matters by the passage of appropriate ordinances and resolutions. The City manager is responsible for overseeing the day-to-day operations of the government, implementing policy established by the City Council, and appointing heads of the various departments. The City's 2024 estimated population is 4,327. (See "APPENDIX B – General Information Regarding the City of Devine, Texas and Medina County, Texas" herein.)
The Certificates	The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly the Certificate of Obligation Act of 1971 (Sections 271.041 through 271.064, Texas Local Government Code, as amended), Chapter 1502, as amended, Texas Government Code and an ordinance (the "Ordinance") adopted by the City Council of the City, on March 19, 2024. (See "THE CERTIFICATES - Authority for Issuance" herein.)
Paying Agent/Registrar	The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas.
Security	The Certificates constitute direct and general obligations of the City payable primarily from the proceeds of an annual ad valorem tax levied upon all taxable property within the City, within the limitations prescribed by law, and a lien on and pledge of the Pledged Revenues (identified and defined in the Ordinance), being a limited amount of the net revenues derived from the operation of the City's combined utility system (the "System"), not to exceed $1,000 during the entire period the Certificates or interest thereon remain outstanding. (See "THE CERTIFICATES – Security for Payment" herein).
Qualified Tax-Exempt Obligations	The Issuer has designated the Certificates as "Qualified Tax-Exempt Obligations" for financial institutions. (See "TAX MATTERS - Qualified Tax-Exempt Obligations" herein.)
Redemption Provisions of the Certificates	The Issuer reserves the right, at its sole option, to redeem Certificates stated to mature on or after February 1, 2034, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on February 1, 2033, or any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. Additionally, the Certificates maturing on February 1, 2037, February 2, 2039, February 1, 2041 and February 1, 2044 (collectively, the "Term Certificates") are also subject to mandatory sinking fund redemption. (See "THE CERTIFICATES - Redemption Provisions of the Certificates" herein.)
Tax Matters	In the opinion of McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, as Bond Counsel to the City, interest on the Certificates will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings, and court decisions existing on the date thereof, including the alternative minimum tax on certain corporations. (See "TAX MATTERS" and "APPENDIX C - Form of Opinion of Bond Counsel" herein).
Use of Certificate Proceeds	Proceeds from the sale of the Certificates will be used for the purpose of paying all or a portion of the City's contractual obligations incurred for the purpose (i) designing, acquiring, constructing, renovating, improving, equipping, repairing, enlarging, and/or extending the System, (ii) purchasing real property, materials, supplies, equipment, information technology, machinery, landscaping, land, and rights of way for authorized needs and purposes related to the aforementioned capital improvements, and (iii) the payment of professional services related to the acquisition, design, construction, project management, and financing of the projects. (See "THE CERTIFICATES – Use of Certificate Proceeds" herein.)

Bond Insurance	The scheduled payment of principal of and interest on the Certificates when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Certificates by ASSURED GUARANTY MUNICIPAL CORP. ("AGM"). (See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein.)
Ratings	The Certificates are rated "AA" (stable outlook) by S&P Global Ratings ("S&P"), a division of S&P Global Ratings Inc. ("S&P"), by virtue of a municipal bond insurance policy to be issued by "AGM" at the time of delivery of the Certificates. S&P has assigned an underlying, unenhanced rating of "A+" to the Certificates without regard to credit enhancement. An explanation of the significance of such rating may be obtained from S&P. (See "OTHER PERTINENT INFORMATION - Ratings" herein.) No representation is hereby made that the City will use municipal bond insurance in connection with the issuance of the Certificates. (See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein.)
Book-Entry-Only System	The City intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York, relating to the method and timing of payment and the method and transfer relating to the Certificates. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)
Payment Record	The City has never defaulted on the payment of its general obligation or revenue indebtedness.
Future Debt Issues	The City has submitted an application requesting financial assistance from the Texas Water Development Board/Drinking Water State Revolving Fund program in an amount not to exceed $11,675,250, consisting of loans and grants, and anticipates a closing in the spring of 2025.
Delivery	When issued, anticipated on or about April 17, 2024.
Legality	Delivery of the Certificates is subject to the approval by the Attorney General of the State of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel.

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OFFICIAL STATEMENT
relating to

$2,465,000
CITY OF DEVINE, TEXAS
(A political subdivision of the State of Texas located in Medina County, Texas)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024

INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by the City of Devine, Texas (the "City" or the "Issuer") of its $2,465,000 Combination Tax and Revenue Certificates of Obligation, Series 2024 (the "Certificates") identified on the cover page.

The Issuer is a political subdivision of the State of Texas (the "State") and a municipal corporation organized and existing under the Constitution and laws of the State of Texas. Unless otherwise indicated, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Ordinance (defined below). Included in this Official Statement are descriptions of the Certificates 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 upon request from the Issuer or its Financial Advisor, SAMCO Capital Markets, Inc., 1020 Northeast Loop 410, Suite 640, San Antonio, Texas 78209, via electronic mail or upon payment of reasonable copying, handling, and delivery charges.

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in financial position or other affairs of the City. No representation is made that past experience, as is shown by financial and other information, will necessarily continue or be repeated in the future.

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

THE CERTIFICATES

General Description of the Certificates

The Certificates will be dated April 1, 2024 (the "Dated Date"), will mature on the dates and in the principal amounts and will bear interest at the rates set forth on page ii of this Official Statement. The Certificates will be registered and issued in denominations of $5,000 or any integral multiple thereof. The Certificates will bear interest from the Dated Date, or from the most recent date to which interest has been paid or duly provided for, and will be paid semiannually on February 1 and August 1 of each year, commencing February 1, 2025, until stated maturity or prior redemption. Principal of and interest on the Certificates are payable in the manner described herein under "BOOK-ENTRY-ONLY SYSTEM". In the event the Book-Entry-Only System is discontinued, the interest on the Certificates payable on an interest payment date will be payable to the registered owner as shown on the security register maintained by BOKF, NA, Dallas, Texas as the initial Paying Agent/Registrar, as of the Record Date (defined below), by check, mailed first-class, postage prepaid, to the address of such person on the security register or by such other method acceptable to the Paying Agent/Registrar requested by and at the risk and expense of the registered owner. In the event the Book-Entry-Only System is discontinued, principal of the Certificates will be payable at stated maturity or prior redemption upon presentation and surrender thereof at the corporate trust office of the Paying Agent/Registrar.

If the date for the payment of the principal of or interest on the Certificates is a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment will be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which banking institutions are authorized to close; and payment on such date will have the same force and effect as if made on the original date payment was due.

Authority for Issuance

The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas (the "State") particularly Certificate of Obligation Act of 1971 (Sections 271.041 through 271.064, Texas Local Government Code, as amended), Chapter 1502, as amended, Texas Government Code, and an ordinance (the "Ordinance") adopted by the City Council of the City (the "City Council") on March 19, 2024.

Security for Payment

The Certificates constitute direct and general obligations of the City payable primarily from the proceeds of an annual ad valorem tax levied upon all taxable property within the City, within the limitations prescribed by law. (See "AD VALOREM PROPERTY TAXATION – Debt Tax Rate Limitations" herein). In addition, and solely to comply with State law allowing the Certificates to be sold for cash, the Certificates are further payable from and secured by a lien on and pledge of the Pledged Revenues (identified and defined in the Ordinance), being a limited amount of the Net Revenues derived from the operation of the System, not to exceed $1,000 during the entire period the Certificates or interest thereon remain outstanding, such lien on and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien on and pledge of such Net Revenues securing payment of Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City. In the Ordinance, the City reserves and retains the right to issue Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations (all as identified and defined in the Ordinance), while the Certificates are Outstanding, without limitation as to principal amount but subject to any terms, conditions or restrictions as may be applicable thereto under law or otherwise.

Redemption Provisions of the Certificates

Optional Redemption. The Issuer reserves the right, at its sole option, to redeem Certificates stated to mature, on or after February 1, 2034, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof on February 1, 2033, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. If less than all of the Certificates within a stated maturity are to be redeemed, the particular Certificates to be redeemed shall be selected by lot or by other customary random method by the Paying Agent/Registrar.

Mandatory Sinking Fund Redemption: The Certificates maturing February 1, 2037, February 1, 2039, February 1, 2041, and February 1, 2044 (the "Term Certificates") are also subject to mandatory redemption prior to their stated maturity in part and by lot, at the redemption prices equal to the principal amounts thereof, plus accrued interest thereon to the redemption dates, on February 1, in the years and principal amounts shown below:

Term Certificates to Mature on February 1, 2037

Year	Principal Amount
2036	$130,000
2037*	135,000

Term Certificates to Mature on February 1, 2039

Year	Principal Amount
2038	$145,000
2039*	150,000

Term Certificates to Mature on February 1, 2041

Year	Principal Amount
2040	$155,000
2041*	160,000

Term Certificates to Mature on February 1, 2044

Year	Principal Amount
2042	$165,000
2043	175,000
2044*	180,000

*Payable at Stated Maturity

Approximately forty-five (45) days prior to each mandatory redemption date for the Term Certificates, the Paying Agent/Registrar shall select by lot the numbers of the Term Certificates within the applicable Stated Maturity to be redeemed on the next following February 1 from money set aside for that purpose in the Certificate Fund. Any Certificate not selected for prior redemption shall be paid on the date of their stated maturity. The principal amount of a Certificate Bond required to be redeemed pursuant to the operation of such mandatory redemption provisions shall be reduced, at the option of the Issuer, by the principal amount of any Term Certificates of such stated maturity which, at least fifty (50) days prior to the mandatory redemption date (1) shall have been defeased or acquired by the Issuer and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Issuer, or (3) shall have been redeemed pursuant to the optional redemption provisions set forth above and not theretofore credited against a mandatory redemption requirement.

Notice of Redemption

At least 30 days prior to the date fixed for any redemption of any Certificates or portions thereof prior to stated maturity, the Issuer shall cause notice of such redemption to be sent by United States mail, first-class postage prepaid, to the registered owner of each Certificate or a portion thereof to be redeemed at its address as it appeared on the registration books of the Paying Agent/Registrar on the day such notice of redemption is mailed. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Certificates or portions thereof which are to be so redeemed. If such notice of redemption is given and if due provision for such payment is made, all as provided above, the Certificates or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

ANY NOTICE OF REDEMPTION SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER RECEIVED BY THE CERTIFICATEHOLDER, AND, PROVIDED THAT PROVISION FOR PAYMENT OF THE REDEMPTION PRICE IS MADE AND ANY OTHER CONDITIONS TO REDEMPTION ARE SATISFIED, INTEREST ON THE REDEEMED CERTIFICATES SHALL CEASE TO ACCRUE FROM AND AFTER SUCH REDEMPTION DATE NOTWITHSTANDING THAT A CERTIFICATE HAS NOT BEEN PRESENTED FOR PAYMENT.

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

Selection of Certificates to be Redeemed

The Certificates of a denomination larger than $5,000 may be redeemed in part (in increments of $5,000 or any integral multiple thereof). The Certificates to be partially redeemed must be surrendered in exchange for one or more new Certificates for the unredeemed portion of the principal. If less than all of the Certificates are to be redeemed, the Issuer will determine the amounts to be redeemed and will direct the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) to select, at random and by lot, the particular Certificates, or portion thereof, to be redeemed. If a Certificate (or any portion of the principal sum thereof) will have been called for redemption and notice or such redemption will have been given, such Certificate (or the principal amount thereof to be redeemed), will become due and payable on such redemption date and interest thereon will cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

Use of Certificate Proceeds

Proceeds from the sale of the Certificates will be used for the purpose of paying all or a portion of the City's contractual obligations incurred for the purpose of (i) designing, acquiring, constructing, renovating, improving, equipping, repairing, enlarging, and/or extending the System, (ii) purchasing real property, materials, supplies, equipment, information technology, machinery, landscaping, land, and rights of way for authorized needs and purposes related to the aforementioned capital improvements, and (iii) the payment of professional services related to the acquisition, design, construction, project management, and financing of the projects.

Sources and Uses

Sources	
Par Amount of the Certificates	$2,465,000.00
Accrued Interest on the Certificates	4,802.22
Net Reoffering Premium	145,569.40
Total Sources of Funds	$2,615,371.62
Uses	
Project Fund Deposit	$2,500,000.00
Purchaser's Discount (Including AGM Bond Insurance)	26,281.34
Interest and Sinking Fund Deposit	4,802.22
Costs of Issuance	84,288.06
Total Uses	$2,615,371.62

Payment Record

The Issuer has never defaulted on the payment of its ad valorem tax-backed or revenue indebtedness.

Amendments

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

Defeasance

The Ordinance provides for the defeasance of the Certificates when payment of the principal amount of the Certificates plus interest accrued on the Certificates to their due date (whether such due date be by reason of stated maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent, or other authorized escrow agent, in trust (1) money in an amount sufficient to make such payment, and/or (2) Government Securities (defined below), to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the Paying Agent/Registrar for the Certificates. The foregoing deposits shall be certified as to sufficiency by an independent accounting firm, the City's Financial Advisor, the Paying Agent/Registrar, or such other qualified financial institution (as provided in the Ordinance). The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government 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 "Government Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Certificates. 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 of the purchase thereof, 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 governing body of the City adopts or approves the proceedings authorizing the financial arrangements 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 additional securities and obligations hereafter authorized by State law as eligible for use to accomplish the discharge of obligations such as the Certificates. There is no assurance that the ratings for U.S. Treasury securities acquired to defease any Certificates, or those for any other Government Securities, will be maintained at any particular rating category. Further, there is no assurance that current State law will not be amended in a manner that expands or contracts the list of permissible defeasance securities (such list consisting of these securities identified in clauses (a) through (d) above), or any rating requirement thereon, that may be purchased with defeasance proceeds relating to the Certificates ("Defeasance Proceeds"), though the City has reserved the right to utilize any additional securities for such purpose in the event the aforementioned list is expanded. Because the Ordinance does not contractually limit such permissible defeasance securities and expressly recognizes the ability of the City to use lawfully available Defeasance Proceeds to defease all or any portion of the Certificates, registered owners of Certificates are deemed to have consented to the use of Defeasance Proceeds to purchase such other defeasance securities, notwithstanding the fact that such defeasance securities may not be of the same investment quality as those currently identified under State law as permissible defeasance securities.

Upon such deposit as described above, such Certificates shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of the Certificates have been made as described above, all rights of the City to initiate proceedings to call the Certificates for redemption or take any other action amending the terms of the Certificates are extinguished; provided, however, the City has the option, to be exercised at the time of the defeasance of the Certificates, to call for redemption at an earlier date those Certificates which have been defeased to their maturity date, if the City (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Certificates for redemption, (ii) gives notice of the reservation of that right to the owners of the Certificates immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Default and Remedies

If the City defaults in the payment of principal, interest, or redemption price on the Certificates when due, or if it fails to make payments into any fund or funds created in the Ordinance, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Ordinance, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Certificates, if there is no other available remedy at law to compel performance of the Certificates or the Ordinance and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the certificateholders 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. The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language.

Furthermore, Tooke, and subsequent jurisprudence, held that a municipality is not immune from suit for torts committed in the performance of its proprietary functions, as it is for torts committed in the performance of its governmental functions (the "Proprietary-Governmental Dichotomy"). Governmental functions are those that are enjoined on a municipality by law and are given by the State as a part of the State's sovereignty, to be exercised by the municipality in the interest of the general public, while proprietary functions are those that a municipality may, in its discretion, perform in the interest of the inhabitants of municipality.

In *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("Wasson") the Texas Supreme Court (the "Court") addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that "a city's proprietary functions are not done pursuant to the 'will of the people'" and protecting such municipalities "via the [S]tate's immunity is not an efficient way to ensure efficient allocation of [S]tate resources". While the Court recognized that the distinction between government and proprietary functions is not clear, the Wasson opinion held that Proprietary-Governmental Dichotomy applies in contract-claims context. The Court reviewed Wasson again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance and definitions found in the Texas Civil Practice and Remedies Code.

Notwithstanding the foregoing case law issued by the Court, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgment, is justiciable against a municipality.

If a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. As noted above, the Ordinance provides that Certificate holders 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 certificateholders 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 Ordinance and the Certificates are qualified with respect to the customary rights of debtors relative to their creditors and general principles of equity that permit the exercise of judicial discretion.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar 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 national or state banking association or corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, shall be subject to supervision or examination by federal or state authority, and registered as a transfer agent with the United States Securities and Exchange Commission. Upon a change in the Paying Agent/Registrar for the Certificates, the Issuer agrees to promptly cause written notice thereof to be sent to each registered owner of the Certificates affected by the change by United States mail, first-class, postage prepaid.

The Certificates will be issued in fully registered form in multiples of $5,000 for any one stated maturity, and principal and semiannual interest will be paid by the Paying Agent/Registrar. Interest will be paid by check or draft mailed on each interest payment date by the Paying Agent/Registrar to the registered owner at the last known address as it appears on the Paying Agent/Registrar's books or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner. Principal will be paid to the registered owner at stated maturity or prior redemption upon presentation to the Paying Agent/Registrar; provided however, that so long as DTC's Book-Entry-Only System is used, all payments will be made as described under "BOOK-ENTRY-ONLY SYSTEM" herein. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the Paying Agent/ Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

Record Date

The record date ("Record Date") for determining the party to whom interest is payable on a Certificate on any interest payment date means the fifteenth (15th) day of the month next preceding each interest payment date. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment will be established by the Paying Agent/Registrar. (See "REGISTRATION, TRANSFER, AND EXCHANGE – Special Record Date for Interest Payment" herein.)

Special Record Date for Interest Payment

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

Future Registration

In the event the Certificates are not in the Book-Entry-Only System, the Certificates may be transferred, registered, and assigned on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof 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 Certificate may be assigned by the execution of an assignment form on the Certificate or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Certificate or Certificates will be delivered by the Paying Agent/Registrar in lieu of the Certificates being transferred or exchanged at the corporate trust 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 Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three (3) business days after the receipt of the Certificates 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 Certificates 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 Certificate or Certificates surrendered for exchange or transfer. (See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized in regard to ownership and transferability of the Certificates.)

Limitation on Transfer of Certificates

Neither the Issuer nor the Paying Agent/Registrar shall be required to make any such transfer, conversion or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date or (ii) with respect to any Certificate or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date; provided, however, that such limitation shall not apply to uncalled portions of a Certificate redeemed in part.

Replacement Certificates

The Issuer has agreed to replace mutilated, destroyed, lost, or stolen Certificates upon surrender of the mutilated Certificates to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss, or theft, and receipt by the Issuer and 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. The person requesting the authentication of and delivery of a replacement Certificate must comply with such other reasonable regulations as the Paying Agent/Registrar may prescribe and pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, 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 S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate 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 Certificates 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 physical certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in Beneficial Ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The 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 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

Redemption proceeds, principal, and interest payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to Issuer or Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to the holder of such Certificates and will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "REGISTRATION, TRANSFER AND EXCHANGE" hereinabove.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City, the Financial Advisor, and the Purchaser believe to be reliable, but none of the City, the Financial Advisor, or the Purchaser take responsibility for the accuracy thereof.

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

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Certificates are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Certificates, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, payment or 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 certificates representing the Certificates will be issued to the holders and the Certificates will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "REGISTRATION, TRANSFER AND EXCHANGE – Future Registration."

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Certificates, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Certificates (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Certificates when due as set forth in the form of the Policy included as Appendix E to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

ASSURED GUARANTY MUNICIPAL CORP.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of certificates insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On October 20, 2023, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 13, 2023, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On March 18, 2022, Moody's announced it had upgraded AGM's insurance financial strength rating to "A1" (stable outlook) from "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Capitalization of AGM

At December 31, 2023:

- The policyholders' surplus of AGM was approximately $2,646 million.

- The contingency reserve of AGM was approximately $876 million.

- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,077 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty UK Limited (“AGUK”) and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA (“AGE”).

The policyholders’ surplus of AGM and the contingency reserves, net unearned premium reserves and net deferred ceding commission income of AGM were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023 filed with the Securities and Exchange Commission (the “SEC”) on February 28, 2024 that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Certificates shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at http://www.sec.gov, at AGL’s website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL’s website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption “BOND INSURANCE – Assured Guaranty Municipal Corp.” or included in a document incorporated by reference herein (collectively, the “AGM Information”) shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under this “BOND INSURANCE” heading.

BOND INSURANCE GENERAL RISKS

The Purchaser is purchasing the Policy to guarantee the scheduled payment of principal and interest on the Certificates, and the payment of the premium associated therewith will be the Purchaser’s obligation.

The following are risk factors related to bond insurance. In the event of default of the payment of the principal or interest with respect to the Certificates when all or some become due, any owner of the Certificates shall have a claim under the Policy for such payments. The payment of principal and interest in connection with the mandatory or optional prepayment of the Certificates by the City, which is recovered by the City from the Certificate owner as a voidable preference under applicable bankruptcy law may be covered by the Policy; however, such payments will be made by the Bond Insurer at such time and in such amounts as would have been due absent such prepayment by the City, unless the Bond Insurer chooses to pay such amounts at an earlier date. Payment of principal and interest is not subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist. The Bond Insurer may direct and must consent to any remedies that the Paying Agent/Registrar exercise and the Bond Insurer’s consent may be required in connection with amendments to any applicable Certificate documents. In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Certificates are payable solely from the security provided pursuant to the applicable Certificate documents. In the event the Bond Insurer becomes obligated to make payments with respect to the Certificates, no assurance is given that such event will not adversely affect the market price of the Certificates or the marketability (liquidity) for the Certificates. The long-term ratings of the Certificates are dependent in part on the financial strength of the Bond Insurer and its claim-paying ability. The Bond Insurer’s financial strength and claims-paying ability are predicated upon a number of factors which could change over time.

No assurance is given that the long-term ratings of the Bond Insurer and the ratings on the Certificates insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the price of the Certificates or the marketability (liquidity) for the Certificates. See "OTHER PERTINENT INFORMATION – Rating" herein. The obligations of the Bond Insurer are general obligations of the Bond Insurer and in an event of default by the Bond Insurer, the remedies available to the Paying Agent/Registrar may be limited by applicable bankruptcy law or other similar laws related to insolvency of insurance companies. None of the City, the Financial Advisor, or the Purchaser have made independent investigation into the claims-paying ability of the Bond Insurer, and no insurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the City to pay principal and interest on the Certificates and the claims-paying ability of the Bond Insurer, particularly over the life of the Certificates.

Claims-Paying Ability and Financial Strength of Municipal Bond Insurers

In the past, Moody's Investors Service, Inc., S&P Global Ratings, and Fitch Ratings, Inc. have downgraded and/or placed on negative watch the claims-paying ability and financial strength of most providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers is possible. In addition, past events in the credit markets have had substantial negative effects on the bond insurance business. These developments could be viewed as having a material adverse effect on the claims-paying ability of such bond insurers, including any bond insurer of the Certificates. Thus, when making an investment decision, potential investors should carefully consider the ability of such bond insurer to pay principal and interest on the Certificates and the claims-paying ability of any such bond insurer, particularly over the life of the Certificates.

INVESTMENT POLICIES

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

Legal Investments

Under State law and subject to certain limitations, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations issued and secured by a federal agency or instrumentality of the United States; (4) other obligations unconditionally guaranteed or insured by the State of Texas or the United States or their respective agencies and instrumentalities; (5) "A" or better rated obligations of states, agencies, counties, cities, and other political subdivisions of any state; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) federally insured interest-bearing bank deposits, brokered pools of such deposits, and collateralized certificates of deposit and share certificates; (8) fully collateralized United States government securities repurchase agreements; (9) one-year or shorter securities lending agreements secured by obligations described in clauses (1) through (7) above or (11) through (14) below or an irrevocable letter of credit issued by an "A" or better rated state or national bank; (10) 270-day or shorter bankers' acceptances, if the short-term obligations of the accepting bank or its holding company are rated at least "A-1" or "P-1"; (11) commercial paper rated at least "A-1" or "P-1"; (12) SEC-registered no-load money market mutual funds that are subject to SEC Rule 2a-7; (13) SEC-registered no-load mutual funds that have an average weighted maturity of less than two years; (14) "AAA" or "AAAm"-rated investment pools that invest solely in investments described above; (15) in the case of bond proceeds, guaranteed investment contracts that are secured by obligations described in clauses (1) through (7) above and, except for debt service funds and reserves, have a term of 5 years or less; and (16) aggregate repurchase agreement transactions entered into by an investing entity in conformity with the provisions of subsections (a-1), (f), and (g) of Section 256.011, Texas Government Code, as amended.

The City may not, however, invest in (1) interest only obligations, or non-interest bearing principal obligations, stripped from mortgage-backed securities; (2) collateralized mortgage obligations that have a remaining term that exceeds 10 years; and (3) collateralized mortgage obligations that bear interest at an index rate that adjusts opposite to the changes in a market index. In addition, the City may not invest more than 15% of its monthly average fund balance (excluding bond proceeds and debt service funds and reserves) in mutual funds described in clause (13) above or make an investment in any mutual fund that exceeds 10% of the fund's total assets.

Except as stated above or inconsistent with its investment policy, the City may invest in obligations of any duration without regard to their credit rating, if any. If an obligation ceases to qualify as an eligible investment after it has been purchased, the City is not required to liquidate the investment unless it no longer carries a required rating, in which case the City is required to take prudent measures to liquidate the investment that are consistent with its investment policy.

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

Additionally, with respect to the Certificates, Section 271.051 of the Texas Local Government Code, as amended, expressly provides that certificates of obligation approved by the Attorney General of Texas are legal authorized investments for banks, savings banks, trust companies, and savings and loan associations, insurance companies, fiduciaries, trustees, and guardians, and sinking funds of municipalities, counties, school districts, or other political corporations or subdivisions of the State.

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

As of December 31, 2023, the City held investments as follows:

Type of Security	Market Value	Percentage of Total
All Cash in Bank Accounts	$3,513,369.88	53.97%
Certificates of Deposit	2,988,849.73	45.92%
Lone Star Investment Pool	7,307.40	0.11%
Total	$6,509,527.01	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 PROPERTY TAXATION

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

Valuation of Taxable Property

The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Medina County Appraisal District (the "Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) 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. Effective January 1, 2024, an appraisal district is prohibited from increasing the appraised value of real property during the 2024 tax year on certain 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 unless extended by the Legislature, 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.

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. 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 "AD VALOREM PROPERTY TAXATION – City and Taxpayer Remedies").

State Mandated Homestead Exemptions

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

Local Option Homestead Exemptions

The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may 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. Cities, counties, and school districts are prohibited from repealing or reducing an optional homestead exemption that was granted in tax year 2022 through December 31, 2027.

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 and Goods-In-Transit Exemptions

Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication (“Freeport Property”) are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods, that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days (“Goods-in-Transit”), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer’s motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

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 Reinvestment Zones

A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones (“TIRZ”) within its boundaries. 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 “tax increment”. During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

Tax Abatement Agreements – Chapter 380 Economic Development Agreement

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.

The City currently has no abatement agreements.

Chapter 380 Agreement

Cities are also authorized, pursuant to Chapter 380, Texas Local Government Code, as amended ("Chapter 380") to establish programs to promote State or local economic development and to stimulate business and commercial activity in the City. In accordance with a program established pursuant to Chapter 380, the City may make loans or grants of public funds for economic development purposes.

Temporary Exemption for Qualified Property Damaged by a Disaster

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% damaged by a disaster and located within an area declared to be a disaster area by the Governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the City, adopting its tax rate for the tax year. A taxing unit, such as the City, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established by the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised. There is currently no judicial precedent for how the statute will be applied but Texas Attorney General Opinion KP-0299, issued on April 13, 2020, concluded a court would likely find the Texas Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster.

City and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the City, 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, may protest the determinations of an appraisal district directly to a three-member panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount was set at $57.2 million for the 2023 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 "TAX RATE LIMITATIONS – Public Hearing and Maintenance and Operations Tax Rate Limitations"). The Property Tax Code also establishes a procedure for providing 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. 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%) 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.

City’s Rights in the Event of Tax Delinquencies

Taxes levied by the City are a personal obligation of the owner of the property. 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 each taxing unit, including the City, having power to tax the property. The City’s tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the City is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer’s debt.

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.

TAX RATE LIMITATIONS

Public Hearing and Maintenance and Operations 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 2023, 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 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 Certificates.

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.

Debt Tax Rate Limitations

The State Constitution provides that the ad valorem taxes levied by the City for general purposes and for the purpose of paying the principal of and interest on the City's indebtedness must not exceed $1.50 for each $100 of assessed valuation of taxable property. There is no constitutional or statutory limitation within the $1.50 rate for interest and sinking fund purposes; however, the Texas Attorney General, who must approve the issuance of the Certificates, has adopted an administrative policy that 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 $1.00 of the foregoing $1.50 maximum tax rate calculated at 90% collections. The issuance of the Certificates does not result in the City's violation of the foregoing.

The Property Tax Code as Applied to the City

The City has adopted the tax freeze for citizens who are disabled or are 65 years of age or older.

The City does tax nonbusiness personal property; and Medina County Tax Office does collect taxes for the City.

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

The City does tax Freeport Property.

The City does participate in tax increment financing zones, payable from M&O taxes.

TAX MATTERS

Opinion

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

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the City, including information and representations contained in the City's federal tax certificate, and (b) covenants of the City contained in the Certificate documents relating to certain matters, including arbitrage and the use of the proceeds of the Certificates and the property financed therewith. Failure by the City to observe the aforementioned representations or covenants, could cause the interest on the Certificates to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Certificates in order for interest on the Certificates 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 Certificates to be included in gross income retroactively to the date of the issuance of the Certificates. The opinion of Bond Counsel is conditioned on compliance by the City with such requirements, and Bond Counsel to the City has not been retained to monitor compliance with these requirements subsequent to the issuance of the Certificates.

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

A ruling was not sought from the Internal Revenue Service ("IRS") by the City with respect to the Certificates or the property financed with the proceeds of the Certificates. No assurances can be given as to whether or not the IRS will commence an audit of the Certificates, or as to whether the IRS would agree with the opinion of Bond Counsel. If an IRS audit is commenced, under current procedures the IRS is likely to treat the City as the taxpayer and the Certificateholders 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 Certificates (the "Original Issue Discount Certificates") may be less than the principal amount thereof or one or more periods for the payment of interest on the Certificates may not be equal to the accrual period or be in excess of one year. In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Certificate, and (ii) the initial offering price to the public of such Original Issue Discount Certificate would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Certificates less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Certificate 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 Certificate equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see the discussion set forth below. In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Certificate prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Certificate 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 Certificate was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Certificate is accrued daily to the stated maturity thereof (in amounts calculated as described below for each accrual period and ratably within each such accrual period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Certificate 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 Certificate.

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

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 Certificates. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

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

Interest on the Certificates may be includable in certain corporations' "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 Certificates, 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 Certificates, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such Certificates, although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Certificates 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 Certificates will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to withholding under Sections 1471 through 1474 or backup withholding under Section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of foreign investors, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Certificates under federal or state law and could affect the market price or marketability of the Certificates. 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 Certificates should consult their own tax advisors regarding the foregoing matters.

Qualified Tax-Exempt Obligations for Financial Institutions

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than $10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by section 265(b) of the Code, section 291 of the Code provides that the allowable deduction to a "bank," as defined in section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

The Certificates are designated as "qualified tax-exempt obligations" within the meaning of section 265(b) of the Code. In furtherance of that designation, the City covenants to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Certificates as "qualified tax-exempt obligations." **Potential purchasers should be aware that if the issue price to the public exceeds $10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of $10,000,000 is disregarded; however, the IRS could take a contrary view. If the IRS takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the $10,000,000 limitation and the Certificates would not be "qualified tax-exempt obligations."**

CONTINUING DISCLOSURE OF INFORMATION

The City in the Ordinance has made the following agreement for the benefit of the holders and beneficial owners of the Certificates. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board ("MSRB"). This information will be available to the public free of charge from the MSRB via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org, as further described below under "Availability of Information".

Annual Reports

Under Texas law, including, but not limited to, Chapter 103, as amended, Texas Local Government Code, the Issuer must keep its fiscal records in accordance with generally accepted accounting principles, must have its financial accounts and records audited by a certified public accountant and must file each audit report within 180 days after the close of the Issuer's fiscal year. The Issuer's fiscal records and audit reports are available for public inspection during the regular business hours, and the Issuer is required to provide a copy of the Issuer's audit reports to any certificateholder or other member of the public within a reasonable time on request upon payment of charges prescribed by the Texas General Services Commission.

The City will file certain updated financial information and operating data with the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement in Table 1 hereof, Tables 1 through 11 of Appendix A to this Official Statement, and in Appendix D. The Issuer will update and provide this information within six months after the end of each fiscal year of the City beginning in the year 2024. The City will provide updated information to the MSRB in an electronic format, which will be available through EMMA to the general public without charge.

The Issuer may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements for the Issuer, if the Issuer commissions an audit and it is completed by the required time. If audited financial statements are not available by that time, the Issuer will provide by the required time unaudited financial statements for the applicable fiscal year to the MSRB with the financial information and operating data and will file the annual audit report when and if the same becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Issuer's annual financial statements 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's current fiscal year end is September 30. Accordingly, it must provide updated information by the end of March in each year following end of its fiscal year, unless the Issuer changes its fiscal year. If the Issuer changes its fiscal year, it will notify the MSRB through EMMA of the change.

Notice of Certain Events

The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Certificates to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the IRS 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 Certificates, or other material events affecting the tax status of the Certificates, as the case may be; (7) modifications to rights of holders of the Certificates, if material; (8) Certificate calls, if material, and tender offers; (9) defeasances;(10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material (15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such Financial Obligation of the City, any of which reflect financial difficulties. In the Ordinance, the City adopted policies and procedures to ensure timely compliance of its continuing disclosure undertakings. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under “Annual Reports.” Neither the Certificates nor the Ordinance make provision for credit enhancement (except for the applications to Bond Insurers), liquidity enhancement, or debt service reserves.

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

Availability of Information

All information and documentation filing required to be made by the City in accordance with its undertaking made for the Certificates will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB.

Limitations and Amendments

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

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

Compliance with Prior Agreements

The City has complied in all material respects with its previous continuing disclosure agreements made in accordance with the Rule.

LEGAL MATTERS

Legal Opinions and No-Litigation Certificate

The Issuer will furnish the Purchaser with a complete transcript of proceedings incident to the authorization and issuance of the Certificates, including the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the Initial Certificate is a valid and legally binding obligation of the Issuer, and based upon examination of such transcript of proceedings, the approval of certain legal matters by Bond Counsel, to the effect that the Certificates, issued in compliance with the provisions of the Ordinance, are valid and legally binding obligations of the Issuer and, subject to the qualifications set forth herein under "TAX MATTERS", the interest on the Certificates is exempt from federal income taxation under existing statutes, published rulings, regulations, and court decisions. Though it represents the Financial Advisor from time to time in matters unrelated to the issuance of the Certificates, Bond Counsel was engaged by, and only represents, the City in connection with the issuance of the Certificates. In its capacity as Bond Counsel, McCall, Parkhurst & Horton L.L.P., San Antonio, Texas has reviewed (except for numerical, statistical or technical data) the information under the captions "THE CERTIFICATES" (except under the subcaptions "Use of Certificate Proceeds", "Sources and Uses" "Payment Record", and "Default and Remedies", as to which no opinion is expressed), "REGISTRATION, TRANSFER AND EXCHANGE", "TAX MATTERS", "CONTINUING DISCLOSURE OF INFORMATION" (except under the subheading "Compliance with Prior Undertakings" as to which no opinion is expressed), "LEGAL MATTERS—Legal Investments and Eligibility to Secure Public Funds in Texas", and "OTHER PERTINENT INFORMATION—Registration and Qualification of Certificates for Sale" in the Official Statement and such firm is of the opinion that the information relating to the Certificates and the Ordinance contained under such captions is a fair and accurate summary of the information purported to be shown and that the information and descriptions contained under such captions relating to the provisions of applicable state and federal laws are correct as to matters of law. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Certificates or which would affect the provision made for their payment or security, or in any manner questioning the validity of the Certificates will also be furnished. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of Certificates are contingent on the sale and initial delivery of the Certificates. The legal opinion of Bond Counsel will accompany the Certificates deposited with DTC or will be printed on the definitive Certificates in the event of the discontinuance of the Book-Entry-Only System.

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

Litigation

In the opinion of various officials of the Issuer, there is no litigation or other proceeding pending against or, to their knowledge, threatened against the Issuer in any court, agency, or administrative body (either state or federal) wherein an adverse decision would materially adversely affect the financial condition of the Issuer.

At the time of the initial delivery of the Certificates, the City will provide the Purchaser with a certificate to the effect that no litigation of any nature has been filed or is then pending challenging the issuance of the Certificates or that affects the payment and security of the Certificates or in any other manner questioning the issuance, sale, or delivery of the Certificates.

Legal Investments and Eligibility to Secure Public Funds in Texas

Section 1201.041 of the Public Securities Procedures Act (Chapter 1201, Texas Government Code) and Section 271.051, as amended, Texas Local Government Code, each, provide that the Certificates are negotiable instruments governed by Chapter 8, as amended, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act, Chapter 2256, as amended, Texas Government Code, the Certificates must have to be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. (See "OTHER PERTINENT INFORMATION – Rating" herein.) In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with at least $1 million of capital, and savings and loan associations.

The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Certificates for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Certificates for such purposes. The City has made no review of laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

FORWARD LOOKING STATEMENTS

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. It is important to note that the City's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements 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.

OTHER PERTINENT INFORMATION

Registration and Qualification of Certificates for Sale

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

It is the obligation of the purchaser to register or qualify the sale of the Certificates under the securities laws of any jurisdiction which so requires. The City agrees to cooperate, at the Purchaser's written request and sole expense, in registering or qualifying the Certificates or in obtaining an exemption from registration or qualification in any state where such action is necessary; provided, however, that the City shall not be required to qualify as a foreign corporation or to execute a general consent to service of process in any jurisdiction.

Ratings

S&P Global Ratings ("S&P") has assigned an insured rating of "AA" (Stable Outlook) to the Certificates with the understanding that concurrently with the delivery of the Certificates a municipal bond insurance policy will be issued by AGM at the time of delivery of the Certificates. See "BOND INSURANCE" herein. The City received an underlying unenhanced rating of "A+" from S&P. An explanation of the significance of such a rating may be obtained from S&P. The rating of the Certificates by S&P reflects only the view of S&P at the time the rating is given, and the Issuer makes no representations as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by S&P, if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Certificates.

Periodically, rating agencies will evaluate and, on occasion as a result of these evaluations revise, their rating methodologies and criteria for municipal issuers such as the City. A revision in a rating agency's rating methodology could result in a positive or negative change in a rating assigned by that agency, even if the rated entity has experienced no material change in financial conditions or operation. Any of the rating agencies at any time while the Certificates remain outstanding could undertake such an evaluation process.

Authenticity of Financial Information

The financial data and other information contained herein have been obtained from the Issuer's records, audited financial statements and other sources which are believed to be reliable. All of the summaries of the statutes, documents and Ordinances contained in this Official Statement are made subject to all of the provisions of such statutes, documents and Ordinances. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original sources thereof and no guaranty, warranty or other representation is made concerning the accuracy or completeness of the information herein. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

Financial Advisor

SAMCO Capital Markets, Inc. is employed as a Financial Advisor to the Issuer in connection with the issuance of the Certificates. In this capacity, the Financial Advisor has compiled certain data relating to the Certificates and has drafted 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 the Financial Advisor are contingent upon the issuance, sale and initial delivery of the Certificates.

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

Winning Bidder

After requesting competitive bids for the Certificates, the City accepted the bid of Raymond James & Associates, Inc. (previously defined as the "Purchaser" or the "Initial Purchaser") to purchase the Certificates at the interest rates shown on the page ii of this Official Statement at a price of par, plus a net reoffering premium of $145,569.40, less a Purchaser's discount of $26,281.34, plus accrued interest on the Certificates from their Dated Date to their date of initial delivery. The City can give no assurance that any trading market will be developed for the City after their sale by the City to the Purchaser. The City has no control over the price at which the Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

Certification of the Official Statement

At the time of payment for and delivery of the Initial Certificates, the Purchaser will be furnished a certificate, executed by proper officials of the City, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in its Official Statement, and any addenda, supplement or amendment thereto, for the Certificates, on the date of such Official Statement, on the date of sale of said Certificates and the acceptance of the best bid therefor, and on the date of the delivery thereof, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements including financial data, of or pertaining to entities, other than the City, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect, and (d) there has been no material adverse change in the financial condition of the City, since September 30, 2023, the date of the last financial statements of the City appearing in the Official Statement.

Information from External Sources

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in the Rule.

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Concluding Statement

No person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or 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 qualified to do so or to any person to whom it is unlawful to make such offer of solicitation.

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

The Ordinance authorizing the issuance of the Certificates approved the form and content of this Official Statement and any addenda, supplement or amendment thereto and authorized its further use in the re-offering of the Certificates by the Purchaser.

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

CITY OF DEVINE, TEXAS

/s/ Butch Cook
Mayor
City of Devine, Texas

ATTEST:

/s/ Dora V. Rodriguez
City Secretary
City of Devine, Texas

APPENDIX A

FINANCIAL INFORMATION RELATING TO
THE CITY OF DEVINE, TEXAS

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FINANCIAL INFORMATION OF THE ISSUER

ASSESSED VALUATION **TABLE 1**

2023 Certified Market Value of Taxable Property (100% of Market Value)…	$	373,266,664
Less Exemptions:		
Over 65 or Disabled…	$	6,083,927
Productivity Loss…		1,489,500
Veterans' Exemptions…		7,692,345
Exemptions Misc…		15,994,690
Homestead Cap…		33,140,627
TOTAL EXEMPTIONS …	$	64,401,089
2023 Certified Assessed Value of Taxable Property…	$	308,865,575 *

Source: Medina County Appraisal District
**Excludes $49,115,329 in Taxable Freeze Value.*

GENERAL OBLIGATION BONDED DEBT
(as of March 1, 2024)

General Obligation Debt Principal Outstanding		
General Obligation Refunding Bonds, Series 2013	$	185,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2019		570,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021		925,000
Combination Tax and Revenue Certificates of Obligation, Series 2024 (the "Certificates")		2,465,000
Total Gross General Obligation Debt	$	4,145,000
Less: Self Supporting Debt		
General Obligation Refunding Bonds, Series 2013	$	185,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2019		570,000
The Certificates		2,465,000
Total Self-Supporting Debt	$	3,220,000
Total Net General Obligation Debt Outstanding	$	925,000
2023 Net Assessed Valuation	$	308,865,575
Ratio of Total Gross General Obligation Debt Principal to Certified Net Taxable Assessed Valuation		1.34%
Ratio of Net General Obligation Debt to Certified Net Taxable Assessed Valuation		0.30%

Population: 2000 - 4,140; 2010 - 4,350; 2020 - 4,324; est. 2024 - 4,327
Per Capita Certified Net 2023 Taxable Assessed Valuation - $71,381.00
Per Capita Gross General Obligation Debt Principal - $957.94
Per Capita Net General Obligation Debt Principal - $213.77

CITY DEBT OBLIGATIONS - RIGHT-TO-USE LEASE LIABILITIES PAYABLE **TABLE 2**
(As of September 30, 2023)

The City leases photo copy and postage machines with agreements having 5-year terms. Payments of 1,407 are made monthly which consist of principal and interest and imputed annual interest of 3.91%. No assets are pledge as collateral for these leases.

A summary of right-to-use lease agreements for the year ended September 30, 2023, is as follows:

		Principal Outstanding at 9/30/2023
Right-to-Use-Lease Liabilities		
CTWP Copy Machine Lease, 2020	$	27,669
CTWP Postage Machine Lease, 2021	$	20,533
Total right-to-use lease liabilities	**$**	**48,202**

Source: The Issuer’s Annual Financial Report for the fiscal year ended September 30, 2023.

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Current Total Outstanding Debt	The Certificates Principal	The Certificates Interest [1]	The Certificates Total	Combined Debt Service	Less: Self-Supporting Debt	Total Net Debt Service
2024	$ 559,444	-	-	-	$ 559,444	$ 317,186	$ 242,258
2025	389,989	$ 45,000	$ 142,942	$ 187,942	577,930	497,353	80,578
2026	199,165	80,000	103,800	183,800	382,965	303,070	79,895
2027	200,994	85,000	99,675	184,675	385,669	306,554	79,115
2028	202,561	90,000	95,300	185,300	387,861	304,591	83,270
2029	203,690	95,000	90,675	185,675	389,365	307,145	82,220
2030	81,030	100,000	85,800	185,800	266,830	185,800	81,030
2031	79,770	105,000	80,675	185,675	265,445	185,675	79,770
2032	83,440	110,000	75,300	185,300	268,740	185,300	83,440
2033	80,290	115,000	69,675	184,675	264,965	184,675	80,290
2034	81,903	120,000	63,800	183,800	265,703	183,800	81,903
2035	83,640	125,000	58,300	183,300	266,940	183,300	83,640
2036	81,840	130,000	53,200	183,200	265,040	183,200	81,840
2037	-	135,000	47,900	182,900	182,900	182,900	-
2038	-	145,000	42,300	187,300	187,300	187,300	-
2039	-	150,000	36,400	186,400	186,400	186,400	-
2040	-	155,000	30,300	185,300	185,300	185,300	-
2041	-	160,000	24,000	184,000	184,000	184,000	-
2042	-	165,000	17,500	182,500	182,500	182,500	-
2043	-	175,000	10,700	185,700	185,700	185,700	-
2044	-	180,000	3,600	183,600	183,600	183,600	-
Total	$ 2,327,755	$ 2,465,000	$ 1,231,842	$ 3,696,842	$ 6,024,596	$ 4,805,349	$ 1,219,248

[1] *Interest calculated at actual rates.*

TAX ADEQUACY

2023 Certified Assessed Value of Taxable Property	$ 308,865,575
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-2025)	577,930
Indicated required I&S Fund Tax Rate at 98% Collections to produce Maximum Debt Service requirements	$ 0.1909

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

TAX ADEQUACY (NET OF SELF-SUPPORTING)

2023 Certified Assessed Value of Taxable Property	$ 308,865,575
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-2024)	242,258
Indicated required I&S Fund Tax Rate at 98% Collections to produce Maximum Debt Service requirements	$ 0.0800

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

GENERAL OBLIGATION PRINCIPAL REPAYMENT SCHEDULE
(As of March 1, 2024)

Fiscal Year Ending 9-30	Principal Repayment Schedule: Currently Outstanding	The Certificates	Total	Principal Unpaid at End of Year	Percent of Principal Retired (%)
2024	$ 65,000	-	$ 65,000	$ 4,080,000	1.57%
2025	360,000	$ 45,000	405,000	3,675,000	11.34%
2026	175,000	80,000	255,000	3,420,000	17.49%
2027	180,000	85,000	265,000	3,155,000	23.88%
2028	185,000	90,000	275,000	2,880,000	30.52%
2029	190,000	95,000	285,000	2,595,000	37.39%
2030	70,000	100,000	170,000	2,425,000	41.50%
2031	70,000	105,000	175,000	2,250,000	45.72%
2032	75,000	110,000	185,000	2,065,000	50.18%
2033	75,000	115,000	190,000	1,875,000	54.76%
2034	75,000	120,000	195,000	1,680,000	59.47%
2035	80,000	125,000	205,000	1,475,000	64.41%
2036	80,000	130,000	210,000	1,265,000	69.48%
2037	-	135,000	135,000	1,130,000	72.74%
2038	-	145,000	145,000	985,000	76.24%
2039	-	150,000	150,000	835,000	79.86%
2040	-	155,000	155,000	680,000	83.59%
2041	-	160,000	160,000	520,000	87.45%
2042	-	165,000	165,000	355,000	91.44%
2043	-	175,000	175,000	180,000	95.66%
2044	-	180,000	180,000	-	100.00%
Total	$ 1,680,000	$ 2,465,000	$ 4,145,000		

TAXABLE ASSESSED VALUATION FOR TAX YEARS 2014-2023 **TABLE 3**

Tax Year	Net Taxable Assessed Valuation	Change From Preceding Year: Amount ($)	Percent
2014	$ 141,414,604	-	-
2015	164,265,368	22,850,764	16.16%
2016	178,378,062	14,112,694	8.59%
2017	184,364,359	5,986,297	3.36%
2018	189,032,068	4,667,709	2.53%
2019	200,996,282	11,964,214	6.33%
2020	207,891,221	6,894,939	3.43%
2021	228,788,580	20,897,359	10.05%
2022	276,979,478	48,190,898	21.06%
2023	308,865,575	31,886,097	11.51%

Source: Medina County Appraisal District.

PRINCIPAL TAXPAYERS 2023 **TABLE 4**

Name	Type of Business/ Property	2023 Net Taxable Assessed Valuation	% of Total 2023 Assessed Valuation
Wal-Mart Real Estate Business Trust	Retail Store	$ 10,577,120	3.42%
Wal-Mart Stores East Inc.	Retail Store	4,340,750	1.41%
QT South LLC	Gas Station/Convenience Store	4,189,820	1.36%
AEP Texas Inc.	Utility	3,126,860	1.01%
Devine Place Partners LLC	Apartments	2,916,833	0.94%
Quick Trip	Gas Station/Convenience Store	2,891,780	0.94%
Groff Land Enterprises LP	Commercial Land	1,949,490	0.63%
Realty Income Texas Properties LP	Retail Store	1,866,590	0.60%
Security State Bank	Financial/Banking	1,760,640	0.57%
Pay and Save Inc	Commercial Building	1,669,440	0.54%
		$ 35,289,323	11.43%

Source: Medina County Appraisal District.

CLASSIFICATION OF ASSESSED VALUATION **TABLE 5**

	2023	% of Total	2022	% of Total	2021	% of Total
Real, Residential, Single-Family	$ 247,408,505	66.28%	$ 220,890,659	66.01%	$ 161,770,267	63.20%
Real, Residential, Multi-Family	9,887,210	2.65%	7,442,295	2.22%	9,092,410	3.55%
Real, Vacant Lots/Tracts	10,274,623	2.75%	10,261,209	3.07%	6,605,770	2.58%
Real, Acreage (Land Only)	1,572,850	0.42%	1,475,520	0.44%	1,272,030	0.50%
Real, Farm and Ranch Improvements	2,180,890	0.58%	1,609,300	0.48%	1,232,150	0.48%
Real, Commercial & Industrial	59,859,846	16.04%	53,187,455	15.89%	43,792,399	17.11%
Real & Tangible, Personal Utilities	7,571,690	2.03%	7,011,640	2.10%	6,426,300	2.51%
Tangible Personal, Commercial	16,079,790	4.31%	14,912,390	4.46%	12,264,540	4.79%
Tangible Personal, Industrial	515,410	0.14%	536,640	0.16%	558,670	0.22%
Tangible Personal, Mobile Homes	1,693,760	0.45%	2,507,600	0.75%	2,413,000	0.94%
Personal, Other	161,260	0.04%	261,390	0.08%	188,360	0.07%
Special Inventory	66,140	0.02%	65,740	0.02%	75,890	0.03%
Total Exempted Property	15,994,690	4.29%	14,479,070	4.33%	10,283,910	4.02%
Total Market Value	$ 373,266,664	100.00%	$ 334,640,908	100.00%	$ 255,975,696	100.00%
Less:						
Over 65 or Disabled	$ 6,083,927		$ 6,042,158		$ 5,734,001	
Veterans' Exemptions	7,692,345		5,477,857		4,410,093	
Exemptions Misc.	15,994,690		14,479,070		10,283,910	
Productivity Loss	1,489,500		1,382,640		1,185,840	
Homestead Cap	33,140,627		30,279,705		5,573,272	
Total Exemptions	$ 64,401,089		$ 57,661,430		$ 27,187,116	
Net Taxable Assessed Valuation	$ 308,865,575		$ 276,979,478		$ 228,788,580	

Source: Medina County Appraisal District

TAX DATA **TABLE 6**

Tax Year	Net Taxable Assessed Valuation	Tax Rate	Tax Levy	% of Collections Total	Year Ended
2014	$ 141,414,604	0.569000	$ 804,649	98.86%	9/30/2015
2015	164,265,369	0.511000	839,396	100.08%	9/30/2016
2016	178,378,062	0.511000	911,512	101.71%	9/30/2017
2017	184,364,359	0.511000	942,102	99.78%	9/30/2018
2018	189,032,068	0.501300	947,618	100.90%	9/30/2019
2019	200,996,282	0.529800	1,064,878	98.64%	9/30/2020
2020	207,891,221	0.529800	1,101,408	100.01%	9/30/2021
2021	228,788,580	0.529800	1,212,122	100.55%	9/30/2022
2022	276,979,478	0.491300	1,360,800	97.19%	9/30/2023
2023	308,865,575	0.555300	1,715,131	67.09%	9/30/2024 *

** Collections as January 31, 2024.*
Source: Medina County Appraisal District, Texas Municipal Reports and the Issuer.

TAX RATE DISTRIBUTION **TABLE 7**

	2023	2022	2021	2020	2019
General Fund	$ 0.4509	$ 0.3964	$ 0.4417	$ 0.4417	$ 0.4417
I & S Fund	0.1044	0.0949	$ 0.0881	$ 0.0881	$ 0.0881
Total Tax Rate	$ 0.5553	$ 0.4913	$ 0.5298	$ 0.5298	$ 0.5298

Source: Medina County Appraisal District

The City has adopted the provisions of Chapter 321.103(a), as amended, Texas Tax Code which provides for the maximum levy of a two percent sales tax which may be used by the City for any lawful purpose except that the City may not pledge any of the anticipated sales tax revenue to secure the payment of the Certificates or other indebtedness.

Calendar Year	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate
2014	$ 923,484.76	114.77%	0.653
2015	1,172,091	139.64%	0.714
2016	1,114,024	122.22%	0.625
2017	1,145,666	121.61%	0.621
2018	1,247,661	131.66%	0.660
2019	1,235,974	116.07%	0.615
2020	1,324,628	120.27%	0.637
2021	1,524,989	125.81%	0.667
2022	1,662,357	122.16%	0.600
2023	1,817,013	105.94%	0.588
2024*	454,875		

Source: State Comptroller's Office of the State of Texas.
** As of March, 2024.*

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OVERLAPPING DEBT INFORMATION

The following table indicates the indebtedness, defined as outstanding bonds payable from ad valorem taxes, of governmental entities overlapping the City and the estimated percentages and amounts of such indebtedness attributable to property within the City. Expenditures of the various taxing bodies overlapping the territory of the Issuer are paid out of ad valorem taxes levied by these taxing bodies on properties overlapping the Issuer. These political taxing bodies are independent of the Issuer and may incur borrowings to finance their expenditures. The following statements of direct and estimated overlapping ad valorem tax bonds was developed from information contained in the "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the Issuer, the Issuer has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have authorized or issued additional bonds since the date stated below, and such entities may have programs requiring the authorization and/or issuance of substantial amounts of additional bonds, the amount of which cannot be determined.

Taxing Body	Gross Debt (As of 3/1/24)	% Overlapping	Amount Overlapping
Medina County	$ 22,795,000	5.25%	$ 1,196,738
Devine ISD	19,500,000	43.93%	8,566,350
Total Gross Overlapping Debt	$ 42,295,000	49.18%	$ 9,763,088
City of Devine			$ 4,145,000
Total Gross Direct and Overlapping Debt			$ 13,908,088
Ratio of Gross Direct and Overlapping Debt to 2023 Net Assessed Valuation			4.50%
Per Capita Gross Direct and Overlapping Debt			$ 3,214.26
Ratio of Net Direct and Overlapping Debt to 2023 Net Assessed Valuation			3.46%
Per Capita Net Direct and Overlapping Debt			$ 2,470.09

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

ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ISSUERS

Governmental Subdivision	Valuation	% of Actual	2023 Tax Rate
Medina County	$ 6,240,125,808	100%	$ 0.352600
Devine Independent School District	662,675,880	100%	0.967000

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	Amount Authorized	Issued To-Date	Unissued
Medina County	None		-	-	-
Devine Independent School District	None		-	-	-
Devine, City of	None		-	-	-

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

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

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

	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
Fund Balance - Beginning of Year	$ 2,292,573	$ 2,352,383	$ 1,048,055	$ 1,325,168	$ 1,981,039
Revenues	4,367,253	4,162,163	4,252,857	3,809,966	3,648,945
Expenditures	3,617,309	4,094,887	4,330,919	4,077,884	4,237,863
Excess (Deficit) of Revenues Over Expenditures	$ 749,944	$ 67,276	$ (78,062)	$ (267,918)	$ (588,918)
Other Financing Sources (Uses):					
Proceeds from Right-to-Use-Leases	$ -	$ 34,548	$ -	$ -	$ -
Issuance of Tax Notes & CO	-		1,475,000	-	-
Transfer In	-	-	-	1,000	-
Transfers Out	(39,270)	(161,634)	(92,610)	(10,195)	(66,953)
Capital Outlay	(1,119,361) [(1)]	-	-	-	-
Total Other Financing Sources (Uses)	(1,158,631)	(127,086)	1,382,390	(9,195)	(66,953)
Net Change in Fund Balance	(408,687)	(59,810)	1,304,328	(277,113)	(655,871)
Fund Balances at the End of Year	$ 1,883,886	$ 2,292,573	$ 2,352,383	$ 1,048,055	$ 1,325,168

Source: City's audited financial reports.

**City management currently estimates the FYE 9/30/24 general fund balance will be unchanged from FYE 9/30/23.*

(1) *The capital outlay consists of $924,000 for the purchase or airport hangars and $99,000 of street equipment. The City has since voted to obtain an appraisal on the airport to evaluate its economics prospectively.*

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

Information pertaining to the City's Pension plan and other post-employment benefits can be found within the City's Audit under "NOTE H - DEFINED BENEFIT PENSION PLANS".

WATER AND WASTEWATER/SEWER OPERATING SYSTEM — TABLE 11

Fiscal Year Ended:	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
Revenues	$ 3,322,652	$ 2,857,225	$ 2,645,299	$ 2,927,198	$ 2,576,714
Expenses[(1)]	2,054,878	2,010,179	1,909,694	1,762,966	1,621,143
Net Revenue Available for Debt Service	$ 1,267,774	$ 847,046	$ 735,605	$ 1,164,232	$ 955,571
Utility System Supported Debt Service	$ 551,679	$ 543,852	$ 540,713	$ 547,082	$ 373,704
Utility System Debt Service Coverage Ratio	2.30X	1.56X	1.36X	2.13X	2.56X
Customer Count:					
Water	1,745	1,751	1,750	1,743	1,741
Sewer	1,647	1,648	1,647	1,639	1,634

(1) *Excludes depreciation and debt service.*

Source: The Issuer's Annual Comprehensive Financial Reports.

The following are the current rates for residential water and wastewater/sewer.

(Ordinance No. 6-18B - June 19, 2018.)

WATER RATES

Meter Size	Base Rate
3/4"	$ 38.14
5/8"	38.14
1"	48.01
2"	102.30
3" Octave	270.09
4" Turbine	319.44
6" Turbine	640.21
8" Turbine	911.64

Every 1,000 to 130,000	$5.06 / 1,000
Every 1,000 from 130,000 to 180,000	$5.31 / 1,000
Every 1,000 over 180,001	$5.47 / 1,000

WASTEWATER/SEWER RATES

(Ordinance No. 6-18B - June 19, 2018.)

Residential Customers: *Monthly service charge to be based on the averaged three (3) winter months (December, January, and February) metered water billing.*

First 1,000 gallons per month	$23.57
All excess of 1,000 gallons	$3.25/per 1,000

New Customers: *Monthly service charge to be based on the monthly metered water usage for the first three (3) months and thereafter an average of the three (3) winter months.*

Business and Commercial: *The monthly service charge is based on the monthly metered water usage.*

First 1,000 gallons per month	$23.57
All excess of 1,000 gallons	$3.25/per 1,000
Minimum Charge	23.57

APPENDIX B

GENERAL INFORMATION REGARDING THE CITY OF DEVINE AND MEDINA COUNTY, TEXAS

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CITY OF DEVINE

The City of Devine, Texas (the "City") is located approximately 25 miles southwest of downtown San Antonio on Interstate 35 and State Highway 173. The City has a total area of 3.1 square miles.

The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and five Councilmembers. The term of office is two years with the terms of the Mayor and two of the Councilmembers' expiring in even-numbered years and the other terms of the three Councilmembers expiring in odd-numbered years. The City Council is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing the members of various statutory and advisory boards, the City Manager, City Secretary, City Attorney and Municipal Judges. The City Manager is the chief administrative officer of the government and is responsible for the enforcement of laws and ordinances, the appointment and supervision of the executive directors, and heads of departments, and the performance of functions within the municipal organization.

The City provides a full range of services including police, fire, emergency medical service, municipal court, library, parks, water distribution, wastewater collection, solid waste collection, curb-side recycling, streets, storm water drainage, community development (planning, code enforcement, and building inspection), and general administrative services.

Population Trends

US Census Report	City of Devine	Medina County
2000	4,140	39,304
2010	4,350	46,006
2020	4,324	50,748
Current Estimate	4,557	53,723

Sources: U.S. Census Bureau and the Issuer.

MEDINA COUNTY, TEXAS

Medina County (the "County") is a political subdivision of the State of Texas and was formed on February 12, 1848 and named after the river that flows through it. The County is traversed by Interstate Highway 35, U.S. Highway 90, State Highway 172, and six farm-to-market-roads. The extreme northern part of the county lies within the Edwards Plateau, which elevates into the Texas Hill Country. The Medina Dam, the fourth largest in the nation when completed in 1913, is listed on the National Register of Historic Places. The irrigation project creating Medina Lake, was built by 1500 skilled workers who worked the County was the fifth largest producing county of oats in Texas in 2016. Hondo serves as the county seat to a county population of approximately 50,748 citizens.

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

Medina County Labor Force Statistics

	Labor Force Statistics (1)				
	2023 (2)	2022 (3)	2021 (3)	2020 (3)	2019(3)
Civilian Labor Force	23,524	22,457	22,832	21,461	21,785
Total Employed	22,732	21,653	20,744	20,110	21,094
Total Unemployed	792	804	1,088	1,351	691
% Unemployment	3.4	3.6	5.0	6.4	3.2
Texas Unemployment	4.1	4.0	5.7	7.6	3.5

(1) Source: Texas Workforce Commission, Texas Labor Market Information.
(2) November 2023.
(3) Average Annual Statistics.

Principal 2023 Taxpayers Medina County

Name	Type of Business/Property	2023 Net Taxable Assessed Valuation	% of 2023 Assessed Valuation
Microsoft Corporation	Data Center	$ 70,251,850	1.13%
Vulcan Materials Company	Aggregate Supplier	66,961,670	1.07%
Martin Marietta Materials SW, Inc.	Aggregate Supplier	64,626,180	1.04%
Union Pacific Railroad Comp	Railroad	56,650,820	0.91%
Electric Transmission Texas	Electric Utility	29,470,900	0.47%
Martin Marietta Materials Inc	Aggregate Supplier	23,426,520	0.38%
Wal-Mart Real Estate Business	Retailer	21,152,110	0.34%
Medina Electric COOP Inc	Electric Utility	19,168,680	0.31%
North Park Chevrolet Castroville	Auto Delaer	13,743,680	0.22%
Southwest Gulf Railroad CO	Railroad	12,649,130	0.20%
Total		**$ 378,101,540**	**6.06%**

Source: Medina County Appraisal District.

APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

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McCALL
PARKHURST & HORTON
Focused on Public Finance since 1919.

April 17, 2024

CITY OF DEVINE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2024
DATED AS OF APRIL 1, 2024
IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,465,000

AS BOND COUNSEL FOR THE CITY OF DEVINE, TEXAS (the *City*) in connection with the issuance of the certificates of obligation described above (the *Certificates*), we have examined into the legality and validity of the Certificates, which bear interest from the dates specified in the text of the Certificates until maturity or prior redemption at the rates and payable on the dates as stated in the text of the Certificates, and which are subject to redemption, all in accordance with the terms and conditions stated in the text of the Certificates.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and general laws of the State of Texas and a transcript of certified proceedings of the City, and other pertinent instruments authorizing and relating to the issuance of the Certificates including (i) the ordinance authorizing the issuance of the Certificates (the *Ordinance*), (ii) one of the executed Certificates (*Certificate No. T-1*), and (iii) the City's Federal Tax Certificate of even date herewith.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Certificates have been authorized, issued and delivered in accordance with law; that the Certificates constitute valid and legally binding general obligations of the City in accordance with their terms except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation, and other similar laws now or hereafter enacted relating to creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion; that the City has the legal authority to issue the Certificates and to repay the Certificates; that ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Certificates, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the City, and have been pledged for such payment, within the limits prescribed by law; and that "Pledged Revenues" (as such term is defined and described in the Ordinance) received by the City from the ownership and operation of the City's System have been pledged to further secure the payment of the Certificates in the manner set forth in the Ordinance.

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

600 Congress Ave.
Suite 1800
Austin, Texas 78701
T 512.478.3805
F 512.472.0871

717 North Harwood
Suite 900
Dallas, Texas 75201
T 214.754.9200
F 214.754.9250

Two Allen Center
1200 Smith Street, Suite 1550
Houston, Texas 77002
T 713.980.0500
F 713.980.0510

700 N. St. Mary's Street
Suite 1525
San Antonio, Texas 78205
T 210.225.2800
F 210.225.2984

www.mphlegal.com

have relied on certain representations of the City, the accuracy of which we have not independently verified, and have assumed compliance by the City with certain covenants regarding the use and investment of the proceeds of the Certificates 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 if the City fails to comply with such covenants, interest on the Certificates may become includable in gross income retroactively to the date of issuance of the Certificates.

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

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Certificates, 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 given, and are based on our knowledge of facts, as of the date hereof. We assume no duty or obligation to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter 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 Certificates. 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 Certificates 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 Certificates, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Certificates 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 Certificates under the Constitution and general laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Certificates for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection with the sale of the Certificates, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Certificates and we 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 Certificates has been limited as described therein.

Respectfully,

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APPENDIX D

FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

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CITY OF DEVINE, TEXAS

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED

SEPTEMBER 30, 2023

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CITY OF DEVINE, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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COLEMAN, HORTON & COMPANY, LLP

Certified Public Accountants

400 E. NOPAL STREET • UVALDE, TEXAS 78801-5305

www.colemanhortoncpa.com

DEBORAH V. McDONALD, CPA
DEREK L. WALKER, CPA
DUSTY R. ROUTH, CPA
MELINDA D. KORCZYNSKI, CPA

TEL (830) 278-6276
FAX (830) 278-6868
chc@colemanhortoncpa.com

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
and Members of the City Council
City of Devine, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Devine, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Devine, Texas 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, each major fund, and the aggregate remaining fund information of the City of Devine, Texas, as of September 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Devine, Texas 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.

Responsibilities 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 of Devine'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.

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Auditor's Responsibilities for the Audit of the Financial Statements

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 auditor's 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 (GAAS) and *Government 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 by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

* Exercise professional judgement 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 of Devine's internal controls. 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 of Devine'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 and Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund, Schedule of Changes in Net Pension Liability and Related Ratios for Texas Municipal Retirement System, Schedule of Contributions – Texas Municipal Retirement System, and Schedule of Changes in the Total OPEB Liability and Related Rations – Texas Municipal Retirement System on pages 5-11 and 44-50 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 Government Accounting Standards Board (GASB) 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 an assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Devine's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for the purpose of additional analysis and are not a required part 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 and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated February 23, 2024, on our consideration of the City of Devine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Devine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Devine's internal control over financial reporting and compliance.

Coleman, Horton and Company, LLP

Uvalde, Texas
February 23, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The annual financial report of the City of Devine (the City) is presented in five sections, Management's Discussion and Analysis (this Part), Basic Financial Statements, Required Supplementary Information, Combining and Individual Nonmajor Fund Statements and the federal section. This section of the City's annual financial report presents our discussion and analysis of the financial performance during the fiscal year ending September 30, 2023. Please read it in conjunction with the City's financial section, which follows.

Overview of the Basic Financial Statements

The basic financial statements include two kinds of statements that present different views of the City:

* The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's *overall* financial status.
* The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City's operations in *more detail* than the government-wide statements.
  * The *governmental funds* statement tell how *general government* services were financed in the *short term* as well as what remains for future spending.
  * *Proprietary fund* statements provide information about financial operations in which the City provides certain utility services for the benefit of its citizens.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data.

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets, deferred outflow of resources and liabilities and deferred inflow of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of wben cash is received or paid.

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The two government-wide statements report the City's *net position* and how they have changed. Net position-the difference between the City's assets, deferred outflows, liabilities, and deferred inflows is one way to measure the City's financial health or *position.*

* Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

* To assess the overall health of the City, you need to consider additional nonfinancial factors such as changes in the City's tax base.

The government-wide financial statements of the City include the *Governmental activities.* Most of the City's basic services are included here, such as public safety, streets and parks, health and sanitation, and general administration. Property taxes and service fees finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant *funds,* not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

* Some funds are required by law and by bond covenants.

* The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has two kinds of funds:

* *Governmental funds* – Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of government-wide statements, we provide additional information on the subsequent page, that explains the relationship (or differences) between them.

* *Proprietary funds* – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information.

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Financial Highlights

* The City's combined net position was $10,792,907 at September 30, 2023, an increase of $1,814,085.

* During the year, the City's revenue was $8,308,202 as reflected below:

		Governmental Activities		
		Current Year	Prior Year	Change
a)	Taxes	$ 3,374,293	$ 3,066,749	$ 307,544
b)	Charges for Services	1,022,703	1,018,418	4,285
c)	Investment Earnings	25,367	4,881	20,486
d)	Grants and Contributions	366,750	128,119	238,631
e)	Other	196,437	173,399	23,038
	Sub-total	$ 4,985,550	$ 4,391,566	$ 593,984

		Business-type Activities		
		Current Year	Prior Year	Change
f)	Charges for Services	$ 2,656,620	$ 2,705,116	$ (48,496)
g)	Investment Earnings	296,307	23,962	272,345
h)	Grants	369,725	26,950	342,775
i)	Others	-	101,197	(101,197)
	Sub-total	$ 3,322,652	$ 2,857,225	$ 465,427
	Total Revenue	$ 8,308,202	$ 7,248,791	$ 1,059,411

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* During the year, the City's expenses were $6,494,117 as reflected below:

		Governmental Activities		
		Current Year	Prior Year	Change
a)	Administration	$ 643,708	$ 333,326	$ 310,382
b)	Municipal Court	95,932	75,733	20,199
c)	Street	363,457	393,005	(29,548)
d)	Police	1,156,643	1,090,843	65,800
e)	Health and Sanitation	882,344	838,214	44,130
f)	Animal Control	196,500	169,652	26,848
g)	Parks and Recreation	38,568	59,398	(20,830)
h)	Golf Course	52,338	214,658	(162,320)
i)	Library	159,900	138,337	21,563
j)	Airport	199,690	218,998	(19,308)
k)	Community Center	15,030	14,894	136
l)	Code Enforcement	110,196	102,981	7,215
m)	Emergency Management	6,213	21,410	(15,197)
n)	Interest	20,364	28,479	(8,115)
	Sub-total	$ 3,940,883	$ 3,699,928	$ 240,955

		Business-type Activities		
		Current Year	Prior Year	Change
a)	Sewer/Water Fund	$ 2,553,234	$ 2,531,733	$ 21,501
	Sub-total	$ 2,553,234	$ 2,531,733	$ 21,501
	Total Expenses	$ 6,494,117	$ 6,231,661	$ 262,456

* The General Fund reported a fund balance this year of $1,883,886, a decrease of $408,687 from the prior year.

* Revenues were $160,367 below budget and expenditures were $338,220 below budget.

* The General Fund transferred $39,270 to the TIF fund.

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* The City's combined net position was $10,792,907 at September 30, 2023, as reflected below:

	Governmental Activities		
	Current Year	Prior Year	Change
Current and other assets	$ 3,405,735	$ 4,256,374	$ (850,639)
Capital and non-current assets	3,233,572	2,218,629	1,014,943
Total Assets	$ 6,639,307	$ 6,475,003	$ 164,304
Deferred outflow of resources	$ 433,867	$ 238,876	$ 194,991
Current liabilities	$ 705,561	$ 1,398,016	$ (692,455)
Long term liabilities	3,248,336	3,056,377	191,959
Total Liabilities	$ 3,953,897	$ 4,454,393	$ (500,496)
Deferred inflow of resources	$ 94,325	$ 279,201	$ (184,876)
Net position:			
Net investment in capital assets	$ 2,132,122	$ 882,889	$ 1,249,233
Restricted	547,569	309,353	238,216
Unrestricted	345,261	788,043	(442,782)
Total Net Position	$ 3,024,952	$ 1,980,285	$ 1,044,667

	Business-type Activities		
	Current Year	Prior Year	Change
Current and other assets	$ 9,354,623	$ 11,416,338	$ (2,061,715)
Capital and non-current assets	10,551,353	7,031,288	3,520,065
Total Assets	$ 19,905,976	$ 18,447,626	$ 1,458,350
Deferred outflow of resources	$ 272,473	$ 137,847	$ 134,626
Current liabilities	$ 1,351,338	$ 214,832	$ 1,136,506
Long term liabilities	11,005,973	11,192,446	(186,473)
Total Liabilities	$ 12,357,311	$ 11,407,278	$ 950,033
Deferred inflow of resources	$ 53,183	$ 179,658	$ (126,475)
Net position:			
Net investment in capital assets	$ 7,183,458	$ 3,814,493	$ 3,368,965
Unrestricted	584,497	3,184,044	(2,599,547)
Total Net Position	$ 7,767,955	$ 6,998,537	$ 769,418
Combined Total Net Position	$ 10,792,907	$ 8,978,822	$ 1,814,085

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Capital Assets and Debt Administration

Capital Assets

Capital assets for the City at fiscal year-end September 30, 2023 amounted to $13,784,925. It is the City's policy to charge off as a current expenditure any purchases less than $5,000. The total capital assets recorded were land and its improvements, buildings, equipment, streets, right-to-use lease assets, water rights, and construction in progress as reflected below.

City's Capital Assets

	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
	Current Year		Prior Year	
nd	$ 509,481	$ 142,693	$ 497,589	$ 215,714
ilding and improvements	2,537,645	45,338	1,544,692	27,268
uipment	1,736,231	3,303,238	1,666,872	2,470,708
ater and utility improvements	3,607,901	11,603,253	3,508,130	12,190,920
ater rights	-	402,500	-	402,500
ght-to-use lease assets - furniture & equipment	34,548	27,472	34,548	27,472
nstruction in Progress	-	6,284,693	-	2,549,435
tals at historical cost	8,425,806	21,809,187	7,251,831	17,884,017
tal accumulated depreciation	(5,192,234)	(11,257,834)	(5,033,202)	(10,852,729)
Net capital assets	$ 3,233,572	$ 10,551,353	$ 2,218,629	$ 7,031,288

Long-term Debt

The City has the following long-term debt at year end:

City's Long Term Debt

	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
	Current Year		Prior Year	
eral Obligation Bonds	$ 925,000	$ 9,690,000	$ 990,000	$ 10,160,000
Notes	160,000	-	320,000	-
ns Payable	-	-	-	-
ht-to-Use Lease Liabilities	16,450	16,461	25,740	22,460
rued Vacation and Leave	157,271	43,317	151,678	44,220
otals	$ 1,258,721	$ 9,749,778	$ 1,487,418	$ 10,226,680

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Contacting the City's Financial Management

The financial report is designed for customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

City Administrator
City of Devine
303 South Teel
Devine, Texas 78016
(830) 663-2804

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BASIC FINANCIAL STATEMENTS

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EXHIBIT A-1

CITY OF DEVINE, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 2,534,971	$ 1,988,449	$ 4,523,420
Taxes Receivable, Net	111,417	-	111,417
Accounts Receivable, Net	125,456	273,938	399,394
Due from Other Governments	304,891	-	304,891
Due from Other Funds	327,944	(327,944)	-
Restricted Cash and Cash Equivalents	-	7,153,237	7,153,237
Capital Assets:			
Land Purchase and Improvements	509,481	142,693	652,174
Buildings, Net	1,713,831	-	1,713,831
Improvements other than Buildings, Net	846,778	252,957	1,099,735
Furniture and Equipment, Net	147,671	3,855,347	4,003,018
Right-to-Use Lease Assets, Net	15,811	15,663	31,474
Construction in Progress	-	6,284,693	6,284,693
Other Assets	1,056	266,943	267,999
Total Assets	6,639,307	19,905,976	26,545,283
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow Related to Pension Plan	417,147	261,968	679,115
Deferred Outflow Related to OPEB	16,720	10,505	27,225
Total Deferred Outflows of Resources	433,867	272,473	706,340
LIABILITIES			
Accounts Payable	195,994	619,376	815,370
Wages and Salaries Payable	81,521	-	81,521
Due to Others	6,120	-	6,120
Accrued Interest Payable	2,993	12,975	15,968
Unearned Revenues	418,933	518,338	937,271
Liabilities Payable from Restricted Assets	-	200,649	200,649
Noncurrent Liabilities:			
Due Within One Year	392,004	519,851	911,855
Due in More Than One Year:			
Debt Payable - Noncurrent	866,717	9,229,927	10,096,644
Net Pension Liability	1,909,984	1,209,148	3,119,132
Net OPEB Liability	79,631	47,047	126,678
Total Liabilities	3,953,897	12,357,311	16,311,208
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow Related to Pension Plan	48,215	32,585	80,800
Deferred Inflow Related to OPEB	30,738	20,598	51,336
Deferred Inflow Related to Paving Assessment	5,949	-	5,949
Deferred Inflow Related to Municipal Court	9,423	-	9,423
Total Deferred Inflows of Resources	94,325	53,183	147,508
NET POSITION			
Net Investment in Capital Assets & Lease Assets	2,132,122	7,183,458	9,315,580
Restricted:			
Restricted for Debt Service	411,987	-	411,987
Restricted for Other Purposes	135,582	-	135,582
Unrestricted	345,261	584,497	929,758
Total Net Position	$ 3,024,952	$ 7,767,955	$ 10,792,907

The notes to the financial statements are an integral part of this statement.

CITY OF DEVINE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
Administration	$ 643,708	$ -	$ 327,038	$ -
Municipal Court	95,932	-	-	-
Street	363,457	1,735	-	-
Police	1,156,643	-	30,569	-
Health & Sanitation	882,344	938,444	-	-
Animal Control	196,500	-	-	-
Parks & Recreation	38,568	-	-	-
Golf Course	52,338	-	-	-
Library	159,900	-	-	-
Airport	199,690	82,524	-	-
Community Center	15,030	-	-	-
Code Enforcement	110,196	-	-	-
Emergency Management	6,213	-	-	-
Interest on Debt	20,364	-	-	-
Total Governmental Activities	3,940,883	1,022,703	357,607	-
BUSINESS-TYPE ACTIVITIES:				
	2,553,234	2,656,620	-	369,725
Total Business-Type Activities	2,553,234	2,656,620	-	369,725
TOTAL PRIMARY GOVERNMENT	$ 6,494,117	$ 3,679,323	$ 357,607	$ 369,725

General Revenues:
Taxes:
Property Taxes, Levied for General Purposes
Property Taxes, Levied for Debt Service
General Sales and Use Taxes
Lodging Taxes
Franchise Tax
Penalty and Interest on Taxes
Grants and Contributions
Miscellaneous Revenue
Investment Earnings
Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (316,670)	$ -	$ (316,670)
(95,932)	-	(95,932)
(361,722)	-	(361,722)
(1,126,074)	-	(1,126,074)
56,100	-	56,100
(196,500)	-	(196,500)
(38,568)	-	(38,568)
(52,338)	-	(52,338)
(159,900)	-	(159,900)
(117,166)	-	(117,166)
(15,030)	-	(15,030)
(110,196)	-	(110,196)
(6,213)	-	(6,213)
(20,364)	-	(20,364)
(2,560,573)	-	(2,560,573)
-	473,111	473,111
-	473,111	473,111
(2,560,573)	473,111	(2,087,462)
1,068,872	-	1,068,872
260,783	-	260,783
1,811,098	-	1,811,098
20,293	-	20,293
187,116	-	187,116
26,131	-	26,131
9,143	-	9,143
196,437	-	196,437
25,367	296,307	321,674
3,605,240	296,307	3,901,547
1,044,667	769,418	1,814,085
1,980,285	6,998,537	8,978,822
$ 3,024,952	$ 7,767,955	$ 10,792,907

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CITY OF DEVINE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

		General Fund		Other Funds		Total Governmental Fnnds
ASSETS						
Cash and Cash Equivalents	$	1,991,139	$	543,832	$	2,534,971
Interest Receivable		11,680		-		11,680
Taxes Receivable		107,875		15,921		123,796
Allowance for Uncollectible Taxes (credit)		(10,787)		(1,592)		(12,379)
Accounts Receivable, Net		111,755		2,021		113,776
Due from Other Governments		304,793		98		304,891
Due from Other Funds		327,944		-		327,944
Other Assets		1,056		-		1,056
Total Assets	$	2,845,455	$	560,280	$	3,405,735
LIABILITIES						
Accounts Payable	$	195,872	$	122	$	195,994
Wages and Salaries Payable		81,521		-		81,521
Compensated Absences Payable		157,271		-		157,271
Due to Others		6,120		-		6,120
Unearned Revenues		418,933		-		418,933
Total Liabilities		859,717		122		859,839
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes		86,480		12,589		99,069
Unavailable Revenue - Paving Assessments		5,949		-		5,949
Unavailable Revenue - Municipal Court		9,423		-		9,423
Total Deferred Inflows of Resources		101,852		12,589		114,441
FUND BALANCES						
Restricted Fund Balance:						
Retirement of Long-Term Debt		-		411,987		411,987
Other Restricted Fund Balance		-		135,582		135,582
Unassigned Fund Balance		1,883,886		-		1,883,886
Total Fund Balances		1,883,886		547,569		2,431,455
Total Liabilities, Deferred Inflows & Fund Balances	$	2,845,455	$	560,280	$	3,405,735

The notes to the financial statements are an integral part of this statement.

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CITY OF DEVINE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Total Fund Balances - Governmental Funds	$	2,431,455
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including debt payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) of $2,218,629, and long-term debt of $(1,335,740), in the governmental activities is to increase net position.		882,889
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2023 capital outlays of $1,181,636, and debt principal payments of $234,290 is to increase net position.		1,415,926
Included in the items related to debt is the recognition of the City's proportionate share of the net pension liability required by GASB 68 in the amount of $(1,909,984), a deferred resource inflow of $(48,215), and a deferred resource outflow of $417,147. The net effect of this recognition is to decrease net position.		(1,541,052)
Included in the items related to debt is the recognition of the City's proportionate share of the net OPEB liability required by GASB 75 in the amount of $(79,631), a deferred resource inflow of $(30,738), and a deferred resource outflow of $16,720. The net effect of this recognition is to decrease net position.		(93,649)
The 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(166,693)
Various other reclassifications and recognitions are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable tax revenue of $99,069 as revenue, and recognizing accrued interest of $(2,993), The net effect of these reclassifications and recognitions is to increase net position.		96,076
Net Position of Governmental Activities	$	3,024,952

The notes to the financial statements are an integral part of this statement.

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CITY OF DEVINE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Other Funds	Total Governmental Funds
REVENUES:			
Taxes:			
Property Taxes	$ 1,065,432	$ 256,278	$ 1,321,710
General Sales and Use Taxes	1,811,098	-	1,811,098
Lodging Taxes	-	20,293	20,293
Franchise Tax	187,116	-	187,116
Penalty and Interest on Taxes	22,568	3,563	26,131
Licenses and Permits	56,304	-	56,304
Intergovernmental Revenue and Grants	30,569	328,025	358,594
Charges for Services	1,022,703	-	1,022,703
Fines	131,722	-	131,722
Investment Earnings	23,174	2,193	25,367
Contributions & Donations from Private Sources	8,156	-	8,156
Other Revenue	8,411	-	8,411
Total Revenues	4,367,253	610,352	4,977,605
EXPENDITURES:			
Current:			
Administration	299,587	327,712	627,299
Municipal Court	94,898	-	94,898
Street	410,437	-	410,437
Police	1,101,542	2,012	1,103,554
Health & Sanitation	880,621	-	880,621
Animal Control	187,936	-	187,936
Parks & Recreation	24,507	-	24,507
Golf Course	37,256	-	37,256
Library	155,752	-	155,752
Airport	121,197	-	121,197
Community Center	14,894	-	14,894
Code Enforcement	109,055	-	109,055
Emergency Management	6,213	-	6,213
Capital Outlay	1,119,361	-	1,119,361
Debt Service:			
Principal on Debt	169,290	65,000	234,290
Interest on Debt	4,124	16,682	20,806
Total Expenditures	4,736,670	411,406	5,148,076
Excess (Deficiency) of Revenues Over (Under) Expenditures	(369,417)	198,946	(170,471)
OTHER FINANCING SOURCES (USES):			
Transfers In	-	39,270	39,270
Transfers Out	(39,270)	-	(39,270)
Total Other Financing Sources (Uses)	(39,270)	39,270	-
Net Change in Fund Balances	(408,687)	238,216	(170,471)
Fund Balance - October 1 (Beginning)	2,292,573	309,353	2,601,926
Fund Balance - September 30 (Ending)	$ 1,883,886	$ 547,569	$ 2,431,455

The notes to the financial statements are an integral part of this statement.

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EXHIBIT C-4

CITY OF DEVINE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Total Net Change in Fund Balances - Governmental Funds	$	(170,471)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing capital outlays of $1,181,636, and debt principal payments of $234,290, is to increase net position.		1,415,926
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(166,693)
The reporting of GASB 68 for the current year resulted in a net increase of expenses for the City of $(39,409) The effect of this reporting is to decrease net position.		(39,409)
The reporting of GASB 75 for the current year resulted in a net increase of expenses for the City of $(3,073). The effect of this reporting is to decrease net position.		(3,073)
Various other reclassifications and recognitions are necessary to convert from the modified accrual hasis of accounting to accrual basis of accounting. These include recognizing the change in unavailable tax revenue of $7,945, the change in accrued interest of $442. The net effect of these reclassifications and recognitions is to increase net position.		8,387
Change in Net Position of Governmental Activities	$	1,044,667

The notes to the financial statements are an integral part of this statement.

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CITY OF DEVINE, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	Business Type Activities
	Sewer Water Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 1,988,449
Restricted Assets - Current:	
Cash and Cash Equivalents	7,153,237
Interest Receivable	21,201
Accounts Receivable, Net	252,737
Total Current Assets	9,415,624
Noncurrent Assets:	
Capital Assets:	
Land	142,693
Water Rights, net, net	252,957
Plant and Equipment, net, net	3,855,347
Right-to-Use Lease Assets, net, net	15,663
Construction in Progress, net	6,284,693
Other Assets	266,943
Total Noncurrent Assets	10,818,296
Total Assets	20,233,920
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflow Related to Pension Plan	261,968
Deferred Outflow Related to OPEB	10,505
Total Deferred Outflows of Resources	272,473

The notes to the financial statements are an integral part of this statement.

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CITY OF DEVINE, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	Business Type Activities
	Sewer Water Fund
LIABILITIES	
Current Liabilities:	
Accounts Payable	619,376
Due to Other Funds	327,944
Compensted Absences Payable	43,317
Accrued Interest Payable	12,975
Unearned Revenues	518,338
Bonds Payable - Current	470,000
Right-to-Use Leases Payable - Current	6,534
Liabilities Payable from Restricted Assets	200,649
Total Current Liabilities	2,199,133
Noncurrent Liabilities:	
Bonds Payable - Noncurrent	9,220,000
Right-to-Use Lease Liabilities - Noncurrent	9,927
Net Pension Liability	1,209,148
Net OPEB Liability	47,047
Total Noncurrent Liabilities	10,486,122
Total Liabilities	12,685,255
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflow Related to Pension Plan	32,585
Deferred Inflow Related to OPEB	20,598
Total Deferred Inflows of Resources	53,183
NET POSITION	
Net Investment in Capital Assets	7,183,458
Unrestricted	584,497
Total Net Position	$ 7,767,955

The notes to the financial statements are an integral part of this statement.

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EXHIBIT D-2

CITY OF DEVINE, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities Sewer Water Fund
OPERATING REVENUES:	
Charges for Services	$ 2,656,620
Total Operating Revenues	2,656,620
OPERATING EXPENSES:	
Personnel Services	1,173,048
Purchased Services	250,569
Other Operating Costs	631,261
Depreciation	405,104
Debt Service	93,252
Total Operating Expenses	2,553,234
Operating Income	103,386
NONOPERATING REVENUES (EXPENSES):	
Grants	369,725
Investment Earnings	296,307
Total NonOperating Revenue (Expenses)	666,032
Change in Net Position	769,418
Total Net Position - October 1 (Beginning)	6,998,537
Total Net Position - September 30 (Ending)	$ 7,767,955

The notes to the financial statements are an integral part of this statement.

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EXHIBIT D-3

CITY OF DEVINE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities
	Sewer Water Fund
Cash Flows from Operating Activities:	
Cash Received from User Charges	$ 2,635,853
Cash Payments for Personnel Services	(1,174,965)
Cash Payments for Purchased Services	(251,202)
Cash Payments for Other Operating Expenses	(711,216)
Net Cash Provided by Operating Activities	498,470
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(3,311,147)
Bond Principal Paid	(470,000)
Right-to-Use Principal Paid	(5,999)
Grant Proceeds	903,611
Net Cash Provided by (Used for) Capital and Related Financing Activities	(2,883,535)
Cash Flows from Investing Activities:	
Investment Earnings	280,759
Net Increase (Decrease) in Cash and Cash Equivalents	(2,104,306)
Cash and Cash Equivalents at Beginning of Year	11,245,992
Cash and Cash Equivalents at End of Year	$ 9,141,686
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	$ 103,386
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	405,104
GASB 68 and GASB 75 Adjustment	29,328
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (Increase) in Receivables	(33,901)
Decrease (Increase) in Other Assets	(266,943)
Increase (Decrease) in Accounts Payable	(633)
Increase (Decrease) in Accrued Liabilities	(2,179)
Increase (Decrease) in Due to Other Funds	258,253
Increase (Decrease) in Customer Deposits	6,055
Net Cash Provided by Operating Activities	$ 498,470

The notes to the financial statements are an integral part of this statement.

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Devine, Texas (the City) is a municipal agency operating under the applicable laws and regulations of the State of Texas. It is governed by a six-member City Council elected by registered voters of the City. The City prepares its general-purpose financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in ***Statement of Auditing Standards No. 76*** of the American Institute of Certified Public Accountants; and it complies with the requirements of contracts and grants of agencies from which it receives funds.

Pensions. The fiduciary net position of the Texas Municipal Retirement System (TMRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from the TMRS fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits. The fiduciary net position of the TMRS Supplemental Death Benefit Funds (SDBF) has been determined using the flow of economic resource measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities, and additions to/deductions from SDBF net position. Payments are recognized when due and payable in accordance with the benefit terms.

Fair Value. The City applies GASB Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

A. REPORTING ENTITY

Because the City Council is elected by the public; it has the authority to make decisions, appoint administrators and managers, and significantly influence operations; and has the primary accountability for fiscal matters; the City is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the City's nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, and other intergovernmental revenues. *Business-type activities* include operations that rely, to a significant extent, on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the City operates have shared in the payment of the direct costs. The "Charges for Services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the City. The "Grants and Contributions" column indicates amounts paid by organizations outside the City to help meet the operational or capital requirements of a given function. If a revenue is not a program revenue, it is a general revenue used to support all of the City's functions. Taxes are always general revenues.

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as interfund transfers.

The fund financial statements provide reports on the financial condition and results of operations for two fund categories – governmental and proprietary. The City considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues are nonoperating.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property 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.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The City considers all revenues available if they are collectible within 60 days after year-end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State or Federal Government are recognized under the susceptible to accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the City to refund all or part of the unused amount.

The Proprietary Fund Types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The fund equity is segregated into net investment in capital assets, restricted net assets, and unrestricted net assets.

D. FUND ACCOUNTING

The City reports the following major governmental funds:

The General Fund – The General Fund is the City's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

Additionally, the City reports the following fund type(s):

Governmental Funds:

Special Revenue Funds – The City accounts for resources restricted to, or designated for, specific purposes by the City or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a special revenue fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Debt Service Fund – The City accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Major Proprietary Fund:

Enterprise Fund – The City's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in the Enterprise Fund. The City's major Enterprise Fund is the Water and Sewer System Fund.

E. FUND BALANCE POLICY

The City reports fund balance for governmental funds in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The **non-spendable** classification represents assets that will be consumed or "must be maintained intact" and therefore will never convert to cash, such as inventories of supplies. Provisions of laws, contracts, and grants specify how fund resources can be used in the **restricted** classification. The nature of these two classifications precludes a need for a policy from the City Council. However, the City Council has adopted fund balance policies for the three unrestricted classifications - committed, assigned, and unassigned.

From time to time, the City Council may commit fund balances by a majority vote in a scheduled meeting. The Council's commitment may be modified or rescinded by a majority vote in a scheduled meeting. Council commitments cannot exceed the amount of fund balance that is greater than the sum of non-spendable and restricted fund balances since that practice would commit funds that the City does not have. Commitments may be for facility expansion or renovation, program modifications, wage and salary adjustments, financial cushions, and other purposes determined by the Council.

The City Council may delegate authority to specified persons or groups to make assignments of certain fund balances by a majority vote in a scheduled meeting. The Council may modify or rescind its delegation of authority by the same action. The authority to make assignments shall be in effect until modified or rescinded by the Council by majority vote in a scheduled meeting. The Council has delegated this authority to the City Administrator.

When the City incurs expenditures that can be made from either restricted or unrestricted balances, the expenditures should be charged to restricted balances. When the City incurs expenditures that can be made from either committed, assigned, or unassigned balances, the expenditures should be charged in the same order.

Restricted		
Debt service	$	411,987
Lodging Tax		66,017
TCOLE		643
Unclaimed Property		1
TIF Fund		62,344
Home Program		6,577
Total Restricted		547,569
Unassigned		1,883,886
Total Fund Balances	$	2,431,455

F. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows for proprietary fund types, the City considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. The City records purchases of supplies as expenditures.
3. The City records its investments at cost, which approximates fair value.
4. Deferred inflows accounted for on the balance sheet relates to uncollected property taxes less the amount of doubtful accounts, as well as paving assessments and municipal court revenue.
5. The City provides risk management obligations by carrying commercial insurance. General liability insurance is obtained from a commercial insurance carrier.
6. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
7. 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 statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. The City implemented GASB 87 for reporting leases during the reporting period. A right-to-use lease is defined as a contract that conveys control of another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. To be accounted for as a lease, the lease must meet the definition of a "long-term" lease provided in GASB 87. The right-to-use lease liability is reported in the government-wide and proprietary statements. The lease liability is calculated as the present value of the reasonably certain expected payments to be made over the term of the lease and the interest included in the lease payment is recorded as an expense.

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 resources 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. With GASB 87, the initial measure of a new right-to-use lease arrangement is reported in government fund types as an other financial source during the current period. Monthly payments are reported as principal and interest payments during the reporting period of the fund level statements.

8. Capital assets, which include land, buildings, furniture and equipment, infrastructure and right-to-use lease assets 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 $1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

   Right-to-use lease assets are also reported in the applicable columns in the government-wide and business-type activities financial statements. Capitalization of right-to-use lease assets is determined by the significance of total future financial obligations for the lease when measured at inception of the lease term. The term of the lease must be the noncancelable period during which the City has the right-to-use the tangible asset(s) of another entity plus any periods in which either the lessee or the lessor has the sole option to extend the lease if it is reasonably certain the option will be exercised, plus any periods in which either the lessee or the lessor has the sole option to terminate the lease if it is reasonably certain the option will not be exercised by that party and must not meet the definition of a short-term lease under GASB 87. If the lease is in a governmental fund, the full amount of the lease asset will be reported as an expenditure in the fund level statements the year the agreement is made.

   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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

   Buildings, furniture and equipment, and lease assets of the City are depreciated using the straight-line method over the following estimated useful lives or, for the lease asset, for the term of the lease if the estimated useful life is longer than the term of the lease, if there is an option to purchase, which is expected to be exercised:

Assets	Years
Buildings	7-27
Utility Improvements	4-40
Equipment	3-25
Water Rights	50

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY DATA

The City Council adopts an "appropriated budget" for the General Fund. The City is required to present adopted and final amended budgeted revenues and expenditures compared to actual revenues and expenditures for this fund. The City compares the final amended budget to actual revenues and expenditures. The General Fund budget report appears as Exhibit E-1.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. Thirty to sixty days prior to the beginning of each fiscal year, the City Secretary submits to the City Council a proposed budget prepared on the modified accrual basis which is consistent with generally accepted accounting principles at the department level for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at which all interested persons' comments concerning the budget are heard.
3. The budget is legally enacted by the City Council through passage of an ordinance not later than 15 days prior to the beginning of the fiscal year.
4. The budget was amended by the City Council during the year.

B. EXPENDITURES IN EXCESS OF BUDGETED AMOUNT

As noted on Exhibit E-1, the General Fund had two categories in excess of the budgeted amounts for a total of $77,747.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Cash Equivalents

City Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the City complies with this law, it has no custodial credit risk for deposits.

The City had funds on deposit at year-end of $6,305,133 in excess of FDIC coverage, secured by pledged securities of the depository bank.

City Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies, (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas, (3) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality not less than an "A", (4) No load money market funds with a weighted average maturity of 90 days or less, (5) fully collateralized repurchase agreements, (6) commercial paper having a sated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit, (7) secured corporate bonds rated now lower than "AA-" or the equivalent, (8) public funds investment pools, and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas Public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

As of September 30, 2023, the following are the City's cash and cash equivalents with respective maturities and credit rating:

Investment Type	Credit Rating	Amount	Maturity: Less than 1 Year	Maturity: 1-5 Years	Maturity: 10+ Years
Certificates of Deposit	N/A	$ 2,024,925	$ 2,024,925	$ -	$ -
Money Market Accounts	AAA	1,906,453	1,906,453	-	-
Money Market Funds	N/A	5,315,616	5,315,616	-	-
External Investment Pools	AAAm	7,205	7,205	-	-
Total		$ 9,254,199	$ 9,254,199	$ -	$ -

Additional polices and contractual provisions governing deposits and investments of the City are specified below:

Credit Risk To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the City limits investments to those allowed by Government Code 2256. As of September 30, 2023, the City's investments were limited to investment pools and money market funds.

Custodial Credit Risk for Investments To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party. The City requires counterparties to register the securities in the name of the City's custodian and hand them over to the City or its designated agent. All of the securities are held by the City's agent.

Concentration of Credit Risk To limit the risk of loss, the City's investment portfolio is diversified in terms of investment instruments, maturity schedule, and financial institutions.

Interest Rate Risk To limit the risk that changes in interest rates will adversely affect the fair value of investments, the City's investment portfolio has various maturities.

Foreign Currency Risk for Investment The City has no foreign currency investments.

Fair Value Measurement

The City categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. In instances where inputs used to measure fair value fall into different levels within the fair value hierarchy measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

At September 30, 2023, the City's investments measured at fair value are as follows:

		Fair Value Measurement Using Input:		
Investments	**Amount**	**Level 1**	**Level 2**	**Level 3**
Certificates of Deposit	$ 2,024,925	$ -	$ 2,024,925	$ -
Money Market Accounts	1,906,453	N/A	-	-
Money Market Funds	5,315,615	5,315,615	-	-
External Investment Pools	7,205	-	7,205	-
Total	$ 9,254,199	$ 5,315,615	$ 2,032,130	$ -

B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City in conformity with the applicable Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they are expected to be collected during a 60-day period after the close of the city fiscal year. The City considers all delinquent taxes as deferred inflows.

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. 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.

D. INTERFUND BALANCES AND TRANSFERS

Interfund transfers at September 30, 2023 consisted of the following amounts:

Transfers From General Fund To:		
Non-Major Funds	$	39,270
Total Transfer From General Fund	$	39,270
Transfers From Non-Major Funds To:		
General Fund	$	-
Total Transfers From Non-Major Funds	$	-

Interfund transfers are in support of operations.

Interfund balances at September 30, 2023 are as follows:

Due to General Fund From:		
Proprietary Funds	$	327,944
Non-Major Funds		-
Total Due to General Fund	$	327,944

Interfund balances are in support of operations.

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at September 30, 2023 were as follows:

	Property Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	$ 107,875	$ 304,793	$ 327,944	$ 123,435	$ 864,047
Other Funds	15,921	98	-	2,021	18,040
Total Governmental Activities	$ 123,796	$ 304,891	$ 327,944	$ 125,456	$ 882,087
Amount not scheduled for collection during subsequent year	$ 12,379	$ -	$ -	$ -	$ 12,379
Business-type Activities:					
Proprietary Funds	$ -	$ -	$ -	$ 273,938	$ 273,938
Total Business-type Activities	$ -	$ -	$ -	$ 273,938	$ 273,938

Payables at September 30, 2023 were as follows:

	Accounts Payables	Loans, Leases and Bonds Payable Current Year	Due to Other Funds	Accrued Liabilities	Other	Total Payables
Governmental Activities:						
General Fund	$ 195,872	$ -	$ -	$ 238,792	$ 6,120	$ 440,784
Other Funds	122	-	-			122
Total Governmental Activities	$ 195,994	$ -	$ -	$ 238,792	$ 6,120	$ 440,906
Amount not scheduled for payment during subsequent year	$ -	$ -	$ -	$ -	$ -	$ -
Business-type Activities:						
Proprietary Funds	$ 619,376	$ 476,534	$ 327,944	$ 56,292	$ 200,649	$ 1,680,795
Total Business-type Activities	$ 619,376	$ 476,534	$ 327,944	$ 56,292	$ 200,649	$ 1,680,795

F. CAPITAL ASSETS ACTIVITIES

Capital asset activity for the year ended September 30, 2023 was as follows:

	Primary Government			
	Beginning Balance	Additions	Retirements/ Adjustments	Ending Balance
Governmental Activities:				
Land	$ 497,589	$ 11,892	$ -	$ 509,481
Buildings and improvements	1,544,692	1,000,751	(7,798)	2,537,645
Utility improvements	3,508,130	99,771	-	3,607,901
Equipment	1,666,872	69,222	137	1,736,231
Right-to-use assets - furniture & equipment	34,548	-	-	34,548
Construction in Progress	-	-	-	-
Total at historical cost	7,251,831	1,181,636	(7,661)	8,425,806
Less accumulated depreciation				
Buildings and improvements	(899,819)	(77,633)	153,638	(823,814)
Utility improvements	(2,720,435)	(40,688)	-	(2,761,123)
Equipment	(1,403,660)	(38,923)	(145,977)	(1,588,560)
Right-to-use assets - furniture & equipment	(9,288)	(9,449)	-	(18,737)
Total accumulated depreciation	(5,033,202)	(166,693)	7,661	(5,192,234)
Governmental activities capital assets, net	$ 2,218,629	$ 1,014,943	$ -	$ 3,233,572
Business-type Activities				
Land	$ 215,714	$ -	$ (73,021)	$ 142,693
Plant and Equipment	14,688,896	189,912	73,021	14,951,829
Water rights	402,500	-	-	402,500
Right-to-use assets - furniture & equipment	27,472	-	-	27,472
Construction-in-progress	2,549,435	3,735,258	-	6,284,693
Total at historical cost	17,884,017	3,925,170	-	21,809,187
Less accumulated depreciation				
Right-to-use assets - furniture & equipment	(5,587)	(6,221)	-	(11,808)
Other accumulated depreciation	(10,847,142)	(398,884)	-	(11,246,026)
Total accumulated depreciation	(10,852,729)	(405,105)	-	(11,257,834)
Business-type activities capital assets, net	$ 7,031,288	$ 3,520,065	$ -	$ 10,551,353

Depreciation expense was charged to governmental activities as follows:

Administration	$ 12,343
Municipal Court	-
Streets	9,960
Police	29,028
Health and Sanitation	1,723
Animal Control	4,919
Parks and Recreation	14,061
Golf Course	15,082
Library	1,490
Airport	78,006
Community Center	81
Code Enforcement	-
Total Depreciation Expense	$ 166,693

G. LONG-TERM DEBT AND RIGHT-TO-USE LEASE LIABILITIES PAYABLE

Long-term debt of the City consists of various series of tax notes, general obligation bonds, revenue bonds, and right-of-use lease liabilities. General obligation bonds are payable from a levy of ad valorem taxes upon all taxable property within the City and from certain net revenues derived from the operation of the City's water and sewer system. Revenue bonds are generally payable from pledged revenues generated by the water and sewer fund. Right-of-use liabilities are payable from revenues generated by the City's governmental activities and the levy of ad valorem taxes. The debenture agreement for water and sewer bonds requires that funds be available for 1/12th of the principal and 1/6th of the interest requirements of the next fiscal year.

The City leases photocopy and postage machines with agreements having 5-year terms. Payments of $1,407 are made monthly which consist of principal and imputed annual interest of 3.91%. No assets are pledged as collateral for these leases.

A summary of right-to-use lease arrangements for the year ended September 30, 2023, is as follows:

	Discount Rate	Original Lease Liability	Interest Paid This Year	Principal Balance at 10/1/2022	New Lease Agreement	Principal Paid This Year	Principal Outstanding at 9/30/2023	Principal Due Within One Year
ight-to-Use Lease Liabilities								
:TWP Copy Machine Lease, 2020	3.91%	$ 1,000,000	$ 891	$ 27,669	$ -	$ 10,745	$ 16,924	$ 11,172
:TWP Postage Machine Lease, 2021	3.91%	$ 23,894	$ 707	20,533	-	4,544	15,988	5,095
'otal right-to-use lease liabilities				$ 48,202	$ -	$ 15,289	$ 32,912	$ 16,267

The City had the following changes in long-term debt outstanding for the year ended September 30, 2023:

	Original Amount	Interest Rates	Interest Paid This Year	Balance Outstanding 10/1/2022	Issued	Retirement	Balance Outstanding 9/30/2023	Due Within One Year
vernmental Activities								
rtficates of Obligation								
21 General Obligation Combination Tax and Revenue	$ 1,000,000	.750% - 2.30%	$ 16,683	$ 990,000	$ -	$ 65,000	$ 925,000	$ 65,000
Notes								
Series 2020	$ 475,000	1.37%	3,288	320,000	-	160,000	160,000	160,000
rrowings and Direct Placements								
ht-to-Use Lease Liabilities	$ 34,548	3.91%	836	25,740	-	9,290	16,450	9,733
crued Vacation and Leave			-	151,678	157,271	151,678	157,271	157,271
Total Governmental Activities			$ 20,807	$ 1,487,418	$ 157,271	$ 385,968	$ 1,258,721	$ 392,004
iness-Type Activities								
tficates of Obligation								
9 General Obligation Combination Tax and Revenue	$ 1,075,000	1.80% - 2.45%	$ 15,670	$ 780,000	$ -	$ 105,000	$ 675,000	$ 105,000
enue Bonds								
3 General Obligation Refunding Bonds	$ 1,840,000	1.27% - 3.12%	13,637	550,000	-	175,000	375,000	190,000
8A Revenue Bonds Utility System	$ 2,755,000	0.61% - 2.37%	52,372	2,475,000	-	75,000	2,400,000	75,000
8B Revenue Bonds Utility System	$ 6,645,000	0.00%	-	6,355,000	-	115,000	6,240,000	100,000
owings and Direct Placements								
of Credit	$ 1,000,000	5.00%	12,087	-	744,710	744,710	-	-
nt-to-Use Lease Liabilities	$ 27,472	3.91%	762	22,460	-	5,999	16,461	6,534
rued Vacation and Leave			-	44,220	43,317	44,220	43,317	43,317
Total Business-type Activities			$ 94,528	$ 10,226,680	$ 788,027	$ 1,264,929	$ 9,749,778	$ 519,851

Annual debt service requirements as of September 30, 2023 are as follows:

	Governmental Activities						Business-Type Activities					
	Certificates of Obligation and Tax Notes						Certificates of Obligation and Revenue Bonds					
Fiscal Year		Principal		Interest		Total		Principal		Interest		Total
2024	$	225,000	$	17,259	$	242,259	$	470,000	$	73,503	$	543,503
2025		65,000		15,578		80,578		485,000		64,563		549,563
2026		65,000		14,895		79,895		450,000		58,154		508,154
2027		65,000		14,115		79,115		460,000		54,367		514,367
2028		70,000		13,270		83,270		460,000		50,279		510,279
2029-2033		360,000		48,362		408,362		1,870,000		206,575		2,076,575
2034-2038		235,000		10,770		245,770		1,770,000		157,225		1,927,225
2039-2043		-		-		-		1,825,000		100,682		1,925,682
2044-2048		-		-		-		1,900,000		35,670		1,935,670
Total	$	1,085,000	$	134,249	$	1,219,249	$	9,690,000	$	801,018	$	10,491,018

Future right-to-use lease payments due to maturity as of the end of the fiscal year are as follows:

	Governmental Activities						Business-Type Activities					
	Right-to-Use Lease Liabilities						Right-to-Use Lease Liabilities					
Fiscal Year		Principal		Interest		Total		Principal		Interest		Total
2024	$	9,733	$	482	$	10,215	$	6,534	$	575	$	7,109
2025		5,480		120		5,600		5,185		284		5,469
2026		1,046		29		1,075		4,063		114		4,177
2027		191		1		192		679		3		682
2028		-		-		-		-		-		-
Total	$	16,450	$	632	$	17,082	$	16,461	$	976	$	17,437

Interest expense for the year was $29,807 for governmental activities and $94,528 for business-type activities.

H. DEFINED BENEFIT PENSION PLANS

A. Plan Description

The City participates as one of 928 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

B. Benefits Provided

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

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

Employees covered by benefit terms.

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	20
Inactive employees entitled to but not yet receiving benefits	24
Active employees	34
	78

C. Contributions

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

Employees for the City were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.36% and 17.33% in calendar years 2023 and 2022, respectively. The city's contributions to TMRS for the year ended September 30, 2023 were $340,520 and were equal to the required contributions.

D. Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.70%
Other Public and Private Markets	12.0%	8.10%
Real Estate	12.0%	5.80%
Hedge Funds	5.0%	6.90%
Private Equity	10.0%	11.80%
Total	100.0%	

Discount Rate

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

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Position Liability (a) - (b)**
Balance at 12/31/2021	$ 8,005,915	$ 5,644,783	$ 2,361,132
Changes for the year:			
Service Cost	234,469	-	234,469
Interest	539,741	-	539,741
Change of benefit terms	-	-	-
Difference between expected and actual experience	16,402	-	16,402
Changes of assumptions	-	-	-
Contributions - employer	-	330,789	(330,789)
Contributions - employee	-	114,748	(114,748)
Net Investment Income	-	(413,616)	413,616
Benefit payments, including refunds of employee contributions	(253,977)	(253,977)	-
Administrative expense	-	(3,566)	3,566
Other Charges	-	4,257	(4,257)
Net Changes	$ 536,635	$ (221,365)	$ 758,000
Balance at 12/31/2022	**$ 8,542,550**	**$ 5,423,418**	**$ 3,119,132**

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$4,355,857	$3,119,132	$2,100,720

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.

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2023, the city recognized pension expense of $406,356.

At September 30, 2023, 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	$ 52,194	$ 80,800
Changes in actuarial assumptions	10,350	-
Net difference between projected and actual investment earnings	374,280	-
Contributions subsequent to the measurement date	242,291	-
Total	$ 679,115	$ 80,800

$242,291 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2023	$ 40,489
2024	78,525
2025	76,134
2026	160,876
2027	-
Thereafter	-
Total	$ 356,024

I. DEFINED BENEFIT OPEB PLANS

A. Plan Description

TMRS administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (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. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other post-employment benefit (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). As such the SDBF is considered to be a single-employer unfunded OPEB plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

B. Benefits Provided

The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Employees covered by benefit terms.

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	23
Inactive employees entitled to but not yet receiving benefits	5
Active employees	34
	62

C. Total OPEB Liability

The City's total OPEB liability of $126,678 was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 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	3.50% to 11.50% including inflation
Discount rate*	4.05%
Retirees' share of benefit-related cost	$0
Administrative expense	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected 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% 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 was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

Note: The actuarial assumptions used in the December 31, 2022 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
Balance at 12/31/2021	$	173,593
Changes for the year:		
Service Cost		8,224
Interest		3,245
Change of benefit terms		-
Differences between expected and actual experience		3,266
Changes in assumptions or other inputs		(58,973)
Benefit payments**		(2,677)
Net Changes	$	(46,915)
Balance at 12/31/2022	$	**126,678**

** Due to 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.

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, calculated using the discount rate of 4.05%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.05%) or 1-percentage-point higher (5.05%) that the current discount rate:

	1% Decrease (3.05%)	Discount Rate (4.05%)	1% Increase (5.05%)
Total OPEB liability	$149,517	$126,678	$108,536

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2023, the City recognized OPEB expense of $8,638.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,647	$ 1,697
Changes in assumptions and other inputs	20,925	49,639
Contributions made subsequent to the measurement date	2,653	-
Total	$ 27,225	$ 51,336

$2,653 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ended December 31:		
2023	$	(3,537)
2024		(3,714)
2025		(6,177)
2026		(9,690)
2027		(3,646)
Thereafter		-
Total	$	(26,764)

J. ECONOMIC DEPENDENCY

The City has significant economic dependency upon the citizens of the City for both tax revenue and utility fund revenue.

K. CONTINGENCIES

The City participates in various state and federal grant programs which are governed by certain rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, if any, refunds of any money received and the collectability of any related receivable at September 30, 2023 may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statement for such contingencies.

L. LITIGATION

The City's legal counsel advises that there is no pending or threatened litigation involving the City as of September 30, 2023.

M. COMMITMENTS

As of September 31, 2023, future construction commitments for Phase I (Part II) of the Water System Improvements project was $758,553.

N. SUBSEQUENT EVENTS

On January 18, 2024, the board adopted a resolution authorizing and approving publication and posting of a notice of intention to issue the City's Combination Tax and Limited Pledge Revenue Certificates of Obligation in a Maximum Aggregate Principal Amount not to exceed $2,500,000 and other matters in connection therewith.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF DEVINE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
REVENUES:				
Taxes:				
Property Taxes	$ 1,372,701	$ 1,222,101	$ 1,065,432	$ (156,669)
General Sales and Use Taxes	1,625,000	1,800,138	1,811,098	10,960
Franchise Tax	182,000	182,000	187,116	5,116
Penalty and Interest on Taxes	20,000	22,200	22,568	368
Licenses and Permits	47,400	55,193	56,304	1,111
Intergovernmental Revenue and Grants	50,000	38,000	30,569	(7,431)
Charges for Services	1,062,511	1,034,509	1,022,703	(11,806)
Fines	121,225	156,737	131,722	(25,015)
Investment Earnings	4,500	8,786	23,174	14,388
Contributions & Donations from Private Sources	-	1,892	8,156	6,264
Other Revenue	7,400	6,064	8,411	2,347
Total Revenues	4,492,737	4,527,620	4,367,253	(160,367)
EXPENDITURES:				
Current:				
Administration	340,071	321,413	299,587	21,826
Municipal Court	109,543	105,508	94,898	10,610
Street	584,964	630,423	410,437	219,986
Police	1,216,950	1,166,074	1,101,542	64,532
Health & Sanitation	910,500	813,000	880,621	(67,621)
Animal Control	192,345	195,844	187,936	7,908
Parks & Recreation	57,953	27,952	24,507	3,445
Golf Course	20,500	50,350	37,256	13,094
Library	155,101	158,550	155,752	2,798
Airport	137,713	137,265	121,197	16,068
Community Center	20,678	17,625	14,894	2,731
Code Enforcement	148,731	132,343	109,055	23,288
Emergency Management	400	6,260	6,213	47
Capital Outlay	112,000	1,148,995	1,119,361	29,634
Debt Service:				
Principal on Debt	160,000	160,000	169,290	(9,290)
Interest on Debt	3,288	3,288	4,124	(836)
Total Expenditures	4,170,737	5,074,890	4,736,670	338,220
Excess (Deficiency) of Revenues Over (Under) Expenditures	322,000	(547,270)	(369,417)	177,853
OTHER FINANCING SOURCES (USES):				
Transfers Out	-	-	(39,270)	(39,270)
Total Other Financing Sources (Uses)	-	-	(39,270)	(39,270)
Net Change in Fund Balances	322,000	(547,270)	(408,687)	138,583
Fund Balance - October 1 (Beginning)	2,292,573	2,292,573	2,292,573	-
Fund Balance - September 30 (Ending)	$ 2,614,573	$ 1,745,303	$ 1,883,886	$ 138,583

The notes to the financial statements are an integral part of this statement.

CITY OF DEVINE, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
Total Pension Liability			
rvice Cost	$ 234,469	$ 232,683	$ 239,021
terest (on the Total Pension Liability)	539,741	517,810	482,919
ianges of Benefit Terms	-	-	-
fference between Expected and Actual Experience	16,402	(136,526)	28,053
ianges of Assumptions	-	-	-
nefit Payments, Including Refunds of Employee Contributions	(253,977)	(325,930)	(133,916)
t Change in Total Pension Liability	$ 536,635	$ 288,037	$ 616,077
tal Pension Liability - Beginning	8,005,915	7,717,878	7,101,801
Total Pension Liability - Ending	$ 8,542,550	$ 8,005,915	$ 7,717,878
Total Fiduciary Net Position			
ntributions - Employer	$ 330,789	$ 307,393	$ 328,037
ntributions - Employee	114,748	114,060	118,425
t Investment Income	(413,616)	642,427	325,511
nefit Payments, Including Refunds of Employee Contributions	(253,977)	(325,930)	(133,916)
lministrative Expense	(3,566)	(2,962)	(2,099)
her	4,257	20	(82)
t Change in Plan Fiduciary Net Position	$ (221,365)	$ 735,008	$ 635,876
an Fiduciary Net Position - Beginning	5,644,783	4,909,775	4,273,899
Plan Fiduciary Net Position - Ending	$ 5,423,418	$ 5,644,783	$ 4,909,775
Net Pension Liability	$ 3,119,132	$ 2,361,132	$ 2,808,103
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	63.49%	70.51%	63.62%
Covered Payroll	$ 1,912,475	$ 1,901,003	$ 1,973,751
Net Pension Liability as a Percentage of Covered Payroll	163.09%	124.20%	142.27%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's current fiscal year.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
247,708 $	221,419 $	205,888 $	165,807 $	128,659 $	108,237
440,552	397,975	357,395	326,844	262,136	205,116
-	-	-	646,960	605,272	-
44,981	131,753	169,723	65,984	(67,120)	(64,331)
37,226	-	-	-	53,414	-
(143,026)	(124,016)	(155,138)	(96,994)	(62,081)	(37,770)
627,441 $	627,131 $	577,868 $	1,108,601 $	920,280 $	211,252
6,474,360	5,847,229	5,269,361	4,160,760	3,106,240	2,894,988
7,101,801 $	6,474,360 $	5,847,229 $	5,269,361 $	4,026,520 $	3,106,240
339,024 $	300,137 $	282,988 $	204,547 $	137,430 $	128,545
123,957	111,640	103,722	82,164	79,715	72,789
531,305	(97,193)	366,634	155,456	3,161	107,125
(143,026)	(124,016)	(155,138)	(96,994)	(62,081)	(37,770)
(2,993)	(1,874)	(1,897)	(1,754)	(1,925)	(1,118)
(89)	(97)	(96)	(95)	(95)	(92)
848,178 $	188,597 $	596,213 $	343,324 $	156,205 $	269,479
3,425,721	3,237,124	2,640,911	2,297,587	2,141,381	1,871,902
4,273,899 $	3,425,721 $	3,237,124 $	2,640,911 $	2,297,586 $	2,141,381
2,827,902 $	3,048,639 $	2,610,105 $	2,628,450 $	1,728,934 $	964,859
60.18%	52.91%	55.36%	50.12%	57.06%	68.94%
2,065,958 $	1,860,662 $	1,728,698 $	1,643,285 $	1,719,860 $	1,455,779
136.88%	163.85%	150.99%	159.95%	100.53%	66.28%

CITY OF DEVINE, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE FISCAL YEAR 2023

		2023		2022		2021
ctuarially Determined Contribution	$	340,520	$	314,799	$	313,566
ontributions in Relation to the Actuarially Determined Contributions		(340,520)		(314,799)		(313,566)
Contribution Deficiency (Excess)	$	-	$	-	$	-
overed Payroll	$	1,962,498	$	1,850,219	$	1,924,511
ontributions as a Percentage of Covered Payroll		17.35%		17.01%		16.29%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented as of the governmental entity's respective iscal years as opposed to the time periods covered by the measurement dates ending December 31 for the respective fiscal years.

s required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is resented.

2020		2019		2018		2017		2016		2015
323,515	$	338,205	$	291,567	$	262,836	$	197,955	$	128,545
(323,515)		(338,205)		(291,567)		(262,836)		(197,955)		(128,545)
-	$	-	$	-	$	-	$	-	$	-
1,952,938	$	2,069,671	$	1,800,908	$	1,689,824	$	1,719,860	$	1,455,779
16.57%		16.34%		16.19%		15.55%		11.51%		8.83%

CITY OF DEVINE, TEXAS

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
Total OPEB Liability			
Service Cost	$ 8,224	$ 7,414	$ 5,921
Interest on the Total OPEB Liability	3,245	3,249	3,732
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	3,266	417	(2,113)
Changes of Assumptions	(58,973)	4,931	19,964
Benefit Payments*	(2,677)	(2,281)	(790)
Net Change in Total OPEB Liability	(46,915)	13,730	26,714
Total OPEB Liability - Beginning	173,593	159,863	133,149
Total OPEB Liability - Ending	$ 126,678	$ 173,593	$ 159,863
Covered Payroll	$ 1,913,277	$ 1,901,003	$ 1,973,751
Total OPEB Liability as a Percentage of Covered Payroll	6.62%	9.13%	8.10%

*The Supplemental Death Benefit Fund is considered to be an unfunded OPEB plan under GASB 75. Because of this benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Note: GASB Codification, Vol. 2, P52.139 states that the information on this schedule should be determined as of the measurement date of the plan.

As required by GASB 75, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

FY 2020 lan Year 2019		FY 2019 Plan Year 2018		FY 2018 Plan Year 2017
4,339	$	4,466	$	3,457
4,025		3,495		3,424
-		-		-
(1,857)		3,231		-
20,742		(7,555)		8,086
(826)		(558)		(346)
26,423		3,079		14,621
106,726		103,647		89,026
133,149	$	106,726	$	118,268
2,065,958	$	1,860,662	$	1,728,698
6.44%		5.74%		6.00%

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CITY OF DEVINE, TEXAS
NOTES TO THE SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Valuation Date:

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Percentage of Payroll, Closed
Remaining Amortization Period:	23 Years (longest amortization ladder)
Asset Valuation Method:	10 year smoothed market, 12% soft corridor
Inflation:	2.50%
Salary Increases:	3.50% to 11.50% including inflation
Investment Rate of Return:	6.75%
Retirement Age:	Experience-based table of rates that are specific to the City's plan on benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality:	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
	Pre-retirement: PUM(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information

Notes: There were no benefit changes during the year

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF DEVINE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	201 Lodging Tax Fund	202 TCOLE Fund	203 Unclaimed Property Fund	204 TIF Fund
ASSETS				
Cash and Cash Equivalents	$ 63,996	$ 643	$ 123	$ 62,344
Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes (credit)	-	-	-	-
Accounts Receivable, Net	2,021	-	-	-
Due from Other Governments	-	-	-	-
Total Assets	$ 66,017	$ 643	$ 123	$ 62,344
LIABILITIES				
Accounts Payable	$ -	$ -	$ 122	$ -
Total Liabilities	-	-	122	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
FUND BALANCES				
Restricted Fund Balance:				
Retirement of Long-Term Debt	-	-	-	-
Other Restricted Fund Balance	66,017	643	1	62,344
Total Fund Balances	66,017	643	1	62,344
Total Liabilities, Deferred Inflows & Fund Balances	$ 66,017	$ 643	$ 123	$ 62,344

The notes to the financial statements are an integral part of this statement.

205 Home Program Fund	Total Nonmajor Special Revenue Funds	301 Debt Service Fund	Total Nonmajor Governmental Funds
$ 6,577	$ 133,683	$ 410,149	$ 543,832
-	-	15,921	15,921
-	-	(1,592)	(1,592)
-	2,021	-	2,021
-	-	98	98
$ 6,577	$ 135,704	$ 424,576	$ 560,280
$ -	$ 122	$ -	$ 122
-	122	-	122
-	-	12,589	12,589
-	-	12,589	12,589
-	-	411,987	411,987
6,577	135,582	-	135,582
6,577	135,582	411,987	547,569
$ 6,577	$ 135,704	$ 424,576	$ 560,280

CITY OF DEVINE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	201 Lodging Tax Fund	202 TCOLE Fund	203 Unclaimed Property Fund	204 TIF Fund
REVENUES:				
Taxes:				
Property Taxes	$ -	$ -	$ -	$ 5,234
Lodging Taxes	20,293	-	-	-
Penalty and Interest on Taxes	-	-	-	-
Intergovernmental Revenue and Grants	-	987	-	-
Investment Earnings	268	4	-	-
Total Revenues	20,561	991	-	5,234
EXPENDITURES:				
Current:				
Administration	6,640	-	-	-
Police	-	2,012	-	-
Debt Service:				
Principal on Debt	-	-	-	-
Interest on Debt	-	-	-	-
Total Expenditures	6,640	2,012	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	13,921	(1,021)	-	5,234
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	39,270
Total Other Financing Sources (Uses)	-	-	-	39,270
Net Change in Fund Balance	13,921	(1,021)	-	44,504
Fund Balance - October 1 (Beginning)	52,096	1,664	1	17,840
Fund Balance - September 30 (Ending)	$ 66,017	$ 643	$ 1	$ 62,344

The notes to the financial statements are an integral part of this statement.

205 Home Program Fund	Total Nonmajor Special Revenue Funds	301 Debt Service Fund	Total Nonmajor Governmental Funds
$ -	$ 5,234	$ 251,044	$ 256,278
-	20,293	-	20,293
-	-	3,563	3,563
327,038	328,025	-	328,025
-	272	1,921	2,193
327,038	353,824	256,528	610,352
321,072	327,712	-	327,712
-	2,012	-	2,012
-	-	65,000	65,000
-	-	16,682	16,682
321,072	329,724	81,682	411,406
5,966	24,100	174,846	198,946
-	39,270	-	39,270
-	39,270	-	39,270
5,966	63,370	174,846	238,216
611	72,212	237,141	309,353
$ 6,577	$ 135,582	$ 411,987	$ 547,569

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COLEMAN, HORTON & COMPANY, LLP
Certified Public Accountants
400 E. NOPAL STREET • UVALDE, TEXAS 78801-5305
www.colemanhortoncpa.com

DEBORAH V. McDONALD, CPA
DEREK L. WALKER, CPA
DUSTY R. ROUTH, CPA
MELINDA D. KORCZYNSKI, CPA

TEL (830) 278-6276
FAX (830) 278-6868
chc@colemanhortoncpa.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To Honorable Mayor
and Members of the City Council
City of Devine, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Devine, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Devine, Texas basic financial statements, and have issued our report thereon dated February 23, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Devine, Texas internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Devine, Texas internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Devine, Texas internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Devine, Texas financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Devine, Texas internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Devine, Texas internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Coleman, Horton and Company, LLP

Uvalde, Texas
February 23, 2024

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ANNUAL FINANCIAL REPORT

OF THE CITY OF DEVINE, TEXAS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

OFFICIALS:

Mayor	Butch Cook
Councilman - District 1	Rufino Vega
Councilman - District 2	Michael Hernandez
Councilwoman - District 3	Stacy Pyron
Councilman - District 4	Josh Ritchey
Councilwoman - District 5	Debbie Randall
City Administrator	David L. Jordan
City Secretary	Dora V. Rodriguez
City Treasurer	Denise Duffy
City Attorney	Thomas P. Cate
City Judge	Anna L. Whorton

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APPENDIX E

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)

Financial Advisory Services
Provided By:

SAMCO Capital